



Abra Mining Pty Limited

(Administrators Appointed)
ACN 110 233 577

Report by Administrators

28 February 2025

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1 Executive summary

We, Richard Tucker and Robert Hutson, were appointed as Administrators of Abra Mining Pty Limited ('Abra' or 'the Company') on 4 April 2024 pursuant to Section 436A of the Corporations Act 2001 (Cth.) ('the Corporations Act').

Since our appointment, we have continued to operate the Company's lead-silver mine with the support of the Company's employees and suppliers, securing ongoing employment and work for over 300 staff and contractors.

In May 2024 we appointed Sternship Advisers ('Sternship') as financial advisors who undertook a comprehensive process to sell or seek interest to recapitalise the Company. As at the date of this report, we, together with Sternship are working with interested parties to finalise a proposal in respect to the Company. However, no deed of company arrangement has been proposed and as such, we are issuing this report together with a recommendation that the forthcoming Second Meeting of Creditors to be held on 7 March 2025, be adjourned for a period of up to 45 business days to allow for a deed proposal to be finalised.

At this stage, there are two potential pathways available to restructure the Company to allow for continued operations:

1. A proposal is received from one of the interested parties who we remain in discussions with, to acquire the Company (most likely via a deed of company arrangement), or
2. The secured creditor, Taurus Mining Finance Fund No. 2 L.P. ('Taurus') proposes a deed of company arrangement to assume control of the Company with the support of other key creditors.

Given our ongoing discussions with the above parties, we continue to work through the option the Company will be restructured through a deed of company arrangement and that a liquidation scenario will be avoided.

If the Company was to be placed into liquidation, all employees would be terminated, while unsecured creditors would receive no return. Accordingly, it is appropriate that the Administrators adjourn Second Meeting of Creditors to allow time for a deed of company arrangement to be proposed and negotiated, for a period of up to 45 business days. The Administrators will prepare a supplementary report to creditors outlining the details of any DOCA proposal, and the Administrators' recommendations regarding the DOCA, as compared with liquidation (including estimated outcomes).

1.1 Voluntary Administrators' opinion

In accordance with section 75-225(3) of the Insolvency Practice Rules ('IPR'), we provide the following statement to creditors:

- It is our opinion that it is not in the interests of creditors that the Company that the administration come to an end and control of the Company revert to the directors
- In the absence of a deed of company arrangement, the only option presently available to creditors is to wind up the Company. **However, we intend to adjourn the Second Meeting of Creditors prior to creditors voting on the future of the company to allow for a DOCA to be proposed and presented to creditors at a reconvened Second Meeting of Creditors.** The Second Meeting of Creditors can be adjourned for up to 45-business days pursuant to section 75-140(3) of the Insolvency Practice Rules (Corporations) 2016.
- The Administrators recommend adjourning the Second Meeting of Creditors to continue to pursue the option of a DOCA which may enhance the return for creditors. This will provide the opportunity to agree commercial terms and the Administrators' recommendation to creditors, which will be provided in a supplementary report. The final terms of any DOCA proposal will be provided to creditors in any supplementary report.

1.2 Second meeting of creditors

The Second Meeting of Creditors will be held on 7 March 2025 at 10:00 am (Australian Western Standard Time). In preparation for the meeting, please review this report. This allows creditors to be able 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 enter a deed of company arrangement ('DOCA') if one is proposed
- the Administration to end, or
- the Company to be wound up.

As no DOCA has been proposed as of the date of this report, the only option presently available for the Administrators to recommend is for the Company to be wound up. However, as we don't believe this to be in the interests of creditors and we expect a DOCA to be proposed in the next few weeks, **the Administrators will adjourn the second meeting of creditors for up to 45 business days, to allow time for a DOCA proposal to be presented and negotiated so that creditors will not be required to**

vote on the future of the Company until the meeting is reconvened. A supplementary report will be prepared prior to the reconvened meeting, with details of the DOCA proposal and the Administrators' recommendations.

Prior to adjourning the meeting, we will provide an update to creditors on the administration and allow time for questions.

1.2.1 Steps required to participate in the meeting

To participate in the meeting, you will need to return the following forms to us by the time and date listed below:

- 1. Submit a proof of debt (Appendix E) and supporting documents to substantiate your claim – those creditors who have already lodged a Proof of Debt are not required to lodge a further proof unless they wish to amend their claim
- 2. Appoint a person – a ‘proxy’ (Appendix F) – to vote on your behalf at a meeting. You must do this if the creditor is a company, or you are unable to attend a meeting virtually.
- 3. If you are an individual, such as an employee or a sole trader, and are attending virtually, provide the required information by completing a Notice of Virtual Attendance at Meeting Form (Appendix G).

Meeting details

Location	Virtual meeting only – no in-person attendance will be allowed
Date	7 March 2025
Time	10.00 am (Australian Western Standard Time)
Due time and date for meeting forms	on the last business day prior to the meeting, being, 6 March 2025

2 Appointment of Administrators

2.1 Progress of Administration

On appointment we assumed control of the Company’s operations and assets, communicated with all key stakeholders including employees and major creditors, and implemented new controls for purchasing and banking.

To preserve value for all stakeholders we continued operations on a business-as-usual basis. We agreed trading terms with critical suppliers, implemented cash flow management controls and reporting and ensured compliance with requirements of the Corporations Act and relevant state legislation. We also instructed a workplace health and safety review and went about ensuring that safety issues identified by the review were corrected.

We have ensured the continued payment of wages and entitlements. To date there have been no redundancies because of the administration. Employees continued to have access to utilise their leave on a business-as-usual basis. Employees who have resigned have had their leave entitlements paid out in full.

Working closely with management, we implemented a purchase order approval process within the first week of the administration to ensure purchases are approved by the Administrators or one of their authorised representatives. The process was refined over time to have minimal disruption to site operations.

To allow time to properly prepare the Company for sale and run a considered sale process, we sought and obtained three extensions to the convening period, being the time in which administrators are required to call the second meeting of creditors. These extensions were granted by the Supreme Court of Western Australia on 30 April 2024, 27 August 2024 and 26 November 2024, the latest order extending the convening period to 28 February 2025.

Despite a comprehensive sale process, we did not receive an offer capable of acceptance by the stage one deadline of 24 September 2024. We have continued to work with Sternship and key stakeholders, including the secured creditor, Taurus to progress alternate options to pursue a deed of company arrangement (‘DOCA’). While we had hoped for these negotiations to have resulted in a DOCA to put to creditors at the second meeting of creditors, further time (likely a few weeks) is required to finalise negotiations with interested parties.

Accordingly, while we do not believe that it is appropriate to approach the Court for a further extension of the convening period, creditors can adjourn the Second Creditors’ Meeting, or the Administrators can adjourn the meeting pursuant to section 75-140(1)(b) of the Insolvency Practice Rules (Corporations) 2016. The Administrators will seek to adjourn the second meeting of creditors, with the reconvened meeting to be held no later than Wednesday, 14 May 2025 (45 business days). If a DOCA or



other proposal is reached with a proposed bidder, the detail and terms will be provided to creditors in a supplementary report, with a comparison of the estimated outcome compared to liquidation.

2.2 Object of Administration

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

- a. maximises the chance of the Company, or as much as possible of its business, continuing in existence, or
- b. 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 Company's records, the Directors and management of the Company and from our own enquiries.

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 based on 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 Company

We advise creditors that we have had no prior involvement with the Company, its directors or any related party which would preclude us from accepting the appointment. Up to the date of our appointment, our involvement with the Company had been to prepare for the orderly conduct of the Administration.

Further, we advise that we have had no prior involvement with the Company's secured party, any critical trade supplier or any dominant union in advising such parties concerning the Company.

There has been no change to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities included with our first circular to creditors dated 5 April 2024, a copy of which can be downloaded from KordaMentha's website at www.kordamentha.com/creditors/abra-mining.

2.4 First Meeting of Creditors

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

The First Meeting of Creditors for the Company was held on 16 April 2024.

At the First Meeting of Creditors, we advised that it would be in the interests of the creditors if a Committee of Inspection was formed for the Company. We also recommended that the Committee of Inspection should comprise one or more individuals representing each of the main creditor interest groups.

A resolution was passed by the creditors present at the meeting to appoint a Committee of Inspection for the Company.

The Committee of Inspection has met on the following dates:

- 21 May 2024
- 19 July 2024
- 19 December 2024

Minutes of the Committee of Inspection meetings have been filed with the Australian Securities and Investments Commission.

2.5 Orders granting extensions to the convening period

Three separate applications were made to the Supreme Court of Western Australia to extend the convening period to allow for all options to be explored for a sale or recapitalisation of the Company. The orders and extension dates are detailed below.

Table 1 – Orders granting extensions to the convening period

Date of Court Order	Convening Period Extension
30 April 2024	2 September 2024
27 August 2024	29 November 2024
26 November 2024	28 February 2025

Absent these extensions, the second meeting of creditors would have been held by 10 May 2024. For a complex mining asset, the statutory convening period was always insufficient to undertake a proper sale process.

Copies of the Orders are available to download from the KordaMentha website at www.kordamentha.com/creditors/abramining.

2.6 Second Meeting of Creditors

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

Before the Second Meeting of Creditors, we must prepare a report on the Company's business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be able 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 DOCA
- the Administration to end, or
- the Company to be wound up.

In the absence of a proposal for a DOCA, we intend to provide an update to creditors on the administration and answer questions from creditors prior to adjourning the meeting.

2.6.1 Notice of Meeting

The Second Meeting of Creditors will be a virtual meeting only – no in-person attendance will be allowed. In the minutes, the notional physical location of the virtual meeting will be recorded as, Level 44, 108 St. Georges Terrace, Perth WA 6000. Online registration for all creditors and employees will open 5 minutes prior to the commencement of the meeting at 10:00 am Australian Western Standard Time.

A Notice of Meeting is attached to this report.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you.

If you are appointing a proxy, the information required is requested in the Proxy Form. If you are an individual, such as an employee or a sole trader, provide the required information by completing a Notice of Virtual Attendance at Meeting Form. These completed forms must be received no later than 5:00 pm (AWST) on the last business day prior to the meeting, being 6 March 2025. You will then be sent the conference call number and code or link to the meeting. Send the forms by email to emile.dutoit@kordamentha.com or send by mail to KordaMentha at PO Box 3185, East Perth WA 6892. Due to possible delays in the delivery of mail, we recommend email. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.

2.6.2 Proxies and Proofs of Debt

To participate in the meeting, you will need to:

- Submit a proof of debt and information to substantiate your claim – those creditors who have already lodged a Proof of Debt are not required to lodge a further proof (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 the meeting. This will be necessary if you are unable to attend a meeting in person or virtually, or if the creditor is a company.

An Appointment of Proxy Form (‘Proxy Form’) and a Proof of Debt or Claim Form (‘Proof of Debt Form’) are enclosed with this report.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Corporations Act or your representative is appointed pursuant to Section 250D of the Corporations 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 Proof of Debt Forms lodged for this meeting are for voting purposes only but may be used for voting on resolution proposals without a meeting and distribution purposes. If you have previously lodged a Proof of Debt Form, you do not need to provide an additional Proof of Debt Form unless you wish to alter the Proof of Debt Form previously lodged.

Proxy Forms and Proof of Debt Forms must be received no later than 5:00 pm (AWST) on the last business day prior to the meeting, being Thursday, 6 March 2025, failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed to PO Box 3185, East Perth WA 6892 or scanned and emailed to abra-mining@kordamentha.com.

Information relating to this meeting, including the proposed DOCA, can be found on our website www.kordamentha.com in the [Creditors section](#), as can general information regarding the conduct of meetings of creditors and the completion of Proxy Forms and Proof of Debt Forms. Also available there is a form to update your contact details or bank account details.

Section 110D of the Corporations Act permits electronic notification to creditors of notices and documents. If you do not have access to the internet, you can request that a copy of the report be mailed to you.

2.7 Conduct of Administration

Since our appointment, we have continued to trade the Company’s mine to allow the best possible chance of the Company’s business to continue and to provide a higher return for creditors than liquidation (and care and maintenance). A summary of the operational and financial performance of the Company since our appointment is set out below.

Since our appointment, we have sold 10 shipments of concentrate, the latest having shipped from the Port of Geraldton on 23 February 2024. The Company’s lead concentrate is highly sought after owing to its low level of impurities. We have had considerable interest in each parcel that has been offered to market.

While the market price for lead has declined since our appointment, the treatment and refining charges have reduced considerably, and represent a material improvement over the terms the Company agreed prior to our appointment under long-term offtake agreements. The Australian dollar value of lead has been relatively static during the administration.

2.7.1 Challenges operating the Abra mine

The Abra mine is in a remote part of Western Australia. The site is entirely self-sufficient and reliant on road transport for all its energy and critical supply needs. The mine is located 188 kilometres north from National Highway 95, along the Ashburton-Downs Meekatharra Road (‘ABD Road’) which is unsealed. The ABD Road has four creek/river crossings between the mine site and National Highway 95. Any rainfall local rainfall at the mine can result in the closure of roads at short notice owing to the road surface. Any substantial rainfall events in the Gascoyne River catchment often leads to inundation of the ABD Road, resulting in extended periods of closure. Wet weather in November and December resulted in the ABD Road being closed for a total of 32 days between 30 November 2024 and 7 January 2025. Over the course of the administration, the ABD Road has been closed due to weather for a total of 56 days. Closure of the road puts the operations at risk in the following ways:

- Gas, fuel, food and other critical suppliers are difficult to transport to site. Alternate access is possible but limited to double-trailer configuration trucks. The mine site has less than 14 days of LNG supply on site. Any delays in transport puts power generation at risk and would result in mining and processing operations being suspended.
- The ABD is the only access road capable of moving the lead-silver concentrate from the mine site to the Port of Geraldton. Concentrate cannot be invoiced to customers until it has been transported to port and holding certificates being issued by a third-party warehouse party. Road closures severely limit the Company’s cash flow.

- If the concentrate storage shed at the mine site is unable to be emptied, production must stop as concentrate cannot be stored outside of the storage shed.

As a result of operational challenges, ongoing capital works requirements and a build-up of inventory, the Administrators have had to draw down upon funding made available to the Administrators by Taurus. To date, we have drawn down US\$17.0 million to support operations, and in particular, manage the impact of rain events at the back end of 2024 which also impacted early 2025 cash flows.

As part of this funding, on 27 June 2024, the Administrators obtained orders limiting their liability in respect to the first US\$7.0 million loan from Taurus. The second US\$10.0 million (being an extension of the prior loan) is the subject of a further application by the Administrators, which is to be heard on Tuesday, 4 March 2025.

2.7.2 Operational performance

Set out in Table 2 below are key operational metrics. Despite challenges, mining rates have improved quarter on quarter, and production has improved. Weather interruptions and lower grade impacted concentrate production in the December quarter. Haulage was materially impacted in December owing to weather related road closures, which also delayed concentrate sales and shipments. Table 2 - Operational results

Metric tonnes	June 24 Qtr.	Sep 24 Qtr.	Dec 24 Qtr.	Jan 25	Total
Mining	280,974	295,263	302,689	80,326	959,252
Processed	333,833	373,527	346,587	113,252	1,167,199
Concentrate produced	26,664	30,211	25,492	7,733	90,100
Concentrate Sent to Port	22,869	34,693	22,640	8,019	88,221
Concentrate sold	20,792	31,694	22,220	6,752	81,458

The profit and loss of the Company since April 2024 is set out below.

The Company has sustained a total EBITDA loss of \$17.4 million since April 2024 before administration and other extraordinary costs. These losses together with capex costs have been funded through working capital movements and funding from Taurus.

