

Circular to Creditors and Suppliers

29 October 2019

Dear Sir/Madam

Australian Industrial Minerals Limited (Administrators Appointed)
ACN 623 197 142
Australian Abrasive Minerals Pty Ltd (Administrators Appointed)
ACN 118 292 756 (collectively 'the Companies')

INITIAL INFORMATION FOR CREDITORS

According to the Companies' records, you may be a creditor of the Companies.

The purpose of this document is to provide you with information about the Voluntary Administration of the Companies and your rights as a creditor.

Notification of Appointment

Rahul Goyal, John Bumbak and Richard Tucker were appointed Administrators of the Companies on 24 October 2019 by a resolution of the Companies' directors pursuant to Section 436A of the *Corporations Act 2001* ('the Act').

Prior involvement/independence

Our Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI') is attached. The DIRRI assists you to understand the status of our independence and who appointed us as Administrators.

Explanation of a voluntary administration

A voluntary administration is a process initiated by the directors of a company when they believe that the company is, or is likely to become, insolvent. This means that the company is unable to pay its debts or is likely to become unable to pay its debts.

A voluntary administration gives a company an opportunity to consider its financial position and its future. Creditors will be given an opportunity to attend meetings and to vote on the future of the company.

As Administrators, we act for all creditors. We will now attend to our responsibilities, including:

- Controlling the assets of the Companies
- Preparing for and holding meetings of creditors
- Investigating the affairs of the Companies
- Analysing any offer for a deed of company arrangement that is received
- Reporting and providing opinions about the Companies to creditors
- Holding meetings of creditors to make decisions on the future of the Companies.

What are your rights as a creditor?

Information regarding your rights as a creditor is provided in the information sheet enclosed, being 'Creditors Rights in Voluntary Administration' issued by the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). This includes your right to:

- Make reasonable requests for information
- Give directions to us
- Appoint a reviewing liquidator
- Replace us as voluntary administrator.

What happens to your debt?

All creditors of the Companies are now creditors in the Voluntary Administration.

It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the Companies into liquidation or act on a personal guarantee.

As Administrators, we are not in a position to discharge debts incurred by the Companies prior to the date of our appointment. These debts rank as unsecured claims against the Companies. Payment of these amounts is dependent on the outcome of the Administration.

Any orders placed with you by the Companies prior to our appointment which have not yet been completed, should not be completed.

We expressly advise that we have not adopted any contracts or liabilities of the Companies in existence as at the date of appointment unless we have formally notified you in writing that we have adopted a specific contract or liability. Payment for use of any goods or services during the Administration period is not an adoption of a contract or liability.

Personal property security interests and retention of title claims

If you are claiming title to any goods delivered to the Companies pursuant to a contract or the Personal Property Securities Act or any lien over goods in your possession which are the property of the Companies, details of your claim should be forwarded to our office urgently.

Pursuant to Section 440B of the Act, with the exception of perishable goods, those creditors seeking to enforce a retention of title claim over goods provided to the Company prior to our appointment are precluded from recovering the goods for the period of the administration without obtaining the written consent of the Administrators or alternatively, leave of the Court.

Stay of proceedings

Pursuant to Section 440D of the Act, during the Administration, any proceedings in a court against the Companies or in relation to any of its property cannot be begun or proceeded with except with the written consent of the Administrators or alternatively, leave of the Court.

Do you have to do anything?

You should now:

- read this information
- decide whether you are going to attend the first meeting, and
- complete and return your Proof of Debt Form, and if required, Proxy Form by 4 November 2019.

If you do not think you are a creditor, please let us know.

Ongoing operations of the Companies

We are currently assessing the financial position of the Companies with a view to developing a plan for the future of the Companies for consideration by creditors.

Following our appointment as Administrators, the Companies' operating mine facility and processing plant near Alice Springs, Northern Territory, was placed on immediate care and maintenance. As a result, the majority of employees have been made redundant and a small team has been retained to oversee the care and maintenance program and assist the Administrators. The Administrators expect to shortly engage an independent expert to review the feasibility of the project, before developing a plan for the future of the Companies for consideration by creditors.

