

16 December 2022

Wiluna Mining Corporation Limited ACN 119 887 606 (“WMC”)

Wiluna Operations Pty Ltd ACN 166 954 525 (“WOPL”)

Wiluna Gold Pty Ltd ACN 153 919 549

Kimba Resources Pty Ltd ACN 106 123 951

Zanthus Energy Pty Ltd ACN 129 728 374

Lignite Pty Ltd ACN 128 111 204

Scaddan Energy Pty Ltd ACN 128 388 634

(All Administrators Appointed) (together “Companies” or “Wiluna”)

Circular to Creditors

I refer to the appointment of Michael Ryan, Daniel Woodhouse, Ian Francis and I, Kate Warwick as Joint and Several Voluntary Administrators (“Administrators”) of the Companies on 20 July 2022 and to our previous circular to creditors dated 11 November 2022.

We set out below a detailed update as to:

- the outcome of the dual track sale and recapitalisation process;
- revised transaction process and potential way forward to maximise value recovery; and
- seven (7) week extension granted by the Supreme Court of Western Australia to the convening period for the Second Meeting of Creditors (“Meeting”) to 16 February 2023.

1. Outcome of dual track sale and recapitalisation process

As you are aware, following our appointment we pursued a dual track sale and recapitalisation process with a view to maximise value of Wiluna and ancillary assets for all stakeholders.

As announced via the ASX on 18 August 2022, we appointed corporate advisory firm amicaa Advisors Pty Ltd (“amicaa”) as lead financial advisor to manage this process. Since its appointment, amicaa has primarily been responsible for introducing interested parties to the process, engagement of such parties, preparation and oversight of provision of confidential information, and negotiations with interested parties.

FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811 | AFSL Authorised Representative # 001269325

Level 47, Central Park | 152-158 St George's Terrace | Perth WA 6000 | Australia

Postal Address | PO Box Z5486 | Perth WA 6831 | Australia

+61 8 9321 8533 telephone | +61 8 9321 8544 fax | fticonsulting.com

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In close collaboration with amicaa, we initiated an expressions of interest (“EOI”) campaign for the sale and/or recapitalisation of Wiluna from August 2022 to November 2022.

Outcome of EOI campaign

Following receipt of responses to the EOI, we undertook the following:

- engaged with more than 50 initial interested parties, including providing details of the sale and recapitalisation process, investment flyer, a confidentiality agreement and invited expressions of interest;
- entered into confidentiality agreements and granted 31 parties access to a secure online virtual data room (“VDR”) from 9 September 2022, which contained select Wiluna business and financial information;
- worked with Wiluna’s Management team to collate financial information and mine site data for the VDR;
- engaged Mining One as technical advisors to perform a conceptual review on the mining inventory within the historical open pits and generate a life of mine model (“LOM”). The conceptual review and LOM model were provided to interested parties;
- actively responded to interested parties’ queries; and
- conducted management presentations with interested parties.

Non-binding indicative offers

Non-binding indicative offers (“NBIO”) for the sale and/or recapitalisation of Wiluna were due by 14 October 2022.

Three (3) interested parties submitted NBIOs for Wiluna’s business assets which were assessed, including considering:

- potential returns to creditors, including priority employee claims, Mercuria’s claim (as secured lender) and unsecured creditors;
- the time to complete each proposed transaction and the operational funding available as part of the offers;
- the conditions attached to the offers and the ability to satisfy the conditions;
- the ability of each party to complete the transaction; and
- other commercial considerations relevant for the ongoing viability of Wiluna’s business.

Final binding offer stage

After assessing the three (3) NBIOs, and in consultation with amicaa, we shortlisted two (2) parties to provide binding offers with funding certainty by 25 November 2022 (“Due Date”). Both parties conducted further due diligence during this time, including conducting site visits and meeting key Wiluna staff.

Although we received two (2) proposals from the shortlisted parties, neither party provided final binding offers. Bidder 1 submitted an offer substantially below their NBIO and Bidder 2 failed to submit a binding offer by the Due Date.

Having regard to the quantum of the offer received from Bidder 1, its conditions and timing of completion, we determined it was not in the commercial interests of creditors for the Administrators to accept this particular offer.

Whilst Bidder 2 did indicate it may submit a binding offer by mid-December 2022, based on discussions with bidder 2 and their NBIO, we considered any binding offer presented by Bidder 2 would not be in the commercial interests of creditors.

Due to the commercial sensitivity regarding this process, the details of neither of these offers can be disclosed.