Management's budget for the balance of 2025 indicates operations should be cash flow positive in the second half of the year as additional work areas are opened and mining rates improve to allow increased concentrate production. Management, led by a new Chief Executive Officer is focussed on achieving the CY2025 budget through constant operational improvements and taking costs out of the business where possible.

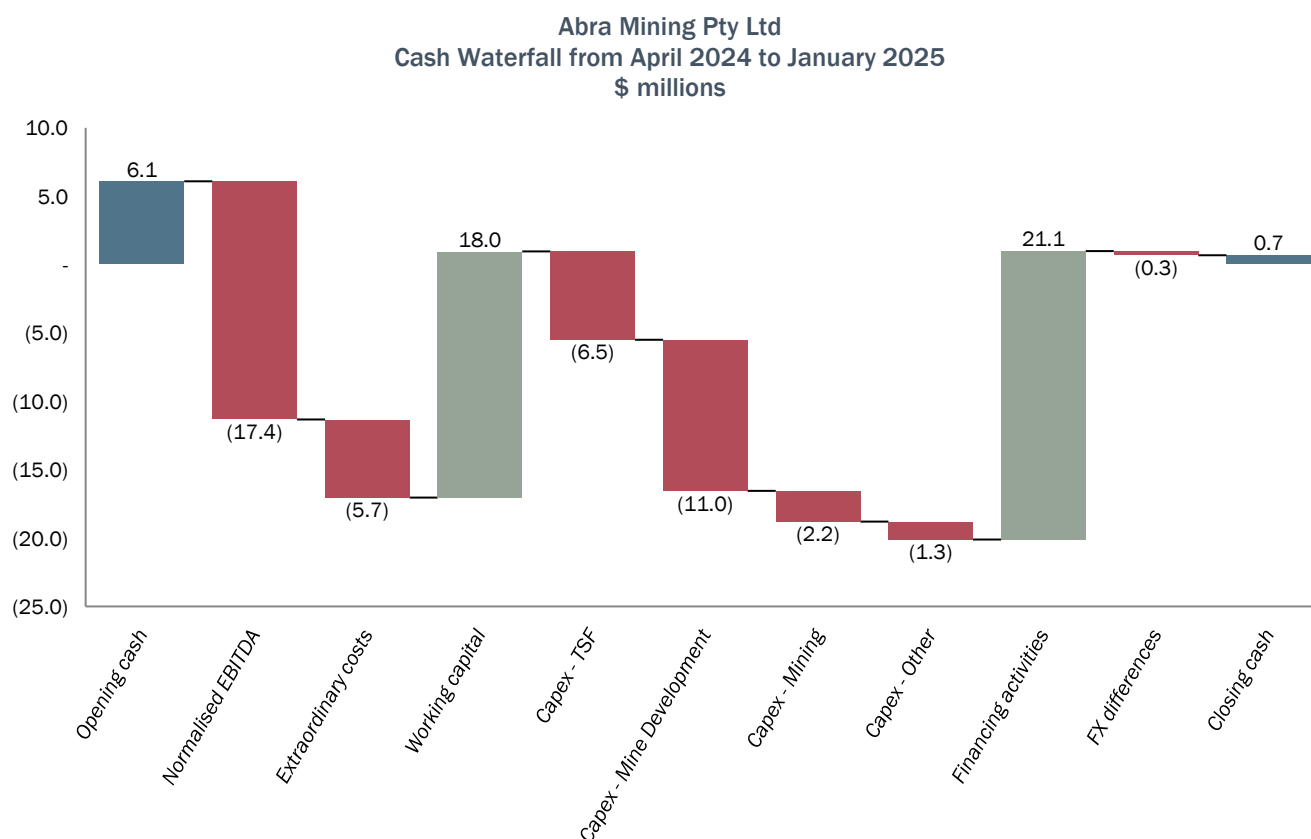
Table 3 – Financial performance during administration (profit and loss)

\$'000	June 24 Qtr	Sep 24 Qtr	Dec 24 Qtr	Jan 25	Total
Lead Revenue	40,071	54,469	39,664	12,596	146,800
Silver Revenue	3,124	6,027	3,426	1,363	13,939
Total Revenue	43,195	60,495	43,091	13,959	160,740
Mining Costs	(29,511)	(30,838)	(33,139)	(9,861)	(103,348)
Processing Costs	(8,464)	(9,781)	(10,717)	(3,138)	(32,101)
Site General & Administration Costs	(4,681)	(4,144)	(4,338)	(1,574)	(14,737)
Transport, Logistics & Shipping Costs	(4,170)	(6,405)	(5,796)	(2,202)	(18,573)
Inventory Movements	(795)	367	398	7,256	7,227
Royalties	(2,445)	(4,492)	(4,142)	(1,282)	(12,361)
Total Cost of Sales	(50,066)	(55,293)	(57,735)	(10,800)	(173,894)
Gross Profit	(6,871)	5,203	(14,645)	3,159	(13,154)
Other Income	(6)	-	-	(0)	(6)
Corporate General & Administration Costs	(1,560)	(1,109)	(1,202)	(380)	(4,251)
Normalised EBITDA	(8,437)	4,094	(15,847)	2,779	(17,411)
Depreciation & Amortisation	(7,273)	(7,595)	(7,857)	(2,593)	(25,317)
Net Foreign Exchange Gain /(Loss)	3,969	7,837	(22,645)	63	(10,775)
Normalised EBIT	(11,741)	4,336	(46,349)	250	(53,504)
Finance Income	14	34	17	0	65
Finance Costs	(23,903)	(5,900)	(8,357)	(2,686)	(40,846)
Normalised Net Income	(35,630)	(1,530)	(54,688)	(2,436)	(94,285)
Extraordinary costs					
Administrators' fees and costs	(1,998)	(968)	(807)	(413)	(4,185)
Legal fees during administration	(261)	(294)	(206)	(270)	(1,030)
Financial advisory relating to administration	(39)	(253)	(160)	(39)	(491)
Total Extraordinary Costs	(2,297)	(1,515)	(1,173)	(721)	(5,705)
Net Income	(37,927)	(3,045)	(55,861)	(3,157)	(99,990)

The Cash Waterfall since April 2024 is set out below.

Similarly, EBITDA losses of \$17.4 million and capital expenditure of \$21.1 million since April 2024 have been funded through working capital movements and funding from Taurus.

Figure 1 – Cash Waterfall



2.7.3 Leadership changes

The Company's former Managing Director, Anthony James resigned in August 2024, this followed the earlier resignation of Craig Barnes, the Chief Financial Officer.

In December 2024, following an extensive recruitment process, Matthew Hine joined the Company as the CEO on a fixed term basis to guide the Company through a transition out of administration, with a focus on improving operations and financial performance. Mr Hine is an experienced mining executive with a considerable resume across underground mining assets across Australia, New Zealand and Europe.

The Company has also recently appointed Brendan Shalders as Chief Financial Officer on a fixed term basis and is finalising recruitment for a new Executive General Manager of Mining.

2.8 Receipts and payments of Administration

Attached as Appendix A is a summary of the receipts and payments for the period from Thursday, 4 April 2024 to 21 February 2025. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.

3 Company background

3.1 Company overview

Abra Mining Pty Limited ('Abra' or 'the Company') is an Australian lead mining company which owns 100% of the Abra Base Metals Mine ('the Project' or 'the Mine'). The Project is an underground lead-silver mine located in the Edmund Sedimentary Basin, in the Gascoyne region of Western Australia.

Figure 2 - Location of the Abra Base Metals Mine



Abra is 60% owned by Galena Mining Limited ('Galena') (ASX:G1A) and 40% by Toho Zinc Co., Ltd. ('Toho') through its wholly owned subsidiary, CBH Western Australia Pty Ltd.

Galena is an ASX listed company which acquired the Abra project in 2017 at the same time as its listing on the ASX. In October 2019, Galena announced a 10-year offtake agreement with IXM for Galena's 60% portion of Abra's lead concentrate production. Toho is a Japanese listed company which owns and operates the Chigirishima Lead Smelter and Refinery located in Hiroshima Prefecture in Japan. Toho agreed to purchase 40% of Abra's lead concentrate production for an initial period of 10-years from the commencement of concentrate production.

Set out below is the corporate structure of Abra.

Figure 3 - Corporate structure



3.2 History of the Company

The Company was incorporated in Western Australia on 27 July 2004 with the purpose of providing an entity to raise funds to acquire and explore the Abra base metal deposit with the objective of developing a mining operation. The Abra deposit was discovered in 1981 when drilling by Geopeko intersected 255 metres of iron-barium-lead-copper gold mineralisation from 260 metres. The Company listed on the ASX on 6 April 2005 with security code ASX:All.

On 9 April 2011, Hunan Nonferrous Metals Corp Ltd announced a takeover of the Company, which completed on 2 August 2011. The Company was delisted from the ASX on 4 August 2011 following the acquisition.

Galena acquired the Company from Hunan Nonferrous Metals Corp Ltd in 2016 with a strategy to change the business model of the project from a large-scale, high CAPEX mine to a smaller, higher-grade operation. Galena's major asset was its shareholding in Abra.

Galena listed on the Australian Securities Exchange on 5 September 2017 and progressed drilling, test work and feasibility studies over approximately 18 months with the bankable feasibility study announced on 22 July 2019.

Galena entered a transaction with Toho in April 2019 to provide \$90 million of project equity for a 40% share of the Company. Abra commenced construction of the Project in mid-October 2019 with a target of first concentrate production in the first quarter of 2023.

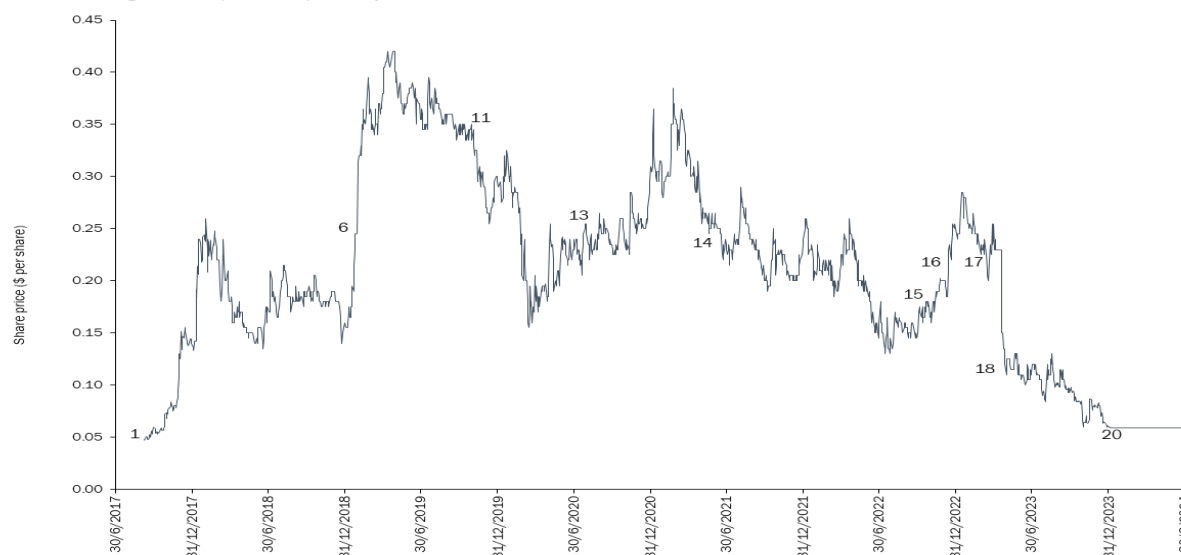
The Company put in place US\$110 million in finalised debt facilities arranged by Taurus Funds Management in July 2020. The facilities include a US\$100 million project finance facility (Facility A) plus a US\$10 million cost overrun or working capital facility (Facility B). Facility B consists of a US\$10 million loan to finance identified cost overruns on the Project in capital expenditure and working capital. The Taurus facilities are secured against Abra Project assets and over the shares that each of Galena and Toho own in Abra. The Taurus debt facilities were fully drawn and secured against the Abra Project Assets and over the shares in Abra owned by Galena and Toho.

Abra completed construction of the Project in late 2022 and ore commissioning commenced in January 2023. The Project continued to ramp up during 2023 with a first concentrate shipment on 25 March 2023. The Project had trouble achieving the budgeted lead grade required to be cash flow positive. Additionally, rainfall events impacted production in the first quarter of 2023 and the first quarter of 2024. These challenges with the ore body and operations eventually lead to the appointment of administrators on 4 April 2024. Further detail of the challenges encountered, and Board actions are discussion in section 4.

Set out in the table below is a summary of the recent key milestones and events of Abra since Galena's listing and leading up to appoint the appointment of administrators to the Company. Key events are highlighted in bold and have corresponding call outs in the share price graph presented in Figure 4 - Galena share price and key events.

Figure 4 - Galena share price and key events

Galena Mining Limited (ASX:GA1) share price



Note	Date	Event
1	5/09/2017	Galena lists on the ASX with Abra as the primary asset
2	17/04/2018	\$9 million placement to advance Abra
3	28/06/2018	Scoping study demonstrates economics for Abra
4	22/10/2018	Galena divests non-core assets to focus on Abra
5	17/12/2018	Galena updates Resource, Reserve & mining inventory

Note	Date	Event
6	30/01/2019	Galena enters a JV with Toho Zinc and receives \$90 million in Project Finance for a 40% stake in Abra.
7	22/03/2019	\$10 million strategic placement with Warburton to develop the Project
8	3/07/2019	Major approvals received for the Project
9	3/10/2019	Project construction commences at the Project
10	17/10/2019	Galena upgrades Abra Resource
11	24/10/2019	Galena secured lead-silver concentrate offtake with IXM S.A.
12	8/07/2020	\$12 million placement to continue development of the Project
13	29/07/2020	Galena secured US\$110 million in debt facilities for Abra
14	15/06/2021	Galena makes final investment decision for the Project
15	14/11/2022	The Project reaches ore
16	13/01/2023	First lead-silver concentrate produced at the Project
17	27/03/2023	Abra achieves first concentrate shipment
18	20/04/2023	Galena raises \$20 million for working capital due to weather disruptions at the Project
19	7/08/2023	Abra completes 2023 Mineral Resource Update
20	11/01/2024	Galena enters a voluntary suspension for a strategic review of operations
21	4/4/2024	Galena announces appointment of Voluntary Administrators to Abra.

3.3 ASIC details

Detailed below is information regarding the Company obtained from a company search obtained from Australian Securities and Investments Commission ('ASIC') as at the date of appointment.

Table 4 – Company details

Company details	
Date of registration	27 July 2004
Registered office	Mining Corporate Pty Ltd 'London House' Level 8, 216 St Georges Terrace Perth WA 6005
Principal place of business	Level 2, 1100 Hay Street, West Perth WA 6005
Trading premises	Abra Mine Site, approximately 250km north of Meekatharra

Table 5 – Shareholder details

Shareholder name	Number of shares held	Class of share	Beneficially held and fully paid up
CBH Western Australia Pty Ltd	133,068,021	Ordinary	Yes
Galena Mining Limited	199,602,031	Ordinary	Yes
Total	332,670,052		

We are not aware of any winding up petitions having been made against the Company.

3.4 Directors and officers

Detailed below is information regarding the Directors and Secretary of the Company obtained from ASIC as at the date of appointment.