Meeting of creditors

The first meeting of creditors pursuant to Section 436E of the Act will be held on 5 November 2019 at 11.30am at KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. A Notice of First Meeting of Creditors of Companies under Administration is attached. The purpose of this meeting is to determine:

- a. whether to appoint a Committee of Inspection
- b. if so, who are to be the Committee's members.

At this meeting, creditors may also resolve to remove us as Administrators and appoint someone else.

For creditors who are unable to attend the meeting, conference call facilities have been arranged. Creditors intending to use the conference call facilities are required to notify us of their intention and collect conference call details at least two business days prior to the meeting. Details of the arrangements are in the enclosed notice.

Proxies and proofs of debt

To participate in the meeting, you will need to:

- Submit a proof of debt and information to substantiate your claim
- Appoint a person – a 'proxy' or person authorised under a power of attorney – to vote on your behalf at the meeting. This will be necessary if you are unable to attend the meeting or if the creditor is a company.

An appointment of Proxy Form ('Proxy Form') and a Proof of Debt or Claim Form ('Proof of Debt Form') has been sent via post to all known creditors. If you have not received these documents, you may use the enclosed Proxy Form and Proof of Debt Form.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250D of the Act, otherwise you will not be entitled to vote at the meeting.

You can appoint the chairperson of the meeting or another person as your proxy and direct the chairperson or that person how you wish your vote to be cast. If you choose to do this, the chairperson or that person must cast your vote as directed.

Creditors should note that Proof of Debt Forms lodged for this meeting are for voting purposes only but may be used for voting on resolutions by proposals without a meeting and distribution purposes, including in a subsequent external administration of the Companies.

Proxy Forms and Proof of Debt Forms must be received no later than 4.00 pm on the last business day prior to the meeting, being 4 November 2019, failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed to GPO Box 2523, Sydney NSW 2001, faxed to (02) 8257 3099 or scanned and emailed to info@kordamentha.com or Mbarringtonsmith@kordamentha.com.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms can be found on our website www.kordamentha.com in the [Creditors section](#).

Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the Proof of Debt Form.

Second meeting of creditors

We will hold a second meeting of creditors in due course. The purpose of that meeting is for creditors to consider our report and vote on the future of the Companies. Before that meeting, you will be sent the notice of meeting and a detailed report which includes the options for the Companies' future. We will also give our opinion as to what option we think is in the best interests of creditors.

Committee of Inspection

At this meeting, creditors will consider whether a Committee of Inspection should be appointed. The role of a Committee of Inspection is to consult with the Administrators and receive reports on the conduct of the Administration. A Committee of Inspection can also approve the Administrators' fees.

It is our opinion that a Committee of Inspection is not required for this Administration due to the relatively small size of the creditor pool.

Administrators' remuneration and disbursements

Our remuneration is paid from the Companies' funds, including realisations from assets or from money paid to us by others, such as the Companies' directors. If there is not enough money in the Administration, we may not get paid for all the time we spend on the Administration. If there is no money in the Administration, we will not get paid at all. However, we will still attend to our statutory duties.

Approval of our remuneration for the work that we do in completing the Administration and internal disbursements may be sought from the creditors or, in respect of remuneration only, a Committee of Inspection, if one is appointed. If we do seek approval, detailed information will be provided before

requesting approval so that the approving parties can understand what tasks we have undertaken and the costs of those tasks. It will also explain what the internal disbursements were for and how they were calculated. Approval may be sought at a meeting of creditors or by resolution by proposal without a meeting (i.e. all the information is sent to you and you send back your response).

Enclosed are our Initial Remuneration Notices. These documents provide you with information about how we propose to be remunerated for undertaking the Administration and how disbursements may be calculated and incurred.

Further information available to creditors

ARITA provides information to assist creditors with understanding voluntary administrations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

The privacy of your information

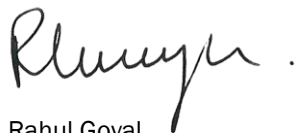
We may collect personal information either from you, the Companies or otherwise in connection with the amount owed to you by the Companies. KordaMentha takes all reasonable steps to protect the personal information we hold about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, we will need to verify your identity and comply with our other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. Our privacy policy can be found on the KordaMentha website.

