

Update to Creditors

19 August 2024

Dear Sir/Madam

Abra Mining Pty Limited (Administrators Appointed)
ACN 110 233 577 ('the Company')

The purpose of this document is to provide you with an update on the administration of the Company and to answer questions that you may have.

Administration progress

Trading performance

The Company's mine and processing plant have continued to trade during the administration. In particular, the processing plant achieved its highest monthly production in May 2024 and has been operating above nameplate capacity.

Despite weather and port interruptions, since commencement of the administration, the Company has shipped over 26,000 tonnes of lead-silver concentrate with another 20,000 tonne to be exported by 5 September 2024. We have contracts in place for the sale of a further 40,000 tonne of concentrate, which will cover production through to the end of November 2024. We will go back to the market for a buyer for a further 10,000 tonnes to be sold in December 2024.

The terms achieved on the post-administration sales have been excellent, with considerable competition between traders to secure offtake of the Company's concentrate providing materially improved pricing.

Expansion studies

In consultation with the investment bank appointed to manage the sale process, Sternship Advisers, and other key stakeholders, it was determined that to maximise the return to creditors, an expansion case for the Company's mine and processing plant should be developed with input from external technical and engineering consultants. While important to the successful sale or recapitalisation of the Company, the preparation of these further studies have extended the administration timeline.

Sale and/or recapitalisation timeline

The current timeline for the sale and/or recapitalisation process will require interested parties to submit non-binding indicative offers in early September 2024, with final binding offers due late October 2024 ('the Process').

Once a preferred binding offer has been selected and terms negotiated, the details of the offer will be presented to creditors at the second meeting of Creditors, which we expect will be held in late November or early December 2024.

We are hopeful that the administration will conclude prior to Christmas 2024.

Transaction Structure

At this stage, we expect that a transaction will involve a recapitalisation of the Company by way of a Deed of Company Arrangement ('DOCA'). Under this transaction scenario, as part of its offer, the successful bidder would propose a DOCA be entered into that would involve the transfer of a share in the Company to them in exchange for a contribution to a DOCA fund for distribution to creditors. The terms of any DOCA will be detailed in a report which will be issued prior to the second meeting of the Company's creditors.

Return to creditors

The return to creditors will be dependent upon the outcome of the Process and the value ascribed to the Company's assets by the successful bidder.

If a DOCA is proposed, it is common for a creditors' trust to be established with the proceeds from the DOCA proponent (the DOCA contribution) being paid to creditors via the trust. Creditors' trusts allow for the Company to quickly exit deed administration and for control to pass to the DOCA proponent.

We estimate that it would take approximately two to three months to formally adjudicate creditor claims and to pay a dividend to creditors following finalisation of a DOCA/ establishment of the creditors trust. It would be open to the Trustees of the creditors' trust to make interim distributions if there is sufficient certainty as to the total quantum of claims.

Second meeting of creditors

Creditors (including all employees) will be entitled to attend (in person or by a nominated proxy) and vote in favour of one of three outcomes at the second meeting of creditors:

- a. That the Company exit administration and control return to its board of directors
- b. That the Company execute a DOCA, or
- c. That the Company be wound up and liquidators be appointed.

Prior to the second meeting of creditors, the Administrators will provide a detailed report to creditors which will provide information on the three options, including an assessment of the returns to creditors under the terms of any proposed DOCA compared to the possible returns in liquidation. Our report will also provide details on the Administrator's investigations into the financial position and circumstances that preceded the Company's insolvency.

Need for a further extension to the convening period

The Administrators will soon make an application to Court, to extend the time by which the second meeting of creditors must be called (the convening period). The convening period was previously extended by an order of the Supreme Court of Western Australia until 3 September 2024. We will be seeking a further order that the convening period be extended to 29 November 2024, which would mean the second meeting of creditors will be held no later than Friday, 6 December 2024. If circumstances warrant, the Administrators will be able to call the second meeting of creditors at any time prior to 29 November 2024.

Other information

Thank you for your assistance in this matter and should you require any further information, please do not hesitate to contact Emile du Toit on +61 7 3338 0228 or by email at emile.dutoit@kordamentha.com.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard Tucker', with a stylized flourish at the end.

Richard Tucker
Administrator

A handwritten signature in black ink, appearing to read 'Robert Hutson', with a stylized flourish at the end.

Robert Hutson
Administrator