Table 6 – Directors and officers

Director name	Appointment date	Cessation date
Adrian Paul Byass	9 November 2017	Current
Hideki Nakagawa	15 April 2019	Current
Anthony Paul James	15 April 2019	31 August 2024
Craig Barnes	21 August 2010	31 July 2024
Visko Paul Sulicich	15 April 2019	26 January 2024

(collectively referred to as 'the Directors')

Secretary name	Appointment date	Cessation date
Aida Tabakovic	11 January 2023	Current

3.5 Related entities

Detailed below is a summary of related entities of the Company, who are also creditors of the Company.

Table 7 – Related entity claims

Related entity	Nature of claim	Amount	Currency	Amount (AUD)
CBH Loan	Related Party - Toho JV Partner (CBH is a subsidiary of Toho)	20,031,635	USD	29,615,335
CBH URF Loan	Related Party - Toho JV Partner (CBH is a subsidiary of Toho)	12,000,000	AUD	12,000,000
Galena URF Loan	Related Party - Galena (Parent company)	18,000,000	AUD	18,000,000
GML Loan	Related Party - Galena (GML is a subsidiary of Galena)	24,177,830	USD	35,745,187

*The assumed currency conversion adopted in the table above is AUD:USD 0.6764.

The Unsecured Reserve Facility ('URF') of \$30 million, is comprised of \$18 million from Galena and \$12 million from Toho through its wholly owned subsidiary CBH Resources WA Pty Ltd. The URF was available during the commissioning and initial ramp-up stages of the Abra mine. The purpose of the URF was to provide a working capital and cost buffer for the Company to utilise in the event of unforeseen circumstances and costs such as weather-related road or port closures or other events.

The above claims have not yet been adjudicated. However, if the Company is placed in liquidation and there are sufficient funds realised for the liquidators to make a distribution to creditors, the related entities will each be required to provide a proof of debt, which will then be adjudicated.

3.6 Events leading up to Administration

Our investigations indicate that the Company's financial difficulties can be attributed to issues with the technical understanding for the Abra ore body which meant the Company's operational and financial performance did not deliver the required grades and tonnes to be financially viable. The operations did not ramp up as quickly as the Company modelled in various iterations of the mine plan and budgets. Delays meant that i) the mine and processing plant did not produce the expected quantity and grade of concentrate, ii) the mine did not open or develop sufficient higher-grade work areas, and iii) financial performance lagged the original plan.

The Directors plan to navigate the liquidity challenges from January 2024 to December 2024 relied on the support of several key stakeholders. However, rainfall across the Gascoyne River catchment area in February and March 2024 closed main access roads and resulted in 26 days of lost concentrate production over the March 2024 quarter. Planned concentrate production, haulage and sales of concentrate was not possible during that period.

The unprofitability of operations was exacerbated by the rainfall in February 2024 and March 2024 which caused disruption to production at a time when the Company was also managing liquidity issues and negotiating with stakeholders for support in a turnaround plan, including the injection of additional funds.

Ultimately, the withdrawal of support from stakeholders in early April 2024 meant the Company's board resolved that the Company was insolvent or likely to become insolvent and that administrators should be appointed.

3.6.1 Operations

The mining contractor for Abra, Byrnescut, commenced work on the underground decline in October 2021. The primary decline mining work continued for approximately 14 months to gain access to the ore body. Construction of the plant and site infrastructure commenced in November 2021 and was completed in January 2023. The plant was commissioned in January 2023 and the project transitioned to a ramp up phase.

Rain in March 2023 and April 2023 caused the Abra mine to be inaccessible due to flooding of access roads such that critical supplies required for operations could not be delivered. The mine was put on reduced activities for April 2023 until the project could be restocked. The Project delivered mined ore of 136kt compared to forecast 131kt for the March 2023 quarter. However, the actual lead grade was 4.4% compared to forecast grade of 7.5%.

The Company adopted a new mining grade ramp-up that was slower in the short term and with mine grade of 5-7% compared to the initial plan of 7.3% for April to Sep 2023. The lower grades were due to revised geology interpretation on top/margin of the orebody adjacent to the Abra fault. The changes also increased dilution in mining shapes at that specific location at the edge of the orebody. The Company advised this would only impact early months of the orebody which was expected to operate for 13 years and was not representative of the deposit.

Abra also confirmed an increase in costs of approximately 20% because of industry wide inflation. This was forecast to reduce EBITDA in CY23 by \$30 million, from \$45.0 to \$55.0 million to \$15.0 to \$25.0 million.

Due to the lower-than-expected ramp-up mining grades, production delays and increase in operating costs, Abra drew down \$12 million on its unsecured reserve facility (URF) to provide working capital in the March 2023 quarter. In April 2023, Galena completed a \$20 million capital raise to provide working capital during the ramp-up phase. This was required due to the weather event and lower grades resulting in delays to the ramp-up and lost production.

Operations recommenced in May 2023 and Abra continued ongoing technical work to deliver a new Mineral Resources Estimate ('MRE') in August 2023 to reflect the ongoing underground drilling and revised geological model. The MRE formed the basis for the updated mine plan and budget in July 2023. The revised budget showed that Abra performance would deliver a positive net profit from July 2023 to December 2023 quarter. However, both the September 2023 quarter and December 2023 quarter actuals were \$23.3 million and \$18.7 million, respectively, below budget. These results were due to revenue being substantially lower than budget \$24.1 million and \$34.7 million, respectively.

A further budget was prepared in December 2023 to incorporate updates to the mine plan based on ongoing technical work and operations. The forecast was based on the 2024 Abra Budget physicals which used the latest November 2023 mine schedule and the latest forecast to April 2024 was updated with Grade Control 5 model ('GC5'). The previous block model (Grade Control Four) was updated with the latest grade control drilling data and GC5 was produced in late December 2023, which led to a new mine plan being developed by the mine engineers at the end of January 2024, and the financial model being updated in early February 2024. The new plan became effective on 1 February 2024.

Road closures due to rainfall prevented the delivery of liquified natural gas to site for power generation and prevented concentrate trucking to the port.

The March 2024 quarter budget projected a net loss of \$6.4 million but delivered a net loss of \$30 million. This quarter included seasonal rainfall which impacted production in February 2024. Abra suspended ore processing on 6 March 2024 due to a shortage of onsite power generation capacity. Concentrate haulage was also suspended due to road closures. Rainfall resulted in 26 days of lost concentrate production during the March 2024 quarter.

Ongoing lead grade of around 5% compared to budget of around 7% meant a reduction in lead production of 30% for the same number of tonnes mined. The accumulated lost tonnes compared to budget over the 6 months prior to appointment was 13,600 tonnes, with a revenue impact of approximately \$45.0 million.

Table 8 – Quarterly Variance (Budget v Actual)

\$	Sep 2023	Dec 2023	Mar 2024	Total
Net Profit/(loss) - Budget	7,623,996	7,075,184	(6,403,289)	8,295,891
Actual variance to budget				
Revenue	(24,116,759)	(34,681,694)	(23,773,184)	(82,571,637)
Cost of sales	6,587,333	4,408,432	10,513,796	21,509,561
Net Foreign Exchange Gain /(Loss)	(5,744,418)	11,176,909	(8,570,000)	(3,137,509)
Corporate and admin costs	(56,172)	(130,942)	(320,603)	(507,717)
Finance Costs	(12,019)	485,953	(1,707,421)	(1,233,487)
Total variance	(23,342,035)	(18,741,342)	(23,857,412)	(65,940,789)
Net Profit/(loss) - Actual	(15,718,040)	(11,666,159)	(30,260,701)	(57,644,900)

Figure 5 - Ore mined (actual v forecast)

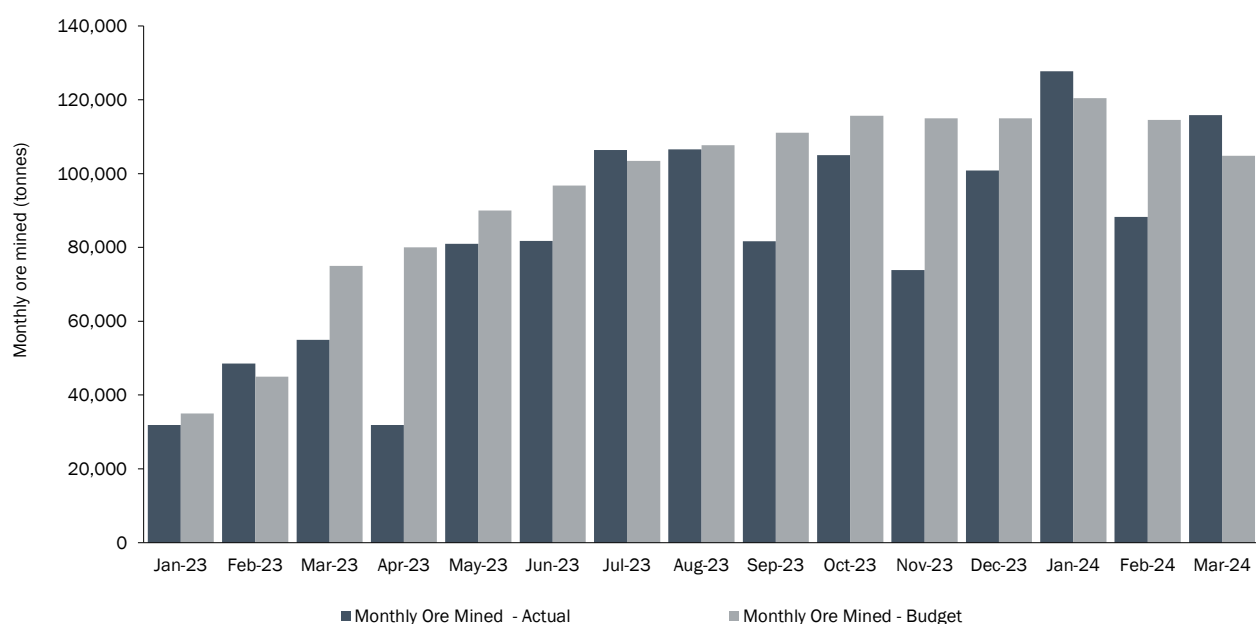


Figure 6 - Lead grade mined (actual USD: forecast)

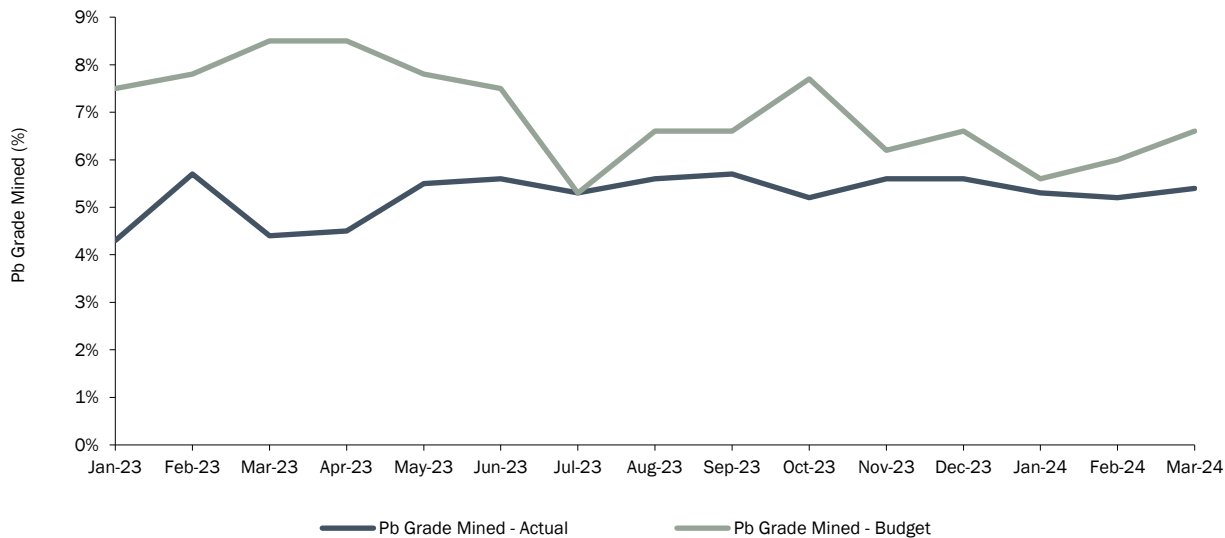


Figure 7 - Ore processed (actual v forecast)

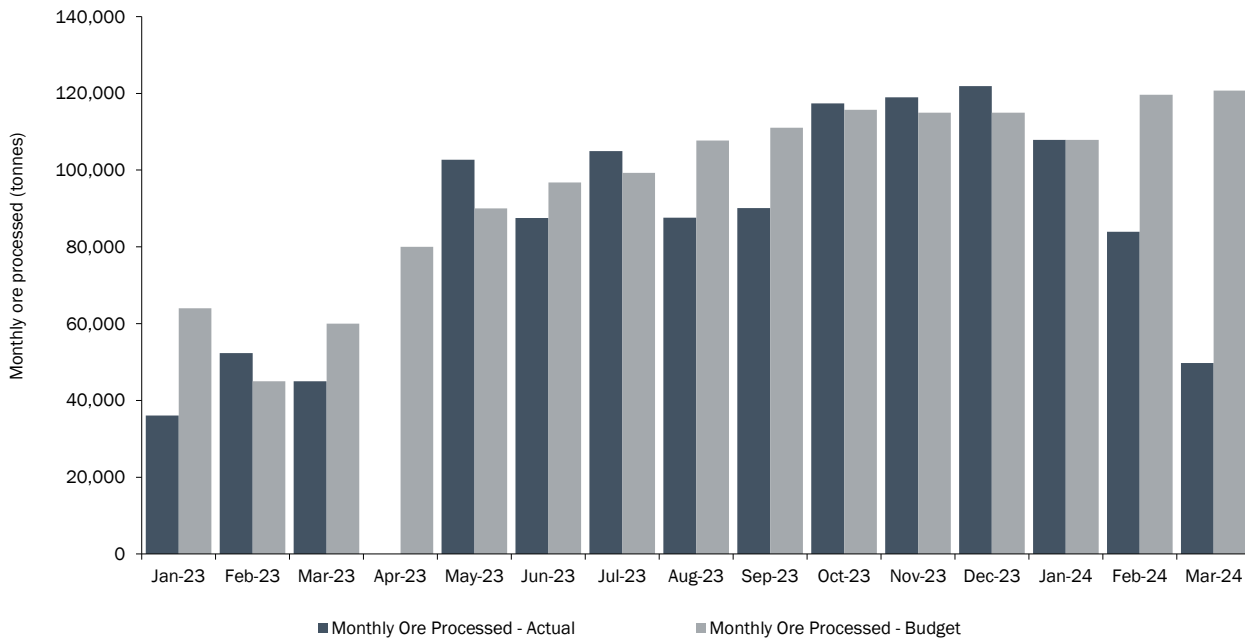
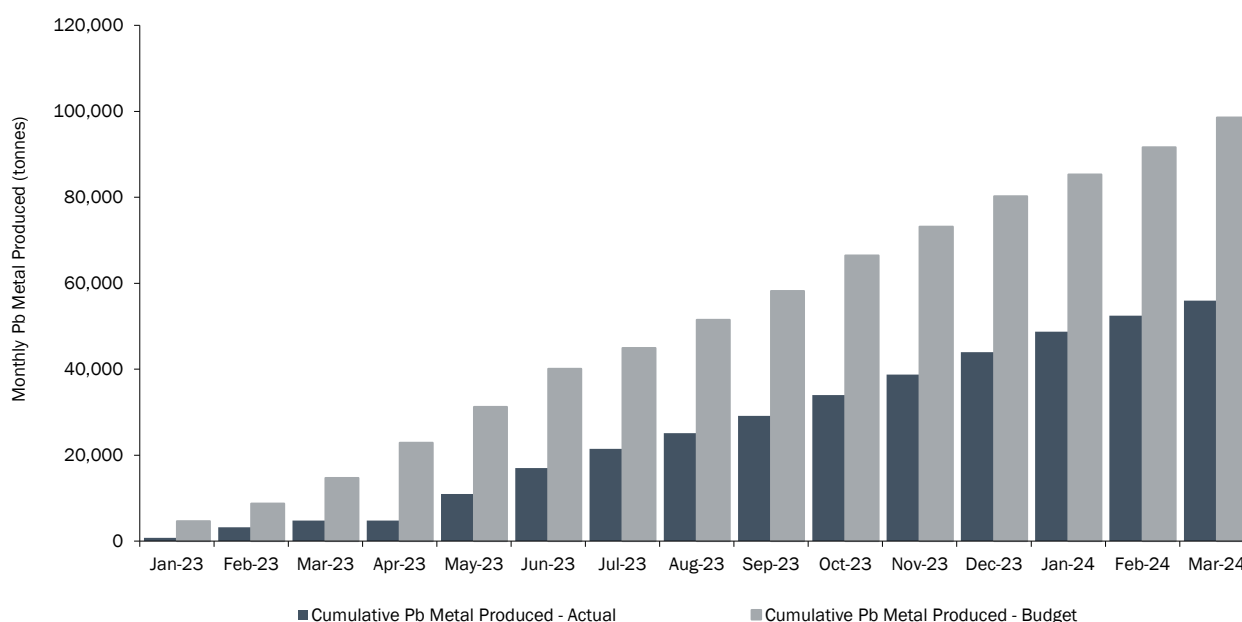


Figure 8 - Cumulative lead produced (actual v forecast)

3.6.2 Board meetings

The Company held monthly board meetings on the last day of the month. A comprehensive board pack was prepared by the first week of the month and provided to board members to be discussed at the forthcoming monthly board meeting. The board held ad hoc meetings between January 2024 to April 2024 over ongoing concerns regarding the Company's solvency and the plans to resolve the same.