Other information

Thank you for your assistance in this matter and should you require any further information, please do not hesitate to contact Michael Barrington-Smith on (02) 8257 3078 or by email at MBarringtonsmith@kordamentha.com.

Yours faithfully



Rahul Goyal
Administrator

Enc.

Corporations Act 2001

Declaration of independence, relevant relationships and indemnities

Australian Industrial Minerals Limited (Administrators Appointed)

ACN 623 197 142 ('AIM')

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

ACN 118 292 756 ('AAM')

(collectively 'the Companies')

This declaration requires us as the Practitioners appointed to the Companies to make declarations as to:

- Our independence generally.
- Relationships, including:
 - The circumstances of the appointment.
 - Any relationships with the Companies and others within the previous 24 months.
 - Any prior professional services provided to the Companies within the previous 24 months.
 - That there are no other relationships to declare.
- Any indemnities given, or up-front payments made, to us as the Practitioners.

This declaration is made in respect of us, Rahul Goyal, John Bumbak and Richard Tucker, our partners and the KordaMentha Group, including KordaMentha Pty Ltd, 333 Capital Pty Ltd, KordaMentha Investment Management Pty Ltd, KM Risk Pty Ltd, KordaMentha Real Estate Pty Ltd, KM Develop Pty Ltd, KM Sales & Marketing Pty Ltd, KM Trustee Services Pty Ltd, KordaMentha Funds Management Pty Ltd, KM Design & Construct Pty Ltd, Placer Property Limited as the responsible entity of the NewActon East Property Fund and the Stables Property Fund, Placer Property Management Limited as the manager of the NewActon East Property Fund and the Stables Property Fund, KordaMentha Pte Ltd and PT KordaMentha.

Independence

We, Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Companies in accordance with the law and applicable professional standards. We declare that this assessment identified no real or potential risks to our independence. We are not aware of any reasons that would preclude us from accepting this appointment.

Declaration of relationships

Circumstances of appointment

This appointment was referred to us by Julian Barbarczy, a current director of AIM and a former director of AAM.

Rahul Goyal and David Osborne of KordaMentha had several meetings with the Companies, its directors Julian Barbarczy (AIM), Graeme Clayton (AIM & AAM), Robert Banussi (AIM), Mark Pearson (CFO of AIM and AAM) and its financial advisor Leon Carr between 18 October 2019 and 24 October 2019 for the purposes of:

- Obtaining sufficient information about the Companies to advise the Companies and its directors on the solvency of the Companies, and to clarify and explain for the Companies and its directors the various options available to the Companies and the nature and consequences of an insolvency appointment.
- To provide a consent to act and the pro forma minutes and instrument of appointment.

We did not receive any remuneration in relation to this advice.

In our opinion, these meetings do not affect our independence for the following reasons:

- The Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- The nature of the advice provided to the Companies is such that it would not be subject to review and challenge during the course of the Voluntary Administration and any subsequent liquidation.
- The pre-appointment advice will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the Voluntary Administration of the Companies in an objective and impartial manner.

We have not provided any other information or advice to the Companies, its directors or its advisors prior to our appointment beyond that outlined above in this declaration.

Relevant relationships

We, or a member or an associate of KordaMentha, have or have had over the preceding 24 months a relationship with the following parties:

Secured Creditors

Remagen Capital

We have made no determination at this time whether the secured creditor has a charge on the whole of or substantially the whole of the Companies.

Nature of the relationship

KordaMentha has had a relationship with the above secured creditor, due to the nature of KordaMentha's business. This includes business advisory, consulting services and the appointment of KordaMentha's registered liquidators to companies as a formal insolvency appointment (in some cases by the secured creditor), where the secured creditor has provided banking facilities, loan facilities and/or leasing facilities to insolvent companies.

Reasons why not an impediment or conflict

In our opinion, this relationship does not result in a conflict of interest or duty as KordaMentha has never undertaken any work for the above secured creditor in respect of the Companies.

Secured Creditors

Australian and New Zealand Banking Group

We have made no determination at this time whether the secured creditor has a charge on the whole of or substantially the whole of the Companies.

