



Australian Industrial Minerals Limited

ACN 623 197 142

Australian Abrasive Minerals Pty Ltd

ACN 118 292 756

(Both Administrators Appointed)

Report by Administrators

26 February 2020

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Glossary

Abbreviation	Definition
1Q20	1 July 2019 to 24 October 2019
4Q18	13 April 2018 to 30 June 2018
AAM	Australian Abrasive Minerals Pty Ltd (Administrators Appointed)
Act	Corporations Act 2001 (Commonwealth)
Administrators	Rahul Goyal, John Bumbak and Richard Tucker
AIM	Australian Industrial Minerals Limited (Administrators Appointed)
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLC	Central Land Council
COO	Chief Operating Officer
Companies	Australian Industrial Minerals Limited (Administrators Appointed) & Australian Abrasive Minerals Pty Ltd (Administrators Appointed)
Directors	Graeme 'Joe' Clayton (commenced 1 April 2019) Robert Benussi (commenced 20 March 2019 / ceased 16 December 2019) Julian Babarczy (commenced 7 February 2018 / ceased 21 November 2019) Robert Brand (commenced 20 February 2006 / ceased 1 April 2019) Fletcher Curtis Brand (commenced 10 December 2007 / ceased 1 April 2019) Bruce Hancox (commenced 26 September 2018 / ceased 14 March 2019)
Management	Graeme 'Joe' Clayton (commenced 1 April 2019) Marcus Locke (commenced 12 October 2019) Fletcher Curtis Brand (commenced 1 July 2014 / ceased 13 September 2019) Robert Brand (commenced 20 February 2006 / ceased 1 April 2019) Mark Pearson (commenced 19 September 2019 / ceased 31 October 2019) Paul Mason (commenced 30 April 2018 / ceased 15 November 2019)
DOCA	Deed of Company Arrangement
DPIR	Department of Primary Industry and Resources
FEG	Fair Entitlements Guarantee Recovery Program
FSP	Fine Screen Plant
FY19	1 July 2018 to 30 June 2019
HMC	Heavy Mineral Concentrate
HRM	Hart's Range Mine
IPO	Initial Public Offering
ML	Mining lease
MSP	Mineral Separation Plant
MSP Co	Mineral Separation Plant Pty Ltd
PPE	Property, plant and equipment
PPSA	Personal Property Securities Act 2009
PPSR	Personal Property Securities Register

Project	Harts Range Mine including plant and equipment, tenements, MSP and all other assets of AAM and AIM
Regal	Regal Funds Management
ROCAP	Report of Company Activities and Property
Rules	Insolvency Practice Rules (Corporations) 2016
Secured Creditor & Remagen Capital	RCM ST Pty Limited / Remagen Capital Management Pty Limited
Tinsel	Tinsel Assets Pty Ltd
Trailstone	Trailstone UK II Ltd
WCP	Wet Concentrator Plant

1 Executive Summary

1.1 Appointment of Administrators

We, Rahul Goyal, John Bumbak and Richard Tucker, were appointed Administrators of Australian Industrial Minerals Limited (Administrators Appointed) ('AIM') and Australian Abrasive Minerals Pty Ltd (Administrators Appointed) ('AAM') (collectively 'the Companies') on 24 October 2019 pursuant to Section 436A of the *Corporations Act 2001* ('the Act').

On appointment, we assumed control of the Companies' operations and assets, communicated with all key stakeholders including employees and major creditors, and set upon a strategy to transition the Companies' operations on to care and maintenance. We discuss the key actions of the Administrators in section 3.2 of this report.

1.2 Purpose of report and meeting of creditors

The purpose of the report is to table the findings of our preliminary investigations into the business, property, affairs and financial circumstances of the Companies. This report also sets out our position on the various options available for the Companies to which creditors will vote at the Second Meeting of Creditors of the Companies ('Second Meeting of Creditors') to be held as detailed below.

Australian Industrial Minerals Limited – meeting of creditors

The Second Meeting of Creditors will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 1.00 pm AEDST. Registration for the meeting will commence at 12.30 pm AEDST. A Notice of Meeting is attached with this report.

Australian Abrasive Minerals Pty Ltd – meeting of creditors

The Second Meeting of Creditors will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 3.00 pm AEDST. Registration for the meeting will commence at 2.30 pm AEDST. A Notice of Meeting is attached with this report.

For creditors who are unable to attend the meetings, 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.

1.3 Administrators' recommendations

In accordance with Section 439A of the Act, it is the Administrators' obligation to make a recommendation to creditors on which option for the future of the Companies is in the best interests of creditors. In this regard, the Administrators are required to recommend one of the following to creditors of the Companies:

- the execution of a Deed of Company Arrangement ('DOCA')
- the Administration to end, or
- the Companies to be wound up.

Australian Industrial Minerals Limited recommendation

There has been no DOCA proposed for AIM and our investigations have concluded that AIM is insolvent. We recommend that creditors of AIM vote in favour of winding up AIM, for the reasons set out in section 7 of this report.

Australian Abrasive Minerals Pty Ltd recommendation

A DOCA has been proposed by Remagen Capital in respect of the operating entity, AAM, for consideration by the creditors of AAM. The DOCA is discussed in detail in section 5 of this report. **We recommend that creditors of AAM vote in favour of the Remagen Capital DOCA proposal, for the reasons set out in section 6 of this report.**

1.4 Conduct of the Administration

Shortly prior to the appointment of Administrators, the HRM was in the process of being placed into care and maintenance following findings of electrical issues. We continued this transition, which included the returning of leased plant and

equipment, headcount reductions to a core employee group and the scoping of a feasibility study to define and quantify the works required to recommence operations through the mining and sale of garnet from the Harts Range tenement.

The feasibility study which was proposed to be undertaken by the Administrators comprised a number of limbs, to be completed by chosen consultants, which would have taken around three months to complete. At the time of our appointment as Administrators, the Companies held \$1.85 million in the bank accounts which was subject to the security granted to the Secured Creditor. The Companies' estimated cash position was as follows:

Australian Abrasive Minerals & Australian Industrial Minerals	(\$'000)
Cash at bank on appointment	1,849
Appointment cash burn (four-month period)	(822)
Cost of feasibility	(450)
Employee entitlements (AAM & AIM)	(661)*
Surplus/(deficit)	(84)

**This balance assumes the care and maintenance team of AAM remains employed.*

By undertaking this strategy, there would not have been sufficient assets to cover the outstanding employee entitlements.

The Administrators had extensive discussions with the Secured Creditor in the lead-up to and following the appointment in respect of the desired pathway forward and conducting a feasibility study. This included a need for an indemnity from the Secured Creditor, which they had agreed in principal to provide. After completing the scoping of the feasibility and seeking proposals from suitable consultants and input by the Secured Creditor, consent to proceed and the required indemnity was not ultimately forthcoming from the Secured Creditor. Without the required consent and indemnity, the Administrators do not have the required funds to allow the feasibility study to proceed.

The Administrators issued four updates to stakeholders of the Companies over the course of the Administration (available at the KordaMentha website). The second update to stakeholders, issued on 16 January 2020, set out the reasons why the feasibility study was unable to proceed. The Administrators subsequently requested proposals from stakeholders who sought to put forward a DOCA by 14 February 2020.

Further commentary of the conduct of the Administration is included at section 3.2 of this report.

1.5 DOCA proposal

The Administrators sought DOCA proposals from stakeholders of the Companies as set out in the stakeholder updates issued on 16 January 2020 (the second stakeholder update) and 3 February 2020 (the third stakeholder update) providing a 14 February 2020 deadline for DOCA proposals to be submitted.

The creditor position of the Companies is such that, in order for any DOCA proposal to be transactable it needed to allow for creditor claims in excess of ~\$7.00 million, including the Secured Creditor's debt and outstanding employee entitlements. This high threshold, in the Administrators' opinion, limited the likelihood of any DOCA proposals being forthcoming in circumstances where the required capital infrastructure works, the costs and the time to deliver those works was not known without a feasibility study. Further, the Secured Creditor had sought repayment of their secured debt by 31 January 2020 and no party was forthcoming.

The Administrators held discussions with a number of parties regarding potential DOCA proposals over the course of the administration of the Companies. Those discussions came about from inbound approaches by existing investors and stakeholders of the Companies, their advisors and parties who have had no prior involvement with the Companies.

By 14 February 2020, the Administrators received one DOCA proposal from the Secured Creditor, Remagen Capital, in respect of AAM. The Remagen Capital DOCA provides that they take full control and provide no return to unsecured creditors. A copy of the AAM DOCA proposal can be found at Appendix 10 of this report. We have provided a detailed analysis of the DOCA and other options available to creditors in section 6 of this report.

No DOCA proposal has been received for AIM. A detailed analysis of the options available to creditors of AIM is set out in section 7 of this report.

Our recommendations in respect of the options available to creditors of AIM and AAM are provided in sections 6 and 7 of this report.

1.6 Administrators' investigations

Our preliminary investigations of the Companies' business, property, affairs and financial circumstances to date are set out in detail in section 4 of this report. Our investigations have focused on the use of funds raised by the Companies from 13 April 2018 to 24 October 2019, along with any potential pre-appointment contraventions under the Act.

Our investigations have not revealed any potential pre-appointment contraventions under the Act.

Our investigations have identified a number of potential claims that may be brought against third parties, however the likelihood of success of those actions has not yet been assessed.

Our findings are set out in section 4 of this report and importantly, our commentary is preliminary in nature and subject to change should new information be found.

1.7 Estimated return to creditors

Detailed below is the estimated return to each class of creditor for AIM and AAM.

	Australian Industrial Minerals		Australian Abrasive Minerals	
	DOCA	Liquidation	DOCA	Liquidation
Priority (employee) creditors	N/A	30c/\$	100c/\$	100c/\$
Secured creditors	N/A	Unknown	N/A*	Nil
Unsecured creditors	N/A	Nil	Nil	Nil

*N/A because the Secured Creditor will retain their secured status outside the DOCA.

Australian Industrial Minerals

The estimated dividend to priority (employee) creditors under liquidation is 30c/\$.

The estimated return will comprise a dividend from available circulating assets and for the shortfall, eligible employees may be able to access the Fair Entitlements Guarantee Recovery Program ('FEG') in respect of certain outstanding entitlements owing (excluding unpaid superannuation).

The estimated dividend to all other creditors, including unsecured creditors from the winding up of AIM is nil.

The analysis of options available to creditors of AIM is detailed in section 7 of this report.

Australian Abrasive Minerals

The estimated dividend to priority (employee) creditors under the proposed DOCA is 100c/\$. We anticipate that a dividend to priority (employee) creditors will be 100c/\$ in a liquidation scenario.

Furthermore, the estimated dividend to all other creditors, including unsecured creditors under the proposed DOCA is nil. This is likely to also be the anticipated return in a liquidation scenario.

The analysis of options available to creditors of AAM is detailed in section 6 of this report.

2 Administration

2.1 Progress of Administration

We, Rahul Goyal, John Bumbak and Richard Tucker, were appointed Administrators of the Companies on 24 October 2019 pursuant to Section 436A of the Act.

On appointment we assumed control of the Companies' operations and assets, communicated with all key stakeholders including employees and major creditors, and implemented new controls for operations and trading.

Noting the HRM had begun transitioning into care and maintenance shortly prior to the appointment of Administrators, on appointment we continued the transition of placing the Companies' operations at the HRM and MSP into a care and

maintenance program in order to reduce holding costs, until the future of the Companies could be decided. This included exiting onerous leases, returning unnecessary leased equipment subject to the PPSR secured interests, reducing head count and reducing recurring expenses.

We discuss the specific tasks undertaken by the Administrators in further detail in section 3.2 of this report.

2.2 Object of Administration

Section 435A of the Act states that the objects of the administration are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
2. If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared in accordance with Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016* ('the Rules').

This report has been prepared from information obtained from the Companies' records, the Directors and Management of the Companies' and from our own enquiries.

Our investigations into the Companies' affairs are preliminary and should the Companies be placed into liquidation, then we will conduct further investigations into the business, property, affairs and financial circumstances of the Companies.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the Second Meeting of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

2.3 Prior involvement with the Companies

Rahul Goyal, John Bumbak and Richard Tucker were previously appointed Administrators of AAM on 24 August 2017. 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.

Aside from our prior involvement set out above, the Administrators had no other involvement with the Companies prior to 9 October 2019, when we were approached by the Directors of the Companies for the purposes of:

- Obtaining enough 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.

Between 9 October 2019 and our appointment as Administrators on 24 October 2019, we held a number of subsequent discussions with the Directors of the Companies and the Companies' financial advisor, Leon Carr.

In our opinion, these meetings do not affect our independence. Further, in our opinion, our previous involvement as Administrators of AAM does not result in a conflict of interest due to the following:

- The previous administration and AAM DOCA 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 claims of current priority and unsecured creditors are unrelated to those at 24 August 2017.

There has been an update to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI') included with the First Report to Creditors. A copy of the updated DIRRI can be found at Appendix 12 of this report.

2.4 First meeting of creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of each company in administration within eight business days of being appointed ('the First Meeting of Creditors').

The First Meeting of Creditors for the Companies was held on 5 November 2019 concurrently.

At the First Meeting of Creditors, we advised creditors that a Committee of Inspection may be formed for either of the Companies. No proposal was received from creditors to appoint a Committee of Inspection to either company. Furthermore, we advised creditors that the Administrators may be replaced. No alternative administrators were proposed and as such the appointment of the Administrators remained.

The minutes of the First Meeting of Creditors has been lodged with ASIC and a copy is also available for viewing on the KordaMentha website.

2.5 Second meeting of creditors

We are required to convene a second meeting of creditors of each company in administration pursuant to Section 439A of the Act ('the Second Meeting of Creditors') to consider the future of each of the Companies.

Before the Second Meeting of Creditors, we must prepare a report on the relevant Companies' business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be in a position to vote at the Second Meeting of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- the Company to execute a Deed of Company Arrangement ('DOCA')
- the Administration to end, or
- the Company to be wound up.

As discussed in section 1.5 of this report, we have received a DOCA proposal in respect of AAM. Please refer to section 6 of this report for our recommendation to the creditors of AAM.

We have not received a DOCA proposal in respect of AIM. Please refer to section 7 of this report for our recommendation to the creditors of AIM.

2.5.1 Notice of Meetings

Australian Industrial Minerals Limited meeting

The Second Meeting of Creditors will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 1.00 pm AEDST. Registration for the meeting will commence at 12.30 pm AEDST. A Notice of Meeting is attached with this report.

Australian Abrasive Minerals Pty Ltd meeting

The Second Meeting of Creditors will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 3.00 pm AEDST. Registration for the meeting will commence at 2.30 pm AEDST. A Notice of Meeting is attached with this report.

For creditors who are unable to attend the meetings, 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.

2.5.2 Proxies and Proofs of Debt

To participate in the meeting for each company, you will need to:

- Submit a Proof of Debt form ('POD') and information to substantiate your claim in that company – those creditors who have already lodged a POD are not required to lodge a further POD (unless they wish to amend their claim)
- Appoint a person – a 'proxy' or person authorised under a power of attorney – to vote on your behalf at a meeting of creditors of each company. This will be necessary if you are unable to attend a meeting or if the creditor is a company.

An Appointment of Proxy Form ('Proxy Form') and POD are included in this report at Appendix 6 and 7.

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 as to 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 PODs lodged for this meeting are for voting purposes only but may be used for voting on resolution proposals without a meeting and distribution purposes.

Proxy Forms and PODs must be received no later than 4.00 pm on the last business day prior to the meeting, being 3 March 2020, 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 Michael Barrington-Smith of this office at mbarringtonsmith@kordamentha.com.

Information relating to this meeting, including the proposed DOCA, can be found on our website at www.kordamentha.com, as can general information regarding the conduct of meetings of creditors and the completion of Proxy Forms and PODs. Also available there is a form to update your contact details or bank account details.

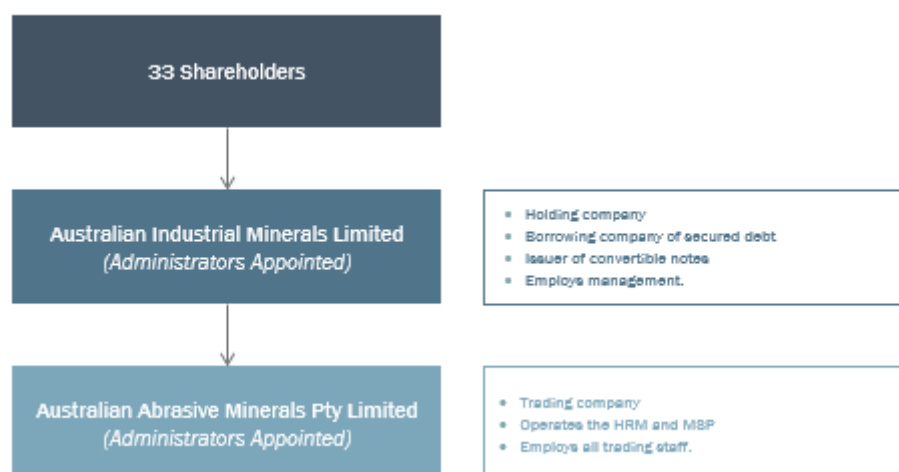
Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the POD or return the Nomination of Electronic Notification Form previously provided.

3 Background of the Companies

3.1 History of the Companies

AIM is a public, unlisted company that holds 100% of the shares in AAM, which is the operating entity and which holds the HRM and MSP assets, as summarised below.

Figure 1: Current corporate structure



3.1.1 Key events prior to 24 August 2017

- AAM was incorporated on 20 February 2006. In 2010, AAM acquired the HRM from Matilda Zircon Ltd (formerly Olympia Resources Ltd; an ASX listed company).
- An extensive work program identified that the HRM contained one of the world's largest garnet deposits. During late 2013 and early 2014, AAM sought third-party investment to fund the development of the HRM mining and processing facilities, including the Mineral Separation Plant ('MSP') and Wet Concentrator Plant ('WCP').
- On 16 May 2014, AAM secured a large initial equity investment from Trailstone, received via several instalments over 12 months.
- From May 2014 to November 2016, AAM developed and commenced the first commissioning of the Project's primary processing facilities being the WCP, MSP and packing and storage infrastructure. During this period, Trailstone continued to provide significant additional equity funding to AAM following an agreement to expand on the initial size and capacity of the Project's processing plant and equipment.
- AAM established a 100% owned subsidiary, MSP Co, on 23 December 2015 which was to be responsible for royalties payable by AAM to the Central Land Council ('CLC'). MSP Co remained mostly dormant up until the appointment of administrators on 24 August 2017.
- In November 2016, it became evident that due to the Project's limited water supply, the name plate Heavy Mineral Concentrate ('HMC') production for the WCP, being 32 tonnes per hour, would not be attainable without the implementation of improved water use and recovery methodologies.
- From December 2016 to July 2017, AAM planned and implemented the installation of the Fine Screen Plant ('FSP') (to reduce water use) and centrifuge filters (to increase water recovery) into the WCP. The additional capital expenditure was funded by Trailstone via secured debt.
- During the commissioning of the FSP and centrifuge filters, AAM produced approximately 2,000 tonnes of garnet and continued to experience operational issues that inhibited name plate capacity.
- A further significant funding request was made to Trailstone in early August 2017. Given the material cost overruns and ongoing operational issues, the funding request was declined, and Richard Tucker, John Bumbak and Rahul Goyal were subsequently appointed as Administrators of AAM and MSP Co on 24 August 2017.
- At 24 August 2017 the scope of additional capital expenditure and cost required to rectify the Project infrastructure issues to achieve name plate capacity (and profitability) was not formally known or defined.

3.1.2 Key events from 25 August 2017 to 13 April 2018

- During the administration, the Administrators conducted a sale process from November 2017 to January 2018 which was funded by the secured creditor at that time, Trailstone.
- Prior to the completion of the sale process, Regal Funds Management ('Regal'), through a corporate entity Tinsel Assets Pty Ltd ('Tinsel') purchased Trailstone's equity holdings and secured debt in AAM, becoming the new secured creditor of AAM and the 92% majority shareholder in AAM. Michaelmas Holdings Pty Ltd held the remaining 8% shareholding.
- Tinsel was incorporated on 1 December 2017 as a vehicle for Regal to acquire the secured debt and equity stake in AAM.
- On 13 April 2018, a DOCA proposed by Regal was passed at the second meeting of creditors of AAM and MSP Co. The DOCA was effectuated on the same day, meaning Regal, through its corporate entity, Tinsel, became the 100% owner of AAM.
- Pursuant to the terms of Tinsel DOCA:
 - Tinsel acquired the remaining 8% of shares in AAM held by Michaelmas Holdings Pty Ltd.
 - A creditors' trust was established whereby all creditors of AAM would be transferred to share in the distribution.
 - Entitlements for current employees were preserved, while entitlement claims for terminated employees were paid in full, with most paid in June 2018 and the remaining in September 2018.
 - Unsecured creditors received a distribution of 5c/\$, which was paid on 30 January 2020.
- At the second meeting of creditors of AAM and MSP Co, on 13 April 2018, creditors resolved to wind up MSP Co. Accordingly, MSP Co. was placed into liquidation on 13 April 2018 and the company was later deregistered on 19 March 2019.
- At the time of the AAM DOCA effectuation, the scope of additional capital expenditure and cost required to rectify the Project infrastructure issues to achieve name plate capacity (and profitability) was not formally known or defined.
- On 30 November 2018, Tinsel changed its company name to AIM.

3.1.3 Key events from 14 April 2018 to 24 October 2019

The Directors of the Companies have provided the following summary of events for the period commencing after effectuation of the previous AAM DOCA on 13 April 2018 through to the appointment of the Administrators, on 24 October 2019.

- Upon the effectuation of the DOCA on 13 April 2018, \$11 million of equity was provided by shareholders to recapitalise AAM and its parent company, AIM (then Tinsel).
- Upon recapitalising the Companies, the Directors of AIM set about raising further funds to implement what they considered to be the necessary capital upgrades and fund the required working capital to increase operational output. Capital upgrades identified were mainly related to the addition of two new centrifuges which would enable de-sliming of the process water used in the WCP.
- Between 13 April 2018 and the appointment of Administrators on 24 October 2019, over \$26 million in funds were raised by AIM comprising:
 - ~\$9.4 million in the form of convertible notes, from 44 noteholders
 - ~\$5.0 million in secured debt from the Secured Creditor
 - ~\$13.0 million in ordinary equity which includes the initial \$11.0 million in funding provided upon effectuation of the AAM DOCA, from 33 shareholders.
- The majority of AAM's funding was provided via an intercompany loan from AIM to meet operational expenditure and the costs of capital upgrades. More information about the use of funds is included in section 3.9.2 of this report.
- After completion of the centrifuge works, operations re-commenced in December 2018. In the following months, operations experienced commissioning issues which related to lower expected production rates, as well as reliability issues with equipment leading to unscheduled down time.
- At the same time as the operational ramp-up, Management and the Directors of AIM were advancing an IPO of the company on the ASX. However, following the operational and reliability issues encountered the prospectus was withdrawn on 11 March 2019.
- In early April 2019, Robert Brand resigned as Chief Executive Officer ('CEO') and was replaced by Graeme Clayton ('Joe').
- In April 2019, AIM commissioned an independent experts report. The report identified various plant issues, and largely attributed these to the poor design of the plant.

- The Directors of AIM, relying on the independent expert report, raised a further \$3.9 million in May 2019 and continued the commissioning process.
- Since April 2019, Management sought to improve the operations of the mine by identifying and navigating operational efficiency improvements, developing global customer relationships through entering non-binding memorandum of understandings and building production and operations towards a 24/7 operation.
- In late August 2019, the Secured Creditor provided a \$4.87 million secured loan to AIM, taking security over all the assets and undertakings of the Companies.
- In September 2019, Curtis Brand resigned as Chief Operating Officer ('COO') and was replaced by Marcus Locke ('Marcus'), who joined the Companies on 12 October 2019.
- In October 2019, Marcus undertook a review of the Project and identified that the current design capacities of the FSP, WCP and MSP were, in his opinion, insufficient to deal with the physical characteristics of the Harts Range ore (oversize, clay, heavy mineral content and assemblage). These design issues, along with other production issues, primarily encompassed:
 - Dust contamination – very fine dust associated with clay fines that occur naturally in the orebody, if not removed sufficiently during processing, will naturally adhere to the final garnet product. This ultimately affects the useability of the final product as the garnet is 'dirty'.
 - Mass recovery of product – the Project was not recovering the targeted mass recovery of 90%, having only achieved approximately 50% mass recovery, meaning four to five times as much waste was required to be backhauled as residual sand from the MSP to the HRM.
 - Processing throughput – the process flow sheet had only been able to deliver less than 50% of forecast capacity.
- As a result, Management informed the Directors at a board meeting on 18 October 2019 that in their opinion, the current plant and flow sheet configuration issues prevent the HRM and MSP from delivering saleable quantities of product outlined in the marketing plan and expected in the financial model. To rectify these flowsheet deficiencies, further capital would be required, however the scope, cost and timing to deliver the necessary works was not definitively known.
- The Directors subsequently sought to engage with the existing larger shareholders of AIM throughout October 2019 to gather their support to fund the Companies through a feasibility study, to allow the unknown rectification capital works to be defined and quantified. The Directors were ultimately unsuccessful in attracting any significant interest from the larger shareholders.
- Throughout October 2020, the Directors were also concerned about unresolved electrical safety issues at the HRM and commissioned an engineering consultant to conduct a review of the electrical compliance and related safety aspects of the HRM. This report was delivered to Management on 17 October 2019.
- The report concluded that the HRM was not safe to operate, needing urgent electrical attention and would require the site to be shut down for approximately one to two weeks. This resulted in the cessation of all operations at the HRM on 18 October 2019.
- Employees at the HRM were subsequently stood down on 18 October 2019 while most employees at the MSP were stood down on 23 October 2019.
- Management retained a small team to transition the operations onto a care and maintenance program and on 24 October 2019, once it became clear that raising further capital was not possible, the Directors placed the Companies into voluntary administration.

3.2 Conduct of Administration

Since our appointment as Administrators of the Companies on 24 October 2019, we have performed and overseen the legal, statutory and reporting obligations of the appointments. This has included the issuing of the required correspondence to stakeholders and the convening of the required meetings.

The below provides a summary of key tasks undertaken by the Administrators since our appointment:

Statutory requirements and reporting

- Immediately on appointment we froze the Companies' bank accounts and swept funds into an account controlled by the Administrators.
- On appointment, the Companies' pre-appointment banker held cash collateral in respect of a bank guarantee and credit card facility. The bank has subsequently cashed the security held for the credit card facility and they intend on retaining the bank guarantee collateral, along with a small surplus until the facilities are finalised.

