# ASX Announcement

**29 September 2023**
**ASX: WMC**

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# APPENDIX 4E

## COMPANY DETAILS

Name of entity: Wiluna Mining Corporation Limited
18 119 887 606
Reporting period: Year ended 30 June 2022
Previous period: Year ended 30 June 2021

## RESULTS FOR ANNOUCEMENT TO THE MARKET

| Summary financial results | Year ended June 2022 ($'000) | Year ended June 2021 ($'000) | Change (%) |
|---|---|---|---|
| Revenue from gold & silver sales | 44,937 | 131,467 | -66% |
| Total comprehensive profit / (loss), net of tax | (272,718) | 20,404 | -1437% |
| Profit / (loss) after tax attributable to members | (272,718) | 20,404 | -1437% |

## NET TANGIBLE ASSETS PER SHARE

| | 30 June 2022 $ | 30 June 2021 $ |
|---|---|---|
| Net tangible assets per share | 0.120 | 1.363 |

## DIVIDENDS/DISTRIBUTIONS

No dividend was paid or declared for the year 30 June 2022.

## DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

There was no change in controlled entities in the year ended 30 June 2022.

## DETAILS OF ASSOCIATED AND JOINT VENTURE ENTITIES

The Group has no associated or joint venture entities.

## STATUS OF AUDIT

This report is based on the financial statements which are in the process of being audited by RSM Australia Partners. The Company anticipates that the audit report will include a Material Uncertainty Related to Going Concern paragraph.

## EXPLANATION OF RESULTS

For the year ended 30 June 2022 ("FY22"), the Company generated a net loss after tax of A$272.7m, which includes an impairment charge of $236.0m (comprising $197.0m against mine properties, $37.6m against plant and equipment and $1.4m against exploration and evaluation expenditure) and treasury losses of $31.2m (comprising unrealised loss on forward contracts of $26.7m and FX losses of $4.5m). Gross loss from operations was A$2.7m, which was derived from total gold production of 41,986oz, with 26,239ozs gold produced from areas in pre-production (with the associated costs and revenue capitalised to mine development prior to the impairment charge).

At the beginning of FY22, Wiluna was in development stage seeking to implement its Stage 1 Expansion Plan with targeted gold production of 120kozpa. More specifically, Stage 1 involved completing construction and commissioning of the Concentrate Plant, implementing tailings retreatment from historical tailings dams (Wiltails Plant) and progressing underground mine development. The Company was also targeting completion of a Stage 2 Feasibility Study in the December 2021 quarter, which originally envisaged doubling production to circa 250kozpa.

The Company's business plan was funded by several capital raisings supported by international and Australian investors, which together with debt and working capital, was invested to grow and develop the mining properties. During FY22, this involved a $53m (before costs) capital raising at a placement price of $1.00 per share, which was completed in two tranches. Tranche 1 was completed on 30 November 2021 for a total of approximately $35m, and Tranche 2 was completed for a total of approximately $18m on 6 January 2022.

The capital raising funds received were used to continue to progress the Stage 1 expansion, with over $40m invested during FY22 in plant and equipment, including approximately $33m used for Capital WIP, being primarily the development of the Concentrate Plant and Wiltails Plant. The Concentrate Plant was successfully commissioned in December 2021; however the Wiltails Plant remained incomplete at end FY22 (construction completed in September 2023 and commissioning is underway). In excess of $100m was also invested in mine properties during FY22, which included pre-production and underground development costs, and represented more than 10,000 meters of underground development achieved during the year.

Working capital during FY22 was impacted by ramp-up issues and delays in achieving Stage 1 commercial production (originally targeted for June 2022, but ultimately never achieved), underground mine production being constrained due to labour shortages caused by the COVID-19 pandemic, additional rehabilitation activity to improve mine area access, the impact of increasing cost pressures in a high inflationary environment, gold grade mined being lower than planned (i.e. underground ore reserve gold grade as of April 2022 declined by approximately 14% which materially impacted Wiluna's revenue) and trading difficulties including worldwide shipping constraints on delivering gold concentrate to off-takers.