Nature of the relationship

KordaMentha has had a relationship with the above secured creditor, due to the nature of KordaMentha's business. This includes business advisory, consulting services and the appointment of KordaMentha's registered liquidators to companies as a formal insolvency appointment (in some cases by the secured creditor), where the secured creditor has provided banking facilities, loan facilities and/or leasing facilities to insolvent companies.

Reasons why not an impediment or conflict

In our opinion, this relationship does not result in a conflict of interest or duty as KordaMentha has never undertaken any work for the above secured creditor in respect of the Companies.

Prior appointment as administrators

On 24 August 2017, John Bumbak, Richard Tucker and Rahul Goyal were appointed Voluntary Administrators of AAM. On 13 April 2018, AAM executed a Deed of Company Arrangement ('AAM DOCA') which appointed the same persons as deed administrators. The AAM DOCA was effectuated on the same day and the creditors became beneficiaries of a Creditors' Trust ('AAM CT'), with the same persons appointed as trustees. The only task

remaining in relation to the AAM CT is administrative, being the payment of the balance of funds to unsecured creditors, noting priority creditors have already received their final distribution.

Reasons why not an impediment or conflict

In our opinion, our previous involvement as administrators of AAM, deed administrators of the AAM DOCA and as trustees of the AAM CT does not result in a conflict of interest due to the following:

- The previous AAM administration, AAM DOCA and AAM CT have all completed with no residual claims or investigations continuing or issues arising which would require investigation or review as part of the administration of AAM to which we have been appointed.
- There are no common directors of AAM between the previous appointment on 24 August 2017 and the present appointment.
- The priority and unsecured creditors of AAM at 24 August 2017 had their claims extinguished by the Deed of Company Arrangement. The current priority and unsecured creditors are different to those at 24 August 2017.

We consider that the work we performed on those engagements has given us a detailed understanding of the business operated by AAM and its operations. This puts us in a position to perform the tasks and functions as administrators of AIM and AAM efficiently and in the best interests of creditors and is expected to result in costs efficiencies compared to a scenario where an alternative administrator is appointed to replace us.

Other relevant relationships

Neither we, nor a member or an associate of KordaMentha, have identified any other relationships within the preceding 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has a charge on the whole or substantially whole of the Companies' property.

Indemnities

We have not been indemnified in relation to this Voluntary Administration, other than any indemnities that we may be entitled to under statute.

Upfront payments

We have not been provided with any upfront payments in relation to this Voluntary Administration.

Multiple company appointments

It is acknowledged that we have been appointed over two related companies and we have obligations to each of the companies individually (as defined in Section 435A of the *Corporations Act 2001* ('the Act')) and not to the group as a whole. As such it is acknowledged that potential conflicts could possibly arise in carrying out duties to each Company. We are not aware of any such conflicts at this time. If a conflict does arise, we will keep creditors informed and take appropriate action to resolve the conflict.

General

Any relationships, indemnities or upfront payments disclosed in the declaration must not be such that the Practitioners are no longer independent. The purpose of the disclosures in the declaration is to disclose relationships that, while they do not result in the Practitioners having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioners nevertheless remain independent.

As required under the Act and the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Companies' creditors. This declaration, along with any replacement declaration, will be lodged with the Australian Securities and Investments Commission as soon as practical.

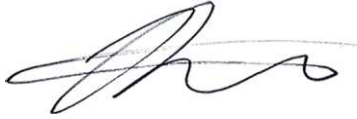
Dated: 25 October 2019



Rahul Goyal
Voluntary Administrator



John Bumbak
Voluntary Administrator



Richard Tucker
Voluntary Administrator

KordaMentha
Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000

Corporations Act 2001

Notice of first meeting of creditors of company under administration

Australian Industrial Minerals Limited (Administrators Appointed)

ACN 623 197 142

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

ACN 118 292 756 (collectively 'the Companies')

Notice is given that Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000, were appointed Administrators of the Companies on 24 October 2019 pursuant to Section 436A of the *Corporations Act 2001* ('the Act').