- Attended to the issuing of statutory notices, commenced dialogue with the key stakeholders including statutory bodies, creditors, employees, suppliers, customers and lessors and convened the First Meeting of Creditors which was held on 5 November 2019.
- Ensured sufficient insurance was maintained, including instructing our insurance broker to conduct a review of the existing policies in place for the Companies.
- Reviewed and maintained Occupational, Health and Safety policies.
- Liaised with suppliers for the set-up of new accounts, and with key stakeholders, including ATO and the Office of State Revenue ('OSR') of Western Australia, South Australia and the Northern Territory.
- Authorised purchase orders and maintained a purchase order register.
- Maintained cash flow forecasts for the Administration period, and future trading on a week by week basis.
- Managed staffing logistics including flights and accommodation.
- Processed payroll each month, including superannuation and PAYG.
- Engaged with the DPIP to defer annual tenement rent until 28 May 2020.
- Prepared weekly updates and cash flow forecasts for the Secured Creditor.
- Issued four updates to stakeholders, in addition to our required correspondence, in order to keep all stakeholders versed on the progressions of the administration. These updates were issued on 4 December 2019, 16 January 2020, 3 February 2020 and 24 February 2020. Updates can be found on our website at www.kordamentha.com/creditors/australian-abrasive-minerals-pty-ltd.
- In addition to the four updates to stakeholders issued by the Administrators, the Directors also prepared an update to shareholders which was issued on 31 October 2019.

Extension of convening period

- On 18 November 2019, orders were given by the Court to extend the convening period for the administration of AIM and AAM, such that the Second Meeting of Creditors must be convened by no later than 24 April 2020, or earlier should the Administrators deem appropriate.
- Stakeholders were notified by email of the orders obtained and a notice was placed on the KordaMentha website in accordance with the orders.

Employees and consultants

- Prepared employee correspondence including initial circulars and interim update reports.
- The current headcount comprises eight employees and one contractor, with the following reductions occurring over the course of the Administrations:
 - 33 employees were made redundant on 24 October 2019. Most of those employees had been stood-down when the HRM and MSP sites were closed prior to our appointment. We subsequently made a further two employees redundant on 31 October 2019.
 - The Administrators terminated a consultancy agreement with Robert Brand (AIM's former CEO/shareholder) on 31 October 2019.
 - The Companies' CFO was made redundant on 15 November 2019, the Companies' bookkeeper resigned effective 6 January 2020 and the regional operations manager resigned effective 31 January 2020.
- We have provided all current and former employees with details of their estimated entitlements along with information relating to the process with regards to their respective claims.

Creditors

- Prepared creditor correspondence including initial circulars and interim update report.
- Responded to creditor queries.
- Reviewed Proofs of Debt and updated our internal registers.
- Negotiated the return AAM property held by various suppliers.

Trading and HRM/MSP care and maintenance

- We have transitioned the HRM and MSP operations to care and maintenance. This has included securing several key agreements with necessary suppliers as well as implementing several security and safety measures.

- The care and maintenance plan was prepared and lodged with DPIR on 6 December 2019. The report was prepared in consultation with AAM's titles manager and consultation from DPIR.
- The care and maintenance program is currently being undertaken by employees onsite at the MSP and HRM under the supervision of the Administrators.
- Finished product to the value of \$0.10 million has been sold to two key Australian customers during our appointment. We anticipate these customers will continue to purchase finished product through to mid-2020.
- We have navigated a number of shipments of garnet which were in transit at appointment, liaising with the logistics provider and the end customers to complete delivery where possible.

Onerous property notices

- On 31 October 2019, we issued onerous property notices to all registered PPSR parties.
- We engaged with several registered PPSR holders to arrange the return of any assets not required during the care and maintenance program.
- A small number of leased assets were retained as required for the transition and ongoing management of the care and maintenance program.
- Many lessors asked for their equipment to remain in situ until the way forward for operations is known, primarily due to costs required for the lessors to remove their equipment.
- We issued onerous property notices in respect of a lease agreement for office space in Newcastle on 31 October 2019, a warehouse in Adelaide on 31 October 2019 and the Perth head office on 31 January 2020.

Site inspections

- The Administrators' have conducted two site inspections of the MSP and HRM since appointment.
- The initial visit on 28 and 29 October 2019 was to inspect the assets and meet with AAM's liaison at the DPIR.
- The second visit, on 27 November 2019 to 1 December 2019 was for the purpose of:
 - completing a tour of the HRM and MSP
 - meeting with customers
 - meeting with the MSP and HRM landlords and Central Land Council.
- The purpose of these meetings was to outline the Administrators' intended strategy, timeline and navigate the various queries those parties have as part of any restructure of the Companies.

Feasibility study

- Prior to accepting the appointment as Administrators, we held discussions with the Directors of the Companies and the Secured Creditor regarding the options during an administration and it was agreed a feasibility study was the best way forward for all stakeholders.
- On appointment we sought to undertake a feasibility study of the operations at HRM and MSP. The scope of works comprised eight limbs, with the cornerstone feasibility being an Engineering and Cost Study ('ECS'). The estimated cost of completing the feasibility study was approximately \$0.45 million with the ECS costing approximately \$0.28 million.
- Shortly after appointment, a cash flow was prepared for the initial three months of the Administration and forwarded to the Secured Creditor. A number of discussions were then held in relation to the cash flow which included the feasibility study. The Secured Creditor understood that the funds held by the Administrators, comprising cash at bank on appointment, would be insufficient to provide for the ongoing care and maintenance costs of the HRM and MSP, the feasibility study and the outstanding employee entitlements.
- Given the cost of the study and the limited funds available to the Administrators, the Secured Creditor agreed in principal to provide the Administrators with an indemnity for the employee entitlements.
- The indemnity was required due to a need for the Administrators to preserve 'circulating' assets of the Companies to which priority (employee) creditors are first ranking, namely cash at bank. In circumstances where the Administrators were unable to secure an indemnity for amounts owing to priority (employee) creditors, then the Administrators would be unable to utilise those 'circulating' assets for the benefit of 'non-circulating' assets, being the HRM and MSP feasibility study.
- The Secured Creditor had an active role in the preparation of the feasibility scope and request for tender including the consultants approached. Additionally, the Secured Creditor also arranged for a mining services expert (on their behalf) to attend the HRM and MSP on 28 and 29 October 2019 to provide feedback and comments on the scope shortly after.

- On 14 November 2019 we issued the ECS scope to a number of consultants, seeking proposals by 20 November 2019.
- Proposals were received from all parties by 20 November 2019 and were reviewed and assessed by Management, with a summary being shared with the Secured Creditor on 29 November 2019.
- On 4 December 2019, whilst no indemnity had been provided by the Secured Creditor, the Administrators had not been notified that the indemnity would not be forthcoming and were still of the view that an indemnity would be received.
- Subsequently, in late December 2019 at the request of the Secured Creditor, the feasibility study was placed on hold while they assessed their options. This included the Secured Creditor considering a drilling program prior to the feasibility study commencing.
- Throughout late December 2019 and early January 2020, discussions with the Secured Creditor continued with the Administrators seeking to obtain approval to commence the feasibility study, or drilling program at the Secured Creditor's request, and obtain the indemnity.
- Subsequently, the Secured Creditor confirmed that:
 - They required their first ranking secured debt to be repaid by 31 January 2020; and
 - Should that debt not be repaid, then they may put forward a DOCA.
- The Administrators subsequently wrote to all stakeholders of the Companies to outline the position of the Secured Creditor, in the second stakeholder update issued on 16 January 2020.
- Following the issuing of the second stakeholder update, dialogue opened with a number of stakeholders who sought to understand potential funding structures to allow the feasibility study to proceed and/or DOCA structures.
- The Administrators subsequently wrote to all stakeholders of the Companies on 3 February 2020, byway of the third stakeholder update, requesting DOCAs by no later than 14 February 2020.
- This timeline was in circumstances where the Secured Creditor was not providing their authority to commence the feasibility study and provide the indemnity, and there being no acceptable funding structure available to the Administrators to fund the feasibility study/meet the care and maintenance costs.

Statutory investigations

- Collected books and records, and information from the Companies and relevant persons.
- Obtained statutory searches.
- Investigated the affairs of the Companies.
- Obtained a forensic image of the Companies' computer servers.
- Analysed specific transactions, aged payables and receivables, loan agreements, and liaised with key employees of the Companies.
- Formed preliminary conclusions based on investigations undertaken, for reporting to creditors.

3.3 Receipts and payments of Administration

Enclosed as Appendix 1 is a summary of the receipts and payments for the period from 24 October 2019 to 23 February 2020 for AIM and AAM. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.

3.4 Company registration details

Detailed below is information regarding the Companies obtained from searches obtained from ASIC, as at the date of appointment.

3.4.1 AIM registration details

Commencement date	1 December 2017
Registered office	Suite 7, 100 Mill Point Road, South Perth WA 6151
Principal place of business	Suite 7, 100 Mill Point Road, South Perth WA 6151

3.4.2 AAM registration details

Commencement date	20 February 2006
Registered office	Suite 7, 100 Mill Point Road, South Perth WA 6151
Principal place of business	Suite 7, 100 Mill Point Road, South Perth WA 6151

As discussed in section 3.2 of this report, we exited the Perth office as at 31 January 2020. Accordingly, we have updated the Companies' ASIC records to reflect a change in the registered office and principal place of business to c/- KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

3.5 Secured creditors

Detailed below is information regarding the Companies obtained from a search obtained from PPSR as at 24 October 2019.

3.5.1 AIM

Security interests	Date created	PPSR registration number	Collateral
Remagen Capital Management Pty Ltd	24 July 2019	201907240053501	All pap with exceptions
RCM ST Pty Ltd	28 August 2019	201908280037327	All pap with exceptions

3.5.2 AAM

Security interests	Date created	PPSR registration number	Collateral
RCM ST Pty Ltd	Various	Various	Various – see Appendix 2
Australia and New Zealand Banking Group Limited	Various	Various	Various – see Appendix 2
Kennards Hire Pty Limited	Various	Various	Various – see Appendix 2
Energy Power Systems Australia Pty Limited	Various	Various	Various – see Appendix 2
Advanced Electrical Equipment Pty. Ltd.	19 April 2016	201604190037290	Other goods
Brooks Hire Service Pty Ltd	Various	Various	Various – see Appendix 2
Advanced Piping Systems Pty Ltd ATF The Caleb Craig Family Trust & Nathan Craig Family Trust & Stuart D Craig Family Trust	26 April 2017	201704260004942	Other goods
Bearing Dynamics Pty Ltd	24 October 2017	201710240030798	Other goods
NT Link Pty Ltd	19 April 2018	201804190042732	Other goods
Babatjie Holdings Pty Ltd	1 June 2018	201806010069226	Motor vehicle
BOC Limited	24 August 2018	201808240027132	Other goods
Titan Plant Hire Pty Ltd	Various	Various	Various – see Appendix 2
Elgas Limited	12 June 2019	201906120020352	Other goods
Ecolab Pty Ltd	9 July 2019	201907080049912	Other goods

Please see Appendix 2 for a full PPSR listing.

Remagen Capital and a number of its related entities hold first ranking all present and after-acquired property ('ALLPAAP') security over the Companies.

In their capacity as Secured Creditor, the Administrators have kept Remagen Capital updated on a weekly basis on the status of the Administration of the Companies. Remagen Capital also sought a section 440B waiver under the Act, which was provided on 1 November 2019 affording them the ability to enforce their security interests at any time during the period of the Administration of the Companies.

The Administrators wrote to all parties with registered security interests against the Companies on 25 October 2019 and have worked with most of the registered parties to determine the validity of their registration(s) and the return or agree ongoing use of secured assets where required.

3.6 Directors and officers

Detailed below is information regarding the past and present directors and secretaries of the Companies.

3.6.1 Australian Industrial Minerals

Officer	Position	Appointment date	Cessation date
Graeme William Clayton	Director	1 April 2019	N/A
Robert John Benussi	Director	20 March 2019	16 December 2019
Julian Michael Babarczy	Director	7 February 2018	21 November 2019
Paul Ashley Mason	Secretary	26 September 2018	15 November 2019
Robert George Brand	Director	26 September 2018	1 April 2019
Bruce Alan Hancox	Director	26 September 2018	14 March 2019
Kevin Lee Christensen	Director	7 February 2018	26 September 2018
Julian Michael Babarczy	Secretary	7 February 2018	26 September 2018
Aaron Adam	Director	1 December 2017	7 February 2018

3.6.2 Australian Abrasive Minerals

Officer	Position	Appointment date	Cessation date
Graeme William Clayton	Director	1 April 2019	N/A
Paul Mason	Secretary	23 October 2018	15 November 2019
Fletcher Curtis Brand	Director	10 December 2007	1 April 2019
Robert Brand	Director	20 February 2006	1 April 2019
Julian Michael Babarczy	Director	13 April 2018	31 December 2018
Robert John Benussi	Director	13 April 2018	31 December 2018
Steven Banks	Director	24 August 2017	12 February 2018
Troy Allen Martin	Director	21 August 2017	2 January 2018
Raymond John Key	Director	13 June 2014	24 August 2017
Zan Khairuddin Johan	Director	13 June 2014	15 January 2017
Matthew Robert Neal	Director	15 March 2010	17 February 2012

3.7 Shareholders

3.7.1 Australian Industrial Minerals

Shareholders	Number of shares held	Class of share	Beneficially held and fully paid up
33 shareholders	245,210,790	Ordinary	Yes
Total per ASIC register	245,210,790		
Total per AIM records	247,710,790		

Please note there exists an unreconciled discrepancy of 2.5 million shares between AIM's records and the ASIC register. Please see Appendix 3 for a full shareholder listing as at 24 October 2019.

3.7.2 Australian Abrasive Minerals

Shareholder	Number of shares held	Class of share	Beneficially held and fully paid up
Australian Industrial Minerals Limited	18,166,391	Ordinary	Yes
Total	18,166,391		

3.8 Report on Company Activities and Property

The Directors have provided a Report on Company Activities and Property ('ROCAP') to us. A ROCAP provides information on the financial position of each company as at the date of our appointment.

A summary of the ROCAPs received from the Directors are detailed below:

	AIM	AAM
	Book or cost valuation \$'000	Book or cost valuation \$'000
Report on Company Activities and Property		
Assets not specifically secured	27,483	33,894
Assets subject to specific security interests (net of specific security interests)	Unknown	Unknown
Total assets	27,483	33,894
Less amounts owing to priority creditors in respect of outstanding employee entitlements	-	(716)
Less amounts owing and secured by debenture or circulating security interest over assets	(4,991)	-
Balances owing to unsecured creditors	(129)	(2,277)
Contingent assets	-	-
Contingent liabilities	-	-
Estimated surplus/(deficiency) subject to the costs of the Administration	22,363	30,901

Notes

We note the following key items were not included in the ROCAPs provided by the Directors of the Companies:

Australian Industrial Minerals

- The convertible note balance is not disclosed in the ROCAP. As at 24 October 2019, this amount was \$12.02 million.
- Employee entitlements of \$0.17 million are not disclosed in the ROCAP.

Australian Abrasive Minerals

- The inter-company loan payable of \$26.13 million is not disclosed in the ROCAP.

Accordingly, the ROCAPs do not reconcile to the Companies' financial accounts as at 24 October 2019.

3.9 Historical financial performance

3.9.1 Analysis of income statement and balance sheet

The Companies' audited financial statements were last prepared for the half year ended 31 December 2018. We note the audited financial statements for the FY19 period were in draft at the date of our appointment. Accordingly, limited reliance should be placed on the profit and loss, and net asset position for the FY19 and 1Q20 periods. We note that monthly management accounts were prepared by the Companies and the latest such accounts were prepared as at 24 October 2019.

Detailed in Appendix 5 of this report is a summary of the comparative balance sheets and profit and loss statements for AIM and AAM, extracted from the Companies' accounting systems. These include:

- Accounts extracted from the Companies' previous accounting system (MYOB) for the period 13 April 2018 to 30 June 2018 ('4Q18');
- Accounts extracted from the Companies' accounting systems (Xero) for the period 1 July 2018 to 30 June 2019 ('FY19'), and;
- Accounts extracted from the Companies' accounting system (Xero) for the period 1 July 2019 to 24 October 2019 ('1Q20'). (together 'the Review Period')

We comment below on the historical performance of AIM and AAM, noting that:

- AAM was the trading entity, receiving the Companies' revenue and incurring operating costs, and
- AIM primarily operated as the capital raising vehicle and also carried the head office costs.

Australian Industrial Minerals Limited

AIM's accounts, as a standalone entity, for the Review Period disclose the following:

Income statement

AIM incurred operating net losses of \$0.09 million in 4Q18, \$4.03 million in FY19 and \$1.17 million in 1Q20. Contributing factors to the losses include:

- AIM has not reported any revenue over the Review Period, primarily due to AIM operating as the capital raising vehicle.
- Other income earned by AIM relates to management fees charged to AAM of \$1.04 million in FY19 and \$0.28 million in 1Q20. Management fees were nil in 4Q18.
- Expenses incurred related to stamp duty, legal fees, interest costs, executive wages and director fees as the Companies sought to ramp up operations of the Project. Some contributing factors to the increase in expenses in FY19 include:
 - Wages of \$0.94 million
 - Legal fees of \$0.58 million
 - Stamp duty on purchase of AAM of \$0.54 million
 - Director fees of \$0.15 million.

Balance sheet

- The main asset on the AIM balance sheet is the inter-company loan receivable from AAM. The inter-company loan arose to fund operations of the Project, which is held and operated by AAM. Over the Review Period, the loan receivable account increased from \$10.74 million at 30 June 2018 to \$26.13 million at 24 October 2019.
- The other notable items on the AIM balance sheet include:
 - The convertible note raisings, which were completed in December 2018 and May 2019, increased liabilities by \$9.75 million. The convertible note balance at 24 October 2019 was \$12.02 million, after accounting for revaluations through the capitalisation of interest.
 - The Secured Creditor facility, which was funded in August 2019 with a balance of \$4.87 million (being the loan, less costs) at 24 October 2019.

- Accruals payable increased from nil at 30 June 2018 to \$0.76 million at 30 June 2019 and \$0.96 million at 24 October 2019. This primarily relates to stamp duty payable for the acquisition of AAM and convertible note coupon accruals.
- Equity decreased from \$11.96 million at 30 June 2018 to \$9.40 million at 24 October 2019. This is primarily due to accounting for the respective period losses in the current year earnings equity account and the retained earnings equity account.
- Share capital increased from \$12.60 million at 30 June 2018 to \$15.19 million at 30 June 2019 as new equity was invested in the FY19 period. Share capital did not change from 30 June 2019 to 24 October 2019.

Cash flows

- The cash balance of AIM increased from nil at 30 June 2018 to \$0.12 million as at 24 October 2019. Please refer to Section 3.9.2 of this report for an analysis of cash flow for the Review Period.

Australian Abrasive Minerals Pty Ltd

AAM's accounts, as a standalone entity, for the Review Period disclose the following:

Income statement

AAM reported operating net losses of \$2.14 million in 4Q18, \$6.62 million in FY19 and \$8.55 million in 1Q20. Contributing factors to the losses are as follows:

- Increasing costs as AAM sought to ramp up production of the Project. Cost of sales increased from \$0.61 million in 4Q18 to \$5.03 million in FY19, to \$6.94 million in 1Q20. This included:
 - Wages increasing from \$0.05 million in 4Q18 to \$2.30 million in FY19. For 1Q20, wage costs were \$1.32 million. The below table shows the increase in monthly wages over the six months prior to 24 October 2019, as operations ramped up:

May 2019	June 2019	July 2019	August 2019	September 2019	October 2019
\$219,385	\$301,398	\$295,571	\$282,292	\$391,534	\$352,936

- Contractor costs increased from \$0.02 million in 4Q18 to \$0.13 million in FY19. For 1Q20 contractor costs were \$1.07 million, and;
- PPE costs increased from \$0.01 million in 4Q18 to \$1.73 million for FY19. For 1Q20 PPE costs were \$1.41 million.
- Operating expenditure increased from \$1.84 million in 4Q18 to \$2.38 million in FY19, to \$2.20 million in 1Q20. This consisted of:
 - Rent increasing from \$0.03 million in 4Q18 to \$0.20 million in FY19. For 1Q20 rent expenses were \$0.13 million.
 - Contractor expenses were \$0.28 million in 4Q18 and nil in FY19. In 1Q20 contractor expenses were \$0.58 million. We note that contractor costs were accounted for under both operating expenditure and cost of sales.
 - Depreciation and amortisation ('D&A') expenses increased from \$0.02 million in 4Q18 to \$0.51 million in FY19. For 1Q20 D&A expense was \$0.62 million.
 - Management fees charged by AIM increased from nil in 4Q18 to \$1.04 million in FY19. For 1Q20 management fees charged was \$0.28 million.
- Sales revenue increased over the period from nil in 4Q18 to \$0.07 million in FY19. For 1Q20, sales revenue was \$0.58 million.

Balance sheet

- The net asset position of AAM deteriorated over the Review Period, from a net asset position of \$12.76 million at 30 June 2018 to a negative net asset position of \$2.40 million at 24 October 2019. This was driven by:
 - An increase in accounts payable from \$1.85 million at 30 June 2018 to \$2.39 million at 24 October 2019.
 - An increase in accruals from a receivable position of \$1.52 million at 30 June 2018 to a payable position of \$0.18 million at 24 October 2019.
 - An increase in inter-company borrowings from \$19.62 million at 30 June 2018 to \$35.01 million at 24 October 2019. We note this does not reconcile to the inter-company receivable account on AIMs balance sheet, and

- An increase in the rehabilitation provision from \$0.38 million at 30 June 2018 to \$0.69 million at 24 October 2019.
- The other notable items on AAM's balance sheet include:
 - Retained losses increasing from \$23.20 million at 30 June 2018 to \$29.82 million at 24 October 2019, resulting in total equity decreasing from \$12.76 million at 30 June 2018 to a deficit of \$2.40 million at 24 October 2019.
 - As expected, share capital remained stagnant over the period at \$35.96 million, as funding for operations came through the inter-company loan account.
 - PPE increased from a written down value ('WDV') of \$27.48 million at 30 June 2018 to a WDV of \$34.28 million at 24 October 2019 as AAM sought to bring the MSP and HRM operations online. We note that due to the capitalisation of expenses to the cost base of PPE, the increase in PPE was driven mainly by commissioning and maintenance costs as opposed to the acquisition of tangible assets.
 - Current year earnings balance at 30 June 2018 does not account for the 4Q18 operating loss of \$2.14 million.

Cash flows

- The cash balance of AAM decreased from \$4.99 million at 30 June 2018 to \$1.69 million at 24 October 2019. Please refer to Section 3.9.2 of this report for an analysis of cash flow for the Review Period.

3.9.2 Sources and application of funds

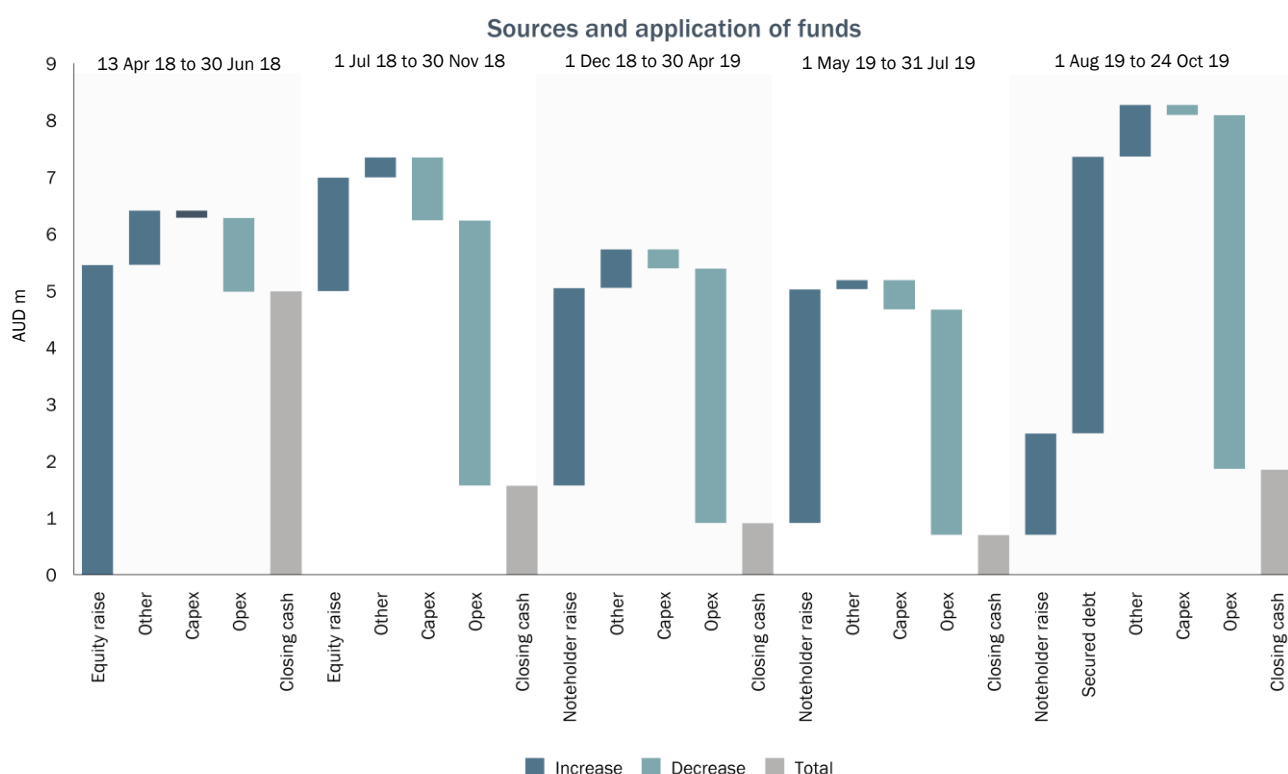
The Companies' capital raises were all accounted for as received in AIM and distributed to AAM through an unsecured inter-company loan account.

The following graph highlights the sources and application of the Companies' cash as disclosed in the management accounts.

Transaction periods have been separated based on financing activity, for the periods:

- 13 April 2018 to 30 June 2018 ('Period 1')
- 1 July 2018 to 30 November 2018 ('Period 2')
- 1 December 2018 to 30 April 2019 ('Period 3')
- 1 May 2019 to 31 July 2019 ('Period 4')
- 1 August 2019 to 24 October 2019 ('Period 5').

Analysis of funds flow in each period is provided below.