Further, during this timeframe, whilst a debt refinancing of Mercuria’s secured debt was sought, no substantive offers for the debt refinancing were received to discharge Mercuria’s debt as part of this process.

2. Revised transaction process and potential way forward to maximise value recovery

As a result, we have suspended the sale process.

Despite the extensive steps taken by the Administrators to date, there are additional steps that we consider can be completed to maximise the outcome for stakeholders. These steps could be best approached through a Deed of Company Arrangement (“DOCA”) to restructure the Companies’ affairs.

3. Second Extension of Time for the Meeting

Having regard to the above matters, the Administrators considered that it was in the best interest of creditors of the Companies that a further extension of time for the Meeting be sought from the Supreme Court of Western Australia and is necessary to:

- provide adequate time for the Administrators to discuss the way forward with key stakeholders including elements of a DOCA; and
- avoid the value destruction which may occur in an immediate winding up of the Companies.

On 13 December 2022, pursuant to s 439A(6) of the *Corporations Act 2001 (Cth)*, a second extension of the convening period of the Meeting for the Companies was granted by the Supreme Court of Western Australia as requested by the Administrators so as to provide sufficient opportunity to further explore the sale and/or recapitalisation of the Companies.

The Orders are **attached** and summarised as follows:

- the convening period within which the Administrators of the Companies must convene the Meeting be extended to 16 February 2023 and may be held at any time during, or within the five (5) business days after the end of the convening period; and
- not less than three (3) business days' notice regarding the details of any application for a further extension of the convening period by the Administrators is to be given to all stakeholders, including employees, lessors and creditors of the Companies.

The Administrators will issue a further notice to all creditors advising the exact time, date and place for the Meeting providing creditors at least five (5) business days' notice.

The notice for the Meeting will include the Administrators detailed report into the affairs of the Companies and articulate the options available to creditors going forward.

If you have any questions about the contents of this circular, please contact this office by email at wiluna@fticonsulting.com or by phone on (08) 9321 8533.



Kate Warwick

Joint and Several Administrator



IN THE SUPREME COURT OF WESTERN AUSTRALIA

COR/221/2022

EX PARTE:

**Michael Joseph RYAN as administrator of
WILUNA MINING CORPORATION LTD
(ADMINISTRATORS APPOINTED) (ACN 119
887 606) and Ors**

Plaintiffs

**ORDERS OF MASTER SANDERSON
MADE ON 13 DECEMBER 2022**

UPON APPLICATION of the plaintiffs by originating process dated 9 December 2022 AND UPON HEARING Mr P Edgar for the plaintiffs IT IS ORDERED that:

1. An order that the originating process filed in these proceedings on 9 December 2022 (Originating Process) be made returnable instant.

Extension of Convening Period

2. An order pursuant to s 439A(6) of the Act that the convening period within which the plaintiffs must convene the second meeting of creditors of Wiluna Mining Corporation Ltd (Administrators Appointed) ACN 119 887 606 and each of the companies listed in the Schedule (together, the Companies) under s 439A of the Act (Second Meeting) be extended from 16 December 2022 to 16 February 2023.
3. An order pursuant to s 447A(1) of the Act that Part 5.3A of the Act is to operate such that the Second Meeting may be held at any time during, or within five business days after the end of the convening period as extended by paragraph 2 above, notwithstanding the provisions of s 439A(2) of the Act.

Costs and other orders

4. An order that following parties have liberty to apply on giving all other interested parties not less than 3 business days' notice:
 - (a) any person who can demonstrate sufficient interest (including any creditor of the

Companies), for the purpose of modifying or discharging any orders made pursuant to paragraphs 2 and 3 above; and

- (b) the plaintiffs, for the purpose of seeking any further extension of the convening period.
5. Any application for access pursuant to Order 67B rule 11 of the Rules of the Supreme Court 1971 (WA) to inspect the confidential affidavit of Michael Joseph Ryan affirmed 9 December 2022, and the annexures referred to therein:
- (a) be referred to the Court; and
 - (b) not be determined until notice of the application is given to the deponent, by his solicitor, and the deponent has reasonable opportunity to be heard in opposition to the application for inspection.
6. The plaintiffs' costs of and incidental to this application be costs and expenses in the administration of each of the Companies, and to be paid out of the assets of the Companies.
7. A direction that orders 1 to 4 of this Originating Process be entered forthwith.



BY THE COURT

MASTER C SANDERSON