Notice is also given that the first meeting of creditors of the Companies will be held pursuant to Section 436E of the Act on 5 November 2019 at KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. Registration for all creditors and employees will open at 11.15 am AEST with the meeting commencing at 11.30 am AEST.

Agenda

1. The purpose of the meeting is to determine the following for each company:
 - a. Whether to appoint a Committee of Inspection.
 - b. If so, who are to be the Committee's members.
2. At the meeting, creditors of each company may, by resolution:
 - a. Remove the Administrators from office.
 - b. Appoint someone else as Administrator(s) of the Companies.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00 pm on the last business day prior to the meeting, by post to KordaMentha GPO Box 2523, Sydney NSW 2001, by facsimile on (02) 8257 3099 or by email to Mbarringtonsmith@kordamentha.com. A Proxy Form is enclosed.

Conference call facilities have been organised for this meeting. The conference call number is (02) 8934 3199. Please contact Michael Barrington-Smith by email at MBarringtonsmith@kordamentha.com at least two business days prior to the meeting to advise that you will be using the conference call facilities and to be provided the conference call code. Your email must be accompanied by a completed Notice of Electronic Facilities for Meeting Form. Accordingly, one is enclosed.

Section 75-85 of the *Insolvency Practice Rules (Corporations) 2016* ('the Rules') sets out the entitlement to vote at meetings of creditors – see Appendix 1 for Section 75-85 of the Rules. To comply with this, a Proof of Debt Form must be lodged. Accordingly, one is enclosed.

Dated: 29 October 2019



Rahul Goyal
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Enc.

Appendix 1

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Corporations Act 2001

Notice of electronic facilities for meeting

Australian Industrial Minerals Limited (Administrators Appointed)

ACN 623 197 142

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

ACN 118 292 756 (collectively 'the Companies')

Notice is given that electronic facilities will be used for the meeting of creditors of the Company to be held on 5 November 2019 at 11.30 am AEST, at KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

Conference call facilities have been organised for this meeting. The conference call number is (02) 8934 3199. Please contact Michael Barrington-Smith on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com at least two business day prior to the meeting to advise that you will be using the conference call facilities and to be provided the conference call code. The required details are listed below. You may complete this and return within the required time frame. If you are representing a company, a proxy form will also need to be provided.

The following details must be provided:

Name of Creditor:

Name of proxy or attorney (if applicable):

Address to which notices are to be sent:

Telephone contact details for the purpose of the meeting:

Dated: 29 October 2019



Rahul Goyal
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Enc.

Appointment of Proxy

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)
ACN 118 292 756 ('the Company')

1. Insert full name and contact details (please print)

Given name

Surname

Company name

Telephone number

Address

2. Appointment of a proxy (please complete)

I/We, a creditor of the Company appoint:

_____ of _____

as my/our proxy, or in his/her absence _____, to vote at the meeting of creditors to be held on 5 November 2019 at 11.30 am AEST, at the offices of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 or at any adjournment of that meeting.

3. Voting by your proxy

Option 1: If appointed as a **general proxy**, as he/she determines on my/our behalf.

☐

and/or

Option 2: If appointed as a **special proxy** for some or all resolutions, specifically in the manner set out below (please tick).

☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
'That Rahul Goyal, John Bumbak and Richard Tucker be removed from the office of Administrator of Australian Abrasive Minerals Pty Ltd (Administrators Appointed) and that [Insert Name] be appointed Administrator of Australian Abrasive Minerals Pty Ltd (Administrators Appointed), effective from the close of this meeting'	☐	☐	☐	☐
'That a committee of inspection be appointed in the Administration of Australian Abrasive Minerals Pty Ltd (Administrators Appointed)'	☐	☐	☐	☐

4. Signature section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated

Certificate of witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness: _____

Appointment of Proxy

Australian Industrial Minerals Limited (Administrators Appointed)
ACN 623 197 142 ('the Company')

1. Insert full name and contact details (please print)

Given name

Surname

Company name

Telephone number

Address

2. Appointment of a proxy (please complete)

I/We, a creditor of the Company appoint:

_____ of _____

as my/our proxy, or in his/her absence _____, to vote at the meeting of creditors to be held on 5 November 2019 at 11.30 am AEST, at the offices of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 or at any adjournment of that meeting.