Based on the Project's performance during the 2023 year and continued technical evaluation work being undertaken on the production outlook for 2023, Abra commenced discussions with key stakeholders in late December 2023 and early January 2024 as part of a strategic review of the operations with an initial focus on better matching the capital structure to Abra's expected performance.

The restructuring plan involved a multi-party agreement to extend creditor terms and provide additional finance with each of the major stakeholders (Galena, Toho, Taurus, Byrnes as well as a substantial shareholder). Subject to the complexity of the restructuring proposal and interdependency of these agreements, the breakdown of negotiations with one party could lead to the remaining negotiations ending.

External stakeholders used this period to complete the due diligence, which was largely dependent on the Company achieving satisfactory performance against a revised plan.

Ultimately, the withdrawal of support from key stakeholders on 3 April 2024 meant that the holistic proposal collapsed as each other party was reliant on the other parties continued support. The Board formed the view there was no reasonable prospect of an alternative following the collapse of the restructure and appointed administrators on 4 April 2024.

Set out in Table 9 - Stakeholder support below is a summary of the various components of the restructure and outcomes.

Table 9 - Stakeholder support

Stakeholder	Support needed	Outcome	Date ceased
Shareholder	Agree terms for an alternative subordinated US\$20 million facility to solve the forecast temporary cash funding requirement.	The shareholder undertook due diligence and withdrew via email on 18 March 2024	18 March 2024
Leeuwin Capital	Engaged to explore interest from credit funds for subordinated loan facility or similar on superior terms to Warburton Facility.	Leeuwin Capital was unable to find a solution prior to appointment of administrators.	4 April 2024

Stakeholder	Support needed	Outcome	Date ceased
Galena	Continued and additional advanced prepayments Shareholder funding – Abra sent letter to Toho seeking funding commitment confirmation by 4 April.	Prepayment of \$15 million to be received on or around 15 April 2024. Funding call in April 2024.	4 April 2024
Toho	Continued and additional advanced prepayments Shareholder funding – Abra sent letter to Toho seeking funding commitment confirmation by 4 April.	Prepayment of \$15 million to be received on or around 15 March 2024. Funding call in April 2024.	4 April 2024
Taurus	Deferral of scheduled interest and amortisation payment from 31 March 2024 to 30 April 2024. Funding of \$12 million to be provided in April 2024.	Ongoing discussion regarding term sheet and holistic restructure, ongoing due diligence and site visit to the Project. Term sheet conditional on holistic restructure (i.e. shareholder funding and Byrncut deferrals). The Taurus term sheet for a proposed further funding support of A\$10-\$12M was conditional upon additional support being provided by Byrncut and commitments from Galena and Toho that they will continue to meet the prepayment commitments as well as the undertakings from Byrncut, Galena and Toho that they will negotiate a holistic funding solution plan in good faith.	4 April 2024
Byrncut	Deferral of Byrncut's monthly invoices (c. \$7.5 million per month) and deferred repayment of \$15 million in working capital facility already advanced.	Ongoing discussions with Byrncut regarding term sheet regarding deferral of \$15 million facility and January 2024 invoice. Byrncut required confirmation of holistic funding of cash flow to progress. On 3 April 2024 Abra received an email from Byrncut, requesting immediate payment of all amounts currently owing to them, being \$20.4 million due as of 31 March 2024.	3 April 2024

3.6.3 Directors reason for failure

The Directors of the Company have advised us that the Company's financial position was due to ramp-up issues associated with mining rates, mined grade and rainfall events in February and March 2024 preventing in-bound critical suppliers and out-bound concentrate haulage. The haulage restrictions impacted productivity on site as well as shipments of concentrate via Geraldton port over this period.

3.7 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 the Company as at the date of our appointment.

A summary of the ROCAP is detailed below:

Table 10 - ROCAP summary

Report on Company Property and Activities	Directors	Administrators				Notes
	ROCAP \$	Number of creditors	Value recovered to date \$	Estimated future recoveries \$	Total (Excl GST) \$	
Cash on hand	246		246	-	246	1
Cash at bank	5,489,810		5,569,208	-	5,569,208	1
Debtors	3,906,633		3,541,367	-	3,541,367	2
Inventory	17,854,763		9,050,000		9,050,000	3
Plant and equipment	123,561,078		-	Confidential	Confidential	4
Property	-					4
Other assets (tenements)	26,859,361		-	Confidential	Confidential	4
Contingent assets	3,040,772		-	-	-	4
Total assets	173,855,257		18,160,821		Uncertain	
Employee entitlements:		106				
Wages and superannuation	336,608				-	5
Leave of absence	709,032				709,633	5
Retrenchment	-				2,318,309	5
Secured creditors	207,563,469	5			156,361,633	6
Unsecured creditors (including GST)	152,792,309	94			120,526,853	7
Lessor creditors	-				37,891,464	7
Contingent liabilities	-					
Total liabilities	360,355,778				317,807,892	
Estimated surplus/(deficiency) subject to the costs of the Liquidation	(186,500,521)				Uncertain	

Notes:

- Cash realised in full without set off. Difference to Directors' assessment due to foreign exchange rate assumption.
- There was one final payment owing on a shipment of concentrate sold prior to our appointment. This was recovered in full. The final invoice was lower than estimated by the Directors due to final assays.
- Inventory is the value of concentrate at site and port, net of transport and royalty costs. The Directors had included value for ore not yet processed which has been realised through operations since our appointment.
- Plant and equipment and other asset values are subject to the outcome of the sale process and remain uncertain. Liquidation values shown later in the report are based on a valuation undertaken by Gordon Brothers and reflect a worse-case shutdown and auction scenario. The Company's assets comprise the camp, crushing and milling circuits, sheds and offices as well as light vehicles. The power plant, paste plant, laboratory building and equipment as well as mobile mining and handling equipment is owned by third parties.
- Leave balances and estimated retrenchment costs have been calculated based on payroll data from January 2025. There are no outstanding wages.
- Includes amounts advanced to the Administrators under a new facility, which has the benefit of the existing securities granted to Taurus.
- Estimate and subject to adjudication of formal proofs and claims. Includes estimates of potential claims in liquidation. The Directors ROCAP included lessor claims in the secured creditor claims. As the value of the assets subject to lease are uncertain, we have assumed lessor claims are largely unsecured.

While the value of the assets is uncertain and the outcome for creditors depends on the terms of any DOCA or sale proposal that may be received. However, on any view, there is likely to be a material shortfall of assets to creditor claims.

3.8 Historical financial performance

The Company's financial statements were last prepared as of 30 June 2023. We note that monthly management accounts were prepared by the Company and the latest prior to the appointment of voluntary such accounts were prepared as of 31 March 2024.

Detailed in Appendix B is a summary of the comparative balance sheets and profit and loss statements of the Company, extracted from the Company's books and records, for the previous four financial years. Detailed in Appendix [#] is a summary of the balance sheet and profit and loss for

The Company's annual reports disclose the following:

- the Company's working capital decreased considerably over the period from \$78 million in FY21 and \$24 million in FY22, to increasing deficiencies of (\$71.7 million) in FY23 and (\$129.3 million) as of 31 March 2024
- the net asset position of the Company deteriorated significantly over the same period, from a net asset position of \$111.6 million in FY22 to \$7.4 million as of 31 March 2024
- accumulated losses increased materially from (\$52 million) in FY22 to (\$110 million) in FY23 and (\$169.8 million) as of 31 March 2024.

The Company's monthly management accounts for the period April 2023 to March 2024 disclose the following:

- the Company's working capital decreased considerably each month from (\$43.5 million) as 30 April 2023 to (\$129.3 million) as of 31 March
- the net asset position of the Company deteriorated significantly over the same period, from a net asset position of \$77.5 million in as of 30 April 2023 to net assets of \$7.4 million as of 31 March 2024
- accumulated losses increased materially from (\$86.5 million) as of 30 April 2023 and (\$169.8 million) as of 31 March 2024.

It is apparent from the Company's financial statements that the Company faced a sustained period of financial deterioration and only a substantial capital injection and turnaround in trading activities would have enabled the Company to continue operating.

4 Sale process of the Company

4.1 Summary of sale process

Shortly after our appointment we sought proposals from three corporate advisory firms to undertake a sale and /or recapitalisation of the Company. Following receipt of the proposals and meetings with each advisor, we mandated Sternship Advisers to undertake the sale process. Sternship is a highly reputable corporate advisor with a strong track record of successful mining transactions.

The following processes were adopted by us to seek offers to acquire or recapitalise the Company.

4.1.1 Marketing

Sternship compiled a list of mining, offtake, financial and other industry participants, and contacted over 130 potential interested parties.

All parties who contacted us expressing interest were provided non-disclosure agreement and upon execution, were provided access to a virtual data room. In total, 23 interested parties were provided access to the virtual data room. In addition, several metal trading houses were provided access. These trading houses were approached to potentially consider supporting a recapitalisation transaction by way of funding or prepayment agreements.

Detailed below is a timeline of the key stages in the sale process:

Table 11 – Sale process timeline

Event	Date
Proposals sought from sale advisors	5 April 2024
Presentations from potential sale advisors	12 April 2024
Appointment of Sternship Advisers	24 May 2024
Sternship approach to universe of potential interested parties	24 May 2024
Initial information and confidentiality deeds issued	15 July 2024
Stage one process letters sent	5 August 2024
Non-binding indicatives offers due	24 September 2024

4.1.2 Expansion studies

The sale process was extended to the end of September 2024 to allow for work to be undertaken to investigate options to expand the mine from c. 1.2 million tonne per annum (mtpa) to c. 2.0 to 2.2 mtpa. This work included the following phase one studies by external consultants:

- Metallurgical study of the processing plant performance and requirements to manage increased throughput
- Indicative costing for the capital works required to expand the processing plant
- Geological studies and mining studies to increase production
- Updates to the mineral resource estimate
- Water and site infrastructure studies.

Some of the above phase one studies were completed and made available through the data room from July to September, with further information made available in from October 2024.

Phase two of the expansion studies continue to be progressed as at the date of this report and is well advanced.

4.1.3 Outcome of the sale process

Following the conclusion of the initial phase of the sale process, no offers were received. Feedback from interested parties included that lead was not a strategic priority for their business and that the geology of the Abra mine was too complex.

We have continued to engage with interested parties since conclusion of the formal sale process and continue to work through their due diligence requirements to obtain formal offers for the Company for consideration by Taurus. As the secured lender, Taurus will need to consent to any transaction that requires a release of its security over the Company's assets.

4.1.4 Recapitalisation options

It has been our view that an outright sale of the Company was always going to be challenging, owing to the commodity and the level of secured debt. Accordingly, a recapitalisation was explored following conclusion of the formal sale process. We, together with Sternship engaged with four stockbroking firms from the end of September 2024 to test their appetite to undertake a capital raising through Galena Mining Limited, Abra's 60% listed parent company.

While we have had extension discussions with one of these brokers through to February 2025, at this stage, there is no broker appetite to proceed with an equity raise.

4.2 Alternate options available

As the secured creditor, Taurus holds security over all the Company's assets. Ultimately, any offer to recapitalise or acquire the Company or its assets requires Taurus' approval. In the absence of an offer acceptable to Taurus, we are exploring options for Taurus to propose a DOCA and take Abra private.

We expect a DOCA proposal will be received from an interested party or Taurus within two to three weeks.

5 Investigations

5.1 Administrators' investigations

Under the Act, we are required to investigate the Company's 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 would be available to a liquidator, if creditors resolve to place the Company into liquidation. However, we note that currently we have limited funds available to us, which would not extend to pursuing any such actions in the capacity as liquidators 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 able 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 the Company 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 to determine the likely success of any actions contemplated in respect to the matters detailed below.

An information sheet provided by ARITA outlining offences, recoverable transactions and insolvent trading is included at Appendix H.

5.2 Overview of Administrators' investigations

Our investigations to date have focused on the following matters:

- Breaches of duty and other offences under the Corporations Act by the Directors
- Potential actions by a liquidator (if appointed).

5.3 Approach to preliminary investigations

Our preliminary investigations included the following activities:

- discussions with the Directors of the Company
- discussions with key employees, including the Financial Controller
- identified, reviewed, reconstructed where required, and analysed financial information in both hard copy and electronic form
- undertook searches of various publicly available databases.

5.4 Offences under the Corporations Act by the Directors

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

- A past or present officer, or member, of the 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 the 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.

We set out below our comments as to whether investigations are warranted in relation to particular offences.

5.4.1 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.

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

5.4.2 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.

5.5 Insolvent Trading

Under the Corporations Act, a director is personally liable to the 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 the liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require substantive legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost.

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

- At the time the debt was incurred they 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, except for unfair loans, 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 Corporations Act states a company is solvent if, and only if, the company can 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.

5.5.1 Safe Harbour

The safe harbour provisions in the Corporations Act, in essence, provide that the insolvent trading prohibition does not apply to directors who start developing one or more courses of action that are reasonably likely to result in a better outcome for the company than the immediate appointment of an administrator or liquidator. They are protected by the safe harbour provisions unless, or up until the point at which they fail to take the course(s) of action developed within a reasonable period, they cease implementing the course(s) of action, the course(s) of action cease to be reasonably likely to lead to a better outcome for the company or an administrator or liquidator of the company is appointed.

To access safe harbour protection, the company is required to have substantially paid its employee entitlements and have substantially up to date tax lodgements. The provisions include several matters that may be taken into consideration in determining whether a course of action is reasonably likely to lead to a better outcome for the company. They also state that protection will not be available if the directors do not provide an external administrator with a ROCAP.

