KordaMentha Restructuring

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

ACN 118 292 756 ('AAM')

Australian Industrial Minerals Limited (Administrators Appointed)

ACN 623 197 142 ('AIM')

(together 'the Companies')

Fourth stakeholder update | 4 February 2020 – 23 February 2020

The purpose of this update is to ensure all stakeholders of the Companies are kept informed on the progress of the administration of the Companies. This fourth update to stakeholders should be read in conjunction with the first, second and third updates provided to all known stakeholders of the Companies on 4 December 2019, 16 January 2020 and 3 February 2020.

This update provides further details on the Deed of Company Arrangement ('DOCA') process where the Administrators had requested DOCA proposals by 14 February 2020.

1 DOCA Proposal

In the second update to stakeholders, released on 16 January 2020, we asked all stakeholders to contact this office by 31 January 2020 should they have been interested in submitting a DOCA proposal. Further to this, in the third update to stakeholders, released on 3 February 2020, we gave a deadline to stakeholders of 14 February 2020 to submit their DOCA proposals.

We have not received a DOCA proposal in respect of AIM.

As at the date of this update, we have received one DOCA proposal from the secured creditor, Remagen Capital, in respect of AAM. We are currently in discussion with Remagen Capital to understand the commercial terms of that proposal. Importantly, we understand the DOCA proposal contemplates the project being carried forward under the control of Remagen Capital.

The Remagen Capital DOCA currently proposes no monetary contribution which would provide a return to unsecured creditors of AAM.

Our analysis and recommendation to creditors will be provided in the Report by Administrators, which will be released to creditors of the Companies on 26 February 2020.

2 Proposed next steps

We will be releasing our report to creditors of the Companies on 26 February 2020. This report will:

- Outline our preliminary investigations into the affairs of the Companies in accordance with Section 439A of the Corporations Act;
- Outline our recommendations for the Companies going forward; and
- Will provide an analysis on the outcomes for creditors of the different options available.

This report will also provide a notice of the Second Meeting of Creditors, to be held on 4 March 2020.

We also note that competing DOCA proposals may be submitted prior to the Second Meeting of Creditors. If a competing DOCA is received and in our opinion, provides a better alternative to liquidation or the Remagen Capital DOCA we may consider an adjournment of the Second Meeting of Creditors.

All relevant correspondence and documents are made available to creditors of the Companies on our website at: www.kordamentha.com/creditors/australian-abrasive-minerals-pty-ltd

Should you have any questions in relation to this update or the Administrations, please contact Michael Barrington-Smith of this office on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com.