3. Voting by your proxy

Option 1: If appointed as a **general proxy**, as he/she determines on my/our behalf.

☐

and/or

Option 2: If appointed as a **special proxy** for some or all resolutions, specifically in the manner set out below (please tick).

☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
'That Rahul Goyal, John Bumbak and Richard Tucker be removed from the office of Administrator of Australian Industrial Minerals Limited (Administrators Appointed) and that [Insert Name] be appointed Administrator of Australian Industrial Minerals Limited (Administrators Appointed), effective from the close of this meeting'	☐	☐	☐	☐
'That a committee of inspection be appointed in the Administration of Australian Industrial Minerals Limited (Administrators Appointed)'	☐	☐	☐	☐

4. Signature section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated

Certificate of witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness: _____

Form 535**Formal proof of debt or claim (General form)****Australian Abrasive Minerals Pty Ltd (Administrators Appointed)
ACN 118 292 756 ('the Company')**

To: The Administrators of Australian Abrasive Minerals Pty Ltd (Administrators Appointed) ('the Company')

1. This is to state that the Company was on 24 October 2019, and still is, justly and truly indebted:

To

(name of creditor)

Of

(address of creditor)

For

\$

(amount owed to creditor, include cents, GST inclusive)

GST Amount:\$

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
<i>(insert date when debt arose)</i>	<i>(state how the debt arose and attach supporting invoices and statements of account)</i>	<i>(GST inclusive amount)</i>	<i>(include details of voucher substantiating payment)</i>

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
(Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date
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3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*
- ☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the email address or fax number listed below.

Signature

Name

Date

Address

Email

Phone

Fax

Form 535**Formal proof of debt or claim (General form)****Australian Industrial Minerals Limited (Administrators Appointed)
ACN 623 197 142 ('the Company')**

To: The Administrators of Australian Industrial Minerals Limited (Administrators Appointed) ('the Company')

1. This is to state that the Company was on 24 October 2019, and still is, justly and truly indebted:

To

(name of creditor)

Of

(address of creditor)

For

\$

(amount owed to creditor, include cents, GST inclusive)

GST Amount:\$

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
<i>(insert date when debt arose)</i>	<i>(state how the debt arose and attach supporting invoices and statements of account)</i>	<i>(GST inclusive amount)</i>	<i>(include details of voucher substantiating payment)</i>

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
 (Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date

3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*



I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. *(select if applicable)*



I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the email address or fax number listed below.

Signature

Name

Date

Address

Email

Phone

Fax

Corporations Act 2001

Initial remuneration notice

Australian Abrasive Minerals Pty Ltd (Administrators Appointed) ACN 118 292 756 ('the Company')

The purpose of the Initial Remuneration Notice is to provide you with information about how our remuneration for undertaking the Voluntary Administration will be set and how disbursements may be calculated and incurred.

Remuneration methods

There are four basic methods that may be used to calculate the remuneration of an external administrator. They are:

1. Time based or hourly rates – This is the most common method. The total fee charged is based on the hourly rate charged for each staff member based on their level of experience and multiplied by the number of hours spent by each staff member on each of the tasks performed.
2. Fixed fee – The total fee charged is normally agreed to, and quoted, at the commencement of the administration and is based on the anticipated work through the term of the administration. At times, an insolvency practitioner will finalise an administration for a fixed fee.
3. Percentage – The total fee is based on a percentage rate of a particular variable, such as the gross proceeds of all assets recovered in an administration.
4. Contingency – the fee is structured to be contingent on a particular outcome being achieved.

Remuneration method chosen

Given the nature of this Administration, remuneration will be calculated on the basis of an hourly rate charged for each person who carried out the work at the direction of the Voluntary Administrators multiplied by the number of hours spent by each person on each of the tasks performed as it fairly reflects the necessary work performed and overcomes the difficulty in identifying the scope of the work required, particularly on longer term engagements. It also ensures that creditors are only charged for work that is performed. This method is also chosen as there are a number of tasks that are required to be performed but do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to the Australian Securities and Investments Commission and distributing funds to creditors.