Creditors should note that the directors of a company bear an evidential burden to establish that safe harbour protection applies at first instance. It is up to a liquidator to show on the balance of probabilities that the course of action taken was one not reasonably likely to lead to a better outcome for the company.

Birch Advisory was engaged in late December 2023 to provide initial safe harbour advice and engaged in January 2024 to perform a safe harbour monitoring role. Birch Advisory provided safe harbour advice on 9 January 2024, 29 February 2024 and 15 March 2024 and attended board meetings throughout the period leading up to the appointment of administrators.

The Boards of Galena and AMPL were simultaneously pursuing several courses of action (collectively the restructuring plan) to improve Galena's and AMPL's financial position including:

1. Continue negotiations with Taurus to restructure repayment obligations under the existing US\$110 million facilities.
2. Agree an alternative subordinated term loan facility of US\$20.0 million with an existing shareholder to provide funding support to Abra to meet repayment obligations under the existing Taurus Facilities while negotiations continue with Taurus, and to be guaranteed by Galena.
3. Explore Galena equity raising alternatives including a potential rights issuance.
4. Restructure deferred payments to Byrncut under the Underground Mining Services Agreement ('USMA') with Byrncut.
5. Abra mine production improvements to achieve or exceed the latest production plan.
6. Continued funding support for Abra from Toho, including from additional early advance payments for lead concentrate offtake.
7. Consider and implement cost reduction initiatives.
8. Update Abra financial model and production plan with:
 - a. Latest updated geology block model incorporating latest underground grade control drilling data (complete).
 - b. Latest updated life of mine plan ("LOM Plan") incorporating latest updated geology block model (in progress).
 - c. Revised forecast assumptions (latest completed and routinely updated).
 - d. Updated financial model (in progress).

A summary of the safe harbour monitoring is set out below.

29 February 2024 - Report

- The safe harbour advice was that the board was in safe harbour
- The components of the restructuring plan were either complete or on-track except for achieving or exceeding the production targets.

15 March 2024 - Report

- The safe harbour advice was that the board was in safe harbour
- The components of the restructuring plan were either complete or on-track except for
 - achieving or exceeding the production targets, and
 - Leeuwin Capitals engagement to explore interest from credit funds for subordinated loan facility, which we understand had not resulted in a funding solution

28 March 2024 – Board meeting

- The Board meeting included a discussion of safe harbour with Birch Advisory.
- Mr Birch noted that the safe harbour analysis will need to be updated following the several recent developments, the discussions held at the Board Meeting and the follow-up stakeholder calls scheduled for that day.
- Mr Birch noted that the criteria for safe harbour continue to be met.

4 April 2024 – Board meeting

- Mr Birch noted his previous e-mail updates to Abra Board on safe harbour on 28 and 29 March 2024 and all the stakeholder discussions which took place on 28 March 2024 when it appeared that there was reasonable likelihood that terms could be agreed with all the relevant parties for Abra to progress a holistic restructuring plan.
- It was noted that on 3 April 2024 Abra received an e-mail request from one of its major stakeholders, Byrncut, requesting immediate payment of all amounts currently owing to them, which could indicate that the holistic restructuring plan as previously discussed is no longer reasonably likely to lead to a better outcome.
- Mr Birch noted that in his view when a course of action becomes remote, Directors should consider its effect on the overall plan, and if necessary, adapt the plan so it remains reasonably likely to lead to a better outcome. If it becomes clear that there are no courses of action that are reasonably likely to lead to a better outcome, then the Directors may no

longer have the benefit of safe harbour protection and should consider their duties and responsibilities more broadly, including whether it is appropriate to appoint a voluntary administrator. Mr Birch noted that Abra may have exhausted all the avenues for alternative funding solutions available to the Company.

- The board considered a summary of the financial position of the Company, outlining the indicators of insolvency of the Company and noted the options available being the winding up of the Company or placing it into voluntary administration. The board formed the view that administrators should be appointed.

Our preliminary view on the matters to be considered in determining if safe harbour protection applies is set out below:

	Criteria Met
Eligibility Criteria	
Did the Company substantially meet its obligations to pay its employee entitlements?	Yes
Did the Company substantially comply with its tax reporting obligations?	Yes
Better Outcome Criteria	
Were the directors properly informing themselves of the Company's financial position?	Yes
Were the directors taking appropriate steps to prevent misconduct by the Company's officers or employees that could adversely affect the Company's ability to pay all its debts?	Yes
Were the directors taking appropriate steps to ensure the Company was keeping appropriate financial records consistent with its size and nature?	Yes
Were the directors obtaining advice from an appropriately qualified entity?	Yes
Were the directors developing or implementing a restructuring plan for the Company to improve its financial position?	Yes
Post Appointment Criteria	
Did the directors provide a ROCAP?	Yes
Have the directors provided sufficient books and records to satisfy their evidentiary burden?	Yes

Our preliminary view is that it is likely that the Directors will be able to rely on the protection of the safe harbour provisions for the period between late December 2023 through to 4 April 2024 as it is unlikely, on the information we have reviewed to date, that a liquidator could show on the balance of probabilities that the course(s) of action were not reasonably likely to lead to a better outcome than an immediate administration or liquidation of the Company during the relevant period.

5.6 Results of investigations

Based on our preliminary investigations to date, it appears that the Company exhibited indicators of insolvency and may have been insolvent from either late December 2023 to beginning of March 2024.

From this time, we have identified evidence to indicate the Company was unable to pay its debts as and when they were due and payable. The engagement of a safe harbour advisor is indicative, but not conclusive of genuine concerns held by the Board that the Company was at risk of running out of options to fund its debts. While it is arguable that the Board has a reasonable basis to conclude at the various points in time, that there were viable options to renegotiate payments or obtain additional funding, a detailed examination of the veracity of the options would be required to argue an insolvency date as early as December 2023. Our assessment that the Company was insolvent as late as early March 2024 is supported by the non-payment of a material key supplier, being Byrncut. Byrncut's January invoice, due to be paid at the end of February 2024 was not paid and remains outstanding. As at the date of our appointment, the February 2024 invoice was also overdue (unpaid by 30 March 2024). Other creditors were largely operating within terms. However, some creditors were owed two months of invoices (including invoices which fell due at the end of March 2024). As such, there appears to be a reasonable basis to indicate that the Company may have been insolvent on or about 29 February 2024, an earlier date when there was no near-term funding solution to manage these payments.

However, as detailed above, due to the course(s) of action undertaken by the Directors of the Company prior to our appointment, it is our preliminary view that even if the Company was insolvent several months before our appointment, the directors will be able to rely on the protection of the safe harbour provisions with respect to any insolvent trading claims. As such, the likelihood of a liquidator being able to successfully bring a claim is low and likely uncommercial having regard to the costs and defences available to the directors.

In considering our preliminary opinion on the solvency of the Company, we have considered the following:

- Trading position
- Working capital and liquidity position
- Sources of additional finance
- Creditor ageing
- Demands by and payment arrangements with creditors
- Statutory creditor position
- Indicators of Insolvency

5.6.1 Trading position

Abra prepared a monthly cash flow forecast as part of the monthly board papers which was based on the mine plan and budget, which includes assumptions for costs, revenue and foreign exchange. The CY2023 budget was finalised in late 2022 and included in the cash flow for January 2023 to June 2023. Several of the production assumptions used as a basis for the CY2023 budget were unable to be references to historical production given the Project had only just commenced operation.

A revised budget was included from July 2023 cash flow onwards to reflect the updated MRE announced in August 2023 and actual production results.

Abra completed a provisional budget for CY24 to CY26 in December 2023 that was included in the 2024 cash flow forecasts.

Set out in the figures below are the monthly cash flow forecasts closing monthly cash balances.

Consistent monthly under performance lead to missed revenue targets over October 2023 to March 2024 and required increased use of prepayments, management of trade creditors, lender support and additional shareholder support.

In Figure 9, the monthly cash flows include various options for support to the business that were being considered (although not yet secured). In Figure 10, the support has been removed to provide a comparison of the cash flows without the support. The forecast cash position is shown to become increasingly worse as each month passes. However, in Figure 9, the cash flows forecast closing cash above \$0 and a turnaround in the second half of 2024 when forecast grades would be met. This required increasing levels of support as the forecast cash deteriorated with ongoing cumulative losses. As shown in Table 12, the level of support required increased from \$25.7 million in the October 2023 cash flow to \$66.7 million in March 2023. Further, despite the increasing levels of support the forecast closing cash often provided minimal working capital buffers for any risks (i.e. rainfall, lower grade etc).

Figure 9 - Forecast closing cash with restructuring solutions

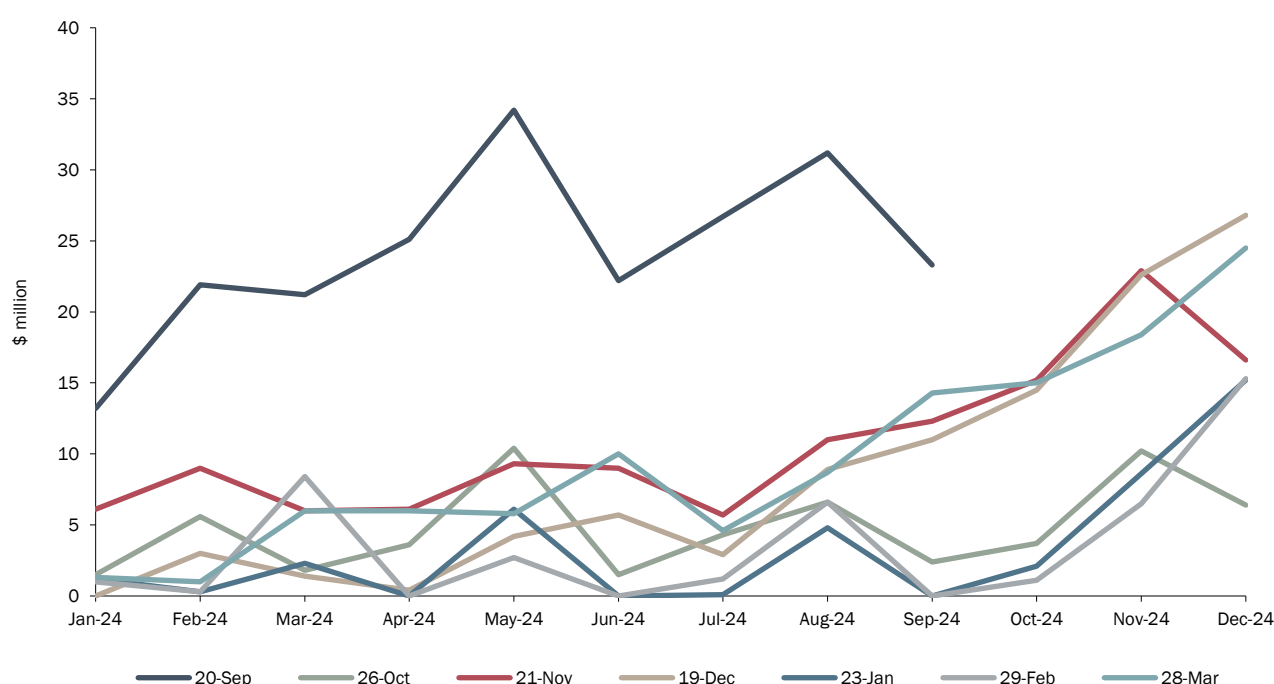


Figure 10 - Forecast closing cash without restructuring solutions

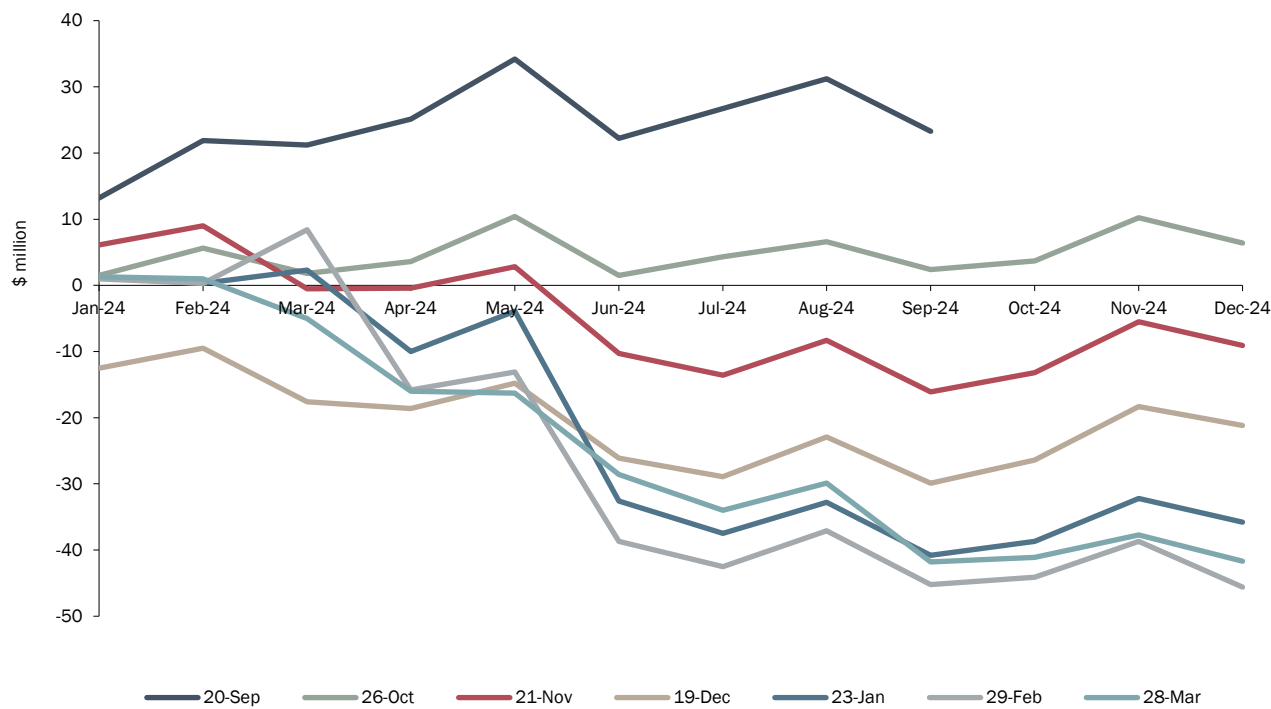


Table 12 – Cash flow forecast outcomes

Cash flow dated	26-Oct-23	21-Nov-23	19-Dec-23	23-Jan-24	29-Feb-24	28-Mar-24
<u>Operating</u>						
Revenue	274.5	268.3	259.7	245.8	240.5	241.8
<u>OPEX</u>						
Operating Expenditure	(162.2)	(169.3)	(159.3)	(172.4)	(171.7)	(170.9)
Deferred Payments	(5.0)	(5.0)	(5.0)	-	-	-
Lease Payments	(7.2)	(7.2)	(6.6)	(7.2)	(7.2)	(7.2)
Royalties Paid	(21.0)	(20.3)	(16.8)	(18.1)	(17.9)	(15.6)
Total OPEX	(195.4)	(201.8)	(187.7)	(197.7)	(196.8)	(193.7)
Operating cash flow	79.10	66.50	72.00	48.10	43.70	48.10
<u>Investing</u>						
Capital Expenditure	(26.9)	(29.7)	(29.4)	(31.3)	(36.3)	(37.0)
Exploration Expenditure	(2.4)	(2.7)	-	-	-	-
Investing cash flow	(29.3)	(32.4)	(29.4)	(31.3)	(36.3)	(37.0)
<u>Financing cash flow</u>						
<u>Debt</u>						
Net Finance Costs	(12.9)	(16.2)	(16.2)	(13.6)	(13.6)	(1.2)
Debt Repayment	(35.5)	(9.8)	-	(36.6)	(36.8)	-
	(48.4)	(26.0)	(16.2)	(50.2)	(50.4)	(1.2)
<u>Equity</u>						
Shareholders' Funding	-	-	12.5	-	-	-
Taurus Funding	-	-	-	-	-	12.0
Additional Funding required	-	-	-	46.0	55.9	-
	-	-	12.5	46.0	55.9	12.0
Financing cash flow	(48.4)	(26.0)	(3.7)	(4.2)	5.5	10.8
Net cash flow	1.4	8.1	38.9	12.6	12.9	21.9
<u>Support</u>						
Additional Funding required	-	-	(12.5)	(46.0)	(55.9)	(12.0)
Deferred payment	-	-	-	(5.0)	(5.0)	(5.0)
Taurus relief	-	(25.7)	(35.5)	-	-	(49.2)
Total support required	-	(25.7)	(48.0)	(51.0)	(60.9)	(66.2)
Net cash flow (adjusted)	1.4	(17.6)	(9.1)	(38.4)	(48.0)	(44.3)

Comments on the circumstances surrounding each of the forecasts is set out below.

