

8 February 2023

**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 Kate Warwick, Daniel Woodhouse, Ian Francis and I, Michael Ryan, as Joint and Several Voluntary Administrators (“Administrators”) of the Companies on 20 July 2022 and to our previous circulars to creditors dated 11 November 2022 and 16 December 2022.

We set out below an update as to:

- the sale and recapitalisation process; and
- an application to the Supreme Court of Western Australia (“Court”) for a third extension to the convening period for the Second Meeting of Creditors (“Meeting”) to 30 June 2023.

Sale and recapitalisation process

As creditors are aware, we have suspended the sale and recapitalisation process and are continuing to investigate ways to maximise the value of the Companies.

Mining operations ceased on 14 December 2022, with mining contractor Byrnes cut demobilised from site and the underground mine placed on care and maintenance. Processing of low-grade stockpiles is underway and will continue until late February 2023.

We are awaiting approval from the Department of Mines, Industry Relations and Safety (“DMIRS”) to reprocess historic tailings material and our forecasting indicates the tailings retreatment plan could generate sufficient cash flow to meet trading expenses incurred under care and maintenance, and provide an opportunity for further time to investigate potential options for a sale and recapitalisation of the Companies.

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We have engaged in substantial negotiations with key stakeholders of the Companies who have expressed meaningful interest and capability in pursuing a restructuring opportunity, subject to being convinced of the long-term viability of the mine.

To address the concerns of the key stakeholders, we have (amongst other things) engaged a technical mining expert to conduct a geological, geotechnical, mining and processing review of the Wiluna Mine, to:

- provide recommendations in relation to the viability of the Wiluna mine; and
- deliver an updated resource estimate for the key deposits.

It is anticipated that the updated mine plan, together with the implementation of the tailings retreatment plan, will provide added certainty needed for the Companies' key stakeholders to move forward to commit to an appropriate restructuring proposal.

Application for Third Extension of Time for the Meeting

Pursuant to orders of the Court made 13 December 2022, the current period within which the Administrators must convene the Meeting of the Companies expires on 16 February 2023.

In order to implement the current plan for the sale and recapitalisation process, we still need to take a number of steps that are unlikely to be completed before the expiry of the convening period, including:

- obtaining DMIRS approval for the tailings retreatment plan;
- undertaking practical testing of the plant; and
- receiving an updated mine plan from an external consultant.

This will be necessary to:

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

In those circumstances, we intend to apply to the Court to extend the convening period of the Companies from 16 February 2023 to 30 June 2023 and intend to file the application by Thursday, 9 February 2023.

If creditors have any objections or submissions they would like to make in relation to the application, they can seek leave to be heard by the Court. Alternatively, the creditors can notify our office of any such objections or submissions and we will inform the Court appropriately.

If the Court grants the third extension to the convening period, notification will be provided to all creditors by way of a further Circular to Creditors and announcement on the ASX.

Alternatively, we will convene the Meeting on Thursday, 23 February 2023 and provide notice of the Meeting to all creditors by Wednesday, 15 February 2023. The notice for the Meeting will include our detailed report into the affairs of the Companies and articulate the options available to creditors going forward which may include a proposal by the Administrators for creditors to enter into a “holding” DOCA to provide further time to explore the sale and recapitalisation process.

Alternatively, the only other option available is that the Companies be placed into liquidation.

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.



Michael Ryan

Joint and Several Administrator