Explanation of the KordaMentha rates

The current rates for our remuneration calculation are set out in the attached appendix together with a general guide showing the qualifications and experience of staff engaged in the Administration and the role they take in the Administration. These rates are multiplied by the time spent by the applicable staff member in completing tasks relating to the Administration as recorded in our time reporting system. The basis of our time reporting system is one of six-minute time increments. This allows us to produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the Administration. This method provides full accountability to creditors in the method of calculation.

The KordaMentha rates are subject to review and adjustment at 1 July each year to reflect changes in the cost base of the firm and changes in market conditions and rates for comparable insolvency firms. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Estimate of total remuneration

Based on the limited information we have at this early stage of the Administration, we estimate that this Administration will cost approximately \$350,000 (excluding GST), funds permitting. The total cost of the Administration will vary depending on the complexity and demands of the Administration and the work required to be performed by the Voluntary Administrators and our staff in respect of issues arising from the Administration.

Any delays in the Administration could also cause the estimate to vary. These variables may have a significant effect on this estimate, however, we are unable to determine at this early stage of the Administration what the effect may be.

Prior to our appointment, we provided an estimate of the cost of the Administration to the directors. The estimate above is consistent with the estimate provided to the directors prior to our appointment.

We have not received an upfront payment or indemnity.

Please note that if the total remuneration claimed is less than the statutory minimum pursuant to Section 60-15 of Schedule 2 (Insolvency Practice Schedule) of the Corporations Act 2001 (Cth) ('the IPS'), being \$5,000 (exclusive of GST), creditor approval will not be required pursuant to Subsection 60-5(2) of the IPS.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting.

We are not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the Administration.

Details of the basis of recovering disbursements are included with the enclosed schedule titled KordaMentha rates – FY20 – National.

Dated: 29 October 2019



Rahul Goyal
Administrator

Appendix A

KordaMentha rates

National

Applicable from 1 July 2019

FY 2020

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	725
Director	675
Associate Director 1	625
Associate Director 2	575
Manager	525
Senior Executive Analyst	475
Executive Analyst	425
Senior Business Analyst	375
Business Analyst	325
Administration	150

**Exclusive of GST*

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances

Description	Charge*
Photocopying, printing (general)	\$0.06 per page
Envelopes and postage (varies due to size and weight)	\$1.59 to \$6.02 per envelope
ASIC charges for appointments and notifiable events	These amounts will be charged at cost, if known at the time it is charged, or at an estimated amount, if known at the time it is charged, or at the last issued estimated amount or actual cost, as advised by ASIC. The current actual cost and estimated cost amounts are as detailed below: \$77 per appointee or notifiable event for FY18 at cost – advised by ASIC Jan 19 \$83 per appointee or notifiable event for FY19 or FY20 at estimated amount – advised by ASIC Jun 19
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
RelativityOne fee	User licence fees (including analytics) \$150 per user per month
	Data hosting \$22.50 per GB per month
	Repository workspace \$7.50 per GB per month
	Cold storage \$5.65 per GB per month
	<i>Note: only one of Data hosting, Repository workspace or Cold storage cost will be charged at any one time</i>
Dataroom fee (varies based on MB size)	0–300 MB \$1,000 per month
	300–1000 MB \$1,000 + \$2.50/MB per month
	1000–5000 MB \$2,750 + \$1.25/MB per month
	5000+ MB \$7,750 + \$0.60/MB per month

**Exclusive of GST, reviewed annually on 1 July. Dataroom rates applicable at the time of establishment are fixed for the duration of the dataroom. If lower rates are negotiated, then they will apply to datarooms established from that point in time.*

KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
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Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Corporations Act 2001

Initial remuneration notice

Australian Industrial Minerals Limited (Administrators Appointed) ACN 623 197 142 ('the Company')

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Remuneration method chosen

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Explanation of the KordaMentha rates

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Dated: 29 October 2019



Rahul Goyal
Administrator

Appendix A

KordaMentha rates

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Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to www.arita.com.au/creditors.
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has already been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au (search "insolvency information sheets").