The graph provides a snapshot of the Companies' cash position after accounting for funds received and paid from 13 April 2018, being the date the previous DOCA was effectuated, to 24 October 2019. The graph demonstrates that the Companies' primary sources of funds were through equity, convertible notes and secured debt raises, with sales revenue and other income comprising less than 10% of total receipts.

The analysis also highlights the significant consumption of cash through operating expenses, with minimal capital expenditure over the collective periods.

We comment on each of the periods below.

Period 1 (13 April 2018 to 30 June 2018)

At the effectuation of the previous DOCA, \$11.0 million was initially raised through the issuance of shares in AIM. This capital was applied to purchase the debt and equity held by the previous secured creditor, Trailstone, for \$4.4 million, \$1.2 million used to extinguish other costs such as legal fees (\$0.1 million) and DOCA contribution (\$0.9 million), and \$5.4 million was retained to fund continued operations.

Other income for the period was primarily driven by cash receipts of \$0.8 million from the sale of shares in Savannah Resources Plc, an asset inherited through the DOCA process. Key operational expenses comprised repairs and maintenance and wage expenses, totalling \$0.6 million. Closing cash at 30 June 2018 was \$5.0m.

Period 2 (1 July 2018 to 30 November 2018)

In October 2018, further shares were issued in AIM to raise \$2.0 million in equity. Capital expenditure during this period totalled \$1.1 million invested in PPE which relate to various commissioning costs. Operating expenses accelerated in the period; average monthly wage expense increased by 57% to \$0.18 million. Equipment hire (\$0.53 million) and supplies expense (\$0.68 million) significantly contributed to the opex growth. Cash on hand was significantly drawn down, falling 69% to a closing cash balance of \$1.6 million at 30 November 2018.

Period 3 (1 December 2018 to 30 April 2019)

Convertible notes were issued between 1 December 2018 and 30 January 2019, raising \$3.5 million. For the period 1 December 2018 to 30 April 2019, cash burn remained relatively stable, with average monthly opex spend falling 4%, or \$0.04 million. Other income in this period is attributed to significant refunds from the ATO with respect to GST and R&D credits. Cash on hand continued to decline, with a closing cash balance of \$0.9 million at 30 April 2019.

Period 4 (1 May 2019 to 31 July 2019)

Convertible notes raised a further \$4.1 million in the period 1 May 2019 to 31 July 2019. In May 2019, monthly operating expenses peaked at \$1.6 million, representing the single highest monthly spend in any month from 13 April 2018 to 24 October 2019. Subsequently, closing cash as at 31 July 2019 also reached the lowest of any month, at \$0.7 million.

Period 5 (1 August 2019 to 24 October 2019)

In the period 1 August 2019 to 24 October 2019, residual funds from the May 2019 convertible note raising were received in the amount of \$1.8 million. In August 2019, the Directors executed a secured loan agreement with Remagen Capital to raise \$5.0 million. The increase in cash reserves facilitated a significant acceleration in opex, with average monthly opex spend increasing by \$0.75 million to \$2.0 million vs. Period 4.

Detailed analysis of each source of funds and operating expenditure is provided below.

Sources of funds

The Companies utilised various sources of funding to meet its opex and capex requirements, with commentary on each source set out below.

Equity

From 13 April 2018 to 24 October 2019, a total of \$13.0 million of equity was raised, comprising:

1. \$11.0 million raised from 13 April 2018 to 30 June 2018
2. \$2.0 million raised from 1 October 2018 to 30 October 2018.

On or around 13 April 2018, at the effectuation of the previous AAM DOCA, \$11.0 million in shareholder equity was raised from shareholders to:

- Acquire the Trailstone debt and equity (\$4.4 million)
- Provide the funding for the DOCA contribution (\$0.9 million)
- Purchase the 8% Michaelmas Holdings Pty Ltd shareholding in AIM (\$0.2 million)
- Pay legal costs associated with the raise (\$0.1 million)
- Provide initial funding to allow ongoing operations of the Companies (\$5.4 million).

The second shareholder raising was completed in October 2018, contributing an additional \$2.0 million cash to the Companies.

On 31 October 2018, 2,500,000 shares were issued to former director, Robert Brand, for the acquisition of the remaining 10% holding in ML 23868 that the Companies did not already own.

Convertible notes

The following table summarises the convertible note funding events.

Raising	Funds raised (\$)	Timing	Number of noteholders	Size of investments (\$)
December 2018	3,480,000	20 December 2018 to 22 January 2018	8	5,000 to 2,000,000
May 2019	5,909,000	6 May 2019 to 10 September 2019	36	10,000 to 500,000

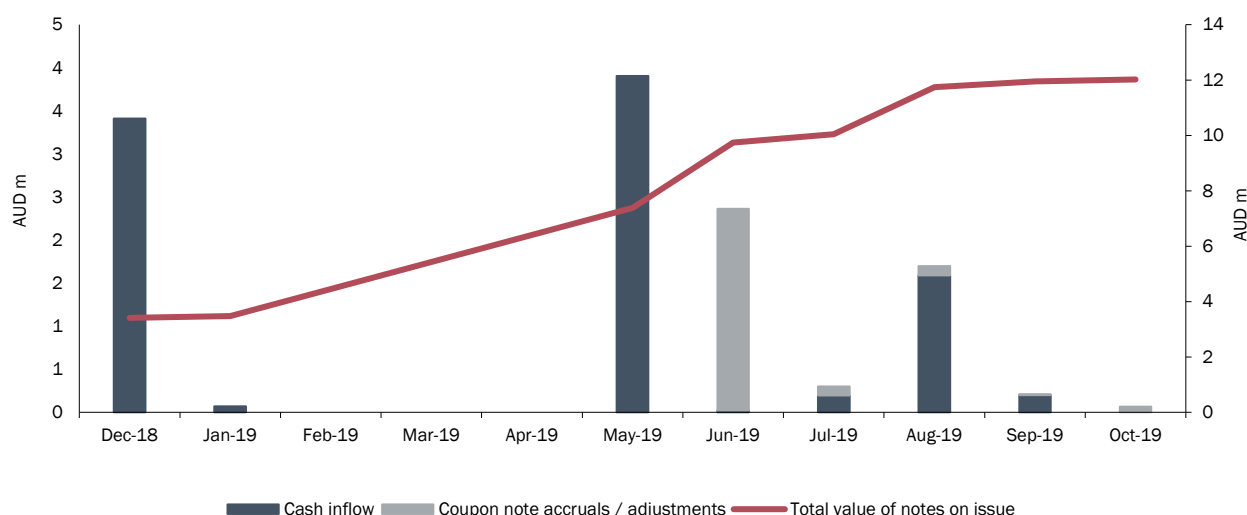
Key terms of the notes, obtained from the 31 December 2018 half yearly audited financials, were:

- issued at \$1.00 per converting note
- converting at a price being the lower of 80% of the proposed IPO share offer price and \$0.16, with similar terms for other conversion events
- Mandatory conversion on admission of the Companies to the Official List of the ASX, a change of control of the Companies or a subsequent capital raising greater than \$5.00 million separate to the IPO
- Coupon rate of 8% per annum.

- If the notes do not convert within 12 months from issue date, convert at a lower of a 30% discount to an independent valuation of the Companies and \$0.16.

The following graph summarises the total value of notes on issue, the timing of cash receipts from the issuing of notes and the capitalisation of coupons/other accounting adjustments.

Convertible note balance



The above table outlines:

- Account revaluations were not recorded until June 2019, where \$2.3 million was recorded on the advice of the Companies' auditors. We understand the revaluation is in respect of coupon accruals and the unwinding of note discounts.
- From 1 July 2019 to 24 October 2019, average monthly convertible note coupon accruals and adjustments of ~\$0.07 million were recorded against the convertible note balance.

Secured debt

AIM entered into a syndicated loan note subscription agreement with the Secured Creditor on 29 August 2019, with AIM as the borrower and AAM as guarantor.

The terms of the loan are summarised in the following table.

Loan amount	\$5,000,000
Less fees and initial repayment	(\$133,216)
Net proceeds	\$4,866,784
Term	12 months
Interest	16% p.a.
Further arranger fee	\$30,000
Termination fee	\$142,979
Repayment fee	\$25,000
Release fee	\$500
Facility extension fee	\$50,000
Default interest rate	21% p.a.

The Secured Creditor was granted priority over all assets of the Companies. Securities were lodged on the PPSR from as early as 24 July 2019. A detailed summary of securities registered on the PPSR as at 24 October 2019 are included at Appendix 2.

Other income

Cash inflows that have been treated as “other income” for the period 13 April 2018 to 24 October 2019 amount to \$3.1 million and were driven by the following.

- Cash receipts of \$0.8 million from the sale of shares in Savannah Resources Plc, an asset inherited through the DOCA process.
- Cash receipts of \$1.2 million relating to taxation, including GST refunds and receipts which we understand to relate to R&D credits of \$0.2 million in September 2018, \$0.6 million in March 2019 and \$0.3 million in September 2019.
- Revenue from the sale of garnet of \$0.9 million.

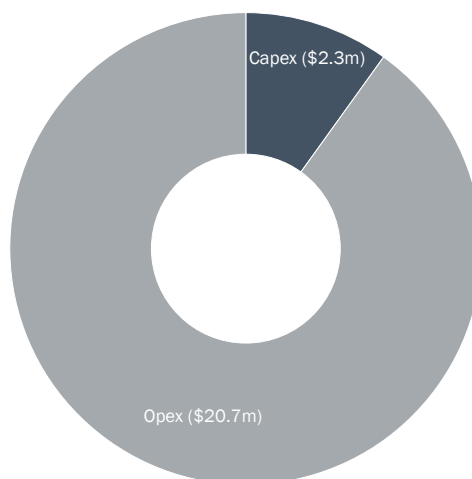
Application of funds

The Companies collectively spent approximately \$23 million during the period 13 April 2018 to 24 October 2019 on operating and capital expenditure.

Expenditure analysis

The below graph shows the portion of cash invested in tangible capital expenditure (‘capex’) versus what appears to be costs to fund operations (‘opex’). It is noted that only \$2.3 million, reflecting 10% of total expenditure, was used for tangible capex (i.e. the acquisition of equipment) for the period 13 April 2018 to 24 October 2019

Capex vs. opex for the period 13 April 2019 to 24 October 2019

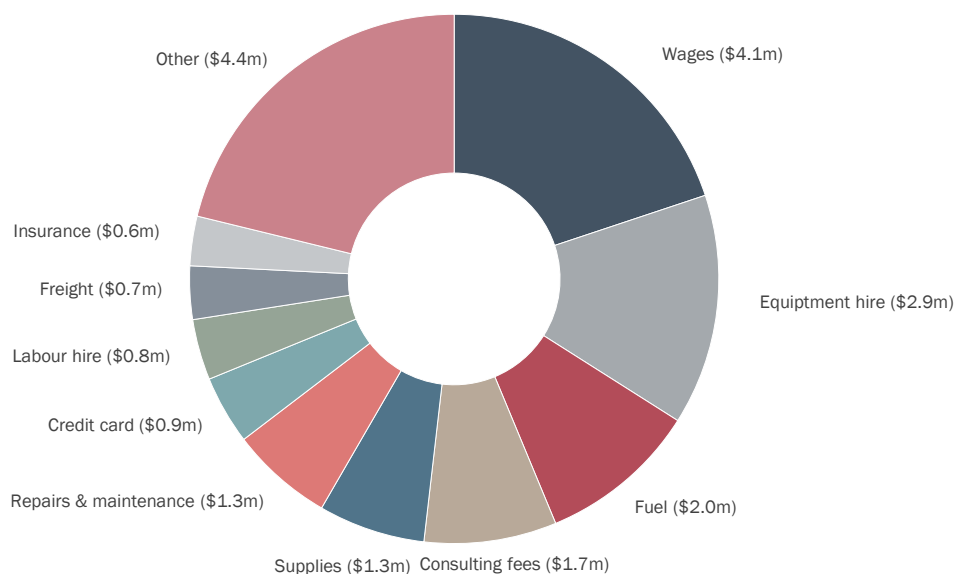


The below graph shows the ten largest operating expenses by category, which account for \$16.3 million, or 70% of the \$23.0 million spend from 13 April 2018 to 24 October 2019.

We note that our categorisation of operating expenses has been based on an assessment of a sample of invoices from each expense category and does not reconcile with Management’s capitalisation treatment of costs required to bring the mine to operation, which is reflected in the balance sheet and cash flow statement.

Opex analysis

Opex by category for the period 13 April 2018 to 24 October 2019



The above graph shows that wages were the most significant driver of expenses (\$4.1 million), followed by equipment hire (\$2.9 million) and fuel (\$2.0 million).

The top 10 service providers by spend, for the period 13 April 2018 to 24 October 2019, are summarised in the following table (excluding wages and related party transactions).

Payee	Description	Total spend (\$m)
Brooks Hire	Equipment hire	1.5
Recharge Petroleum	Fuel	1.4
NT Link Transportable Buildings	Accommodation	0.5
Techforce	Recruitment	0.5
Department of Primary Industry and Resources	Government	0.4
Energy Power Systems	Electricity	0.3
G & S Transport	Freight	0.3
Puma Energy (Australia) Fuels Pty Ltd	Electricity	0.3
Onsite - Minesite	Waste management	0.3
Dual Recruitment	Recruitment	0.3
Hunter Premium Funding Limited	Insurance	0.3
Weir Minerals Pty Ltd	Engineering	0.3

Capex analysis

We have conducted analysis of the capex transactions that appear to relate to the acquisition of assets.

The following table provides the ten largest capex providers by amount of expenditure for the period 13 April 2018 to 24 October 2019.

Payee	Description	Capex (\$m)
G-Tech Australia	Engineering design products	0.3
OPS Screening and Crushing Equipment (NT) Pty Ltd	Filters, screens and other various machinery parts	0.3
Dustcotech – Dust Collection Technology Pty Ltd	Dust collector machinery	0.2
APJ Concrete	Concrete supply and installation for various works	0.2
Facet Engineering	Engineering design products	0.1
Adelaide Belting Solutions	Conveyor belt supply and installation	0.1
Haver Australia	Amplifier module machinery and other machinery	0.1
Aurora Process Solutions	Air conditioning units and other works	0.1
M & Q Equipment	Mineral processing equipment	0.1
Northern Investments (NT) Pty Ltd	Motor vehicles	0.1

As shown above, the largest capex provider received \$0.35 million for the provision of PPE. This supports our view that the majority of funds raised were applied to meet operating expenses, rather than capital improvements through the investment in tangible assets.

3.10 Searches

Property searches have been carried out with a view to determine if the Companies are the registered owner of any property. Searches were undertaken in the states of New South Wales, the Northern Territory, Western Australia and South Australia. A motor vehicle search for vehicles registered in the name of the Companies has not been completed.

Property title search

The property search revealed that the Companies do not own any property in New South Wales, the Northern Territory, Western Australia or South Australia. Our investigations have identified the following properties which were leased by the Companies at the date of our appointment:

Site	Lessor	Lessee	Address	Status
Head office	Sheng Horng Chao and Manal Naguib Kamel Rezkalla ATF Investment Trust No 2	AAM	7/100 Mill Point Road, Perth WA	Exited 31 January 2020
Adelaide warehouse	Flinders Warehousing and Distribution	AAM	296 St Vincent Street, Port Adelaide SA	Exited 31 October 2019
MSP	Wamboden Pty Ltd	AAM	off Tanami Road, Burt Plain NT	Continue to lease
MSP residential	Bond Springs Pastoral Co.	AAM	off Tanami Road, Burt Plain NT	Continue to lease
HRM (Mineral lease)	Northern Territory Government	AAM	Mount Riddock Station, off Plenty Highway, Harts Range NT	Continue to lease
HRM campsite	Central Land Council	AAM	Mount Riddock Station, off Plenty Highway, Harts Range NT	Continue to lease
Newcastle shared office	The Production Hub	AAM	4 Crown Street, Newcastle NSW	Exited 31 October 2019

Motor vehicle search

We have not undertaken a motor vehicle search for vehicles owned by the Companies. However, we note the Companies' records and our own site inspections have identified the following vehicles as owned by AAM.

Motor vehicle	Location
2009 Toyota Hilux KUN26R MY10 Ute Dual 4DR A 4SP 925kg 3.0DT	HRM
2010 Toyota Hilux KUN16R MY10 SR 4x2 white utility 3l RWD Manual 4-cyl	MSP
2010 Toyota Hilux KUN26R MY10 Ute Dual 4DR A 4SP 925kg 3.0DT	HRM
2011 Mazda BT-5- B3000 Boss DX CC 5sp 3.0DT	MSP
2011 Toyota Landcruiser MY10 workmate troop carrier White diesel	HRM
2012 Mazda BT50 XT Freestyle Extra cab Silver diesel	HRM
2013 Toyota Hilux KUN26R MY12 white dual cab 3l 5 speed manual 4-cyl diesel	MSP

We note the Companies' motor vehicles move locations between the MSP and HRM depending on operational needs. The locations listed above are the last known locations.

4 Investigations

4.1 Administrators' investigations

Under the Act, we are required to investigate the Companies' business, property, affairs and financial circumstances.

Pursuant to Section 75-225(3) of the Rules, we are also required to investigate and report to creditors on any possible recovery actions that may be available to a Liquidator, if creditors resolve to place any of the Companies into liquidation. However, we note that the Administrators have limited funds available to us, which would not extend to pursuing any such actions in the capacity as Liquidator, and have incurred costs in acting as Administrators which would rank in priority to any creditors' claims in a liquidation.

Our investigations are at a preliminary stage and we are not in a position to provide any final comments about potential offences that may have been committed or amounts of money that may be recoverable in the event of any of the Companies being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a Liquidator (if appointed), and independent legal advice sought in order to determine the likely success of any actions contemplated in respect to the matters detailed below.

4.2 Overview of Administrators' investigations

Our investigations to date have focused on the following matters:

- Breaches of duty and other offences under the Act by the Directors, and
- Potential actions by a Liquidator (if appointed); and
- Other potential actions.

4.3 Approach to preliminary investigations

Throughout our preliminary investigations, we:

- Held discussions with the Directors of the Companies
- Held discussions with employees, including Management
- Held discussions with creditors of the Companies
- Identified, reviewed, reconstructed where required, and analysed financial information in both hard copy and electronic form, and
- Undertook searches of various publicly available databases including ASIC.

4.4 Offences under the Act by the directors

Section 438D of the Act requires an administrator to lodge a report with ASIC if it appears that:

- a past or present officer, or member, of a company may have been guilty of an offence in relation to the company, or

- a person who has taken part in the formation promotion, administration, management or winding up of a company may have misapplied money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company.

Set out below are our comments as to whether further investigations are warranted in relation to particular offences.

4.4.1 Books and records

Failure to maintain adequate books and records may be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

In the event that the Companies are placed into liquidation, the absence of proper books and records gives rise to a presumption of insolvency pursuant to Section 588E of the Act. This in turn facilitates action being taken against Directors of a company for insolvent trading.

From our investigations to date, we consider that the Companies have maintained books and records in accordance with the requirements of the Act.

4.4.2 Care and diligence and duty to act in good faith

The duty to act in good faith includes the following:

- to act honestly
- to exercise powers in the interests of the Company
- to avoid conflicts of interest
- to use their position properly
- to use information only for its proper purpose.

From our investigations to date, we have not found any evidence that the Directors have breached their duty to act with due care and diligence and to act in good faith, nor have they used their position improperly or used information improperly.

4.5 Potential recovery actions available to a Liquidator

4.5.1 Voidable transactions

Unfair preferences

If the Companies are placed into liquidation, various provisions of the Act enable the liquidator to recover certain payments that were made by the Companies to a creditor prior to the Companies being placed into Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Companies. A Liquidator is able to review transactions between 25 April 2019 and 24 October 2019, being six months prior to the appointment of Administrators.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show the Companies were insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a Liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting the Companies were insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected the Companies were insolvent or would become insolvent.

A preliminary review of the Companies' records indicates that no preferential payments have been made to creditors under the provisions of Section 588FA of the Act. There are no records that indicate any payments were made as a result of action taken by creditors against the Companies.

Uncommercial transactions

A transaction of the Companies is an uncommercial transaction if the following elements are established by a Liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrators.

- At the time the transaction was entered into, or when given effect to, the Companies were insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Companies' circumstances would not have entered into the transaction having regard to the benefits and detriments to the Companies in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

From our preliminary investigations to date, we have not identified any uncommercial transactions in accordance with the requirements of the Act.

Unfair loans

An unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Companies any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed Liquidator, whether or not the Companies were insolvent at any time after the loan was entered into.

From our preliminary investigations, we are not aware of any unfair loans entered into by the Companies.

4.5.2 Insolvent trading

Under the Act, a director is personally liable to a company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent. This claim must be proven by a liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost. Creditors should also be aware that any successful claim may be set-off by a director against amounts due to that individual by way of unsecured advances or loan account.

In this regard, we note that, at the date of this report, the Administrators have received PODs from the Directors for \$1.10 million in respect of consultancy agreements. We further note that additional PODs may be received from Directors at a later date.

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- at the time the debt was incurred the directors had reasonable grounds to expect and did expect that the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time
- at the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility
- the directors through illness or some other good reason were not taking part in the management of the company at the time the debt was incurred
- the directors took all reasonable steps to prevent the company from incurring the debt.

It is crucial to note that, with the exception of unfair loans, in order for a liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the liquidator must first be able to show that at a relevant point in time the company was insolvent.

The Act states the company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

Results of investigations

Board meetings

On review of the board meeting minutes for the period 1 December 2018 to 24 October 2019 it is apparent the cash balance and cash flow forecast were recurring topics of discussion. We note that this is not unusual and details the board's ongoing management of the cash requirements of the Companies.

At the board meeting convened on 28 September 2019 the 'cash burn rate' was discussed along with the possibility of the Companies triggering the Secured Creditor cash balance minimum requirement of \$0.50 million. The board noted that at the

current cash burn rate, the Companies will likely trigger the minimum requirement by 21 October 2019. At the time of the meeting, the Companies' cash balance was ~\$3.88 million.

Furthermore, the board specifically noted the Companies would require additional capital by the end of October 2019.

We note it is typical for a resource project in the pre-production and ramp-up phases, until economies of scale are reached, to require significant capital. Accordingly, it is not unusual that the Companies were reliant on external funding provided from debt and equity instruments to fund operations. Furthermore, comments taken from the Companies' board meeting minutes reveal that the board was confident in their ability to raise additional funding from the Companies' base of shareholders and noteholders as required.

Up until the appointment of Administrators, the board was actively pursuing options to raise additional capital to undertake the care and maintenance program solvently while a feasibility study was conducted, to better understand the capital requirements of the Project.

Shareholder updates

We have reviewed the updates provided to shareholders of AIM for the period 11 February 2019 to 31 October 2019. These updates provided shareholders with information on the capital / funding requirements, commissioning issues experienced as operations began ramping up and the replacement of executive team members including the CEO and COO.

Timing of Insolvency

As noted in section 3.1.3 of this report, there were a number of factors which led to the Directors appointing administrators to the Companies on 24 October 2019.

The timeline of events, detailed in section 3.1.3 of this report, indicates that following the confirmation of the extensive electrical issues at the HRM by way of the Primero review in October 2019, further capital raisings would have been required to fund the necessary capital expenditure and down-time for the proposed initial shutdown period of one to two weeks.

Further, the dust contamination (which made the product unsaleable), shortfalls in mass recovery output and process challenges which inhibited the ability to achieve forecast throughput resulted in Management and the Directors being unable to continue towards 24/7 production. These issues became increasingly apparent in October 2019 and Management and the Directors sought to understand the cost of a solvent care and maintenance plan to allow a feasibility to be undertaken.

We are aware that Management and the Directors sought the support of existing large investors to fund the care and maintenance program and feasibility 'solvently', and those discussions occurred in mid-October 2019.

Management and the board were subsequently unable to secure further funding to solvently complete the care and maintenance work program and subsequently appointed administrators to the Companies on 24 October 2019.

We have considered the timing of these factors, including the electrical issues and the process challenges, and steps taken by the Directors to consider the options for the Companies prior to making the appointment.

Our investigations have highlighted that the electrical issues, at least to some extent, were known to have existed from as early as April 2019. This is evidenced from internal emails containing commissioning plan reports. Whilst these issues appear to have been known to Management and the Directors, there appears to have been no active steps taken to better understand or rectify these issues or to understand the extent of their impact on the HRM operations until the engagement of Primero in October 2019. Following the engagement of Primero and the issuing of their report which identified over 100 issues at the HRM, the extent of the issues became formally known and operations immediately ceased on advice of that report.

Our investigations have also considered the extent to which the shortfalls in the processing infrastructure were understood and addressed by Management and the Directors as they pushed towards 24/7 operations. Importantly, as set out in section 3.9.2 of this report, capital raised was primarily used for operating expenditure, as opposed to capital expenditure. This therefore gives rise to concerns around the extent to which Management and the Directors sought to understand the shortfalls in the HRM operational infrastructure and allocate sufficient capital to remedy those issues. Instead, it would appear, funding was utilised for nominal capital expenditure and instead to fund operating expenditure to push operations to 24/7, with a view that the "bottlenecks" would be navigated through increased throughput. This ultimately proved to not be achievable.

Our preliminary investigations indicate that the timing of the appointment of administrators occurred at the point where the Directors were unable to secure additional shareholder support by way of additional funding and with no other funding options available, the appointment followed. However, the extent of the electrical issues and what appears to be a lack of investigation into the shortfalls of the existing HRM infrastructure gives rise to circumstances where, should those issues have been investigated earlier, then operations may have ceased prior to 18 October 2019. And therefore, should Management and the

Directors have further investigated the electrical and infrastructure issues earlier then shareholder and investor support may have been withdrawn at an earlier date.

Insolvent trading claim

Any claim for insolvent trading against the Directors of the Company, however, would need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defences available to Directors
- Cost of litigation
- Likelihood of recovery against the Directors of the Companies.

As stated earlier, the Act provides Directors with a number of defences to a claim for insolvent trading. We are unable to comment, at this stage, as to whether they would have any defences.

4.5.3 Financial analysis

At the appointment of the Administrators, Management of the Companies have provided various sources of financial information. These include:

- MYOB and Xero accounting records prepared by bookkeeping staff and reviewed by the Chief Financial Officer ('CFO') for the period 13 April 2018 to 24 October 2019 ('the Management accounts')
- Board meeting reports and financial commentary
- Audited half year accounts for the period ending 31 December 2018 (which also include 30 June 2018 balances)
- Unaudited draft FY19 accounts.

For the purpose of our financial analysis, we have relied on the Management accounts. We are comfortable the accounts have been reconciled to bank statements.

We note audited half year financials have been signed off by the Directors and auditors, Walker Wayland Audit (WA) Pty Ltd. However, as the audited financials have only been prepared on a consolidated basis and only cover half year results to 31 December 2018 and 30 June 2018, we have not utilised these for the purpose of this analysis.