In May 2022, Wiluna conducted a capital raise to address the working capital deficiency and to facilitate completion of Stage 1, including the Wiltails Plant. Per the prospectus filed with the ASX in May 2022, the Company sought to raise a minimum of $50m and up to approximately $85m (before costs). However, insufficient funds were raised to adequately address the working capital issues, with only approximately $50m received under the raising which included approximately $16.8m of supplier debt-to-equity conversion. As at 30 June 2022, Wiluna had a working capital deficiency of $31.6m (being current assets minus current liabilities).

Although Wiluna investigated options to address the working capital and cashflow shortfall, through obtaining funding and financial accommodation from creditors and shareholders, it became apparent those options would not successfully address the cashflow shortfall in the time available. Shortly after the end of FY22, the Directors of Wiluna Mining Corporation Limited and its subsidiaries resolved on 20 July 2022 to appoint Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis as Voluntary Administrators.

Recognising the existence of impairment triggers as at 30 June 2022, the Company has performed an impairment test to assess the recoverable amount of the Wiluna Gold Mine against the carrying values of its mine properties and plant & equipment. The outcome of this testing determined that an impairment charge of approximately $234.6 million was appropriate to record against these assets, which is reflected in this Appendix 4E filing. An additional $1.4m charge was recorded against exploration and evaluation expenditure to impair costs associated with the Scadden coal project.

Since the appointment of FTI as Voluntary Administrators, significant work has been undertaken and significant progress made with the support of multiple key stakeholders towards stabilising Wiluna's business, refocusing its business to be cash-flow positive, restructuring Wiluna's financial obligations and providing a basis for a Capital Raising and effectuation of a Deed of Company Arrangement ("DOCA") so that Wiluna can be returned to the control of Directors in a sound financial position. Notwithstanding being in external administration, Wiluna has been maintaining a sufficient level of operations and has been improving its financial condition. Having achieved execution of the DOCA means that the Administrators now have a certain level of confidence that Wiluna may be able to exit external administration and come under the control of Directors on a solvent basis again.

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## ATTACHMENTS

Appendix 1 – Unaudited Statement of Profit or Loss and Other Comprehensive Income
Appendix 2 – Unaudited Statement of Financial Position
Appendix 3 – Unaudited Statement of Changes in Equity
Appendix 4 – Unaudited Statement of Cash Flows
Appendix 5 – Unaudited Notes to the Financial Statement

## FURTHER INFORMATION

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The release of this announcement has been approved by the Deed Administrators*

*Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis, all Senior Managing Directors of FTI Consulting, were appointed as Deed Administrators on 28 July 2023.

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## Appendix 1 – Unaudited Statement of Profit or Loss and Other Comprehensive Income

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from gold and silver sales | | 44,937 | 131,467 |
| Cost of production relating to gold and silver sales | | (41,810) | (80,267) |
| Toll treatment revenue | | 6,905 | - |
| **Gross profit before depreciation and amortisation** | | **10,032** | **51,200** |
| Depreciation and amortisation relating to gold and silver sales | | (12,348) | (30,577) |
| **Gross profit/(loss) from operations** | | **(2,316)** | **20,623** |
| | | | |
| Other income | | 40 | 3,162 |
| Administration expenses | | 3,382 | (5,094) |
| Non-capital exploration expenditure | | - | (384) |
| Depreciation of non-mine site assets | | - | (95) |
| Share-based payments | | - | (145) |
| Finance costs | | (2,819) | (3,395) |
| Treasury – realised loss | | (111) | (117) |
| Treasury – unrealised gain/(loss) | | (31,187) | 6,576 |
| Impairment expense | 5 | (235,999) | - |
| Loss on disposal of assets | | (3,139) | - |
| Other expenses | | (569) | (727) |
| | | | |
| **Profit/(loss) before income tax expense for the year from continuing operations** | | **(272,718)** | **20,404** |
| Income tax expense | | | - |
| **Profit/(loss) after income tax expense for the year from continuing operations** | | **(272,718)** | **20,404** |
| | | | |
| **Other comprehensive income** | | - | **-** |
| | | | |
| **Total comprehensive profit/(loss) for the year, net of tax** | | **(272,718)** | **20,404** |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (141.88) | 17.72 |
| Diluted earnings per share | (141.88) | 17.51 |

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## Appendix 2 – Unaudited Statement of Financial Position