27 July 2023

- Cash flow was forecast to be breakeven between July and December 2023
- The forecast included a Taurus repayment of \$6.7 million in December 2023
- Two interest payments of \$3.5 million forecast for September and December 2023
- No issues raised at the Board meeting

28 August 2023

- Cash flow breakeven until December 2023.

- Cash flow materially negative in January 2024 due to forecast revenue of \$2.4 million compared to approximately \$22 million per month for each of the other 11 months over the 12 months. Due to conclusion of advance payment of sales from January 2024.
- Forecast support of a \$30 million capital raise in January 2024 to provide working capital as revenue prepayment unwound.
- No issues raised at the Board meeting

20 September 2023

- Cash flow breakeven
- Cash flow positive from January 2024 onwards, including debt and interest payments.
- Capital raise removed and monthly prepayment restored
- No issues raised at the Board meeting

26 October 2023

- Cash flow shows a loss of approximately \$6 million over the period October 2023 to December 2023 due to lower revenue than previously forecast.
- Cash flow positive from January 2024 onwards, including debt and interest payments.
- Board discusses options to potentially restructure the debt repayments to Taurus.
- First acknowledgement that cash flow starting to experience stress.

21 November 2023

- Cash flow shows positive cash flow over the period November 2023 to December 2023; however, this is due to deferral of Taurus debt repayment of \$6.6 million in December 2023.
- Cash flow positive from January 2024 onwards, however, debt repayments of \$25.7 million deferred 12 months.
- Board discusses options to potentially restructure the debt repayments to Taurus.
- First time cash flow requires amendment ensure closing cash remains positive in December 2023.

19 December 2023

- Cash flow shows positive cash flow over the period January 2024 to December 2024; however, this is due shareholding funding of \$12.5 million to be received in January 2024 and the deferral of Taurus debt repayments in CY24 of \$35.5 million.
- Board discussed Taurus loan restructure. First repayment of \$6.6 million made in December 2023, and ongoing discussion regarding deferral of future repayments by 12 months as per the cash flow assumption.

23 January 2024

- Cash flow shows neutral over the period January 2024 to June 24, however, revenue of \$106.2 million materially lower than the December 2023 cash flow which had forecast revenue of \$128.3 million. To manage Abra forecasting additional advance payments from Toho of \$15 million in January 2024 and \$15 million in March 2024 (reversing in March 2024 and June 2024 respectively) and \$15 million from Galena in March 2022 (reversing in April 2024). These advance payments would reverse in April and June. The reversal would be supported by unidentified additional funding of \$10 million in April 2024 and \$22.6 million in June 2024, totalling \$32.6 million. The cash flow did not assume any debt repayment deferrals from Taurus unlike previous forecasts.
- \$13.4 million of further unidentified additional funding was forecast for July to December 2024.

15 February 2024

- Cash flow shows neutral cash flow over the period January 2024 to June 2024. A further deterioration in revenue of \$102.6 million over the six months compared to the January 2024 cash flow revenue forecast of \$106.2 million.
- To manage cash flow Abra was forecasting additional advance payments from Toho of \$15 million in January 2024 and \$15 million in March 2024 (reversing in March 2024 and June 2024 respectively) and \$15 million from Galena in March 2022 (reversing in April 2024). The reversal would be supported by unidentified additional funding of \$15.8 million in April and \$22.9 million in June, totalling \$38.7 million. This was an increase of \$6.1 million of additional unidentified funding compared to the January 2024 cash flow forecast. The cash flow did not assume any debt repayment deferrals from Taurus.

- \$17.1 million of further unidentified additional funding was forecast for July 2024 to December 2024. This was a further increase of \$3.7 million compared to the January 2024 cash flow forecast.
- A proposed alternative restructure was also discussed by the Board and presented to Taurus. Key assumptions to holistic funding solutions being different in that additional payment of ~A\$15M by Toho in March 2025 not reversing in June 2024 but continuing to roll and assuming that a new subordinate debt facility from a major shareholder being available to support working capital. Further assumptions under the holistic funding solutions assuming that Taurus debt repayments deferred by 9 months and Byrnegut deferred payments repayments to commence in June 2025.

28 March 2024

- Cash flow positive over January 2024 to June 2024. This was supported by the inclusion of \$12 million of funding from Taurus, and deferral of taurus interest and debt repayments worth \$49.2 million.
- Assumes usual advance payment of lead concentrate shipments by Galena and Toho continuing over forecast period approximately 3 months in advance of shipment date. This is 2 months more in advance than the typical one month in advance. A further
- Assumes Byrnegut payment of January 2024 invoice \$7.7 million deferred from March 2024 to April 2024 and Deferred Payments facility repayments commence in March 2025 (\$5 million) instead of July 2024.

5.6.2 Working capital and liquidity position

Set out in Table 13 below is the net working capital for the period May 2023 to March 2024. The Company's net working capital deficiency increased by \$85.8 million, from negative \$43.5 million to negative \$129.3 million. The deterioration in the net working capital is largely attributable to the ongoing monthly losses which meant the company relied increasingly on unearned revenue from prepayments, which increased \$58.6 million, from \$8.6 million to \$67.3 million. The Company was also required to stretch trade creditors and short-term borrowings.

Table 13 – Net working capital

\$ million	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Current Assets											
Cash and Cash Equivalents	10.1	11.8	12.4	13.3	10.0	5.7	1.6	2.4	1.3	1.0	6.1
Trade and other receivables	3.5	3.2	4.2	5.4	5.4	3.5	5.3	3.8	6.9	3.8	4.0
Inventory	12.5	6.3	2.6	17.1	3.2	21.2	19.4	12.6	18.2	35.3	25.6
Prepayments	2.5	2.1	2.1	1.7	1.4	1.1	0.8	0.4	0.2	0.0	0.0
Total	28.6	23.4	21.2	37.6	20.0	31.6	27.0	19.1	26.6	40.2	35.7
Current Liabilities											
Trade and other Payables	34.1	38.7	37.3	39.2	53.6	40.5	40.4	52.9	45.5	46.3	55.9
Unearned Revenue	8.6	15.7	14.4	29.0	12.6	39.4	38.3	37.9	56.1	71.0	67.3
Lease Liability	3.2	3.2	3.2	3.2	3.2	3.1	3.2	3.3	3.3	3.4	3.5
Provisions	0.9	0.9	0.8	0.8	0.8	1.2	1.2	0.9	1.3	1.0	1.4
Interest Bearing Loans and Borrowings	25.3	36.5	29.4	33.1	40.9	41.4	39.6	35.4	36.7	37.0	37.0
Total-Current Liabilities	72.1	95.1	85.0	105.2	111.1	125.6	122.8	130.2	143.0	158.8	165.0
Net working capital	(43.5)	(71.7)	(63.7)	(67.7)	(91.1)	(94.0)	(95.7)	(111.1)	(116.4)	(118.6)	(129.3)

5.6.3 Material uncertainty consideration in audited accounts

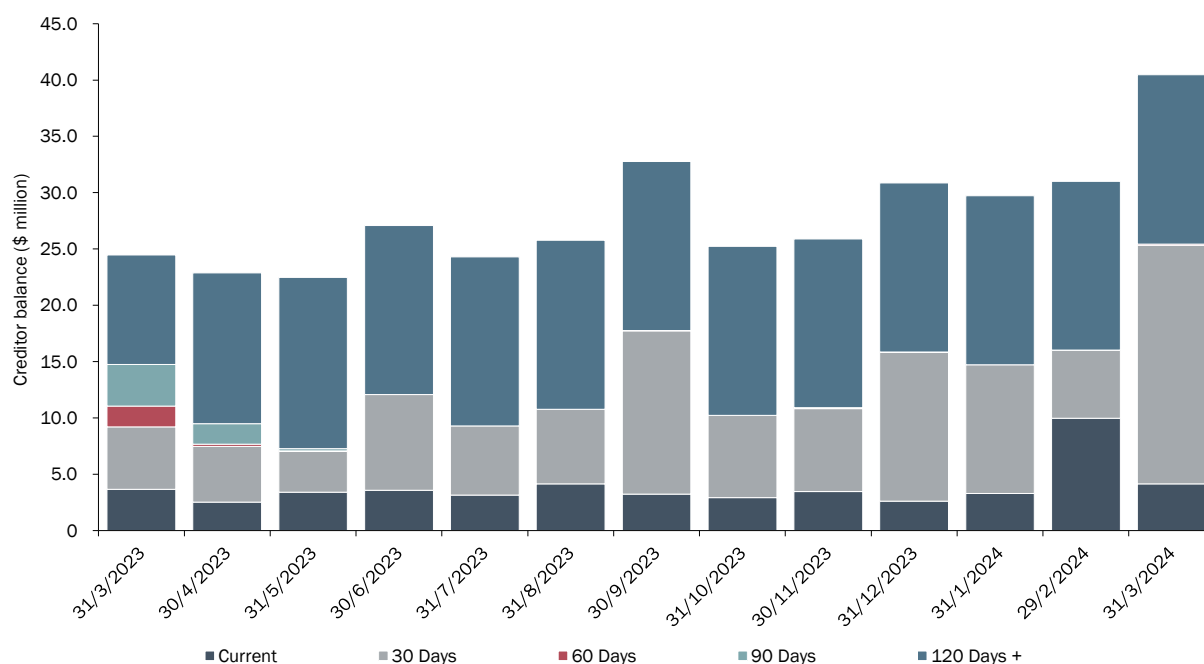
The final audited annual report prior to the appointment of administrators was the Annual Report of the year ended 30 June 2023. The auditors did not identify any material uncertainties that required disclosure in for the audit report for the year ended 30 June 2023.

5.6.4 Creditor ageing

Set out below is the monthly Aged Payables for the 12 months preceding the appointment of administrators.

The total monthly creditor balance averaged approximately \$25 million between March 2023 and November 2023 and shows a consistent ageing pattern. The total monthly creditor balance increased to average approximately \$30 million between December 2023 and February 2024, an increase of approximately 20% compared to the prior period. As of 31 March 2024 (four days prior to administration), total creditors increased to \$40 million which is an increase of approximately 30% to the December 2023 and February 2024 period and an increase of approximately 60% compared March 2023 and November 2023.

Monthly aged payables



The UMSA executed between Abra and Byrnegut allowed for the deferral of payments of up to \$15.0 million. Abra gave notice to Byrnegut as set out in Table 14 to utilise the full \$15.0 million.

Table 14 - Byrnegut deferred payments

Date of notice	Invoice	Amount (\$)	Running balance
19 October 2022	September 2022	2,483,086.21	2,483,086.21
22 November 2022	October 2022	3,166,533.00	5,649,619.21
14 December 2022	November 2022	4,033,155.70	9,682,774.91
19 January 2023	December 2022	3,579,014.35	13,261,789.26
17 February 2023	January 2023	1,738,210.74	15,000,000.00

Under the UMSA, the Deferred Payments Cap stepped down over time, such that the balance was to be fully repaid over 18 months:

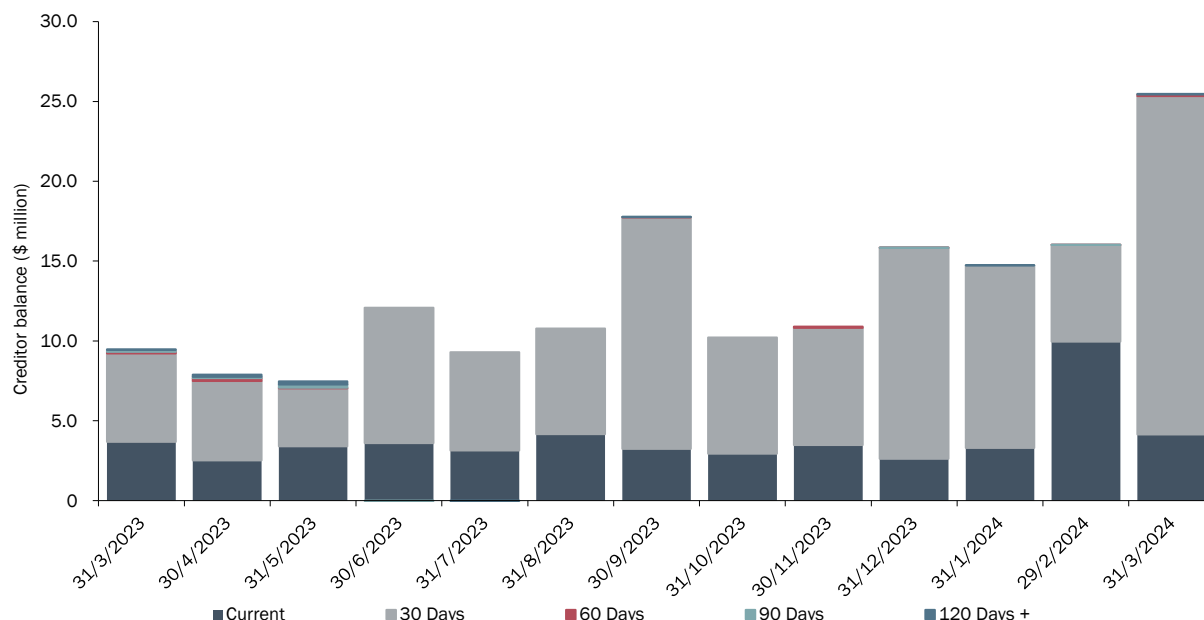
- \$15 million until 18 months prior to expiry of the initial term
- \$10 million from until 18 months prior to expiry of the initial term until 12 months prior to the expiry of the initial term
- \$5 million from until 12 months prior to expiry of the initial term until 6 months prior to the expiry of the initial term
- Nil thereafter

The Initial Term was for a period of 4 years commencing on 1 October 2021, meaning that Abra was required to pay to Byrnegut \$5 million on 31 March 2024 to reduce the deferred payment cap from \$15 million to \$10 million.

The deferred amount appears in aged payable amount from March 2023 in the Figure 11 below. Adjusting the aged payable by removing the deferred Byrnegut amount (as the amounts were not due) provides a normalised monthly creditor position from March 2023 onwards. The adjusted monthly creditor balance averaged approximately \$10 million for the period March 2023

to November 2023. This increased materially to \$25 million as of 31 March 2024, an increase of approximately 140% compared to the period March 2023 to November 2023.