We have prepared analysis for the full period from the previous DOCA effectuation, 13 April 2018, to the appointment of Administrators on 24 October 2019.

Analysis throughout this section of the report may reference the following periods:

- 13 April 2018 to 30 June 2018 ('4Q18')
- 1 July 2018 to 31 December 2018 ('1H19')
- 1 January 2019 to 30 June 2019 ('2H19')
- 1 July 2019 to 24 October 2019 ('1Q20')

4.5.4 Financial ratios

AIM (Half year results)

	30 Jun 2018	31 Dec 2018	30 Jun 2019	24 Oct 2019
Current ratio	6090.9x	0.0x	0.0x	0.0x
Net assets (\$)	11,961,230	13,478,291	10,568,640	9,400,624
Current assets less current liabilities (\$)	1,340	(371,142)	(860,197)	(1,062,986)

We make the following comments on AIM's ratios for the period 13 April 2018 to 24 October 2019:

- AIM ratios do not provide significant insights, as the company was primarily a fundraising vehicle and was non-trading. In this regard, capital raising activities are the primary activity of AIM.

- Net assets remain positive and trend downwards, falling 21.6% in 2H18 and 11.1% in 1Q20. This movement was primarily driven by convertible note and secured debt raising activities, the accrual of interest on these instruments and increasing operating expenses vesting in AIM, such as Directors' fees, legal fees and accounting fees.

AAM (Half year results)

	30 Jun 2018	31 Dec 2018	30 Jun 2019	24 Oct 2019
Current ratio	1.1x	1.2x	0.4x	0.2x
Net assets (\$)	12,762,866	12,012,050	6,146,687	(2,396,979)
Current assets less current liabilities (\$)	72,718	70,014	(847,104)	(2,868,971)

We make the following comments on AAM's financial ratios for the period 13 April 2018 to 24 October 2019:

- Working capital analysis shows the current ratio fell below 1.0x at 30 June 2019, indicating that AAM may not have been able to pay its debts as and when they fell due. The deterioration of its current ratio continued at 24 October 2019, falling a further 50%, which demonstrates its reducing ability to service short term liabilities.
- Net assets fell at a faster rate than current assets less current liabilities as the facility provided by Remagen Capital was rapidly utilised to service expenses associated with ramping up mining activities. This is discussed further in section 3.9.2 of this report.

4.5.5 Cashflow analysis

The following table details the consolidated cash flows of the Companies from the unaudited financial accounts provided by Management.

AIM (Half year results)

	4Q18 (\$)	1H19 (\$)	2H19 (\$)	1Q20 (\$)
Net cash inflow (outflow) from operating activities	(85,512)	(569,060)	(3,357,550)	(1,054,307)
Net cash inflow (outflow) from investing activities	(11,961,230)	(1,887,287)	(7,327,413)	(6,191,775)
Net cash inflow (outflow) from financing activities	12,046,742	5,867,262	7,293,253	7,343,525
Net increase (decrease) in cash and cash equivalents	-	3,410,915	(3,391,711)	97,443

We make the following comments on AIM's cash position:

- The functional operation of AIM was to receive funds raised through various instruments (see section 3.9.2) and distribute those funds through an inter-company loan to AAM, which was the primary trading entity.
- AIM did not generate revenue, as reflected in period-on-period net cash outflows from operating activities
- AIM met operating expenses incurred in its own capacity, which grew significantly from 1H19 to 2H19. AIM operating expenses were driven by:
 - Wages, leave and superannuation for staff employed by the headco
 - Insurance
 - Interest on premium funding and convertible notes (noting we do not consider the accrual of convertible note interest as a cash flow activity)
 - Accounting fees
 - Legal fees
 - Directors' fees.
- Significant movement in the FY18 investing and financing activities reflect the transactions to account for the sale and acquisition of the headco from the previous DOCA.
- Positive cash flows from financing activities from 1H19 to 1H20 are discussed further in this section of the report.

AAM (Half year results)

	4Q18 (\$)	1H19 (\$)	2H19 (\$)	1Q20 (\$)
Net cash inflow (outflow) from operating activities	1,718,766	(2,825,346)	(4,652,838)	(5,954,151)

	4Q18 (\$)	1H19 (\$)	2H19 (\$)	1Q20 (\$)
Net cash inflow (outflow) from investing activities	(28,948,340)	(4,518,547)	(2,643,112)	(222,738)
Net cash inflow (outflow) from financing activities	32,219,443	3,186,799	8,139,257	6,203,340
Net increase (decrease) in cash and cash equivalents	4,989,868	(4,157,093)	843,307	26,450

We make the following comments on AAM's cash position:

- Net cash outflow from operating activities increased significantly through to 24 October 2019, as production expenses associated with mining activity increased. This is reflected in an operations net outflow increase of 65% v 1H19, followed by a further 28% growth in 1Q20, being the four month period ended 24 October 2019.
- 1H19 and 2H19 period investing activities are driven by the capitalisation of operating and commissioning expenses associated with preparing the HRM and MSP with full scale production. Investment in PPE reflects a relatively immaterial portion of these expenses. This is discussed further in section 3.9.2 of this report.
- Cash inflows from financing activities in all periods reflect the inter-company loan balance from AIM and correlate with capital raising activities.

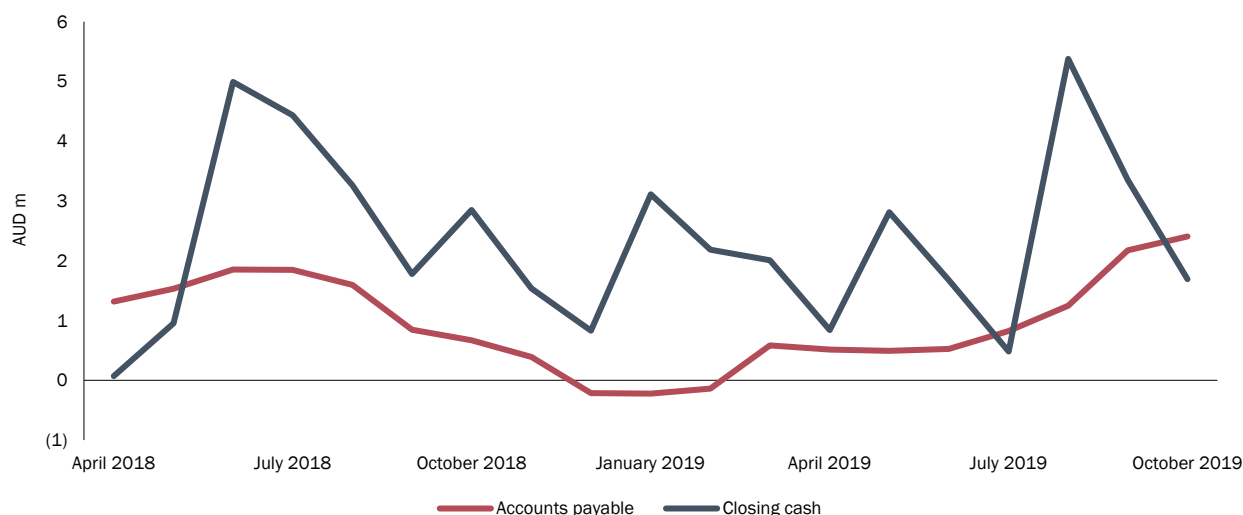
In addition to the above financials, the Companies also prepared and maintained a rolling cash flow forecast up to the date of our appointment. A review of the cash flow forecast for the 1Q20 period discloses the following:

- The cash balance decreased to as low as \$0.12 million in August 2019. This was prior to the receipt of the Secured Creditor debt facility in late August 2019 of \$4.87 million (net of costs).
- Without the ability to undertake an additional capital raising, which was being actively pursued by the board, the Companies would have a nil cash balance by the end of October 2019.

Creditor analysis

We have undertaken a review of the cash position of the operating company, AAM, from 13 April 2018 to 24 October 2019 (excluding employee entitlements, related parties or any contingent liability) to determine any points in time where there was insufficient cash on hand to meet corresponding trade creditor liabilities. We comment on our analysis below.

Cash vs. accounts payable



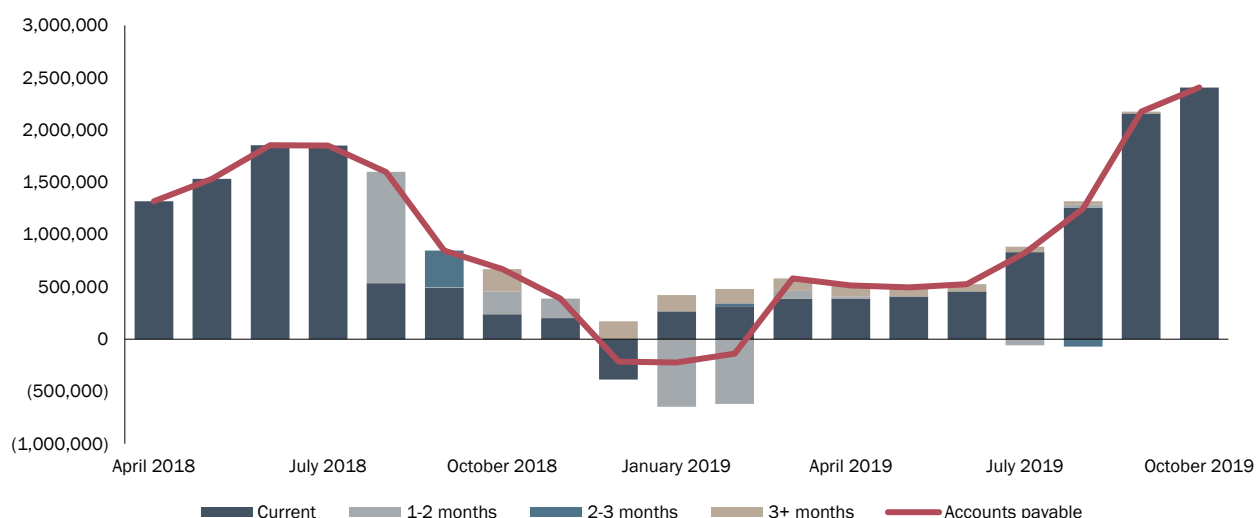
The graph shows that AAM could meet its trade creditor liabilities in any month except July 2019 and October 2019. We note that in the month that followed July 2019, the Remagen Capital loan was funded which resulted in a cash increase of \$4.87 million.

We do not consider the July 2019 analysis an indication of insolvency for the following reasons:

- it is not uncommon for a mine in the preproduction stage to rely on external funding activities to meet expenses
- the Companies had a demonstrated history of raising funds when required and were in active discussions with Remagen Capital which ultimately led to the funding of the loan.

A further consideration is an analysis of the historical accounts payable ageing profile, which we summarise below.

Aged payables

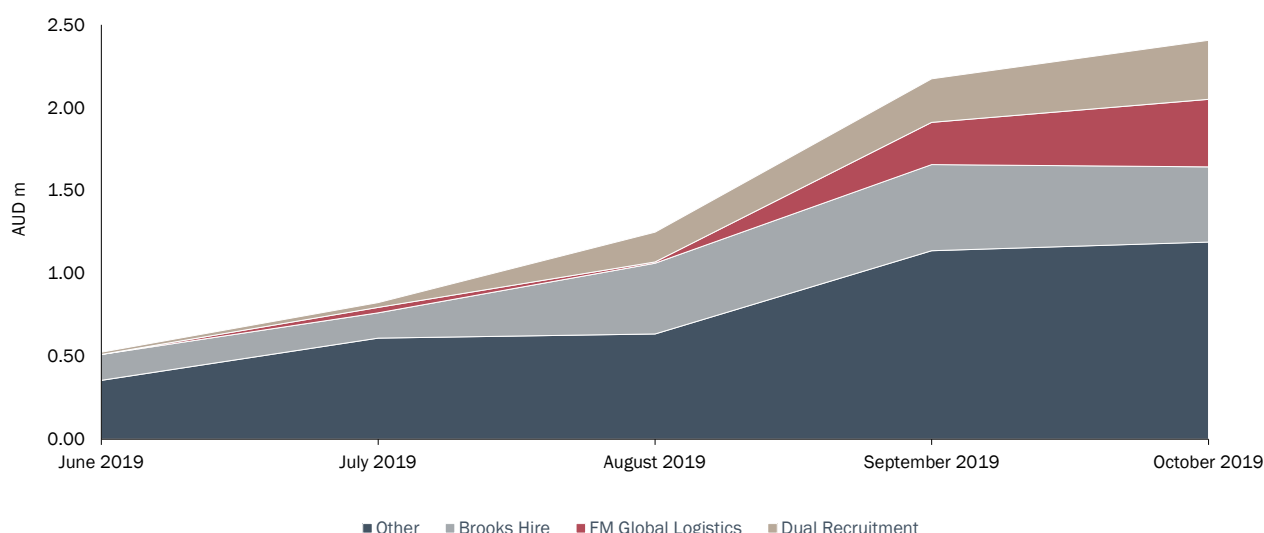


In the period 1 September 2018 to 28 February 2019 we note management accounted for refunds from the ATO with respect to GST and R&D credits as negative receivables. We do not believe this materially impacts our analysis, but this results in a positive accounts payable balance for these periods.

As demonstrated above, AAM managed its ageing payables profile to be largely current, with the maximum exposure to aged trade creditors of greater than three months at ~\$0.21 million for any given month end balance. The above graph also shows that, on average, current trade creditors represented 84% of total aged payables (adjusted for negative payables recognised in the 1 September 2018 to 28 February 2019 period).

We have reviewed the end of month aged payable balances of AAM for the four month period (1Q20) leading up to the appointment of the Administrators, being 30 June 2019 to 24 October 2019.

1Q20 accounts payable



The above graph shows that aged payables trended upwards for the review period. This was however driven by the ramp up of production of the mine from 1 July 2019 and not driven by an ageing of amounts owing. Correspondingly, the aged payables balance grew relatively consistently across most trade creditors.

4.6 Other noteworthy matters

4.6.1 Electrical safety issues and Primero report

Primero Group ('Primero') was engaged by the Companies to assist in the ramp-up of operations at the HRM. In October 2019, the board, concerned with ongoing electrical issues, requested Primero to conduct a review of the electrical compliance and related safety aspects of the Project. On 17 October 2019, Primero issued an email to the Companies' Management with the HRM electrical audit attached, stating there were a number of issues that needed addressing to allow safe operation. Primero estimated that approximately one to two weeks would be required to rectify the issues.

The Primero audit revealed over 100 issues requiring rectification at the HRM ranging from minor to more serious electrical and building code requirements. Some of the issues requiring immediate rectification included:

- Insufficient equipotential bonding on cable ladders, motors and instrumentation. Ductor testing was required of all structures to earthing grid to check that all structures are earthed and to make sure that the results complies with Australian standards.
- Redundant cables not capped or labelled and left in cable trays with no info tags, which need to be tested and made safe.
- Belt drift switches on 300CV003,004 and 006 are not connected, no belt drifts installed on 200CV105 and 300ST001. All other belt drifts pull wire switches and e-stops need function testing to ensure they are operational.
- Redundant cable coming out of the ground laying in the dirt not capped, needs to be tested, removed or made safe.

On 18 October 2019, the Companies' board held a meeting with the following comments made in relation to the electrical safety audit.

- Primero advised that the HRM would need to be shut down for 2-3 weeks to resolve the issues identified.
- The site had already ceased operation and the electrical issues had been isolated.

Operations at the HRM subsequently ceased on 18 October 2019.

Further to these findings the board requested Primero to quickly conduct an informal review of the Project and provide their opinion. Primero presented their findings to the board on 22 October 2019 confirming that in their opinion, there were significant flaws in the operations at the HRM that required significant capital investment.

We are unable to provide conclusionary comments on the timing of when the electrical safety issues first became known to Management and the Directors, noting that further investigations are required. We have however obtained internal emails containing commissioning plan reports that evidence electrical issues were known to have existed, to some extent, from as early as April 2019. There does however appear to have been very little done to investigate and/or address those issues until the commissioning of the Primero review in October 2019.

4.6.2 Initial Public Offering

In early 2019, AIM sought a listing on the ASX via an IPO. The purpose of the IPO was to raise an additional \$5.00 million in capital via the issuance of 20,000,000 shares at \$0.25 per share. In addition to this, an offer of 2,000,000 options was also to be offered for issuance.

The funds were to be used in the following manner, along with the cash at bank of ~\$4.25 million:

- Development and commissioning costs: \$0.70 million
- Mobile mining and service equipment: \$1.04 million
- Security deposits: \$0.50 million
- Exploration: \$0.11 million
- Operating costs: \$4.33 million
- Administration costs: \$0.46 million
- IPO costs: \$0.76 million
- Other working capital: \$1.35 million.

Ultimately the prospectus was withdrawn on 11 March 2019, due to the commissioning issues encountered in late 2018 and early 2019 (discussed further in section 3.1.3 of this report). Additional funding requirements were met throughout 2019 with

alternative capital raisings through the issuance of convertible notes and also a secured debt facility, as discussed in section 3.9.2 of this report.

On review of the board meeting minutes, it is apparent that a potential IPO was still in discussion throughout 2019, however was kept on hold while the commissioning issues and other issues that arose throughout 2019 were addressed.

4.7 Other potential actions

4.7.1 External consultant project review

In late 2018, AIM engaged an external consultant to prepare an independent expert report on the Project in support of AIM pursuing a listing on the ASX. The report was to be included in the prospectus prepared by AIM for the IPO on the ASX.

The independent expert report was completed in February 2019.

In addition to the independent expert report, the external consultant was engaged by AIM in March 2019 to undertake an independent technical review to support ramp up in production and to also validate the financial model for the Project. The review referenced work previously undertaken in the February 2019 report.

The independent technical review was completed in May 2019.

We understand that after receiving the independent technical review, the Board raised a further \$5.91 million by way of convertible notes and \$4.87 million by way of secured borrowings from Remagen Capital for the period 6 May 2019 to 24 October 2019.

To the extent that the Companies relied on these reports for the purposes of ongoing trading and capital raising activities will need to be investigated further. Advice will also need to be sought as to whether there are any shortcomings or omissions in the independent expert report and/or the independent technical review which, should those shortcomings or omissions have been identified may have resulted in an alternate outcome, for example the issues with the HRM being known at an earlier date. Further legal advice would be required in order to determine the likely success of any actions contemplated.

Should any action be commenced, we envisage the claim would be brought by AIM.

Further investigations are required in respect of this potential claim.

4.7.2 Tehmar transactions

On 11 April 2016, AAM executed a rental agreement for the lease of a Toplift Forklift, DF05 ('the Forklift') with Tehmar Group Pty Ltd ATF the Docfox Trust t/as Tehmar Group ('Tehmar'). The term of the agreement was from 31 March 2017 to 30 June 2018.

Following the appointment of Richard Tucker, John Bumbak and Rahul Goyal as voluntary administrators of AAM on 24 August 2017, investigations into the Forklift were made. It was found that Tehmar failed to register a valid security interest for the Forklift pursuant to the Personal Property Security Act 2009 (Cth) ('PPSA'). Subsequently, a notice was issued to Tehmar that the asset vested in the Companies. The Administrators did not receive any correspondence from Tehmar disputing this determination.

Following the appointment of Richard Tucker, John Bumbak and Rahul Goyal as voluntary administrators of AAM on 24 October 2019, payments were identified totalling \$0.25 million made by the Companies to Tehmar during the period August 2018 to October 2019 ('the Payments'). The Payments appear to relate to the Agreement and the asset which had previously vested in AAM and are therefore inconsistent with the vesting of the Forklift with the Companies on 24 August 2017.

On 31 January 2020, the Administrators' legal advisers wrote to Tehmar, requesting a detailed explanation as to the legal basis for the payments, together with supporting evidence of Tehmar's entitlements to the funds. Alternatively, the Administrators requested Tehmar attend to the full refund of the payments by 7 February 2020.

Whilst our investigations are ongoing, we believe there may be grounds to commence an action failing an adequate response from Tehmar. This is in circumstances where there was no commercial basis for those payments to have been made and where the asset has vested in AAM.

Should any action be commenced, we envisage the claim would be brought by AAM.

The Forklift remains in the possession of the Administrators.

4.7.3 Consultant transaction

We have identified a consultancy agreement to which AIM was a party, and that consultant received payments of \$0.55 million from the Companies throughout FY19 and 1Q20. Our preliminary investigations into the terms of the consultancy agreement and the amounts payable give rise to concerns that the terms were not commercial and therefore, may have been to the detriment of the Companies.

Should any action be commenced, we envisage the claim would be brought by AIM.

Further investigations are required in respect of this potential claim.

4.7.4 Advisor transaction

We have identified transactions paid to an advisor of the Companies prior to the Companies entering voluntary administration. Payments of \$0.25 million were made in the two months immediately prior 24 October 2019. Our preliminary investigations into the arrangements of the payments gives rise to concerns that the transactions may have been to the detriment of the Companies.

Should any action be commenced, we envisage the claim would be brought by AIM.

Further investigations are required in respect of this potential claim.

4.8 Conclusion from preliminary investigations

4.8.1 Insolvent trading

Based on our preliminary investigations, the exact date of insolvency of the Companies has not been determined but may be around the time of the appointment of Administrators on 24 October 2019. Our investigations indicate that:

- The Companies' cash position, whilst fluctuating over the review period, was always sufficient to meet its current debts as and when they were payable.
- Whilst the Companies' ability to continue as a going concern was reliant on continued capital raisings (both debt and / or equity), there was a demonstrated historical ability to raise capital from a broad group of investors.
- As a result of the project review completed by the COO, which highlighted numerous infrastructure issues and following receipt of the Primero electrical compliance and safety report in October 2019, operations immediately ceased on 18 October 2019. The board subsequently sought support from AIM's significant shareholders which was not forthcoming, and an appointment was subsequently made on 24 October 2019.

Our investigations have given consideration to the extent to which current and former Management and Directors of the Companies may have been aware of the infrastructure and electrical compliance issues. In circumstances where Management and the Directors had investigated these issues earlier, then the withdrawal of support by the shareholders may have resulted in an inability for the Companies to continue to trade at an earlier date. We make the following comments on the key operational issues:

- Infrastructure issues – the HRM operations were known to have extensive shortfalls prior to the appointment of administrators to AAM on 24 August 2017. Whilst the Directors of the Companies sought to engage consultants since taking control of AAM in April 2018, we query the extent to which Management and the Directors actively sought to define the shortcomings of the infrastructure to ensure sufficient capital expenditure was allowed to address these issues.
- Electrical issues – we have obtained internal emails that evidence electrical issues were known to have existed, to some extent, from as early as April 2019. There does however appear to have been very little done to investigate those issues until the commissioning of the Primero review in October 2019. We query the extent to which Management and the Directors actively sought to address the electrical issues to allow the safe operation of the plant.

Should any claim for insolvent trading against the Directors of the Companies be brought, such claim(s) would need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defences available to Directors.
- Cost of the litigation.
- Likelihood of recovery against the Directors of the Companies.

As stated earlier, the Act provides Directors with a number of defences to a claim for insolvent trading. We are unable to comment, at this state, as to whether they would have any defences.

4.8.2 Fiduciary offences

Our investigations to date have not revealed potential pre-appointment contraventions of the following directors' fiduciary duties under the Act:

- Section 180 Care and diligence – civil obligation only
- Section 181 Good faith – civil obligations
- Section 181 Use of position – civil obligations
- Section 183 Use of information – civil obligations
- Section 184 Good faith, use of position and use of information – criminal offences.

If a breach is proved to have been committed by the Directors, then a civil or a criminal penalty could be imposed.

4.8.3 Offences in relation to the Companies – Section 438D

We are not aware of any serious offences in relation to the Companies that may have been committed by the Directors of the Companies. We are not aware of any persons, who have taken part in the formation or management of the Companies, misapplying or retaining money or property of the Companies. We are not aware of any persons who have been guilty of negligence, breach of duty or trust of the Companies. Accordingly, we have not reported to the ASIC under Section 438D of the Act.

4.8.4 Other potential actions

We have identified a number of other potential actions relating to consultants, advisors and suppliers, which may be brought by AIM or AAM, depending on the company which was party to the relevant matter. Importantly, before any actions are commenced they require further investigations and a legal opinion sought as to the potential success of such actions. We are therefore unable to opine on the potential recovery, if any from the other potential actions identified, given the preliminary nature of our investigations.

Should AIM and/or AAM be placed into liquidation, then our investigations into these potential actions will continue. Should the liquidators consider there are reasonable grounds to commence an action, then that may occur in due course. Further, should AIM and/or AAM not enter into liquidation then it may not preclude an action being commenced under certain circumstances.

4.9 Limitation of investigations

The opinion outlined above is based on investigations undertaken by our office into the Companies' affairs, business and financial position. Our investigations have been based on the following information:

- Representations of Directors of the Companies.
- The details of the Companies' assets and liabilities as established by our office.
- The books and records of the Companies, which have been written up to record transactions of the Companies to 24 October 2019, that have been made available to us.

4.10 Funding of further investigations

In relation to pursuing voidable transactions and insolvent trading, money for the recovery of such actions would come from the assets of the Companies. If there were insufficient funds from the assets of the Companies, alternative options are:

- funding from creditors of the Companies. If funding was received from creditors, section 564 of the Act provides the Court with the power to make orders in favour of creditors who have provided an indemnity for costs of litigation or costs of the liquidator, where those creditors may be given an advantage over other creditors in consideration of the risk assumed by creditors. An advantage may include the distribution of some or all of the net proceeds from that action that was funded to the creditor that provided the funding or indemnity in priority to creditors with whom that creditor would normally be ranked.
- funding from a litigation funder. A litigation funder is an organisation that provides funds for the pursuit of legal actions. The funding typically covers the costs of lawyers, barristers and the external administrator and provides an indemnity for any adverse cost order if the legal action is unsuccessful. A litigation funder only takes on actions that it considers have a high probability of success and are likely to result in a substantial return. The agreement with the litigation funder usually

provides for a substantial amount of any return to be paid to them. We do not consider it likely that a litigation funder would provide funding to this liquidation.

- ASIC's Assetless Administration Fund – this finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears that enforcement action may result from the investigation and report. A particular focus of the fund is to curb fraudulent phoenix activity. Based on the potential recoveries outlined above, it is unlikely that an application for funding from the Assetless Administration Fund would be successful and accordingly, we do not intend to make an application.
- Fair Entitlements Guarantee Recovery Program – this program provides funding for pursuing recovery proceedings, including litigation, to increase assets available to creditors in the winding up where there have been amounts advanced under FEG. We have reviewed the criteria and do not consider that an application for funding would be successful and accordingly, we do not intend to make an application.

