
Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

ACN 118 292 756 ('AAM')

Australian Industrial Minerals Limited (In Liquidation) (Receivers and Managers Appointed)

ACN 623 197 142 ('AIM')

(together 'the Companies')

Fifth stakeholder update | 24 February 2020 – 5 March 2020

The purpose of this update is to ensure all stakeholders of the Companies are kept informed on the progress of the administration of the Companies. This fifth update to stakeholders should be read in conjunction with the first, second, third and fourth updates provided to all known stakeholders of the Companies on 4 December 2019, 16 January 2020, 3 February 2020 and 24 February 2020.

This update provides details of the Second Meetings of Creditors of the Companies held on 4 March 2020. Notice of the Second Meetings of Creditors was issued in the Report by Administrators, made available on our website on 26 February 2020. Notice of the report was sent by post and email to all known stakeholders on 21 February 2020.

Australian Industrial Minerals Limited (In Liquidation) (Receivers and Managers Appointed)

The Second Meeting of Creditors of AIM was held on 4 March 2020 at 1.00pm AEDST. Resolutions put forward to creditors were in relation to the future of AIM and the Administrators and Liquidators current and future remuneration.

Creditors of AIM voted that, pursuant to Section 439C(c) of the *Corporations Act 2001* ('the Act'), AIM be wound up. Rahul Goyal, John Bumbak and Richard Tucker were appointed Liquidators of AIM pursuant to Section 499(2A) of the Act.

The estimated dividend to priority (employee) creditors under liquidation is 30c/\$. The estimated dividend to all other creditors, including unsecured creditors from the winding up of AIM is nil.

The dividend to priority (employee) creditors will comprise a return from available circulating assets and for the shortfall, eligible employees may be able to access the Fair Entitlements Guarantee Recovery Program (FEG). The timing of the AIM dividend payment is not yet known given the need for employees to make a claim with FEG. Further details will be provided to the relevant employees in due course.

On 3 March 2020 Todd Gammel and Barry Taylor of HLB Mann Judd were appointed as Receivers and Managers to certain assets of AIM by the secured creditor, Remagen Capital ('Remagen'). At the Second Meeting of Creditors of AIM, the Receivers held a proxy for Remagen's debt and were able to exercise their vote in the ordinary course. We are currently waiting on further confirmation from the Receivers as to the extent to which they intend to take control of AIM going forward.

We will now liaise with creditors and the Receivers in order to further investigate and pursue the potential claims available to AIM that were raised in the Report by Administrators.

Australian Abrasive Minerals Pty Ltd (Administrators Appointed)

The Second Meeting of Creditors of AAM was held on 4 March 2020 at 3.00pm AEDST. Resolutions put forward to creditors were in relation to the future of AAM and the Administrators and Deed Administrators current and future remuneration.

Creditors voted that, pursuant to Section 439C(a) of the Act, AAM execute the DOCA proposed by Remagen. Rahul Goyal, John Bumbak and Richard Tucker were appointed Deed Administrators of the DOCA pursuant to Section 444A(2) of the Act.

The Administrators and Remagen have 15 business days to execute the DOCA. Should that time lapse, AAM will be placed into liquidation.

It is proposed that upon execution of the DOCA, Remagen (or its nominee) will take control of the operations and assets of AAM including the MSP and HRM. Until the DOCA is executed, the KordaMentha team will continue to hold the MSP and HRM assets in the existing care and maintenance program.

Once the AAM DOCA is executed and operational control passes to Remagen (or its nominee), the Deed Administrators will commence a dividend process to distribute the deed fund pursuant to Section 556 of the Act. The estimated dividend to



priority (employee) creditors under the DOCA is 100c/\$. The estimated dividend to all other creditors, including unsecured creditors under the DOCA is nil.

The dividend to priority (employee) creditors of AAM is expected to be paid in May 2020.

A copy of the Remagen DOCA proposal is included as an appendix in the Report by Administrators.

A copy of the minutes of the Second Meetings of Creditors of the Companies will be lodged with the Australian Securities and Investments Commission within 10 business days.

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

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