Figure 11 - Aged payables (excluding Byrncut Deferred Payments)



Along with a material increase in the total creditor balance in both scenarios presented, there was a material increase in the ageing of creditors in March 2024. For the period March 2023 to February 2024 the 30+ days aged creditors averaged \$8 million per month. In March 2024, this increased 167% to \$21.1 million (note, this does not include the Byrncut deferred \$15 million).

Demands by and payment arrangements with creditors

Creditors were generally paid on time in the period preceding the appointment of administrators and therefore, there were no demands issued by creditors that we are aware of except for Byrncut.

On 3 April 2024, Byrncut, demanded immediate payment of all amounts currently owing to them, being \$20.4 million due as of 31 March 2024. Byrncut advised that they were not willing to increase their exposure and are requesting payment from AMPL of outstanding amounts up to date.

Statutory creditor position

- Abra prepared and lodged its BAS returns on a monthly cycle and was a large PAYG withholder which attracts seven-day payment terms.
- Abra paid and lodged its payroll tax monthly.
- Abra was not out of cycle for either lodgement and payment, nor was it on a payment plan on the appointment of administrators.

Indicators of Insolvency

To assist in our assessment of the solvency of the Company, we have reviewed a list of common features in insolvent situations. They include

Table 15 – Indicators of insolvency

Indicator	Present Y/N
Continuing losses	Y
Liquidity ratios below 1	Y
Overdue Commonwealth and State taxes	N

Indicator	Present Y/N
Poor relationship with financiers	N
No access to alternative financing	N
Inability to raise further equity	Y
Suppliers placing company on COD, or otherwise demanding payments before resuming supply	N
Deterioration in creditors unpaid outside trading terms	Y
Dishonoured payments	N
Special arrangements with select creditors	N
Qualified audit opinion	N
Letters of demand, summonses, judgements or warrants issued against the company	N
Payments to creditors of rounded sums not reconcilable to specific invoices	N
Inability to produce timely and accurate financial information	N
Resignation of key staff	N
Concerns raised by employees	N

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, considering the defences available to directors and their reliance on the protection of the safe harbour provisions.
- cost of litigation
- likelihood of recovery against the directors of the Company.

As stated earlier, the Corporations Act provides directors with several defences to a claim for insolvent trading and we believe that even if the date of insolvency was in the months prior to our appointment, there is a low prospect for an insolvent trading claim.

5.7 Other potential recovery actions available to a liquidator

5.7.1 Voidable transactions

Unfair preferences

If the Company is placed into liquidation, various provisions of the Corporations Act enable the liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary 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 Company. A liquidator is able review transactions between 5 October 2023 and Thursday, 4 April 2024.

To prove a creditor received an unfair preference payment, the liquidator must first show that the Company was 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 that the Company was 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 that the Company was insolvent or would become insolvent.

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

Uncommercial transactions

A transaction of a company 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 Administrator.
- At the time the transaction was entered into, or when given effect to, the Company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Company's circumstances would not have entered the transaction having regard to the benefits and detriments to the Company 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.

Based on our preliminary investigations we are not aware of any uncommercial transactions entered into by the Company.

Unfair loans

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

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

5.8 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 Company. If there were insufficient funds from the assets of the Company, alternative options are:

- funding from creditors of the Company. If funding was received from creditors, section 564 of the Corporations 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 – which 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.

5.9 Offences

Our investigations to date have not revealed potential pre-appointment contraventions of the following directors' fiduciary duties under the Corporations 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 a director, then a civil or a criminal penalty could be imposed.

5.10 Offences in relation to the Company – Section 438D

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

6 Alternatives available to creditors

6.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors where there is a decision to decide whether to execute a DOCA, place a company into liquidation or return control to the board of directors.

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

6.1.1 Deed of company arrangement

We have not received a proposal for a DOCA at this stage. However, we remain confident that a DOCA proposal will be forthcoming prior to the date by which we would be required to reconvene the second meeting of creditors. As detailed above, we see that there are likely two options still open to restructure the company:

1. A DOCA proposal to acquire the Company from one of the interested parties who remain in due diligence
2. A DOCA proposal from Taurus to acquire Abra and take the Company private.

6.1.2 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning the Company to the existing directors. This is not a commercial proposition at this stage given the financial position of the Company and the professional assistance it requires to trade out of its difficulties. The Company's directors 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 the Company wound up at their own expense.

Should creditors resolve that the Administration be terminated, the Company will be placed in a similar position to that existing prior to our appointment as Administrators and would most likely, be immediately placed into administration or liquidation.

6.1.3 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that the Company be wound up. Should they do so, the Company will be placed into liquidation and the Company is taken to have nominated us as the Administrators to be the liquidators. The liquidators are required to realise and distribute the assets in accordance with Section 556 of the Corporations 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 of this report
3. the liquidators will be required to investigate the affairs of the Company pursuant to Section 533 of the Corporations Act and lodge a report with the ASIC in respect of the same.

Placing the Company into liquidation will, in our view, make it even more difficult to attract a purchaser for the business and the liquidator would be unable to trade on the business, except with a view to winding up the affairs of the Company. Further, in the event of a forced closure of the business, we do not consider that there would be any return to unsecured creditors of the Company. While we do not believe that at this stage, placing the Company into liquidation is the best option for creditors, it is presently the only option available for us to recommend. It is likely to be far more beneficial to creditors, including employees

and contractors, to allow further time for us to procure and negotiate a DOCA which may allow an enhanced return to creditors, the ongoing operation of the Company and achieve the outcomes of the voluntary administration regime.

Investigation of voidable transactions and insolvent trading

If the Company 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.

Directors' guarantees

If the Company is wound up, creditors with guarantees from the Company's directors could pursue the directors for those debts immediately.

6.1.4 Adjournment of second meeting

It is our opinion that sufficient time is required to finalise negotiations and secure a proposal for a deed of company arrangement. An adjournment of the Second Meeting of Creditors for up to 45 business days would enable us to:

- Continue to work with interested parties and finalise negotiations in relation to a DOCA proposal which would enhance the return for creditors
- Prepare relevant transaction documents and liaise with relevant stakeholders, and
- Prepare a supplementary report to creditors, to outline the details of any DOCA proposal and an estimated outcome as an alternative to liquidation.

6.2 Recommendation

As we presently do not have a DOCA to put forward to creditors, the only option available to creditors is to resolve to place the Company into liquidation.

While at this stage, liquidation is the only option available which we can recommend, creditors will not be asked to vote on any resolutions concerning the future of the Company at the Second Meeting of Creditors. The vote on the future of the Company will be deferred until the Second Meeting of Creditors is reconvened for a date no later than 14 May 2025.

Prior to the reconvened Second Meeting of Creditors, we will provide creditors with a supplementary report outlining the terms of any DOCA proposal received including any revision to our recommendation to creditors.

6.3 Reasons for recommendation

The reasons for our recommendation are as follows:

- In the absence of a DOCA, liquidation is the only option available to creditors at the present time.
- The Company is insolvent and bringing the administration to an end is not a viable option.

However, we will adjourn the meeting prior to creditors needing to vote on the Company's future as the immediate liquidation of the Company is not in the best interest of creditors as it would result in the closure of the Abra Mine; all employees would be terminated, and the Company's assets would be sold on a forced sale basis. There would be no return to unsecured creditors in a liquidation.

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 Report on Company Activities and Property prepared by the directors. The directors' ROCAP is the directors' estimate of the Company's assets and liabilities.

Table 16 - Estimated outcome of alternatives

Statement of position as of 21 February 2025	Book value \$000	Liquidation \$000
Assets subject to non-circulating security interests	150,510,438	Confidential
Liabilities related to assets subject to non-circulating security interests	(207,563,469)	(156,361,633)
Surplus/(deficit) on assets subject to non-circulating security interests	(57,053,031)	Confidential
Assets subject to circulating security interests	23,756,545	23,756,545
Liabilities related to assets subject to circulating security interests	-	-
Surplus/(deficit) on assets subject to circulating security interests	23,756,545	23,756,545
Trade on liabilities	Confidential	Confidential
Remuneration and disbursements		(1,000,000)
Surplus/(deficit) available for priority creditors	Confidential	Confidential
Priority creditors	3,027,943	3,027,943
Surplus/(deficit) available for unsecured creditors	Deficit	Deficit
Unsecured creditors	152,792,309	158,418,317
Total surplus/(deficit)	Confidential	Confidential
Distribution to unsecured creditors (cents in \$)	Nil	Nil

Key comments

- We have obtained a valuation of the Company's plant and equipment both on a market value and forced liquidation basis. This information remains confidential given the ongoing negotiations with interested parties. As such, we are unable to disclose the estimated position to creditors without disclosing the valuation. We do note that given the secured and priority claims against the Company's assets, there would not be a return to unsecured creditors in a liquidation.
- Assets subject to circulating security interests includes cash at bank, receivables and lead-silver concentrate on hand as of 21 February 2025.
- There are no specific securities registered against the circulating assets. Surplus circulating assets available after meeting priority costs including administration costs and employee claims are available to the secured creditor.
- The trade on liability position would be subject to detailed wind-down analysis and forecasting. In a wind-down scenario, we would look to maximise revenue while stepping down costs to maximise the trading position.
- The remuneration and disbursements are only an estimate and if the Company was to be placed into liquidation, detailed budgets would be prepared for inclusion in a remuneration request to creditors.
- Priority creditors include employee claims for leave, pay in lieu of notice and redundancy amounts estimated to be payable upon liquidation.
- Unsecured creditor claims will require detailed adjudication. Over 50 creditors identified in the Company's books and records have not submitted claims.

We estimate that the return to unsecured creditors in a liquidation scenario will be nil. We estimate that employee claims should be met in full, however, if there was a shortfall, employees would be entitled to lodge a claim with the Fair Entitlement Guarantee Scheme operated by the Commonwealth Government for unpaid entitlements, subject to legislated caps.

7 Estimated return to creditors

7.1 Amount

As stated above, we do not anticipate that a dividend to creditors would be available in liquidation. Accordingly, it is in the interests of creditors for the Second Meeting of Creditors to be adjourned to allow time to further explore options for a DOCA and avoid the liquidation of the Company.

8 Further information

8.1 The privacy of your information

We may collect personal information either from you, the Company or otherwise in connection with the amount owed to you by the Company. KordaMentha takes all reasonable steps to protect the personal information we hold about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, we will need to verify your identity and comply with our other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

8.2 Information sources

ARITA provides information to assist creditors with understanding insolvency. This information is available from ARITA's website at www.arita.com.au.

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 Emile Du Toit on +61 7 4408 0900 or by email at emile.dutoit@kordamentha.com.

Dated: 28 February 2025



Richard Tucker
Administrator



Robert Hutson
Administrator

Level 44
108 St Georges Terrace
Perth WA 6000

Appendix A Summary of receipts and payments

A summary of the receipts and payments for the period from Thursday, 4 April 2024 to 21 February 2025.

Receipts	\$ (including GST)
Sales - prepayment for concentrate	\$164,124,580.95
Activity statement refunds	\$15,639,521.83
Administration Loan Facility	\$26,873,056.61
Pre appointment cash and receivables	\$9,099,136.14
Other receipts	\$3,239,984.70
Total Receipts	\$218,976,280.23
Payments	\$ (including GST)
Contractors	\$131,157,642.95
Fuel, Gas, and other consumables	\$33,591,983.88
Hire & Leasing	\$3,432,139.57
Freight & Transport	\$10,414,710.43
Wages, salaries, and on-costs	\$15,795,778.58
Insurance	\$1,567,974.79
Administrators' Fees	\$4,124,092.44
Administrators' Disbursement	\$68,742.85
Legal Fees	\$1,176,106.56
Other payments	\$21,939,579.94
Total Payments	\$223,268,751.99
Net Receipts/Payments	(\$4,292,471.76)

Appendix B Historical financial performance

Detailed below is a summary of the comparative balance sheets and profit and loss statements of the Company, extracted from the Company's books and records. The financial years 2020 to 2023 have been audited and 2024 is the period 1 July 2023 to 31 March 2024, which are unaudited.

Profit and loss statement for the year ended 30 June

\$,000	2020	2021	2022	2023	2024 YTD
Revenue	319	419	-	29,199	108,164
Cost of sales	-	-	-	(68,127)	(143,511)
Gross Profit / (Loss)	319	419	-	(38,928)	(35,347)
Other income					6
Administration and other expenses	(242)	(310)	(1,754)	(2,228)	(2,618)
Foreign exchange loss	(11)	(630)	(4,552)	(6,019)	(3,138)
Depreciation and amortisation	(3)	(187)	-	-	
Royalty termination	(4,000)	-	-	-	
Loss before finance costs and income tax expense	(3,938)	(707)	(6,306)	(47,174)	(41,096)
Finance income	-	-	143	564	141
Finance costs	(53)	(176)	(51)	(10,929)	(18,858)
Loss before income tax	(3,990)	(883)	(6,215)	(57,539)	(59,814)
Income tax expense	-	-	-	-	-
Loss for the year	(3,990)	(883)	(6,215)	(57,539)	(59,814)
Other comprehensive income net of income tax	-	-	-	-	-
Total comprehensive loss for the year	(3,990)	(883)	(6,215)	(57,539)	(59,814)

Balance sheet for the year ended 30 June

\$,000	2020	2021	2022	2023	YTD 2024
Assets					
<u>Current assets</u>					
Cash and cash equivalents	983	80,824	39,900	11,794	6,086
Trade and other receivables	257	153	1,370	3,199	3,951
Inventories	-	-	-	2,075	25,619
Prepayments	857	120	1,418	6,289	18
Total current assets	2,097	81,098	42,687	23,358	35,674
<u>Non-Current Assets</u>					
Exploration and evaluation expenditure	16,329	1,627	2,185	2,700	2,959
Property, plant and equipment	26,369	65,292	201,052	280,429	281,118
Right-of-use assets	1,473	1,807	2,127	44,494	45,821
Total non-current assets	44,171	68,726	205,364	327,623	329,898
Total assets	46,267	149,823	248,051	350,980	365,573
Liabilities					
<u>Current Liabilities</u>					
Trade and other payables	1,793	1,955	17,675	38,723	55,872
Unearned revenue	-	-	-	15,739	67,275
Lease liabilities	511	730	645	3,181	3,495
Provisions	110	184	378	939	1,422
Interest bearing loans and borrowings	-	-	-	36,549	36,957
Total current liabilities	2,415	2,870	18,698	95,131	165,021
<u>Non-current Liabilities</u>					
Lease liabilities	915	623	493	41,003	43,211
Provisions	-	1,668	3,863	10,611	10,687
Interest bearing loans and borrowings	-	31,853	113,402	150,179	139,220
Parent company loan	7,245	-	-	-	-
Total non-current liabilities	8,160	34,144	117,758	201,793	193,118
Total liabilities	10,574	37,013	136,456	296,924	358,138
Net assets	35,693	112,810	111,596	54,056	7,434
Equity					
Issued capital	81,059	159,059	164,059	164,059	177,251
Accumulated losses	(45,366)	(46,249)	(52,463)	(110,003)	(169,817)
Total equity	35,693	112,810	111,596	54,056	7,434

Financial ratios

	2020	2021	2022	2023	2024YTD
Current Ratio	0.87	28.26	2.28	0.25	0.22
Quick Ratio	0.87	28.26	2.28	0.22	0.06
Debt to Equity Ratio	0.30	0.33	1.22	5.49	48.17
Debt Ratio	0.23	0.25	0.55	0.85	0.98

Appendix C Monthly management accounts

Set out below are the monthly management accounts for the last 12 month prior to the appointment of administrators.