It would be appreciated if any creditor would advise us if they would be willing to fund any recovery actions.

5 AAM Proposed Deed of Company Arrangement

5.1 Key features of the Remagen Capital AAM DOCA proposal

On 14 February 2020, the Administrators received a DOCA proposal from Remagen Capital in respect of AAM. Details of the proposal for a DOCA will be discussed at the Second Meeting of Creditors and a summary of the proposal is as follows:

1. Unsecured creditors accept the terms of the DOCA in full and final satisfaction of their debts.
2. Remagen Capital is a non-Participating Creditor in the DOCA meaning they cannot participate in any distributions from the DOCA fund.
3. Remagen Capital, in its capacity as deed proponent, makes a contribution to the DOCA fund of \$0.02 million.
4. On meeting certain preconditions set out in the DOCA, the DOCA will be executed.
5. The Administrators of the DOCA are to be Rahul Goyal, John Bumbak and Richard Tucker.
6. The DOCA also incorporates the standard terms and provisions which are described in the Act and deal with the following:
 - a. Administrators deemed agent of the company
 - b. Powers of the Administrators
 - c. Termination of the DOCA where the arrangement fails
 - d. Termination of DOCA where arrangement serves purpose
 - e. Priority
 - f. Discharge of debt
 - g. Claims extinguished
 - h. Bar to creditors' claims
 - i. Making claims
 - j. Meetings.

The Remagen Capital DOCA proposes that, immediately upon signing of the DOCA that they take control of AAM and its operations. This practically means that, upon signing of the DOCA the Administrators will transition all ongoing obligations of AAM to Remagen Capital (or its nominee) and the continued involvement of the Deed Administrators will be limited to administering the deed fund.

The estimated return to priority (employee) creditors if the DOCA is approved is 100c/\$. It is likely the distribution to these creditors will be made as soon as practical, after the DOCA is executed and upon the completion of a formal dividend process for proving priority (employee) creditors. We estimate the return to priority (employee) creditors of AAM entering liquidation is likely to be 100c/\$.

Further to this, the estimated return to the remaining creditor pool including secured and unsecured creditors if the DOCA is approved is nil. The comparative return to unsecured creditors of AAM entering liquidation is nil.

Based upon current expectations, it is likely the distribution to priority (employee) creditors will be made in May 2020, subject to satisfaction of the DOCA conditions and receipt of the DOCA contribution from the proponent, which is expected in March 2020.

As with any DOCA, there is always an inherent risk that the DOCA will not be effectuated. In accordance with the terms of the Remagen Capital DOCA, if creditors do not vote in favour of the DOCA proposal or the DOCA contribution is not received, then AAM is to be wound up.

A detailed comparative analysis of the options available to creditors of AAM, and also AIM, is found in sections 6 and 7 of this report.

5.1.1 Other key points of the Remagen Capital DOCA

The following are key points detailed in the Remagen Capital DOCA for creditors' consideration:

- Secured creditor claims – Secured creditors will be classified as non-participating creditors in the DOCA.
- Relevant shares – All of the issued share capital of AAM issued to AIM will vest in Remagen Capital or a nominated party of Remagen Capital.
- Related party claims – The inter-company balance payable to AIM will rank as a participating unsecured claim in the DOCA.
- Termination date – The termination date is the earlier of; two business days after the effectuation of the DOCA; the date of passing a resolution at a meeting of creditors terminating the DOCA, or; the date the court orders the DOCA to be set aside or terminated.
- Distribution of the DOCA fund – The DOCA fund shall be distributed in the following manner; first, in payment of the Deed Administrators' remuneration and costs; secondly, in payment of any admitted claims of non-continuing employee creditors; thirdly, in payment of admitted claims (other than non-continuing employee creditors), that would, in a liquidation, be accorded a priority under the Act, and; fourthly, in payment of admitted claims of unsecured creditors *pari passu*.
- Claims extinguished – Participating creditors of a DOCA company release their claims against the DOCA company on receipt of their entitlements under the DOCA or otherwise on the effectuation date.

A copy of the AAM DOCA proposal is available at Appendix 10 of this report.

6 Alternatives available to creditors of AAM

It is our obligation as Administrators to make a recommendation to creditors on which alternative is in the best interests of all creditors. Please see section 6.2 of this report for the recommendation on the future of AAM and section 7.2 for the recommendation on the future on AIM.

6.1 Explanation of alternatives available to creditors

Our recommendation is based on what is in the best interests of creditors with regard to repaying their existing debts and must also ensure that those creditors who have an ongoing relationship with AAM are comfortable in their dealings with the company.

We make the following general comments in respect to each option:

6.1.1 Deed of Company Arrangement

The proposed DOCA put forward by Remagen Capital provides for a continuation of the business. The DOCA will provide that control of AAM will revert to its directors (likely a Remagen Capital appointee). The terms of the DOCA will provide that the Deed Administrators will not be liable for any debts incurred by AAM upon execution of the DOCA and therefore, Remagen Capital (or its nominee) will assume ongoing obligations in respect of the operations, comprising primarily the HRM and MSP.

6.1.2 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning AAM to the existing sole director. This is not a commercial proposition at this stage given the financial position of AAM. The company's director would resume control of the assets and be able to deal with them as they deem appropriate. This will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have AAM wound up at their own expense.

Should creditors resolve that the Administration be terminated, AAM will be placed in a similar position to that existing prior to our appointment as Administrators.

6.1.3 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that AAM be wound up. Should they do so, AAM will be placed into liquidation and the company is taken to have nominated us as the Administrators to be the Liquidators, if the creditors do not nominate a person to be the Liquidator.

The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the company's past dealings and affairs, and the past actions of Directors.

The effects of the liquidation of the company include:

1. the moratorium available under the Voluntary Administration process will cease
2. the Liquidators will be empowered to recover potential voidable transactions, as outlined in section 4.5 of this report
3. the Liquidators will be required to conduct an investigation into the affairs of the company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

Placing AAM into liquidation will, in our view, make it not possible to recapitalise the company and the Liquidator would be unable to facilitate a recapitalisation, instead winding up the affairs of AAM. Further, in the event of liquidation, we do not consider that there would be any return to unsecured creditors of AAM. Any recoveries up to the quantum of the Secured Creditor's debt (~\$6.00 million) from any asset realisations or claims for serious offences committed by the director of AAM would be paid to Remagen Capital, having first ranking.

Investigation of voidable transactions and insolvent trading

If AAM is placed into liquidation, further investigation of the matters referred to earlier in this report would be undertaken to determine the potential of any recoveries. We have commented on our preliminary investigation conclusions in section 4.5 of this report.

Directors' guarantees

If AAM is wound up, creditors with guarantees from the company's director could pursue the director for those debts immediately.

6.1.4 Adjournment of the Second Meeting of Creditors

In addition to the above, creditors may resolve to adjourn the meeting for up to 45 business days noting that AAM may have insufficient funds to remain in care and maintenance for this period of time.

6.2 Recommendation

It is our opinion that it would be in creditors' interests for AAM to execute the Remagen Capital DOCA. It is also our opinion that it is not in creditors' interests to wind up AAM or to bring the Administration to an end. As detailed in the financial analysis of the alternatives, in section 6.4 of this report, the DOCA is expected to result in a higher return to creditors than if AAM was placed in liquidation.

6.3 Reasons for recommendation

The reasons for our recommendation are as follows:

1. The DOCA proposal allows for the Project to continue under the control of the proponent, including continuing employment for continuing employees. This is the key objective of the Voluntary Administration regime, pursuant to Section 435A(a) of the Act.
2. The headline return to creditors, whilst comparable to the headline recoveries from a liquidation, results in a better outcome for creditors by accepting the DOCA because the costs of liquidation are materially higher given the nature of the assets to be liquidated, being they comprise the HRM and MSP.
3. Further investigations would need to be conducted by a Liquidator to determine the potential recoveries and further assessed on a commercial basis from the pursuit of any actions.
4. Our investigations have concluded that the value of assets on a liquidation basis is less than the Secured Creditor's debt, so there is no ultimate benefit to priority (employee) creditors or unsecured creditors from liquidation of AAM.

5. Bringing the administration to an end will return AAM to the control of the director in circumstances which will not likely have materially changed from the point at which the same director resolved to appoint Voluntary Administrators.

6.4 Financial analysis of alternatives

A summary of the analysis of the alternatives is provided below. The book value column is based on the information contained in the ROCAP prepared by the director. The director's ROCAP is the director's estimate of AAM's assets and liabilities.

Statement of position	Book value \$'000	DOCA \$'000	Liquidation \$'000	Notes
Assets				
Current assets	848	900	900	1
Fixed assets	33,047	-	Withheld*	2
Contribution under DOCA	-	20	-	3
Inventory	-	-	Unknown	4
Preference recoveries	-	-	Unknown	5
Insolvent trading action	-	-	Unknown	6
Other potential action recoveries	-	249	249	7
Total	33,894	1,169	1,149	
Less:				
Trade on liabilities	-	-	(509)	8
Remuneration and disbursements	-	(818)	(1,008)	9
Legal fees	-	(160)	Unknown	10
Total	-	(978)	(1,517)	
Estimated monies for distribution to priority (employee) creditors				
Priority (employee) creditors	(716)	(491)	(602)	11
Total	(716)	(491)	(602)	
Distribution to Priority (employee) creditors (c/\$)	-	100c/\$	100c/\$	
Estimated monies for secured creditors				
Secured creditors	-	-	(6,563)	12
Estimated monies for unsecured creditors				
Unsecured creditors	(2,277)	(29,164)	(28,678)	13
Estimated deficiency	30,901	(29,464)	(36,210)	
Distribution to unsecured creditors (c/ \$)	100	Nil	Nil	14

*Withheld due to being commercially sensitive. See note 2 below.

Notes

Note 1: The book value of the current assets accounts for the accounts receivable balance only. This includes a \$0.70 million security deposit held with the NT Government for rehabilitation and a security deposit of \$0.11 million held with ANZ in relation to the MSP site and the credit card facility. We note that the credit card facility has been called upon. Furthermore, it is unlikely that either the security for the MSP or the security for rehabilitation are realisable. Accordingly, the current assets in the DOCA and liquidation scenarios consist of an estimate of the future cash at bank only upon signing of the DOCA. We note that the cash at bank balance was not included in the director's ROCAP.

Note 2: The book value of the fixed assets does not represent the realisable value of the fixed assets of AAM. In a liquidation sale scenario the fixed assets are likely to be heavily discounted after allowing for the costs of decommissioning and the geographical location. We have sought an external valuation of the PPE in a liquidation sale scenario however we note that this is commercially sensitive and is not disclosed in the above table. Given the nature of the PPE a return in excess of the Secured Creditor liability is unlikely and as such does not affect the estimated return to priority and unsecured creditors.

Note 3: Contribution under DOCA is the total amount proposed by the DOCA proponent to be used in the first instance for the Deed Administrators' fees and costs, then distributed to creditors as detailed in Clause 11 of the DOCA.

Note 4: We cannot comment at this stage on the realisable value of the inventory in a liquidation scenario. However, we note, the realisable value in a liquidation scenario would be subject to discount. We continue to sell down the current inventory at market prices to key domestic customers.

Note 5: Further investigations are required into the potential preference recoveries identified in this report. Accordingly, we have left this as unknown for the purpose of this report.

Note 6: We note that we have not been able to determine the exact date of insolvency during our preliminary investigations, although the Companies may have become insolvent upon the appointment of Voluntary Administrators. The success of any insolvent trading action under the liquidation scenario is unknown and there may be defences available to the Directors for any claim brought.

Note 7: We are currently pursuing a potential action recovery, however, we note that the amount listed in the statement of position may differ to the recovery amount.

Note 8: The trade-on liabilities amount in a liquidation is based upon an estimated time period of three months to realise the assets of AAM. This includes wages, rent, insurance and other reduced operating costs.

Note 9: Remuneration and disbursements – split between the Administrators' Actual, Administrators' Future and DOCA Administrators'/Liquidators' Future. Please refer to Appendix 4 for a detailed analysis of remuneration and disbursements.

Note 10: Under the DOCA scenario we expect AAM to incur legal fees in the review of the DOCA along with an allowance for legal fees incurred during the Administration. Under the liquidation scenario we are unaware of what legal fees may be incurred in the pursuit of potential recovery actions, however we note the legal fees incurred in the Administration would also need to be paid during this period.

Note 11: We have revised down the amount owing to priority (employee) creditors in the DOCA scenario from the book value due to a small team being retained whilst the operations have been on a care and maintenance program. It is assumed, the DOCA proponent will retain this team to continue care and maintenance. Further to this, we note that should AAM enter liquidation and the remaining employees made redundant the priority (employee) creditor claim would increase.

Note 12: The book value of the Secured Creditor balance has not been accounted for in the director's ROCAP. Further, the Secured Creditor is classified as a non-participating creditor in the DOCA. The Secured Creditor balance in the liquidation scenario is based upon the balance as at 24 October 2019 and we note that interest has continued to accrue since this date.

Note 13: The book value of the unsecured creditor balance consists of trade creditors. This is revised in the DOCA and liquidation scenario's based upon PODs received by this office as at 17 February 2020, noting that this may continue to increase as more PODs are received. These amounts also include an inter-company loan payable to AIM of \$26.3 million, which was not accounted in the director's ROCAP.

Note 14: The book value estimates a return to unsecured creditors of 100c/\$. We note that this does not account for the realisation value of the fixed assets or the current level of the unsecured creditor balance. Accordingly, the estimated return to unsecured creditors of AAM is nil in both the DOCA and liquidation scenarios.

7 Alternatives available to creditors of AIM

It is our obligation as Administrators to make a recommendation to creditors on which alternative is in the best interests of all creditors. Please see section 6.2 of this report for the recommendation on the future of AAM and section 7.2 for the recommendation on the future on AIM.

7.1 Explanation of alternatives available to creditors

Our recommendation is based on what is in the best interests of creditors with regard to repaying their existing debts and must also ensure that those creditors who have an ongoing relationship with AAM are comfortable in their dealings with the company.

We make the following general comments in respect to each option:

7.1.1 Deed of Company Arrangement

We have not received any DOCA proposals for AIM.

7.1.2 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning AIM to the existing director. This is not a commercial proposition at this stage given the financial position of AIM. The company's director would resume control of the assets and be able to deal with them as they deem appropriate. This will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have AIM wound up at their own expense.

Should creditors resolve that the Administration be terminated, AIM will be placed in a similar position to that existing prior to our appointment as Administrators.

7.1.3 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that AIM be wound up. Should they do so, AIM will be placed into liquidation and the company is taken to have nominated us as the Administrators to be the Liquidators, if the creditors do not nominate a person to be the Liquidator.

The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the company's past dealings and affairs, and the past actions of the Directors.

The effects of the liquidation of the company include:

1. the moratorium available under the Voluntary Administration process will cease
2. the Liquidators will be empowered to recover potential voidable transactions, as outlined in Section 4.5 of this report
3. the Liquidators will be required to conduct an investigation into the affairs of the company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

It is clear at this stage that AIM has a deficiency of assets to liabilities and further that it is insolvent, in that it cannot meet its debts as and when they fall due. In our view, the winding up of AIM appears to be the most viable option for creditors in that the Liquidators will be in a position to wind up the affairs of AIM and further investigate the matters referred to earlier in this report to determine the potential of any recoveries. We have commented on our preliminary investigation conclusions in section 4.5 of this report.

Directors' guarantees

If AIM is wound up, creditors with guarantees from the company's director could pursue the director for those debts immediately.

7.1.4 Adjournment of the Second Meeting of Creditors

In addition to the above, creditors may resolve to adjourn the meeting for up to 45 business days.

7.2 Recommendation

We note that no DOCA has been proposed for AIM and in our view, it is not in the interests of creditors to bring the Administration to an end. Accordingly, it is our opinion that it is in the interests of creditors for AIM to be wound up.

7.3 Reasons for recommendation

The reasons for our recommendation are as follows:

1. We have not received a proposal for a DOCA.
2. Bringing the administration to an end will return AIM to the control of the director in circumstances which will not have materially changed from the point at which the same director resolved to appoint Voluntary Administrators.
3. A liquidation will allow employee(s) to seek to make a claim under FEG in relation to certain outstanding employee entitlements (excluding unpaid superannuation), where there are insufficient assets available to meet these liabilities.
4. The liquidation will allow a Liquidator to conduct further investigations to determine the potential of any recoveries and assess them on a commercial basis.

7.4 Financial analysis of alternatives

A summary of the analysis of the alternatives is provided below. The book value column is based on the information contained in the ROCAP prepared by the Directors. The Directors' ROCAP is the Directors' estimate of AIM's assets and liabilities.

Statement of position	Book value \$'000	Liquidation \$'000	Notes
Assets			
Current assets	27,483	125	1
Other potential action recoveries	-	Unknown	
Total	27,483	125	
Less:			
Trade on liabilities	-	-	
Remuneration and disbursements	N/A	(114)	2
Legal fees	N/A	(20)	3
Total	-	(134)	
Estimated monies for distribution to priority (employee) creditors			
Priority (employee) creditors	-	(170)	4
Total	-	(170)	
Distribution to Priority (employee) creditors (c/\$)	-	30c/\$	5
Estimated monies for secured creditors			
Secured creditors	(4,991)	(6,076)	6
Estimated monies for unsecured creditors – unsecured liabilities			
Unsecured creditors	(129)	(13,431)	7
Estimated deficiency	22,363	(19,686)	
Distribution to unsecured creditors (c/\$)	100	Nil	8

Notes

Note 1: The book value of current assets relates to the inter-company loan receivable from AAM, along with the investment in AAM accounted for on the balance sheet. We note, due to AAM being in Voluntary Administration, and the unlikelihood of unsecured creditors in AAM receiving a dividend, we expect the realisable value of current assets to consist of the cash at bank only.

Note 2: Remuneration and disbursements – split between the Administrators' Actual, Administrators' Future and Liquidators' Future. Please refer to Appendix 4 for a detailed analysis of remuneration and disbursements.

Note 3: The legal fees balance consists of a small contingency provided to account for any potential recovery claims that are pursued by AIM.

Note 4: The priority (employee) creditor claim is based upon the assumption of all employees of AIM being made redundant in a liquidation scenario.

Note 5: We estimate a dividend of 30c/\$ to priority (employee) creditors. Accordingly, it is likely employees will be referred to FEG to make a claim for outstanding entitlements owing to them. It is unknown at this stage the distribution amount to be made to priority (employee) creditors from FEG.

Note 6: The book value of the secured creditor balance listed in the Directors' ROCAP does not take into consideration the capitalisation of interest since the facility was first drawn in August 2019. The secured creditor balance in the liquidation scenario is based upon the balance as at 24 October 2019 and we note that interest has continued to accrue since this date.

Note 7: The unsecured creditor balance book value does not account for the convertible noteholders. As at 24 October 2019, the convertible noteholder balance was \$12.02 million and is represented in the liquidation scenario. We note that the convertible notes have continued to accrue interest since this date.

Note 8: The book value estimates a return to unsecured creditors of 100c/\$. We note that this does not account for a significant write-down in the inter-company loan receivable from AAM. Accordingly, the estimated return to unsecured creditors in a liquidation of AIM is nil.

8 Estimated return to creditors

8.1 Amount

8.1.1 Australian Abrasive Minerals

As stated above the estimated dividend to priority (employee) creditors under the proposed DOCA is 100c/\$. The estimated dividend to priority (employee) creditors in a liquidation scenario is also 100c/\$.

Furthermore, the estimated dividend to all other creditors including unsecured creditors under the proposed DOCA is nil. This is likely to be the anticipated return in a liquidation scenario.

8.1.2 Australian Industrial Minerals

As stated above the estimated dividend to priority (employee) creditors under liquidation is 30c/\$.

The estimated return will comprise a dividend from available circulating assets and for the shortfall, eligible employees may be able to access FEG in respect of certain outstanding entitlements owing (excluding unpaid superannuation).

Furthermore, the estimated dividend to all other creditors including unsecured creditors from the winding up of AIM is nil.

We note these estimates do not account for potential recovery actions that may be pursued by the Liquidators of AIM.

8.2 Timing of dividend

Should the AAM DOCA be successful, it is estimated that a dividend will be paid to the priority (employee) creditors in May 2020.

Should AIM enter liquidation, it is estimated that a dividend will be paid to the priority (employee) creditors in May 2020.

There is not expected to be any dividend to any other creditors of AIM or AAM.

9 Further matters for consideration at the meeting

9.1 Remuneration and disbursements

In accordance with Section 60-10 of Schedule 2 of the Act and Section 70-45 of the Rules, the remuneration report is attached as Appendix 4. We are seeking approval of our remuneration on a time basis in accordance with the schedule, KordaMentha rates – National – FY 2020, which is included in the remuneration report. Also included in the remuneration report are details in relation to disbursements. In accordance with Section 60-20 of Schedule 2 of the Act, as an Administrator is not entitled to a profit of advantage whether directly or indirectly, from the external administration unless approved by a resolution of the creditors or leave is given by the Court, approval of any internal disbursements will also be sought.

9.2 Committee of Inspection

At these meetings, if the creditors of AAM vote in favour of execution of the DOCA, AAM creditors may consider whether a Committee of Inspection should be appointed in the Deed Administration.

Alternatively, at these meetings if the Companies are placed into liquidation, creditors may consider whether a Committee of Inspection should be appointed.

The role of a Committee of Inspection is to consult with the Liquidators/Deed Administrators and receive reports on the conduct of the administration. A Committee of Inspection can also approve the Liquidators'/Deed Administrators' fees.

It is our opinion that a Committee of Inspection is not required for the DOCA or liquidation due to the relatively small size of the administration and limited number of creditors.

9.3 Early destruction of books and records

The Administrators must retain the books and records for a period of five years after the date of dissolution but if the Companies are placed into liquidation, a resolution of creditors can reduce the period the Liquidators must retain the records. As the storage of the books and records adds costs to the liquidation, the Liquidators may make an application to ASIC for the early destruction at the end of the liquidation. This matter will be considered at the meetings of creditors.

9.4 Compromise of debts

If the Companies are placed into liquidation, as Administrators, we are not aware of any amounts greater than \$100,000 owing to the Companies that may need to be compromised.

9.5 Authority to enter into agreements

We are not aware of any agreements lasting longer than three months that may need to be entered by the Liquidators and therefore, this matter is not proposed to be considered at the meetings of creditors.

10 Further information

ARITA provides information to assist creditors with understanding insolvency. This information is available from ARITA's website at www.arita.com.au. We have also included information on creditors rights in voluntary administrations provided by ARITA at Appendix 9.

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/insolvencyinfosheets.

Creditors requiring further information regarding the administration can contact Michael Barrington-Smith on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com.

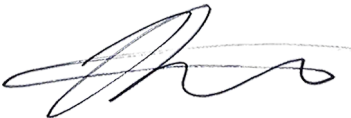
Dated: 26 February 2020



Rahul Goyal
Administrator



John Bumbak
Administrator



Richard Tucker
Administrator

Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000

Enc.



Appendix 1 – Summary of receipts and payments

A summary of the receipts and payments for the period from 24 October 2019 to 23 February 2020.

Australian Industrial Minerals

	(\$)
Receipts	
Pre-appointment sweep (cash at bank)	125,057.38
Total Receipts	125,057.38
Payments	
Bank charges	(2.50)
Total Payments	(2.50)
Net Receipts and Payments	125,054.88

Australian Abrasive Minerals

	(\$)
Receipts	
Pre-appointment debtors	174,298.43
Pre-appointment sweep (cash at bank)	1,724,819.92
Post-appointment sales (Garnet)	135,058.00
Total Receipts	2,034,176.35
Payments	
ATO	(73,702.00)
Bank charges	(7.50)
Equipment lease	(3,821.84)
Feasibility	(5,653.10)
Freight	(21,529.97)
Insurance	(98,731.47)
Interest on Remagen loan	(75,000.00)
Licences	(242.00)
Miscellaneous	(2,950.00)
Motor vehicle	(2,655.80)
Rent	(153,296.07)
Repairs & maintenance	(24,817.07)
Storage	(15,501.20)
Subcontractors	(92,601.19)
Technology & data	(9,444.87)
Utilities	(1,545.31)
Wages & entitlements	(364,061.13)
Waste	(1,964.93)
Total Payments	(947,525.45)
Net Receipts and Payments	1,086,650.90

Appendix 2 – PPSR listing

Below is a full summary listing of the PPSR registrations for the Companies as at the date of appointment, being 24 October 2019.

Australian Industrial Minerals

Security interests	Date created	PPSR registration number	Collateral
Remagen Capital Management Pty Ltd	24 July 2019	201907240053501	All pap with exceptions
RCM ST Pty Ltd	28 August 2019	201908280037327	All pap with exceptions

Australian Abrasive Minerals

Security interests	Date created	PPSR registration number	Collateral
KENNARDS HIRE PTY LIMITED	5/02/2016	201602050010301	Motor Vehicle
KENNARDS HIRE PTY LIMITED	5/02/2016	201602050010630	Other Goods
ENERGY POWER SYSTEMS AUSTRALIA PTY. LIMITED.	19/04/2016	201604190011151	Other Goods
ENERGY POWER SYSTEMS AUSTRALIA PTY. LIMITED.	19/04/2016	201604190011179	Motor Vehicle
ADVANCED ELECTRICAL EQUIPMENT PTY. LTD.	19/04/2016	201604190037290	Other Goods
BROOKS HIRE SERVICE PTY LTD	22/04/2016	201604220073622	Motor Vehicle
BROOKS HIRE SERVICE PTY LTD	18/05/2016	201605180042534	Motor Vehicle
BROOKS HIRE SERVICE PTY LTD	18/05/2016	201605180045793	Motor Vehicle
BROOKS HIRE SERVICE PTY LTD	24/08/2016	201608240055505	Other Goods
BROOKS HIRE SERVICE PTY LTD	1/12/2016	201612010084315	Motor Vehicle
AUSTRALIA AND NEW ZEALAND BANKING GROUP	24/04/2017	201704240041144	Account
ADVANCED PIPING SYSTEMS PTY LTD ATF THE CALEB CRAIG FMAILY TRUST & NATHAN CRAIG FAMILY TRUST & STUART D CRAIG FAMILY TRUST	26/04/2017	201704260004942	Other Goods
BEARING DYNAMICS PTY LTD	24/10/2017	201710240030798	Other Goods
NT LINK PTY LTD	19/04/2018	201804190042732	Other Goods
BABATJIE HOLDINGS PTY LTD	1/06/2018	201806010069226	Motor Vehicle
AUSTRALIA AND NEW ZEALAND BANKING GROUP	6/08/2018	201808060027064	Account
BOC LIMITED	24/08/2018	201808240027132	Other Goods
TITAN PLANT HIRE PTY LTD	7/06/2019	201906070043872	Motor Vehicle
TITAN PLANT HIRE PTY LTD	7/06/2019	201906070044208	Other Goods
ELGAS LIMITED	12/06/2019	201906120020352	Other Goods
ECOLAB PTY LTD	8/07/2019	201907080049912	Other Goods
RCM ST PTY LIMITED	28/08/2019	201908280037273	Account
RCM ST PTY LIMITED	28/08/2019	201908280037294	Chattel Paper
RCM ST PTY LIMITED	28/08/2019	201908280037304	General Intangible
RCM ST PTY LIMITED	28/08/2019	201908280037315	All Pap With Except
RCM ST PTY LIMITED	2/09/2019	201909020055129	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055140	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055155	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055164	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055172	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055186	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055193	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055206	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055210	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055247	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020055268	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055281	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055299	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055309	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055313	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055321	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055345	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055350	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055366	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055378	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055384	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055397	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055402	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055418	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055425	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055439	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055441	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055456	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055460	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055473	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055487	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055494	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055500	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055528	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055537	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055544	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055559	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055563	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055571	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055585	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055592	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055603	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055619	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055626	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055635	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055642	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055657	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055674	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055688	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055690	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055711	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020055724	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055730	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055748	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055753	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055769	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055782	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055795	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055805	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055822	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055833	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055846	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055879	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055880	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055898	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055912	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055920	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055931	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055949	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055954	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055965	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055977	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020055996	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056003	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056019	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056026	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056035	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056042	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056057	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056061	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056074	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056088	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056100	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056163	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056205	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056233	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056246	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056279	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056320	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056331	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056349	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056354	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020056365	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056377	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056383	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056396	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056401	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056429	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056438	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056440	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056455	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056464	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056472	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056486	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056493	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056504	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056515	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056527	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056536	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056543	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056558	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056562	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056570	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056589	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056625	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056639	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056641	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056656	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056673	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056687	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056706	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056710	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056723	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056734	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056752	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056768	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056775	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056781	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056799	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056809	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056813	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056832	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056850	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020056866	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056878	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056884	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056897	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056907	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056911	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056930	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056948	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020056969	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020056976	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020056982	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020056995	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020057007	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057011	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057024	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057030	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057048	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057053	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057069	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057076	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057082	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057095	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057105	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057114	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057122	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057133	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057146	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057179	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057180	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057198	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057200	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057216	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057228	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057237	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057244	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057292	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057302	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057318	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057325	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057339	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057341	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020057356	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057360	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057373	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057387	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057394	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057409	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057413	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057421	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057432	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057445	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057450	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057466	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057484	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057497	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057510	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057523	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057534	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057547	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057552	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057568	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057599	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057612	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057620	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057631	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057649	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057654	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057665	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057677	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057696	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057704	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057715	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057727	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057736	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057758	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057762	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057770	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057791	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057801	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057817	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057829	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057838	Other Goods

Security interests	Date created	PPSR registration number	Collateral
RCM ST PTY LIMITED	2/09/2019	201909020057840	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057855	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057864	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057872	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057886	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057893	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057903	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057919	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057926	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057935	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057942	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057957	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057961	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057974	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057988	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020057990	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058018	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058039	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058041	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058056	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058060	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058073	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058087	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058094	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058115	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058127	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058136	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058143	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058158	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058162	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058170	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058189	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058191	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058209	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020058213	Motor Vehicle
RCM ST PTY LIMITED	2/09/2019	201909020058221	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058232	Other Goods
RCM ST PTY LIMITED	2/09/2019	201909020058245	Motor Vehicle

Appendix 3 – Shareholder listing

Below is a full summary of the shareholder listing for the Companies as at the date of appointment, being 24 October 2019.

Australian Industrial Minerals

Shareholders	Number of shares held	Class of share	Beneficially held and fully paid up
Alitime Nominees Pty Ltd	9,417,250	Ordinary	Yes
Benussi Rovigno Pty Ltd	1,963,450	Ordinary	Yes
Branvest Pty Ltd	10,391,414	Ordinary	Yes
Branvest Pty Ltd	1,863,586	Ordinary	Yes
Brumby Capital Pty Ltd	931,725	Ordinary	Yes
EML Investments Pty Ltd	2,796,200	Ordinary	Yes
Erin Anne Taylor	932,750	Ordinary	Yes
Fiverook Pty Ltd	4,907,745	Ordinary	Yes
Han Zheng and Fei Fei Xue	50,000	Ordinary	Yes
HJ McCann Investments Pty Ltd	3,925,333	Ordinary	Yes
Horatio Street Pty Ltd	1,117,250	Ordinary	Yes
Intrepid Concepts Pty Ltd	4,102,050	Ordinary	Yes
Jane Elizabeth Boyte	982,413	Ordinary	Yes
Lance William Ogilvie	5,000,000	Ordinary	Yes
Lombardi Investments (WA) Pty Ltd	3,167,250	Ordinary	Yes
Lombardi Super Pty Ltd	5,590,350	Ordinary	Yes
Merrill Lynch (Australia) Nominees Pty Ltd	69,513,450	Ordinary	Yes
Merrill Lynch (Australia) Nominees Pty Ltd	3,701,127	Ordinary	Yes
Michael Anderson	9,317,250	Ordinary	Yes
New Discovery Pty Ltd	4,659,650	Ordinary	Yes
Northdrive Nominees Pty Ltd	8,759,650	Ordinary	Yes
Pooky Corporation Pty Ltd	934,800	Ordinary	Yes
Portfolio Services Pty Ltd	9,317,250	Ordinary	Yes
Qi Xiujun	746,200	Ordinary	Yes
Rask Pty Ltd	13,975,875	Ordinary	Yes
Richard Yee	931,725	Ordinary	Yes
Rossdale Superannuation Pty Ltd	10,250,000	Ordinary	Yes
Scone Investments Pty Ltd	9,317,250	Ordinary	Yes
Seefeld Investments Pty Ltd	745,435	Ordinary	Yes
Sophie Jenkins	10,261,200	Ordinary	Yes
TBB NSW Pty Ltd	3,726,900	Ordinary	Yes
TFMM Enterprises Pty Ltd	1,117,250	Ordinary	Yes
UGUMJIL Pty Limited	4,658,625	Ordinary	Yes
Walker Group Holdings Pty Ltd	19,628,822	Ordinary	Yes
Whitesun Holdings Pty Ltd	9,009,565	Ordinary	Yes
Total per AIM records	247,710,790		
Total per ASIC register	245,210,790		

Australian Abrasive Minerals

Shareholder	Number of shares held	Class of share	Beneficially held and fully paid up
Australian Industrial Minerals Limited (Administrators Appointed)	18,166,391	Ordinary	Yes
Total	18,166,391		

Appendix 4 – Remuneration report





Australian Abrasive Minerals Pty Ltd

ACN 118 292 756

Australian Industrial Minerals Limited

ACN 623 197 142

(Both Administrators Appointed)

Remuneration Approval Request

26 February 2020

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1 Purpose of report

The purpose of this report is to provide you with the information you need to be able to make an informed decision regarding the approval of our remuneration, along with internal disbursements, for undertaking the voluntary administrations of the Australian Abrasive Minerals Pty Limited (Administrators Appointed) ('AAM') and Australian Industrial Minerals Limited (Administrators Appointed) ('AIM') (collectively 'the Companies'). A Meeting of Creditors has been convened for AIM and AAM separately to approve the remuneration and internal disbursements for each Company, as well as other proposals, incurred during the voluntary administrations.

Creditors should read this report and the other documentation that we have sent you, including the Voluntary Administrators' Report about the Companies' business, property, affairs and financial circumstances dated 26 February 2020 ('Report by Administrators'). You may then attend the meetings of creditors to cast your vote on the resolutions put to the meetings, including the remuneration and internal disbursement resolutions. Attending the meetings will also give you an opportunity to ask any questions that you may have.

Alternatively, you are able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your representative must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

2 Meeting of creditors

We advise that meetings of creditors convened pursuant to Section 75-10 of Schedule 2 of the Corporations Act 2001 (Cth) ('the Act') will be held as follows.

Australian Industrial Minerals Limited meeting

The Second Meeting of Creditors for Australian Industrial Minerals Limited will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 1.00pm AEDST. Registration for the meeting will commence at 12.30pm AEDST. A Notice of Meeting is attached with this report.

Australian Abrasive Minerals Pty Ltd meeting

The Second Meeting of Creditors for Australian Abrasive Minerals Pty Ltd will be held at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on 4 March 2020 at 3.00pm AEDST. Registration for the meeting will commence at 2.30pm AEDST. A Notice of Meeting is attached with this report.

At the meetings, the Companies' creditors will have an opportunity to consider the progress of the voluntary administrations and vote on the resolutions put to the meeting, including resolutions on remuneration and internal disbursements.

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 to do so and collect conference call details at least two business days prior to the meeting. Details of the arrangements are in the enclosed notice.

3 Remuneration and internal disbursements

In accordance with Section 60-10 of Schedule 2 of the Act, Section 60-20 of Schedule 2 of the Act and the Australian Restructuring Insolvency and Turnaround Association's Code of Professional Practice, we provide the following information in respect of the Voluntary Administrators' remuneration and internal disbursements for the period from 24 October 2019 to 16 February 2020 and for future remuneration from this date, including for a potential subsequent appointment either as Deed Administrators or as Liquidators.

In the voluntary administrations of the Companies, we are seeking approval of our remuneration on a time basis and internal disbursements in accordance with the schedule titled, 'Schedule of KordaMentha rates' as outlined in our Initial Remuneration Notice dated 29 October 2019. The Schedule of KordaMentha rates is attached at Appendix 1.

The following information is provided to assist creditors in considering the appropriateness of the remuneration and internal disbursements claims that are being made. Information is provided separately for AIM and AAM. Your approval of this remuneration and internal disbursements will be sought at the meetings of creditors to be held on 4 March 2020.

The total remuneration for these appointments is estimated to be in the range of \$891,992.00 and \$1,112,992.00.

Remuneration currently claimed is summarised below:

Australian Industrial Minerals Limited

Period of remuneration	AIM Total (\$ (ex GST)	Appendix reference
Voluntary administration period:		
AIM Resolution 1: 24 October 2019 to 16 February 2020	61,577.50	3
AIM Resolution 2: 17 February 2020 to 4 March 2020	12,000.00	4
If AIM is wound up:		
AIM Resolution 5: 5 March 2020 to the finalisation of the Liquidation	40,000.00	5
Total remuneration claimed and approved if AIM is not wound up	73,577.50	
Total remuneration claimed and approved if AIM is wound up	113,577.50	

Australian Abrasive Minerals Pty Ltd

Period of remuneration	AAM Total (\$ (ex GST)	Appendix reference
Voluntary administration period:		
AAM Resolution 1: 24 October 2019 to 16 February 2020	628,415.00	6
AAM Resolution 2: 17 February 2020 to 4 March 2020	80,000.00	7
If a Deed of Company Arrangement ('DOCA') is approved:		
AAM Resolution 6: 5 March 2020 to the execution of the DOCA	50,000.00	8
AAM Resolution 7: from the execution of the DOCA to the effectuation or termination of the DOCA	60,000.00	9
If AAM is wound up:		
AAM Resolution 10: 5 March 2020 to the finalisation of the Liquidation	300,000.00	10
Total remuneration claimed and approved if a DOCA is approved	818,415.00	
Total remuneration claimed and approved if AAM is wound up	1,008,415.00	

Internal disbursements currently claimed are summarised below:

Period of internal disbursements	AAM Total (\$ (ex GST)	Appendix reference
Voluntary administration period:		
AAM Resolution 3: 24 October 2019 to 16 February 2020	184.76	11
Total internal disbursements claimed and approved	184.76	

4 Remuneration

4.1 Declaration

We, Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, have undertaken a proper assessment of this remuneration claim, including a review of the work in progress report, for our appointment as Voluntary Administrators and potential appointment as Deed Administrators or Liquidators of AAM and AIM in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administrations.

4.2 Remuneration summary

4.2.1 Remuneration claim resolutions

The remuneration resolutions being sought are:

Australian Industrial Minerals Limited

AIM Resolution 1 (Voluntary Administration period)

'That the remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$61,577.50, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.'

AIM Resolution 2 (Voluntary Administration period)

'That the estimated remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$12,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

AIM Resolution 5 (if AIM is wound up)

'That the estimated future remuneration of the Liquidators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$40,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

Australian Abrasive Minerals Pty Ltd

AAM Resolution 1 (Voluntary Administration period)

'That the remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$628,415.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.'

AAM Resolution 2 (Voluntary Administration period)

'That the estimated remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$80,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

AAM Resolution 6 (if a DOCA is approved)

'That the estimated future remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$50,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

AAM Resolution 7 (if a DOCA is approved)

'That the estimated future remuneration of the Deed Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period from the execution of the DOCA to the effectuation or termination of the DOCA is determined at a sum equal to the cost of time spent by the Deed Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$60,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

AAM Resolution 10 (if AAM is wound up)

'That the estimated future remuneration of the Liquidators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$300,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

Please refer to the appendices for full details of the remuneration approval sought.

Approval for the future remuneration sought is based on our best estimate of the work necessary to be completed and we do not anticipate that we will have to ask for approval of any further remuneration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors. If that is the case, we will provide a further remuneration report on the time spent and tasks undertaken.

A summary of remuneration and internal disbursements sought to be approved by each individual company can be found in Appendix 2.

4.2.2 Remuneration reconciliation

In our Initial Remuneration Notice dated 29 October 2019, we provided an estimate of total remuneration for the Voluntary Administration of AAM to be approximately \$350,000.00 (excluding GST), funds permitting, and for the Voluntary Administration of AIM to be approximately \$50,000.00 (excluding GST), funds permitting. We now estimate total remuneration for the Voluntary Administration of AAM to be approximately \$689,992.00 (excluding GST), funds permitting and the Voluntary Administration of AIM to be approximately \$92,000.00 (excluding GST), funds permitting.

The current estimates now vary from our previous estimates due to an extension of the convening period that extended the Voluntary Administration period from what would ordinarily be a six week period, but in this instance, has lasted 18 weeks. Therefore, we have had to attend to an extensive number of tasks, as detailed in section 3.2 of the Report by Administrators.

The remuneration requests in this report are within the revised estimate.

4.3 Remuneration recoverable from external sources

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Companies for our fees and expenses.

We advise that we have not received funding from any other source.

5 Disbursements

5.1 Declaration

We, Rahul Goyal, John Bumbak and Richard Tucker of KordaMentha, have undertaken a proper assessment of disbursements claimed for our appointment as Voluntary Administrators and potential appointment as Deed Administrators or Liquidators of Australian Abrasive Minerals Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

5.2 Disbursements summary

Disbursements are divided into three categories:

- 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 disbursements – 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 a 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, ASIC charges for appointments and notifiable events, staff travel allowance, staff per diems and data room hosting.

Details of the KordaMentha disbursement policy are included at Appendix 1. The internal disbursements claims have been, and future internal disbursements will be, calculated at the rates as set out in this schedule. We will be seeking creditor approval to pay our internal disbursements.

5.2.1 Internal disbursements claim resolutions

The internal disbursements resolutions being sought are:

AAM Resolution 3

‘That the internal disbursements of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed), including those paid to staff, for the period 24 October 2019 to 16 February 2020 in the amount of \$184.76, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020 are approved for payment immediately or as required.’

Should additional internal disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.

Please refer to the appendices for full details of the calculation and composition of the internal disbursements approval sought.

5.2.2 External disbursements

We are not required to seek creditor approval for externally provided disbursements, but must account to creditors disbursements that have been paid or incurred. Disbursements incurred for the period 24 October 2019 to 16 February 2020 are detailed in Appendix 12. Where amounts have been paid to KordaMentha from funds in the administration of the Companies for externally provided goods or services, these are reimbursements to KordaMentha for amounts paid by KordaMentha either because KordaMentha was invoiced directly or because funds were not available at the time in the administration. The disbursements in Appendix 12 may include disbursements that have been incurred by KordaMentha but not yet reimbursed. Where payments to third parties have been paid directly by the Companies, these are only included in the receipts and payments at Appendix 1 of the report by Administrators dated 26 February 2020.

6 Likely impact on creditors

Section 556 of the Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator’s remuneration and internal disbursements are paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the Voluntary Administrations and the value of creditor claims admitted to participate in any dividend.

7 Contact details and further information

You can access information which may assist you on the following websites:

- ARTIA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for ‘insolvency information sheets’)

Supporting documentation for our remuneration and internal disbursement claims may be viewed if requested, provided sufficient notice is given.

If you have any queries or need any assistance with understanding the materials we have sent you, please contact Michael Barrington-Smith on (02) 8257 3078 or by email at mbarringtonsmith@kordamentha.com.

Dated: 26 February 2020



Rahul Goyal
Voluntary Administrator

Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000

Appendix 1 – Schedule of KordaMentha rates



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.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
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.

Appendix 2 – Summary of resolutions by company

Remuneration

Company	AIM Resolution 1 and AAM Resolution 1: Voluntary Administration period 24 October 2019 to 16 February 2020	AIM Resolution 2 and AAM Resolution 2: Voluntary Administration period 17 February 2020 to 4 March 2020	AAM Resolution 6: DOCA period 5 March 2020 to the execution of the DOCA	AAM Resolution 7: execution of the DOCA to the effectuation or termination of the DOCA	AIM Resolution 5 and AAM Resolution 10: Liquidation period 5 March 2020 to finalisation of the Liquidation
AIM	61,577.50	12,000.00	N/A	N/A	40,000.00
AAM	628,415.00	80,000.00	50,000.00	60,000.00	300,000.00
Total	689,992.50	92,000.00	50,000.00	60,000.00	340,000.00

Disbursements

Company	AAM Resolution 3: Voluntary Administration period 24 October 2019 to 16 February 2020	Voluntary Administration period 17 February 2020 to 4 March 2020	DOCA period 5 March 2020 to the execution of the DOCA	Execution of the DOCA to the effectuation or termination of the DOCA	Liquidation period 5 March 2020 to finalisation of the Liquidation
AIM	-	-	N/A	N/A	-
AAM	184.76	-	-	-	-
Total	184.76	-	-	-	-

Appendix 3 – AIM Resolution 1 (Voluntary Administration period)

Resolution

At the Meetings of Creditors to be held on 4 March 2020, creditors of AIM will be asked to consider the following resolution for the period 24 October 2019 to 16 February 2020:

'That the remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$61,577.50, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.'

The basis of calculating the remuneration claim is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the voluntary administration for the period 24 October 2019 to 16 February 2020 and the remuneration associated with that time, which is the basis of AIM Resolution 1. More detailed descriptions of the major tasks performed, and the costs associated with each of those major task areas, matching the amounts in this table, are also included in the appendix.

	Task areas						
	Total	Assets	Creditors	Employees	Statutory compliance	Trading	Administration and risk mitigation
AIM	61,577.50	2,900.00	20,100.00	1,137.50	15,552.50	2,250.00	19,637.50
Estimated total	61,577.50	2,900.00	20,100.00	1,137.50	15,552.50	2,250.00	19,637.50

Summary of tasks by person – AIM



Australian Industrial Minerals Limited (Administrators Appointed)

Summary of work by person by task area for the period 24 October 2019 to 16 February 2020

Name	Title	Standard rate	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		TRADING		CREDITORS		EMPLOYEES		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Rahul Goyal	Partner	725.00	8.0	5,800.00	-	-	4.0	2,900.00	-	-	10.0	7,250.00	-	-	22.0	15,950.00
John Bumbak	Partner	725.00	3.1	2,247.50	-	-	-	-	-	-	-	-	-	-	3.1	2,247.50
David Osborne	Executive Director	725.00	0.6	435.00	8.6	6,235.00	-	-	-	-	14.3	10,367.50	1.0	725.00	24.5	17,762.50
Paul Hewson	Director	675.00	6.8	4,590.00	7.5	5,062.50	-	-	-	-	-	-	-	-	14.3	9,652.50
Andrew Reed	Associate Director	625.00	4.4	2,750.00	-	-	-	-	3.6	2,250.00	-	-	-	-	8.0	5,000.00
Kyle Carless	Manager	525.00	-	-	0.3	157.50	-	-	-	-	2.5	1,312.50	-	-	2.8	1,470.00
Michael Barrington-Smith	Executive Analyst	425.00	-	-	2.6	1,105.00	-	-	-	-	0.9	382.50	-	-	3.5	1,487.50
Tully Cameron	Senior Business Analyst	375.00	4.1	1,537.50	0.4	150.00	-	-	-	-	-	-	-	-	4.5	1,687.50
Michael Barrington-Smith	Senior Business Analyst	375.00	1.6	600.00	3.2	1,200.00	-	-	-	-	1.1	412.50	-	-	5.9	2,212.50
Naomi Read	Senior Business Analyst	375.00	-	-	1.2	450.00	-	-	-	-	-	-	1.1	412.50	2.3	862.50
Various	Client Accounting	325.00	0.5	162.50	2.1	682.50	-	-	-	-	-	-	-	-	2.6	845.00
Various	Business Analyst	150.00	-	-	1.6	240.00	-	-	-	-	2.5	375.00	-	-	4.1	615.00
Various	Administration	150.00	10.1	1,515.00	1.8	270.00	-	-	-	-	-	-	-	-	11.9	1,785.00
Total remuneration			39.2	19,637.50	29.3	15,552.50	4.0	2,900.00	3.6	2,250.00	31.3	20,100.00	2.1	1,137.50	109.5	61,577.50

Summary of work completed – AIM

Detailed below is a summary of work completed by task area for the voluntary administration period from 24 October 2019 to 16 February 2020.

Task area	General description	Details of tasks
Assets 4.0 hours \$2,900.00	Assets subject to specific charges	• Liaising with security interest holders • Assessment of equity
	Debtors (pre appointment)	• Review and assessment of debtors ledgers
Creditors 31.3 hours \$20,100.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests
	Security interest claims	• Conduct PPSR search and review of results
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor • Reports to secured creditor including cash flow forecast and weekly activities update
	Shareholders	• Correspondence and discussions with shareholders
	Reports to creditors	• Preparation of initial correspondence to creditors • Preparation of reports to creditors
	Meeting of creditors	• Responding to stakeholder queries and questions regarding the first meeting of creditors
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt
Employees 2.1 hours \$1,137.50	Employee enquiries	• Prepare initial correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
	Entitlements	• Calculation of employee entitlements • Review of employee records, employee agreements and awards • Correspondence with employees regarding entitlements and any queries
	Workers compensation	• Review insurance policies
Statutory compliance 29.3 hours \$15,552.50	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO
	Directors	• Correspondence and meetings with directors • Requests for ROCAP and books and records

Task area	General description	Details of tasks
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Conduct of meeting • Preparation and lodgement of minutes of meeting with ASIC
	Investigation	• Collection and review of books and records • Review and preparation of company nature and history • Conduct and summarise statutory searches • Review of specific transactions and liaising with directors regarding transactions
Trading 3.6 hours \$2,250.00	Trade on management	• Liaising with suppliers, management and employees • Implementation of controls • Authorisation of purchase orders • Preparation and authorisations of receipt and payment forms • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	• Review of company's budgets, management reports and financial statements
Administration and risk mitigation 39.2 hours \$19,637.50	Planning/review	• Engagement planning • Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurance brokers regarding initial and ongoing insurance requirements • Review of insurance policies
	Bank account administration	• Opening and closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank regarding specific transactions, arrangements and bank statements • Banking of deposits
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Set up of client • Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation

Appendix 4 – AIM Resolution 2 (Voluntary Administration period)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AIM will be asked to consider the following resolution for the period 17 February 2020 to 4 March 2020:

'That the estimated remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$12,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Voluntary Administrators and KordaMentha staff in the voluntary administration for the period 17 February 2020 to 4 March 2020, which is the basis of AIM Resolution 2. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AIM	12,000.00	-	4,800.00	2,400.00	1,200.00	-	3,600.00
Estimated total	12,000.00	-	4,800.00	2,400.00	1,200.00	-	3,600.00

Summary of tasks to be undertaken – AIM

Detailed below is a summary of work expected to be undertaken by task area for the period from 17 February 2020 to 4 March 2020.

Task area	General description	Details of tasks
Creditors 9.5 hours \$4,800.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports
	Shareholders	• Correspondence and discussions with shareholders
	Reports to creditors	• Preparation of correspondence to creditors • Preparation of reports to creditors
	Meeting of creditors	• Responding to stakeholder queries and questions regarding the meeting
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt
Employees 4.7 hours \$2,400.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
Statutory compliance 2.4 hours \$1,200.00	ASIC	• Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Conduct of meeting
Administration and risk mitigation 7.1 hours \$3,600.00	Planning/review	• Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs • File review
	Bank account administration	• Opening and closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank regarding specific transactions, arrangements and bank statements • Banking of deposits
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system

Task area	General description	Details of tasks
	General administration	• Risk assessment • Set up of client • Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation

Appendix 5 – AIM Resolution 5 (if wound up)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AIM will be asked to consider the following resolution for the period 5 March 2020 to the finalisation of the Liquidation:

'That the estimated future remuneration of the Liquidators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$40,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Liquidators and KordaMentha staff in the liquidation for the period 5 March 2020 to the finalisation of the Liquidation, which is the basis of AIM Resolution 5. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AIM	40,000.00	-	12,000.00	12,000.00	12,000.00	-	4,000.00
Estimated total	40,000.00	-	12,000.00	12,000.00	12,000.00	-	4,000.00

Summary of future tasks to be undertaken – AIM

Detailed below is a summary of work expected to be undertaken by task area for the liquidation period from 5 March 2020 to the finalisation of the Liquidation.