Statement of profit or loss

\$,000	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Revenue	-	10,151	9,223	17,250	-	27,630	(990)	17,533	17,853	11,949	(859)	17,797
Cost of sales	133	(17,624)	(22,704)	(16,959)	141	(31,994)	131	(21,679)	(30,128)	(14,579)	(0)	(28,442)
Gross Profit / (Loss)	133	(7,472)	(13,481)	291	141	(4,365)	(859)	(4,146)	(12,275)	(2,630)	(859)	(10,645)
Other Income	-	1	(8)	-	-	-	-	-	-	6	-	-
Corporate and administration costs	(172)	(307)	(216)	(232)	(209)	(195)	(217)	(235)	(233)	(587)	(275)	(434)
Net Foreign Exchange Gain /(Loss)	(2,507)	(3,135)	3,452	1,427	(4,988)	(2,183)	(2,602)	8,844	4,936	(6,992)	(1,649)	70
Loss before finance costs and income tax expense	(2,546)	(10,913)	(10,253)	1,486	(5,057)	(6,743)	(3,678)	4,463	(7,573)	(10,203)	(2,783)	(11,009)
Interest Received	31	32	24	25	28	20	23	14	3	13	7	8
Finance Costs	(2,034)	(2,226)	(136)	(1,637)	(1,915)	(1,925)	(1,818)	(1,764)	(3,505)	(2,062)	(2,088)	(2,143)
Loss before income tax	(4,549)	(13,106)	(10,364)	(126)	(6,944)	(8,648)	(5,473)	2,713	(11,075)	(12,252)	(4,865)	(13,144)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-
Loss after income tax	(4,549)	(13,106)	(10,364)	(126)	(6,944)	(8,648)	(5,473)	2,713	(11,075)	(12,252)	(4,865)	(13,144)
Other comprehensive income net of income tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the month	(4,549)	(13,106)	(10,364)	(126)	(6,944)	(8,648)	(5,473)	2,713	(11,075)	(12,252)	(4,865)	(13,144)

Balance sheet

\$,000	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
ASSETS												
Current Assets												
Cash and Cash Equivalents	12,878	10,138	11,794	12,358	13,347	10,014	5,713	1,581	2,351	1,271	1,039	6,086
Trade and other receivables	2,070	3,480	3,199	4,165	5,365	5,365	3,544	5,269	3,809	6,899	3,842	3,951
Inventory	16,379	12,504	6,289	2,620	17,093	3,239	21,216	19,401	12,554	18,226	35,267	25,619
Prepayments	1,318	2,464	2,075	2,077	1,745	1,416	1,084	752	420	195	41	18
Total Current Assets	32,645	28,587	23,358	21,220	37,550	20,033	31,556	27,003	19,134	26,590	40,189	35,674
Non-Current Assets												
Exploration & Evaluation Assets	2,611	2,647	2,700	2,743	2,765	2,793	2,824	2,848	2,871	2,890	2,905	2,959
Property, plant and equipment	288,229	288,123	280,429	282,810	285,159	285,517	285,983	286,453	283,404	282,211	282,040	281,118
Right-of-use Assets	45,266	44,880	44,494	44,108	43,722	43,336	42,951	42,565	43,036	42,646	45,779	45,821
Total Non-Current Assets	336,106	335,650	327,623	329,662	331,646	331,646	331,757	331,866	329,312	327,746	330,723	329,898
Total Assets	368,751	364,237	350,980	350,881	369,197	351,680	363,313	358,869	348,445	354,337	370,913	365,573
Liabilities												
Current Liabilities												
Trade and other Payables	31,042	34,132	38,723	37,258	39,175	53,609	40,529	40,367	52,852	45,545	46,284	55,872
Unearned Revenue	8,994	8,645	15,739	14,355	29,009	12,599	39,353	38,345	37,862	56,127	71,035	67,275
Lease Liability	3,181	3,185	3,181	3,195	3,191	3,197	3,109	3,192	3,264	3,282	3,412	3,495
Provisions	1,149	869	866	785	781	801	1,167	1,223	893	1,347	1,037	1,422
Interest Bearing Loans and Borrowings	165,651	25,305	36,549	29,360	33,089	40,915	41,426	39,623	35,370	36,683	36,987	36,957
Non-Current Liabilities	210,017	72,137	95,058	84,952	105,246	111,120	125,585	122,750	130,242	142,984	158,756	165,021
Lease Liability	41,457	41,270	41,003	40,734	40,463	40,190	39,916	39,639	40,318	40,034	43,154	43,211
Provisions	17,378	17,737	10,684	10,705	10,720	10,745	10,765	10,787	10,500	10,555	10,636	10,687
Interest Bearing Loans and Borrowings	22,372	168,672	150,179	160,560	165,781	151,286	154,183	150,115	129,691	135,320	137,788	139,220

\$,000	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Non-Current Liabilities	81,207	227,680	201,866	211,999	216,964	202,221	204,864	200,541	180,509	185,910	191,578	193,118
Total Liabilities	291,224	299,817	296,924	296,951	322,210	313,342	330,448	323,292	310,751	328,894	350,334	358,138
Net Assets	77,527	64,421	54,056	53,931	46,987	38,338	32,865	35,578	37,695	25,443	20,578	7,434
Equity												
Issued Capital	164,059	164,059	164,059	164,059	164,059	164,059	164,059	164,059	177,251	177,251	177,251	177,251
Accumulated losses	(86,532)	(99,638)	(110,003)	(110,128)	(117,073)	(125,721)	(131,194)	(128,481)	(139,556)	(151,808)	(156,673)	(169,817)
Total Equity	77,527	64,421	54,056	53,931	46,987	38,338	32,865	35,578	37,695	25,443	20,578	7,434
Ratios												
Current ratio	0.16	0.40	0.25	0.25	0.36	0.18	0.25	0.22	0.15	0.19	0.25	0.22
Quick Ratio	0.08	0.22	0.18	0.22	0.19	0.15	0.08	0.06	0.05	0.06	0.03	0.06
Debt to Equity Ratio	3.76	4.65	5.49	5.51	6.86	8.17	10.05	9.09	8.24	12.93	17.02	48.17
Debt Ratio	0.79	0.82	0.85	0.85	0.87	0.89	0.91	0.90	0.89	0.93	0.94	0.98

Analysis of alternatives available to creditors

	Book value \$000	Liquidation \$000	Notes
Statement of position as of 21 February 2025			
Assets subject to non-circulating security interest			
Plant and equipment	123,651,077	Confidential	1
Tenements	26,859,361	Confidential	2
Total assets subject to non-circulating security interest	150,510,438	Confidential	
Liabilities related to assets subject to non-circulating security interest			
Administrators' remuneration and disbursements		500,000	3
Secured loan and additional funding	207,563,469	156,361,633	4
Total liabilities related to assets subject to non-circulating security interest	207,563,469	156,861,633	
Surplus/(deficit) on assets subject to non-circulating security interest		Confidential	
Assets subject to circulating security interest			
Cash at bank	7,965,365	7,965,365	
Debtors	3,174,603	3,174,603	5
Stock	12,616,577	12,616,577	6
Liquidator claims	-	-	7
Total assets subject to circulating security interest	23,756,545	23,756,545	
Liabilities related to assets subject to circulating security interest			
Administrators' remuneration and disbursements	500,000	500,000	3
Trade on liabilities	Confidential	Confidential	8
Total liabilities related to assets subject to circulating security interest	Confidential	Confidential	
Surplus/(deficit) on assets subject to circulating security interest			
Surplus/(deficit) available for priority creditors			
Priority creditors			
Wages and superannuation	-	-	9
Annual leave and long service leave	709,644	709,644	9
Redundancy and pay in lieu of notice	2,318,309	2,318,309	9
Total priority claims	3,027,943	3,027,943	
Surplus/(deficit) available for unsecured creditors		-	
Unsecured creditors			
Trade creditors	152,792,309	120,526,853	10
Lease liabilities	-	37,891,464	10
Total unsecured creditors	152,792,309	158,418,317	
Total surplus/(deficit)	Confidential	Confidential	
Distribution to unsecured creditors		Nil	

Notes

Note 1: Plant and equipment

A valuation of the Company's plant and equipment has been conducted by Gordon Brothers. Owing to ongoing discussions with interested parties, the valuation report and its findings is confidential.

Note 2: Tenement value

The value of the tenements is confidential owing to ongoing discussion with interested parties.

Note 3: Remuneration and disbursements

Pursuant to Section 556 of the Act, the Administrators' remuneration and disbursements are paid in priority to employees' and unsecured creditors' claims from circulating assets.

We have provided an initial estimate of the potential fees that may be incurred in a liquidation scenario. A detailed fee estimate will need to be prepared in the event of liquidation.

Note 4: Secured debt

The secured party Taurus is owed approximately US\$81.3 million in relation to its original lending and US\$17.0 million (excluding accrued fees and interest) in relation to its funding during the voluntary administration process.

The Directors included an estimate of lease liabilities in the value of secured claims. As we do not have a valuation of the leased assets, we have assumed their claims are unsecured. Claims have not been lodged for the lease payouts at this stage. In a liquidation, lessor claims are the value of the lease, less estimated recoverable value of the equipment. The claims are likely to be material.

Note 5: Pre and post appointment debts

This is the outstanding receivables position as of 21 February 2024. All pre-appointment debtors have been collected without any write-offs or forgiveness.

Note 6: Stock

Stock on hand has been calculated based on the latest inventory reports less an estimate of haulage and shipping costs, and net of royalties payable on payable metal content.

Note 7: Liquidator claims

As detailed above, our investigations have not found any conduct or transactions that would likely result in a return to creditors in liquidation. However, if appointed and if appropriately funded, a liquidator would undertake further investigations.

Note 8: Trade on liabilities

The trade on liability position that would be paid from assets of the company is highly uncertain. If the Company was to be placed into liquidation, we would undertake detailed planning to maximise recoveries from the wind-down of operations.

Note 9: Priority employee claims

Employee claims have been calculated based on the latest payroll data. There has been considerable turnover of staff since the administration.

Pursuant to Section 556 of the Act, employees receive a priority for payment of their entitlements in full, prior to any distribution to unsecured creditors.

Note 10: Trade creditors

We have received and are aware of claims totalling approximately \$120.6 million owing to unsecured creditors. This amount is subject to calling for Formal Proofs of Debt from creditors and formal adjudication. Based on the Company's books and records, many small trade creditors have not lodged proofs of debt.

In addition, we estimated claims from lessors may total approximately \$37.9 in a liquidation scenario where claims increase due to termination of lease agreements.

Appendix D Notice of Meeting



Corporations Act 2001

Notice of second meeting of creditors of company under administration

Abra Mining Pty Limited (Administrators Appointed) ACN 110 233 577 ('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') at 10:00 am (Australian Western Standard Time) on Friday, 7 March 2025. This will be a virtual meeting only – no in-person attendance will be allowed. In the minutes, the notional physical location of the virtual meeting will be recorded as Level 44, 108 St Georges Terrace, Perth WA 6000.

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. For the creditors of the Company to resolve:
 - i. that the administration should end, or
 - ii. that the Company be wound up.
3. Consider any other business properly brought before the meeting.

Creditors who are a company and wish to vote at a meeting must complete and return a Proxy Form, whether they are voting by proxy or their representative is attending virtually or in person. Creditors who are individuals, such as employees or sole traders, and wish to vote at a meeting only need to complete and return a Proxy Form if they are voting by proxy or having a person represent them at the meeting, whether virtually or in person.

Proxy Forms must be completed and returned by no later than 5:00 PM on the last business day prior to the meeting, being Thursday, 6 March 2025. Send the forms by email to emile.dutoit@kordamentha.com or send by mail to KordaMentha at PO Box 3185, East Perth WA 6892. Due to possible delays in the delivery of mail, we recommend email. A Proxy Form is enclosed.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you. If you are appointing a proxy, the information required is requested in the **Proxy Form**. If you are an individual, such as an employee or a sole trader, provide the required information by completing a **Notice of Virtual Attendance at Meeting Form**. These completed forms must be received no later than 5:00 PM on the last business day prior to the meeting, being Thursday, 6 March 2025. You will then be sent the conference call number and code or link to the meeting. Send the forms by email to emile.dutoit@kordamentha.com, fax to (08) 9220 9399 or send by mail to KordaMentha at PO Box 3185, East Perth WA 6892. Due to possible delays in the delivery of mail, we recommend email or fax. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.

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 for creditors who have not yet submitted a Proof of Debt, or wish to amend their prior claim.

Dated: Friday, 28 February 2025

A handwritten signature in black ink, appearing to be 'Richard Tucker', written over a horizontal line.

Richard Tucker
Administrator

KordaMentha
PO Box 3185
East Perth WA 6892

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.

Appendix E Proof of Debt Form



Form 535 – Formal proof of debt or claim (General form)**Abra Mining Pty Limited (Administrators Appointed)
ACN 110 233 577 ('the Company')**

To: The Administrators of Abra Mining Pty Limited (Administrators Appointed) ('the Company')

1. This is to state that the Company was on 4 April 2024, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

ABN _____

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 am a related creditor of the Company. (select if applicable)

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone _____ Fax _____

Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

Appendix F Appointment of Proxy Form



Appointment of proxy

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

1. Insert full name and contact details (please print)

Creditor's name (individual or company)

Name of company contact or director(s)/company secretary

Email address

Telephone number

Address

2. Appointment of a Proxy (please complete)

I/We, a creditor of the Company, appoint **or** in his/her absence,
..... **or** ☐ the Chairperson, as my/our proxy, to vote at the meeting of
creditors to be held on Friday, 7 March 2025.

Please provide contact details for the meeting invite to be provided to the proxy and a method to contact the proxy
in case of technology difficulties.

Email address

Telephone number

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, specify your instructions below (**please tick**).

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
Adjournment of meeting				
That pursuant to Section 75-140 of the Insolvency Practice Rules, the meeting be adjourned for up to 45 business days	☐	☐	☐	☐
Future of company				
Only mark your intention for one of the three resolution options below:				
Option 1: That the administration should end	☐	☐	☐	☐
Option 2: That pursuant to Section 439C of the Corporations Act, the Company be wound up	☐	☐	☐	☐

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:

Dated

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

5. 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: _____

6. Return of completed proxy forms

Completed proxy forms are to be received by no later than 5:00 PM on the last business day prior to the meeting, being Thursday, 6 March 2025. They can be sent by email to emile.dutoit@kordamentha.com, faxed to (08) 9220 9399 or sent by mail to KordaMentha at PO Box 3185, East Perth WA 6892. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

Appendix G Notice of Virtual Attendance at Meeting Form



Notice of virtual attendance at meeting

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

Notice is given that virtual meeting facilities will be used for the meeting of creditors of the Company to be held at 10:00 am (Australian Western Standard Time) on Friday, 7 March 2025 at 10:00 AM AWST.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you. If you are appointing a proxy, the information required is requested in the **Proxy Form**. If you are an individual, such as an employee or a sole trader, provide the required information by completing a **Notice of Virtual Attendance at Meeting Form**. These completed forms must be received no later than 5:00 PM on the last business day prior to the meeting, being Thursday, 6 March 2025. You will then be sent the conference call number and code or link to the meeting. Send the forms by email to emile.dutoit@kordamentha.com or send by mail to KordaMentha at PO Box 3185, East Perth WA 6892. Due to possible delays in the delivery of mail, we recommend email. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.

The following details must be provided:

Name of Creditor:

Telephone contact and email address
details for the purpose of the meeting:

Tel:

Email:

Dated: 28 February 2025



Richard Tucker
Administrator

KordaMentha
PO Box 3185
East Perth WA 6892

Appendix H ARITA information sheet



Voluntary Administration

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Queries about the voluntary administration should be directed to the administrator's office.