Task area	General description	Details of tasks
Creditors 9.5 hours \$4,800.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors • Documentation of reasons for not complying with requests or directions
	Security interest claims	• Conduct PPSR search and review of results • Payment of valid claim/settlement agreement
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor • Distributions to secured creditor
	Shareholders	• Correspondence and discussions with shareholders • Declaration of share value • Response to any legal claims
	Proposals to creditors	• Preparation of proposal notices and voting forms • Distribution of proposals to all known creditors • Review votes and determine outcome of proposal • Preparation and lodgement of proposal outcome with ASIC
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Adjudication of proofs of debt • Request further substantiation • Correspondence regarding outcome of adjudication
	Dividend distribution	• Correspondence regarding intention to declare dividend • Compliance with regulations regarding distributions • Obtain clearance from ATO for distribution • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration
Employees 4.7 hours \$2,400.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
	Fair Entitlement Guarantee	• Correspondence regarding FEG • Preparation of notification spreadsheet • Preparation of FEG quotations • Completion of FEG questionnaires
	Entitlements	• Calculation of employee entitlements

Task area	General description	Details of tasks
Statutory compliance 2.4 hours \$1,200.00		- Review of employee records, employee agreements and awards - Reconciliation of superannuation accounts - Correspondence with employees regarding entitlements and any queries
	Employee dividend distribution	- Correspondence with employees regarding dividend - Correspondence with ATO regarding SGC proof of debt - Correspondence with any other eligible employee creditor - Adjudication of proofs of debt - Preparation of dividend, including calculation and payment - Correspondence regarding dividend declaration
	Workers compensation	- Review insurance policies - Receipt of claim and liaising with claimant - Liaising with insurers and solicitors regarding claims - Identification of potential issues requiring attention of workers compensation insurance specialists - Correspondence with insurer regarding ongoing workers compensation insurance requirements
	Books and records	- Receipt of books and records - Retrieval of books and records from storage - Administration in relation to storage
	ASIC	- Notifications to ASIC - Preparation and lodgement of ASIC forms, including administration returns - Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	- Notification of appointment - Correspondence with ATO - Preparation of BAS returns
	Directors	- Correspondence and meetings with directors - Requests for ROCAP and books and records - Preparation of affidavits seeking assistance from ASIC
	Investigation	- Collection and review of books and records - Review and preparation of company nature and history - Conduct and summarise statutory searches - Preparation of comparative financial statements and deficiency statements - Review of specific transactions and liaising with directors regarding transactions - Preparation of statutory investigation report and lodgement with ASIC - Preparation and lodgement of any supplementary report - Liaising with ASIC
	Examinations	- Preparation of brief for solicitors - Liaising with solicitors regarding examinations - Attendance at examination - Review of examination transcripts

Task area	General description	Details of tasks
Administration and risk mitigation 7.1 hours \$3,600.00		• Liaising with solicitors regarding outcome of examinations and further actions available
	Litigation/recoveries	• Review of potential recoveries • Internal meetings to discuss status of litigation • Preparation of brief for solicitors • Liaising with solicitors regarding recovery actions • Attendance to negotiations • Attendance to settlement matters
	Ceasing to act	• Notification to ASIC • Notification to ATO, including cancellation of registrations
	Planning/review	• Engagement planning • Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Review of insurance policies
	Bank account administration	• Closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank regarding specific transactions, arrangements and bank statements
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Processing in relation to client accounting
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Other appointees	• Correspondence with Receiver and Manager
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix 6 – AAM Resolution 1 (Voluntary Administration period)

Resolution

At the Meetings of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period 24 October 2019 to 16 February 2020:

‘That the remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$628,415.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.’

The basis of calculating the remuneration claim is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the voluntary administration for the period 24 October 2019 to 16 February 2020 and the remuneration associated with that time, which is the basis of AAM Resolution 1. More detailed descriptions of the major tasks performed, and the costs associated with each of those major task areas, matching the amounts in this table, are also included in the appendix.

	Task areas						
	Total	Assets	Creditors	Employees	Statutory compliance	Trading	Administration and risk mitigation
AAM	628,415.00	121,060.00	131,592.50	24,512.50	95,632.50	132,922.50	122,695.00
Estimated total	628,415.00	121,060.00	131,592.50	24,512.50	95,632.50	132,922.50	122,695.00

Summary of tasks by person – AAM



Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

Summary of work by person by task area for the period 24 October 2019 to 16 February 2020

Name	Title	Standard rate	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		TRADING		CREDITORS		EMPLOYEES		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Rahul Goyal	Partner	725.00	31.5	22,837.50	-	-	9.0	6,525.00	30.0	21,750.00	21.0	15,225.00	-	-	91.5	66,337.50
John Bumbak	Partner	725.00	17.2	12,470.00	-	-	-	-	-	-	-	-	-	-	17.2	12,470.00
David Osborne	Executive Director	725.00	8.5	6,162.50	27.7	20,082.50	98.8	71,630.00	70.7	51,257.50	40.5	29,362.50	9.6	6,960.00	255.8	185,455.00
Kate Conneely	Executive Director	725.00	-	-	-	-	-	-	-	-	0.8	580.00	-	-	0.8	580.00
Paul Hewson	Director	675.00	31.0	20,925.00	35.7	24,097.50	16.0	10,800.00	7.8	5,265.00	10.7	7,222.50	6.5	4,387.50	107.7	72,697.50
Andrew Reed	Associate Director	625.00	1.5	937.50	-	-	-	-	-	-	-	-	-	-	1.5	937.50
Rachael Vogel	Manager	525.00	0.7	367.50	-	-	-	-	-	-	-	-	-	-	0.7	367.50
Kyle Carless	Manager	525.00	-	-	1.0	525.00	-	-	-	-	2.5	1,312.50	0.3	157.50	3.8	1,995.00
Matthew Thomson	Senior Executive Analyst	475.00	-	-	0.4	190.00	-	-	-	-	-	-	-	-	0.4	190.00
Theodore Kipriotis	Senior Executive Analyst	475.00	13.1	6,222.50	-	-	-	-	-	-	-	-	-	-	13.1	6,222.50
Kyle Carless	Senior Executive Analyst	475.00	-	-	-	-	-	-	-	-	-	-	10.3	4,892.50	10.3	4,892.50
Andrew Blackwood	Senior Executive Analyst	475.00	6.0	2,850.00	-	-	-	-	-	-	-	-	-	-	6.0	2,850.00
Tully Cameron	Executive Analyst	425.00	9.4	3,995.00	13.0	5,525.00	0.7	297.50	19.2	8,160.00	77.0	32,725.00	1.9	807.50	121.2	51,510.00
Michael Barrington-Smith	Executive Analyst	425.00	14.4	6,120.00	49.0	20,825.00	2.4	1,020.00	23.8	10,115.00	56.4	23,970.00	3.3	1,402.50	149.3	63,452.50
Rance Clarke	Executive Analyst	425.00	-	-	5.0	2,125.00	-	-	-	-	-	-	-	-	5.0	2,125.00
Tully Cameron	Senior Business Analyst	375.00	70.8	26,550.00	9.4	3,525.00	37.1	13,912.50	53.2	19,950.00	12.0	4,500.00	5.7	2,137.50	188.2	70,575.00
Michael Barrington-Smith	Senior Business Analyst	375.00	32.3	12,112.50	23.7	8,887.50	45.0	16,875.00	38.4	14,400.00	36.8	13,800.00	7.6	2,850.00	183.8	68,925.00
Damien Rosario	Senior Business Analyst	375.00	0.1	37.50	-	-	-	-	-	-	-	-	-	-	0.1	37.50
Jack Gibson	Business Analyst	325.00	-	-	3.8	1,235.00	-	-	-	-	-	-	-	-	3.8	1,235.00
Claire Guttentag	Business Analyst	325.00	-	-	-	-	-	-	-	-	-	-	1.9	617.50	1.9	617.50
Various	Client Accounting	325.00	0.5	162.50	15.8	5,135.00	-	-	-	-	-	-	-	-	16.3	5,297.50
Various	Business Analyst	150.00	-	-	22.4	3,360.00	-	-	13.5	2,025.00	19.3	2,895.00	2.0	300.00	57.2	8,580.00
Various	Administration	150.00	6.3	945.00	0.8	120.00	-	-	-	-	-	-	-	-	7.1	1,065.00
Total remuneration			243.3	122,695.00	207.7	95,632.50	209.0	121,060.00	256.6	132,922.50	277.0	131,592.50	49.1	24,512.50	1,242.7	628,415.00

Summary of work completed – AAM

Detailed below is a summary of work completed by task area for the voluntary administration period from 24 October 2019 to 16 February 2020.

Task area	General description	Details of tasks
Assets 209.0 hours \$121,060.00	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing • Asset identification
	Assets subject to specific charges	• Liaising with security interest holders • Assessment of equity • Return of asset
	Debtors (pre appointment)	• Correspondence with debtors • Review and assessment of debtors ledgers
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Leased assets	• Review of with security documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
Creditors 277.0 hours \$131,592.50	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Consideration of reasonableness of and responding to creditor requests
	Security interest claims	• Conduct PPSR search and review of results • Meeting with creditor to identify goods • Correspondence with solicitors
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor • Preparation of weekly cash flow forecast and activity update
	Shareholders	• Correspondence and discussions with shareholders
	Reports to creditors	• Preparation of initial correspondence to creditors • Preparation of reports to creditors
	Meeting of creditors	• Responding to stakeholder queries and questions regarding the first meeting of creditors
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register
Employees 49.1 hours \$24,512.50	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
	Entitlements	• Calculation of employee entitlements • Review of employee records, employee agreements and awards • Correspondence with employees regarding entitlements and any queries
	Workers compensation	• Review insurance policies

Task area	General description	Details of tasks
Statutory compliance 207.7 hours \$95,632.50	Other employee issues	• General employee meetings • Correspondence with superannuation funds, ATO and state revenue offices
	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO • Preparation of BAS returns • Reconciliation of payments to employees and provision of annual summaries to employees and ATO
	Directors	• Correspondence and meetings with directors • Requests for ROCAP and books and records
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Conduct of meeting • Preparation and lodgement of minutes of meeting with ASIC
Trading 256.6 hours \$132,922.50	Investigation	• Collection and review of books and records • Review and preparation of company nature and history • Conduct and summarise statutory searches • Preparation of comparative financial statements and deficiency statements • Review of specific transactions and liaising with directors regarding transactions
	Trade on management	• Liaising with suppliers, management and employees • Attendance on site • Implementation of controls • Authorisation of purchase orders • Maintenance of purchase order register • Preparation and authorisations of receipt and payment forms • Payroll issues • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	• Review of company's budgets, management reports and financial statements • Planning of trading strategy • Preparation of budgets • Review of trading strategy • Meetings to discuss trading position

Task area	General description	Details of tasks
Administration and risk mitigation 243.3 hours \$122,695.00	Planning/review	- Engagement planning - Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	- Filing of documents - Update of work programs
	Insurance	- Identification of potential issues requiring attention of insurance specialists - Correspondence with insurance brokers regarding initial and ongoing insurance requirements - Review of insurance policies
	Bank account administration	- Opening and closing accounts - Preparation of transactions - Bank account reconciliations - Correspondence with bank regarding specific transactions, arrangements and bank statements
	Process of receipts and payments	Process of receipts, payments and journal entries into accounting system
	General administration	- Risk assessment - Set up of client - Processing in relation to client accounting - Word processing
	Remuneration	- Recording of time, including details - Preparation of remuneration schedules - Invoice preparation
	Security	- Review of security adequacy - Implement security measures

Appendix 7 – AAM Resolution 2 (Voluntary Administration period)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period 17 February 2020 to 4 March 2020:

‘That the estimated remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$80,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Voluntary Administrators and KordaMentha staff in the voluntary administration for the period 17 February 2020 to 4 March 2020, which is the basis of AAM Resolution 2. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AAM	80,000.00	8,000.00	32,000.00	8,000.00	16,000.00	8,000.00	8,000.00
Estimated total	80,000.00	8,000.00	32,000.00	8,000.00	16,000.00	8,000.00	8,000.00

Summary of tasks to be undertaken – AAM

Detailed below is a summary of work expected to be undertaken by task area for the period from 17 February 2020 to 4 March 2020.

Task area	General description	Details of tasks
Assets 15.8 hours \$8,000.00	Assets subject to specific charges	• Liaising with security interest holders
	Other assets	• Deal with current assets such as cash and inventory
Creditors 63.8 hours \$32,000.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Consideration of reasonableness of and responding to creditor requests • Compiling information requested by creditors
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports
	Shareholders	• Correspondence and discussions with shareholders
	Reports to creditors	• Preparation of correspondence to creditors • Preparation of reports to creditors
	Meeting of creditors	• Responding to stakeholder queries and questions regarding the meeting
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt
Employees 15.8 hours \$8,000.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
Statutory compliance 31.6 hours \$16,000.00	ASIC	• Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Conduct of meeting
Trading 15.8 hours \$8,000.00	Trade on management	• Liaising with management and employees • Preparation and authorisations of receipt and payment forms • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	• Maintain and update cash flow forecasts
Administration and risk mitigation 15.8 hours \$8,000.00	Planning/review	• Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Filing of documents • Update of work programs • File review
	Bank account administration	• Bank account reconciliations

Task area	General description	Details of tasks
		• Correspondence with bank regarding specific transactions, arrangements and bank statements
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation

Appendix 8 – AAM Resolution 6 (if DOCA approved)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period 5 March 2020 to the execution of the DOCA:

‘That the estimated future remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$50,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Administrators and KordaMentha staff in the voluntary administration for the period 4 March 2020 to the execution of the DOCA, which is the basis of AAM Resolution 6. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AAM	50,000.00	10,000.00	5,000.00	5,000.00	15,000.00	5,000.00	10,000.00
Estimated total	50,000.00	10,000.00	5,000.00	5,000.00	15,000.00	5,000.00	10,000.00

Summary of future tasks to be undertaken – AAM

Detailed below is a summary of work expected to be undertaken by task area for the voluntary administration period from 5 March 2020 to the execution of the DOCA.

Task area	General description	Details of tasks
Assets 19.8 hours \$10,000.00	Sale of business as a going concern through DOCA	• Liaising with purchasers • Assessment of offers • DOCA agreement • Completion • Post completion issues
	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing • Asset identification
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Leased assets	• Review of security documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
Creditors 9.9 hours \$5,000.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors • Documentation of reasons for not complying with requests or directions
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor
	Proposals to creditors	• Preparation of proposal notices and voting forms • Distribution of proposals to all known creditors • Review votes and determine outcome of proposal • Preparation and lodgement of proposal outcome with ASIC
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt • Adjudication of proofs of debt • Request further substantiation • Correspondence regarding outcome of adjudication
	Dividend distribution	• Correspondence regarding intention to declare dividend • Compliance with regulations regarding distributions • Obtain clearance from ATO for distribution • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration

Task area	General description	Details of tasks
Employees 9.9 hours \$5,000.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
	Fair Entitlement Guarantee	• Correspondence regarding FEG
	Entitlements	• Calculation of employee entitlements • Review of employee records, employee agreements and awards • Reconciliation of superannuation accounts • Legal advice regarding entitlements • Correspondence with employees regarding entitlements and any queries
	Employee dividend distribution	• Correspondence with employees regarding dividend • Correspondence with ATO regarding SGC proof of debt • Correspondence with any other eligible employee creditor • Compliance with regulations regarding distributions • Adjudication of proofs of debt • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration
	Workers compensation	• Review insurance policies • Receipt of claim and liaising with claimant • Liaising with insurers and solicitors regarding claims • Identification of potential issues requiring attention of workers compensation insurance specialists • Correspondence with insurer regarding ongoing workers compensation insurance requirements
Statutory compliance 29.7 hours \$15,000.00	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO • Preparation of BAS returns • Reconciliation of payments to employees and provision of annual summaries to employees and ATO
	Directors	• Correspondence and meetings with directors
	Litigation/recoveries	• Review of potential recoveries • Internal meetings to discuss status of litigation • Preparation of brief for solicitors • Liaising with solicitors regarding recovery actions • Attendance to negotiations • Attendance to settlement matters

Task area	General description	Details of tasks
Trading 9.9 hours \$5,000.00	Trade on management	• Liaising with suppliers, management and employees • Preparation and authorisations of receipt and payment forms • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
	Budgeting and financial reporting	• Review of company's budgets, management reports and financial statements
Administration and risk mitigation 19.8 hours \$10,000.00	Planning/review	• Engagement planning • Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Filing of documents • Update of work programs • File review
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurance brokers regarding ongoing insurance requirements • Review of insurance policies
	Bank account administration	• Opening and closing accounts • Correspondence regarding term deposits • Preparation of transactions • Bank account reconciliations
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Set up of client • Processing in relation to client accounting
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Media	• Preparation of media releases • Respond to media requests
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix 9 – AAM Resolution 7 (if DOCA approved)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period from the execution of the DOCA to the effectuation or termination of the DOCA:

‘That the estimated future remuneration of the Deed Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period from the execution of the DOCA to the effectuation or termination of the DOCA is determined at a sum equal to the cost of time spent by the Deed Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$60,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Deed Administrators and KordaMentha staff during the DOCA period from the execution of the DOCA to the effectuation or termination of the DOCA, which is the basis of AAM Resolution 7. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AAM	60,000.00	6,000.00	12,000.00	18,000.00	12,000.00	-	12,000.00
Estimated total	60,000.00	6,000.00	12,000.00	18,000.00	12,000.00	-	12,000.00

Summary of future tasks to be undertaken – AAM

Detailed below is a summary of work expected to be undertaken by task area for the DOCA period from the execution of the DOCA to the effectuation or termination of the DOCA.

Task area	General description	Details of tasks
Assets 11.9 hours \$6,000.00	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing • Asset identification
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Intangible assets	• Review of intangible assets • Sale of intangible assets
	Leased assets	• Review of security documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
Creditors 23.7 hours \$12,000.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors • Documentation of reasons for not complying with requests or directions • Correspondence with committee of inspection
	Security interest claims	• Conduct PPSR search and review of results • Payment of valid claim/settlement agreement
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor
	Meeting of creditors	• Responding to stakeholder queries and questions regarding the meeting
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt • Adjudication of proofs of debt • Request further substantiation • Correspondence regarding outcome of adjudication
	Dividend distribution	• Correspondence regarding intention to declare dividend • Compliance with regulations regarding distributions • Obtain clearance from ATO for distribution • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration

Task area	General description	Details of tasks
Employees 35.6 hours \$18,000.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email
	Fair Entitlement Guarantee	• Correspondence regarding FEG
	Entitlements	• Calculation of employee entitlements • Review of employee records, employee agreements and awards • Reconciliation of superannuation accounts • Legal advice regarding entitlements • Correspondence with employees regarding entitlements and any queries
	Employee dividend distribution	• Correspondence with employees regarding dividend • Correspondence with ATO regarding SGC proof of debt • Correspondence with any other eligible employee creditor • Compliance with regulations regarding distributions • Adjudication of proofs of debt • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration
	Workers compensation	• Review insurance policies • Receipt of claim and liaising with claimant • Liaising with insurers and solicitors regarding claims • Identification of potential issues requiring attention of workers compensation insurance specialists • Correspondence with insurer regarding ongoing workers compensation insurance requirements
Statutory compliance 23.7 hours \$12,000.00	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
	ASIC	• Notifications to ASIC • Correspondence with ASIC, including regarding assistance for non-provision of books and records and ROCAP • Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO • Preparation of BAS returns • Reconciliation of payments to employees and provision of annual summaries to employees and ATO
	Directors	• Correspondence and meetings with directors

Task area	General description	Details of tasks
Administration and risk mitigation 23.7 hours \$12,000.00	Litigation/recoveries	• Review of potential recoveries • Internal meetings to discuss status of litigation • Preparation of brief for solicitors • Liaising with solicitors regarding recovery actions • Attendance to negotiations • Attendance to settlement matters
	Ceasing to act	• Notification to ASIC • Notification to ATO, including cancellation of registrations
	Planning/review	• Engagement planning • Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs • File review
	Bank account administration	• Closing accounts • Preparation of transactions • Bank account reconciliations • Correspondence with bank regarding specific transactions, arrangements and bank statements
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Set up of client • Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Media	• Preparation of media releases • Respond to media requests
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix 10 – AAM Resolution 10 (if wound up)

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period 5 March 2020 to the finalisation of the Liquidation:

‘That the estimated future remuneration of the Liquidators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$300,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Liquidators and KordaMentha staff in the liquidation for the period 5 March 2020 to the finalisation of the Liquidation, which is the basis of AAM Resolution 10. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						Administration and risk mitigation \$
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	
AAM	300,000.00	140,000.00	60,000.00	30,000.00	30,000.00	-	40,000.00
Estimated total	300,000.00	140,000.00	60,000.00	30,000.00	30,000.00	-	40,000.00

Summary of future tasks to be undertaken – AAM

Detailed below is a summary of work expected to be undertaken by task area for the liquidation period from 5 March 2020 to the finalisation of the Liquidation.

Task area	General description	Details of tasks
Assets 276.9 hours \$140,000.00	Assets subject to specific charges	• Liaising with security interest holders • Assessment of equity • Return of asset
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Leased assets	• Review of security documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
Creditors 118.7 hours \$60,000.00	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail and email • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Meetings with secured creditor • Distributions to secured creditor
	Reports to creditors	• Preparation of correspondence to creditors • Preparation of reports to creditors
	Proposals to creditors	• Preparation of proposal notices and voting forms • Distribution of proposals to all known creditors • Review votes and determine outcome of proposal • Preparation and lodgement of proposal outcome with ASIC
	Proofs of debts	• Receipt of proofs of debt • Maintenance of proof of debt register • Correspondence with ATO regarding proofs of debt • Adjudication of proofs of debt • Request further substantiation • Correspondence regarding outcome of adjudication
	Dividend distribution	• Correspondence regarding intention to declare dividend • Compliance with regulations regarding distributions • Obtain clearance from ATO for distribution • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration
Employees 59.3 hours \$30,000.00	Employee enquiries	• Prepare correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail and email

Task area	General description	Details of tasks
	Fair Entitlement Guarantee	• Correspondence regarding FEG • Preparation of notification spreadsheet • Preparation of FEG quotations • Completion of FEG questionnaires
	Entitlements	• Calculation of employee entitlements • Review of employee records, employee agreements and awards • Reconciliation of superannuation accounts • Legal advice regarding entitlements • Correspondence with employees regarding entitlements and any queries
	Employee dividend distribution	• Correspondence with employees regarding dividend • Correspondence with ATO regarding SGC proof of debt • Correspondence with any other eligible employee creditor • Compliance with regulations regarding distributions • Adjudication of proofs of debt • Preparation of dividend, including calculation and payment • Correspondence regarding dividend declaration
	Workers compensation	• Review insurance policies • Receipt of claim and liaising with claimant • Liaising with insurers and solicitors regarding claims • Identification of potential issues requiring attention of workers compensation insurance specialists • Correspondence with insurer regarding ongoing workers compensation insurance requirements
Statutory compliance 59.3 hours \$30,000.00	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms, including administration returns • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO • Preparation of BAS returns • Reconciliation of payments to employees and provision of annual summaries to employees and ATO
	Directors	• Correspondence and meetings with directors • Requests for ROCAP and books and records • Preparation of affidavits seeking assistance from ASIC

Task area	General description	Details of tasks
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Conduct of meeting • Preparation and lodgement of minutes of meeting with ASIC
	Committee of inspection	• Preparation for committee meetings • Conduct of committee meetings • Preparation and lodgement of minutes of meeting with ASIC
	Investigation	• Collection and review of books and records • Review and preparation of company nature and history • Conduct and summarise statutory searches • Preparation of comparative financial statements and deficiency statements • Review of specific transactions and liaising with directors regarding transactions • Preparation of investigation file • Preparation of statutory investigation report and lodgement with ASIC • Preparation and lodgement of any supplementary report • Liaising with ASIC
	Examinations	• Preparation of brief for solicitors • Liaising with solicitors regarding examinations • Attendance at examination • Review of examination transcripts • Liaising with solicitors regarding outcome of examinations and further actions available
	Litigation/recoveries	• Review of potential recoveries • Internal meetings to discuss status of litigation • Preparation of brief for solicitors • Liaising with solicitors regarding recovery actions • Attendance to negotiations • Attendance to settlement matters
	Ceasing to act	• Notification to ASIC • Notification to ATO, including cancellation of registrations
Administration 79.1 hours \$40,000.00	Planning/review	• Engagement planning • Discussions regarding status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs • File review

Task area	General description	Details of tasks
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurance brokers regarding and ongoing insurance requirements • Review of insurance policies • Correspondence with previous brokers
	Bank account administration	• Opening and closing accounts • Correspondence regarding term deposits • Preparation of transactions • Bank account reconciliations • Correspondence with bank regarding specific transactions, arrangements and bank statements • Banking of deposits
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • Set up of client • Processing in relation to client accounting • Word processing
	Remuneration	• Recording of time, including details • Preparation of remuneration schedules • Invoice preparation
	Security	• Review of security adequacy • Implement security measures
	Media	• Preparation of media releases • Respond to media requests
	Other appointees	• Correspondence with Receiver and Manager
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix 11 – AAM Resolution 3

Resolution

At the Meeting of Creditors to be held on 4 March 2020, creditors of AAM will be asked to consider the following resolution for the period 24 October 2019 to 16 February 2020:

‘That the internal disbursements of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed), including those paid to staff, for the period 24 October 2019 to 16 February 2020 in the amount of \$184.76, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020 are approved for payment immediately or as required.’

Calculation of internal disbursements

The basis of calculating the internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 24 October 2019 to 16 February 2020, which is the basis of AAM Resolution 3.

AAM Resolution 3: Disbursements incurred during the period 24 October 2019 to 16 February 2020	Actual \$ (excluding GST)
Internal disbursements	
Forensic consumables	184.76
Total – Internal disbursements for AAM Resolution 3	184.76

Appendix 12 – Voluntary Administrators’ external disbursements

Externally provided disbursements paid or incurred during the period 24 October 2019 to 16 February 2020	Basis	AAM (\$) (ex GST)	AIM (\$) (ex GST)	Total (\$) (ex GST)
Externally provided professional services	At cost	Nil	Nil	Nil
Total – Externally provided professional services		Nil	Nil	Nil
Externally provided non-professional disbursements	At cost			
Air Fare		7,200.19	-	7,200.19
Accommodation		1,503.99	-	1,503.99
Meals		2,882.20	349.29	3,231.49
Miscellaneous		52.68	-	52.68
Other travel		1,122.51	181.32	1,303.83
Searches		85.38	-	85.38
Taxi		731.27	-	731.27
Telephone		9.09	-	9.09
Total external disbursements		13,587.31	530.61	14,117.92

Appendix 5 – Historical financial performance

Detailed below is a summary of the comparative balance sheets and profit and loss statements of the Companies, extracted from the Companies' books and records, for the previous three financial years.

Australian Industrial Minerals Limited

Profit and loss summary

(\$)	4Q18 ¹	FY19 ²	1Q20 ³
Sales revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income	-	-	-
Gains/(losses)	-	(2,150,498)	-
Interest	-	-	-
Management fees	-	1,042,496	283,163
Total other income	-	(1,108,003)	283,163
Operating expenditure			
Finance costs	-	(89,000)	-
Accounting	-	(91,411)	(28,057)
Employee entitlements	-	(36,798)	(6,036)
Statutory expenses	-	(5,369)	-
Banking	-	(316)	(88)
IT services	-	(3,770)	(225)
Contractors	-	(15,000)	(323,166)
Travel	-	(17,732)	(4,057)
Insurance	-	(6,768)	(5,080)
Interest	-	(377,249)	(574,465)
Legal	(85,512)	(577,760)	(94,042)
Amortisation – loan	-	-	(23,518)
Other	-	(18,048)	(811)
Stamp duty on AAM acquisition	-	(539,934)	-
Rent	-	-	(4,508)
Superannuation	-	(56,255)	(6,808)
Wages	-	(938,596)	(270,318)
Directors fees	-	(147,500)	(110,000)
Total operating expenditure	(85,512)	(2,921,506)	(1,451,179)
Profit/(loss) from ordinary activities before tax	(85,512)	(4,029,509)	(1,168,016)

1. Extracted from AIM's MYOB accounting system for the period 14 April 2018 to 30 June 2018.
2. Extracted from AIM's Xero accounting system for the period 1 July 2018 to 30 June 2019.
3. Extracted from AIM's Xero accounting system for the period 1 July 2019 to 24 October 2019.

Balance sheet as at

(\$)	30 June 2018 ¹	30 June 2019 ²	24 October 2019 ³
Assets			
Current assets			
Cash at bank	-	19,204	116,647
Prepayments	1,340	20,303	11,279
Total current assets	1,340	39,507	127,926
Non-current assets			
Inter-company borrowings (interest bearing)	4,399,998	4,399,998	4,399,998
Inter-company borrowings (non-interest bearing)	6,338,148	15,533,886	21,734,684
Investments	1,221,744	1,221,744	1,221,744
Total non-current assets	11,959,890	21,155,628	27,356,426
Total assets	11,961,230	21,195,135	27,484,352
Liabilities			
Current liabilities			
Accounts payable	-	(102,856)	(217,556)
Accruals	-	(755,180)	(961,793)
Tax	-	(43)	949
Insurance	-	(22,421)	(13,452)
Interest expense	-	-	117,588
Other	-	-	-
Total current liabilities	-	(880,500)	(1,074,264)
Non-current liabilities	-	-	-
Converting notes	-	(9,745,996)	(12,018,711)
Remagen Capital facility	-	-	(4,990,753)
Total non-current liabilities	-	(9,745,996)	(17,009,464)
Total liabilities	-	10,626,496	18,083,728
Net assets/(liabilities)	11,961,230	10,568,640	9,400,624
Equity			
Current year earnings	(85,512)	(4,029,509)	(1,168,016)
Retained earnings/(loss)	-	(85,512)	(4,115,020)
Share capital	12,597,357	15,185,275	15,185,275
Share issue costs	(550,615)	(590,615)	(590,615)
Share-based payment reserve	-	89,000	89,000
Total equity	11,961,230	10,568,639	9,400,624

1. Extracted from AIM's MYOB accounting system for the period 14 April 2018 to 30 June 2018.
2. Extracted from AIM's Xero accounting system for the period 1 July 2018 to 30 June 2019.
3. Extracted from AIM's Xero accounting system for the period 1 July 2019 to 24 October 2019.

Australian Abrasive Minerals Pty Ltd

Profit and loss summary

(\$)	4Q18 ¹	FY19 ²	1Q20 ³
Sales revenue	-	70,981	577,132
Cost of sales	(606,241)	(5,032,089)	(6,937,089)
Gross profit	(606,241)	(4,961,108)	(6,359,957)
Other income			
Other income	304,050	-	9,207
Interest	4,536	55,388	7,102
R&D credits	-	672,681	-
Total other income	308,586	728,069	16,309
Operating expenditure			
Rent	(28,270)	(197,660)	(130,434)
Employee entitlements	(44,748)	187,899	(43,727)
Wages	(122,663)	(272,753)	(54,388)
IT services	(645)	(5,753)	(5,682)
Contractors	(282,655)	-	(575,080)
Travel	(42,243)	(216,414)	(82,755)
Insurance	(4,467)	(77,840)	(95,103)
Repairs & maintenance	(1,080)	(428)	(310)
Other	(6,636)	(17,616)	(16,396)
Superannuation	(11,653)	(7,585)	(25,786)
Utilities	(2,936)	(13,713)	(5,459)
Interest	(335,537)	(7,423)	(6,244)
Banking	(1,435)	(70,053)	(1,935)
Statutory expenses	-	(116,897)	(71,569)
Entertainment	(182)	(3,570)	(114)
Legal	(917,908)	(33,656)	(9,438)
Depreciation & amortisation	(21,618)	(511,828)	(616,689)
Management fees	-	(1,042,496)	(283,210)
Directors fees	(16,900)	(98,900)	(45,000)
Mining licenses	(3,000)	(27,091)	(65,849)
FX gain/(loss)	426	150,449	(9,628)
Intercompany loan	-	188	(57,890)
Total operating expenditure	(1,844,149)	(2,383,140)	(2,202,688)
Profit/(loss) from ordinary activities before tax	(2,141,804)	(6,616,179)	(8,546,336)

1. Extracted from AAM's MYOB accounting system for the period 14 April 2018 to 30 June 2018.

2. Extracted from AAM's Xero accounts for the period 1 July 2018 to 30 June 2019.

3. Extracted from AAM's Xero accounts for the period 1 July 2019 to 24 October 2019.

Balance sheet as at (\$)	30-Jun-18 ¹	30-Jun-19 ²	24-Oct-19 ³
Assets			
Current assets			
Cash at bank	4,990,026	1,676,276	1,691,788
Accounts receivable	21,120	40,657	81,582
Other	1,645	-	406
Inventory	282,211	221,719	240,519
Prepayments	696,240	368,238	220,943
Total current assets	5,991,242	2,306,890	2,235,238
Non-current assets			
Property, plant & equipment	27,482,829	34,013,434	34,284,626
Depreciation & amortisation	(93,110)	(605,415)	(1,222,104)
Tenement license	(0)	837,322	837,322
Receivables – non-current	578,368	810,666	810,666
Total non-current assets	27,968,086	35,056,006	34,710,509
Total assets	33,959,328	37,362,897	36,945,747
Liabilities			
Current liabilities			
Accounts payable	(1,854,171)	(524,612)	(2,394,585)
Accruals	1,520,789	(157,500)	(183,399)
Employee entitlements	(260,364)	(221,742)	(268,345)
Tax	70,915	4,175	4,964
Insurance	(255,709)	(487,786)	(195,114)
PAYG	(126,935)	(624)	(65,007)
Other	-	29	27
Superannuation payable	(22,333)	(60,153)	(102,896)
Wages payable	-	0	(172,247)
Total current liabilities	(927,808)	(1,448,213)	(3,376,601)
Non-current liabilities			
Borrowings (interest bearing)	(13,276,967)	(13,276,967)	(13,276,967)
Borrowings (non-interest bearing)	(6,338,148)	(15,533,886)	(21,734,684)
Tax	(202,847)	(202,847)	(202,847)
Employee entitlements	(66,182)	(62,170)	(62,170)
Rehabilitation provision	(384,510)	(692,127)	(692,127)
Total non-current liabilities	(20,268,654)	(29,767,997)	(35,968,795)
Total liabilities	(21,196,462)	(31,216,210)	(39,345,396)
Net assets/(liabilities)	12,762,866	6,146,687	(2,399,649)
Equity			
Current year earnings	-	(6,616,179)	(8,546,336)
Retained earnings/(loss)	(23,198,878)	(23,198,878)	(29,815,057)
Share capital	35,961,744	35,961,744	35,961,744

Total equity	12,762,866	6,146,687	(2,399,649)
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1. Extracted from AAM's MYOB accounting system for the period 14 April 2018 to 30 June 2018.
2. Extracted from AAM's Xero accounting system for the period 1 July 2018 to 30 June 2019.
3. Extracted from AAM's Xero accounting system for the period 1 July 2019 to 24 October 2019.

Appendix 6 – Proof of Debt Form



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

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 \$ _____ GST Amount: \$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

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

(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 _____

Appendix 7 – Appointment of Proxy Form



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 4 March 2020 at 1.00pm, at the KordaMentha Sydney office, 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
Remuneration				
1. 'That the remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$61,577.50, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.'	☐	☐	☐	☐
2. 'That the estimated remuneration of the Administrators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$12,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐

Adjournment of meeting

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
3. <i>'That pursuant to Section 75-140 of the Insolvency Practice Rules, the meeting be adjourned for up to 45 business days.'</i>	☐	☐	☐	☐

Future of company

4. Only mark your intention for one of the two resolution options below:

Option 1: <i>'That the administration should end.'</i>	☐	☐	☐	☐
Option 2: <i>'That pursuant to Section 439C of the Corporations Act, the Company be wound up.'</i>	☐	☐	☐	☐

If the Company is wound up:

Remuneration

5. <i>'That the estimated future remuneration of the Liquidators of Australian Industrial Minerals Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$40,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'</i>	☐	☐	☐	☐
--	--------------------------	--------------------------	--------------------------	--------------------------

Other resolutions

6. <i>'That a committee of inspection be appointed in the Liquidation of the Company.'</i>	☐	☐	☐	☐
7. <i>'That in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the committee of inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the external administration.'</i>	☐	☐	☐	☐
8. <i>'That, subject to obtaining ASIC approval pursuant to Section 70-35(3) of Schedule 2 of the Corporations Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company.'</i>	☐	☐	☐	☐

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 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 4 March 2020 at 3.00pm, at the KordaMentha Sydney office, 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
Remuneration				
1. 'That the remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 24 October 2019 to 16 February 2020 in the amount of \$628,415.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, is approved for payment immediately or as required.'	☐	☐	☐	☐
2. 'That the estimated remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 17 February 2020 to 4 March 2020 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$80,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐
Internal disbursements				
3. 'That the internal disbursements of the Administrators of Australian Abrasive Minerals Pty	☐	☐	☐	☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
Limited (Administrators Appointed), including those paid to staff, for the period 24 October 2019 to 16 February 2020 in the amount of \$184.76, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020 are approved for payment immediately or as required.'				
Adjournment of meeting				
4. 'That pursuant to Section 75-140 of the Insolvency Practice Rules, the meeting be adjourned for up to 45 business days.'	☐	☐	☐	☐
Future of company				
5. Only mark your intention for one of the three resolution options below:				
Option 1: 'That pursuant to Section 439C of the Corporations Act, the Company execute a deed of company arrangement.'	☐	☐	☐	☐
Option 2: 'That the administration should end.'	☐	☐	☐	☐
Option 3: 'That pursuant to Section 439C of the Corporations Act, the Company be wound up.'	☐	☐	☐	☐
If the Company is to execute a deed of company arrangement:				
Remuneration				
6. 'That the estimated future remuneration of the Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$50,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐
7. 'That the estimated future remuneration of the Deed Administrators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period from the execution of the DOCA to the effectuation or termination of the DOCA is determined at a sum equal to the cost of time spent by the Deed Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$60,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐
Other resolutions				
8. 'That a committee of inspection be appointed in the Deed of Company Arrangement of the Company.'	☐	☐	☐	☐
9. 'That in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members	☐	☐	☐	☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
<i>of the committee of inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the external administration.'</i>				

If the Company is wound up:

Remuneration

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 10. 'That the estimated future remuneration of the Liquidators of Australian Abrasive Minerals Pty Limited (Administrators Appointed) for the period 5 March 2020 to the finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 26 February 2020, up to a maximum of \$300,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then we reserve the right to seek further approval of fees from creditors.' | ☐ | ☐ | ☐ | ☐ |
|---|--------------------------|--------------------------|--------------------------|--------------------------|

Other resolutions

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 11. 'That a committee of inspection be appointed in the Liquidation of the Company.' | ☐ | ☐ | ☐ | ☐ |
| 12. 'That in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the committee of inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the external administration.' | ☐ | ☐ | ☐ | ☐ |
| 13. 'That, subject to obtaining ASIC approval pursuant to Section 70-35(3) of Schedule 2 of the Corporations Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company.' | ☐ | ☐ | ☐ | ☐ |

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:

Appendix 8 – Notice of Meetings



Corporations Act 2001

Notice of second meeting of creditors of company under administration

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

Notice is hereby given that the second meeting of creditors of the Company will be held pursuant to Section 439A of the *Corporations Act 2001* ('the Act') on 4 March 2020 at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. Registration for all creditors and employees will open at 12.30pm AEDST with the meeting commencing at 1.00pm AEDST.

Agenda

The purpose of the meeting is to:

1. Review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company
2. Consider the remuneration of the Administrators for the period of the voluntary administration
3. Consider the Administrators' internal disbursements for the period of the voluntary administration
4. For the creditors of the Company to resolve:
 - i. that the administration should end, or
 - ii. that the Company be wound up.

If the Company is wound up:

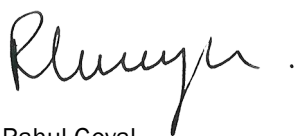
1. Consider the Liquidators' future remuneration
2. Consider the appointment of a committee of inspection and if appointed, who are to be the committee members
3. Consider permitting any committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
4. Consider the early destruction of the Company books and records
5. Consider any other business properly brought before the meeting.

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 or by facsimile on (02) 8257 3099. A Proxy Form is enclosed at Appendix 8 of the Report by Administrators.

Conference call facilities have been organised for this meeting. 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 details. Your email must be accompanied by a completed Notice of Electronic Facilities for Meeting Form. Accordingly, one is enclosed at Appendix 14 of the Report by Administrators.

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 at Appendix 7 of the Report by Administrators.

Dated: 26 February 2020

A handwritten signature in black ink, appearing to read 'Rahul Goyal', followed by a period.

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 second meeting of creditors of company under administration

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

Notice is hereby given that the second meeting of creditors of the Company will be held pursuant to Section 439A of the *Corporations Act 2001* ('the Act') on 4 March 2020 at the KordaMentha Sydney office, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000. Registration for all creditors and employees will open at 2.30pm AEDST with the meeting commencing at 3.00pm AEDST.

Agenda

The purpose of the meeting is to:

1. Review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company
2. Consider the remuneration of the Administrators for the period of the voluntary administration
3. Consider the Administrators' internal disbursements for the period of the voluntary administration
4. For the creditors of the Company to resolve:
 - i. that the Company execute a deed of company arrangement ('DOCA'), or
 - ii. that the administration should end, or
 - iii. that the Company be wound up.

If the Company is wound up:

1. Consider the Liquidators' future remuneration
2. Consider the appointment of a committee of inspection and if appointed, who are to be the committee members
3. Consider permitting any committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
4. Consider the early destruction of the Company books and records
5. Consider any other business properly brought before the meeting.

If the Company is to execute a deed of company arrangement:

1. Consider the Deed Administrators' future remuneration
2. Consider the appointment of a committee of inspection and if appointed, who are to be the committee members
3. Consider permitting any committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
4. Consider any other business properly brought before the meeting.

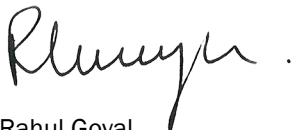
Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00 pm on the last business day prior to the meeting, by post to KordaMentha, GPO Box 2523, Sydney NSW 2001 or by facsimile on (02) 8257 3099. A Proxy Form is enclosed at Appendix 8 of the Report by Administrators.

Conference call facilities have been organised for this meeting. 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 details. Your email must be

accompanied by a completed Notice of Electronic Facilities for Meeting Form. Accordingly, one is enclosed at Appendix 14 of the Report by Administrators.

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 at Appendix 7 of the Report by Administrators.

Dated: 26 February 2020

A handwritten signature in black ink, appearing to read 'Rahul Goyal', followed by a period.

Rahul Goyal
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Enc.

Appendix

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.

Appendix 9 – ARITA information sheet



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.**

Appendix 10 – Deed of Company Arrangement



Proposal for Deed of Company Arrangement (DOCA) – Australian Abrasive Minerals Pty Ltd (Administrators Appointed) ACN 118 292 756

Nothing in this proposal is intended to create any binding legal obligations and this document remains subject to change.

Matter	Term
1 DOCA Company	Australian Abrasive Minerals Pty Ltd (Administrators Appointed) ACN 118 292 756 (AAM).
2 Deed Administrators	Rahul Goyal, John Allan Bumbak and Richard Scott Tucker of KordaMentha of Level 5, 5 Chifley Square, Sydney NSW 2000 in their capacity as joint and several deed administrators of the DOCA Companies.
3 Proponent	Remagen in its capacity as Secured Creditor.
4 Purpose of DOCA	a. To enable Participating Creditors of the DOCA Companies to receive a better return than they would in a winding-up; b. To maximise the chances of as much as possible of the assets of the Company continuing in existence; and c. To allow the Non-Continuing Employees to receive their entitlements.
5 DOCA Fund	The DOCA Fund will consist of a DOCA contribution by the Proponent of \$20,000. This excludes Non-Continuing Employees and the Administrators costs and expenses.
6 Commencement	The date of the DOCA.
7 Effective Date	The date on which the Proponent notifies the Deed Administrator that the Conditions Precedent have been satisfied.
8 Parties bound	a. The DOCA Company;

Matter	Term
	b. Deed Administrators; c. Proponent; and d. Participating Creditors.
9 Conditions Precedent	The Proponent has received in form and substance satisfactory to it: a. evidence that a meeting of Creditors of the DOCA Company votes to approve the terms of the DOCA; b. the New Finance Documents duly executed and delivered and, where applicable, in registrable form together with all executed documents necessary to register them; c. evidence that the conditions precedent under the New Finance Documents have been satisfied or waived in writing; d. the proponent nominating a new director/(s) and the new director/(s) being validly appointed; e. the shares in AAM being transferred to the Proponent or a nominee of the Proponent, by way of a share transfer certificate by the Administrators; and f. the Share Transfer Forms duly executed and delivered and, where applicable, in registrable form together with all executed documents necessary to register them. The conditions precedent are for the benefit of the Proponent and may be waived by the Proponent in writing to the Deed Administrator.
10 Claims and pooling of Claims	a. In return for a claim against the DOCA Fund (defined below) each Participating Creditor of the DOCA Company will release the DOCA Company in accordance with the terms of the DOCA. b. The Claims of all Participating Creditors will be pooled into a single claim pool. c. Each Participating Creditor accepts their right to prove in respect of the DOCA Fund in full satisfaction and complete discharge of all Claims which they have or claim to have against the DOCA Company. d. Each Participating Creditor will be entitled to submit a proof of debt and prove against the DOCA Fund.

Matter	Term
11 Distribution of DOCA Fund	The Deed Administrators shall distribute the proceeds of the DOCA Fund in the following order of priority: a. First, in payment of the Deed Administrators' Remuneration and Costs; b. Secondly, in payment in full of any admitted claims of Non-Continuing Employee Creditors; c. Thirdly, in payment of admitted claims (other than Non-Continuing Employee Creditors) that would, in a liquidation, be accorded a priority under section 556, section 560 or section 561 of the Corporations Act; d. Fourthly, in payment of admitted claims Unsecured Creditors pari passu.
12 Claims extinguished	Participating Creditors of a DOCA Company release their Claims against the DOCA Company on receipt of their entitlements under the DOCA or otherwise on the Effectuation Date.
13 Other Releases	On the Effective Date, each DOCA Company will forever release and discharge all claims, including any right of subrogation or contribution, against the other DOCA Company.
14 Bar to Creditor participation	Only Participating Creditors may participate in and receive a distribution from the DOCA Fund. A Creditor that does not submit a proof of debt in accordance with the DOCA is barred from participating in the DOCA and will be deemed to have abandoned their Claim if they have not submitted a proof of debt in respect of its Claims by the time the Deed Administrator makes the final distribution. Non-Participating Creditors may not submit a proof of debt or participate in or receive a distribution from the DOCA Fund.
15 Effectuation of the DOCA	The DOCA will effectuate on the date the final distribution from the DOCA Fund is made.
16 Control of the DOCA Company	Control of the DOCA Company will revert to the directors of DOCA Company.
17 Termination of the DOCA	The DOCA will terminate upon the earlier of:

Matter	Term
	a. the date of the passing of a resolution at a meeting of Creditors convened pursuant to section 445C of the Corporations Act terminating the DOCA; and b. the date the Court orders the DOCA be set aside or terminated; and c. the Termination Date. On the Termination Date the following events will occur in the following order: a. the Deed Administrators will retire; b. the DOCA will terminate; c. AIM will be placed into liquidation and the Deed Administrator will become the liquidator of AIM; and d. AAM will return to the control of the directors.
18 Transfer of the Relevant Shares	The Deed Administrator must on the Effective Date transfer the Relevant Shares to the Proponent or its nominee free from any encumbrance or Security Interest to the extent permitted by law by: a. executing and delivering the Share Transfer Forms to the Proponent or its nominee; and b. entering or procuring the entry of, the name of the Proponent or its nominee in the relevant share register in respect of the Relevant Shares.
19 Provisions incorporated	The following statutory provisions will be incorporated by reference into the DOCA: a. The provisions prescribed by section 444A(5) of the Corporations Act and as contained in Schedule 8A of the Corporations Regulations. b. Sections 444DA and 444DB of the Corporations Act. c. Division 75 of the Insolvency Practice Schedule (Corporations) and Division 75 of the Insolvency Practice Rules (Corporations) 2016 apply to the DOCA, with such modifications as are necessary, to meetings of Creditors held pursuant to the DOCA.
20 Deed Administrators	The Deed Administrators will be entitled to exercise: a. all of the powers set out in paragraph 2 of Schedule 8A of the Regulations; b. all the powers of a voluntary administrator appointed under section 436A of the Corporations Act; and

Matter	Term
	c. such further powers as are necessary or convenient to achieve the DOCA purpose and objects, including the power to establish and administer the DOCA Fund.
21 Adjudication of Claims	a. For the purpose of the Creditors seeking to formally prove their claim, section 560 of the Corporations Act, Subdivisions A, B, C and E of Division 6 of Part 5.6 of the Corporations Act and regulations 5.6.39 to 5.6.57 (other than regulations 5.6.53) of the Corporations Regulations apply, with such modifications as may be necessary, to claim as if references to the "liquidator" were references to the Deed Administrators, references to "winding up" were references to administration under the DOCA and references to the "relevant date" were references to 24 October 2019. b. The Deed Administrators will commence the adjudication process for formal proofs of debt or claim as soon as reasonably practicable and, in doing so, may have regard to sections 554A, 554B and 554C of the Corporations Act and to regulations 5.6.41 to 5.6.57 (other than regulation 5.6.53) of the Regulations as if references to "the liquidators" were references to the Deed Administrators. c. Each Creditor's claim must be calculated by reference to the face value of the debt owed to that Creditor, and each Claim may only be proved once.
22 Moratorium	A moratorium upon actions against each DOCA Company as outlined in section 444E of the Corporations Act is proposed to apply during the period of the DOCA, and includes a moratorium on any Creditor seeking to rely on.
23 Bar to Claims	The DOCA may be pleaded and tendered by a DOCA Company and the recipient of any release or covenant granted under or pursuant to the DOCA as a total bar and defence to any legal proceeding brought at any time.
24 Insurance Claims	The DOCA will allow Creditors to obtain the same relief to which they would be entitled under section 562 of the Corporations Act if the DOCA Company was being wound up.

Matter	Term
25 Records	The DOCA Company will be responsible for the management and maintenance of the books and records of the DOCA Company. The DOCA Company will manage and maintain the books and records of the DOCA Company in accordance with their statutory obligations. The Deed Administrators shall be entitled to access the records of each DOCA Company until the DOCA has terminated.
26 DOCA to supersede	The terms of the DOCA will supersede this proposal.

Schedule 1

Definitions

Administrators	Rahul Goyal, John Allan Bumbak and Richard Scott Tucker of KordaMentha of Level 5, 5 Chifley Square, Sydney NSW 2000 in their capacity as joint and several administrators of the DOCA Companies.
Appointment Date	The date on which the Administrators were appointed as voluntary administrators of the DOCA Company, being 24 October 2019.
Business Day	A day, not being a Saturday or a Sunday, on which banks are open for business in Sydney, NSW.
Claim	All debts payable by, and all claims against, a DOCA Company, whether present or future, certain or contingent, ascertained or sounding only in damages, being debts or claims the circumstances giving rise to which occurred on or before the date the Administrators were appointed and whether or not they would be admissible to prove in the event of winding up of the DOCA Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	The <i>Corporations Regulations 2001</i> (Cth).
Creditors	Each person with a Claim.
Deed Administrators' Remuneration and Costs	The costs, expenses and remuneration of the Administrators and Deed Administrators in connection with the administration of the DOCA Companies and the DOCA.
Directors	The directors and secretaries appointed to a DOCA Company from time to time.
Effectuation Date	The date on which the DOCA effectuates in respect of a DOCA Company.
Employee Creditors	A Creditor with a Claim as an employee pursuant to section 556 (1)(c), (e)-(h) of the Corporations Act.
Employee entitlements	All amounts payable to eligible employee creditors of a DOCA Company in priority to ordinary unsecured creditors

	pursuant to Part 5.6, Division 6, Subdivision D of the Corporations Act.
New Finance Documents	Finance documents, including without limitation a loan and security agreements granted by, among others, the Proponent, AAM with an approved purpose to provide finance to pay the purchase price under the Share Transfer Forms and the Proponents contribution to the DOCA Fund.
Non-Continuing Employee Creditor	An Employee Creditor whose employment is terminated on or before the Commencement Date.
Non-Participating Creditor	Secured Creditors.
Participating Creditor	a. Non-Continuing Employees; b. Unsecured Creditors.
Relevant Shares	All of the issued share capital of AAM issued to AIM.
Secured Debt	Claims secured by a perfected security interest.
Share Transfer Forms	Share transfer forms in the prescribed form between the Proponent or its nominee and AAM in respect of the transfer of the Relevant Shares to the Proponent or its nominee.
Termination Date	The date which is 2 Business Days after the Effectuation Date.
Unsecured Creditor	Creditor of the DOCA Company, other than a continuing Employee Creditor, including the related party claim of Australian Industrial Minerals Pty Limited.

Appendix 11 – Notice of Electronic Facilities



Corporations Act 2001

Notice of electronic facilities for meeting

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

Notice is given that electronic facilities will be used for the meeting of creditors of the Company to be held on 4 March 2020 at 1.00pm, at the KordaMentha Sydney office, 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: 26 February 2020



Rahul Goyal
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Corporations Act 2001

Notice of electronic facilities for meeting

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

Notice is given that electronic facilities will be used for the meeting of creditors of the Company to be held on 4 March 2020 at 3.00pm, at the KordaMentha Sydney office, 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: 26 February 2020



Rahul Goyal
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Appendix 12 – Declaration of independence, relevant relationships and indemnities



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 9 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: 26 February 2020



Rahul Goyal
Voluntary Administrator



John Bumbak
Voluntary Administrator



Richard Tucker
Voluntary Administrator

KordaMentha
Level 5 Chifley Tower
2 Chifley Square
Sydney NSW 2000