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 17,217 | 54,077 |
| Gold bullion awaiting settlement | | 712 | 55 |
| Trade and other receivables | | 7,811 | 3,503 |
| Inventories | | 14,476 | 26,118 |
| Financial assets | | 18 | 2,549 |
| **Total current assets** | | **40,234** | **86,302** |
| **Non-current assets** | | | |
| Other receivables | | - | 656 |
| Right of use assets | | 12,866 | 4,442 |
| Plant and equipment | 1 | 85,644 | 85,691 |
| Mine properties – areas in production | 2 | - | 72,965 |
| Mine properties – areas in development | 3 | 49,359 | 61,927 |
| Exploration and evaluation expenditure | | 47,524 | 34,242 |
| Financial assets | | - | 3,416 |
| **Total non-current assets** | | **195,393** | **263,339** |
| **Total assets** | | **235,627** | **349,641** |
| **Current liabilities** | | | |
| Trade and other payables | | 47,278 | 30,289 |
| Provisions | | 2,337 | 2,050 |
| Financial liabilities | | 1,621 | - |
| Interest-bearing liabilities | | 17,221 | 9,895 |
| Lease liabilities | | 1,964 | 2,294 |
| Gold hedge held at market | | 1,385 | - |
| **Total current liabilities** | | **71,806** | **44,528** |
| **Non-current liabilities** | | | |
| Interest-bearing liabilities | | 42,343 | 48,352 |
| Provisions | | 47,909 | 34,270 |
| Lease liabilities | | 11,184 | 2,339 |
| Gold hedge held at market | | 19,063 | - |
| **Total non-current liabilities** | | **120,499** | **84,961** |
| **Total liabilities** | | **192,305** | **129,489** |
| **Net assets** | | **43,322** | **220,152** |
| **Equity** | | | |
| Issued capital | 4 | 393,403 | 297,760 |
| Reserves | | 6,738 | 6,493 |
| Accumulated losses | | (356,819) | (84,101) |
| **Total equity** | | **43,322** | **220,152** |

## Appendix 3 – Unaudited Statement of Changes in Equity

| | Consolidated | | | |
|---|---|---|---|---|
| | Issued capital $'000 | Reserves $'000 | Accumulated losses $'000 | Total $'000 |
| **At 1 July 2020** | **236,865** | **6,177** | **(104,505)** | **138,537** |
| Profit after income tax for the year | - | - | 20,404 | 20,404 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive profit for the year | - | - | 20,404 | 20,404 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments expense | - | 316 | - | 316 |
| Shares issued, net of transactions costs | 60,895 | - | - | 60,895 |
| **At 30 June 2021** | **297,760** | **6,493** | **(84,101)** | **220,152** |
| **At 1 July 2021** | **297,760** | **6,493** | **(84,101)** | **220,152** |
| Loss after income tax for the year | - | - | (272,718) | (272,718) |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive profit for the year | - | - | (272,718) | (272,718) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments expense | - | 245 | - | 245 |
| Shares issued, net of transactions costs | 95,643 | - | - | 95,643 |
| **At 30 June 2022** | **393,403** | **6,738** | **(356,819)** | **43,322** |

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## Appendix 4 – Unaudited Statement of Cash Flows

| | Note | Consolidated 2022 $'000 | Consolidated 2021 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Proceeds from gold and silver sales | | 47,464 | 133,299 |
| Payments to suppliers and employees | | (34,128) | (99,849) |
| Interest received | | 40 | 36 |
| Interest paid | | (2,475) | (2,422) |
| Other | | - | 2,881 |
| **Net cash flows from operating activities** | 16 | **10,901** | **33,945** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | | (40,363) | (27,998) |
| (Loss)/proceeds from sale of non-core assets, net of costs | | - | (175) |
| Payments for geology | | (18,971) | (26,133) |
| Payments for mine properties | | (77,993) | (46,382) |
| Proceeds from pre-production gold sales | | - | 1,436 |
| **Net cash flows used in investing activities** | | **(137,327)** | **(99,252)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of equities | | 101,813 | 64,218 |
| Payment of share issue costs | | (5,925) | (3,583) |
| Proceeds from loan, net of fees | | - | 75,100 |
| Repayment of loans | | (4,173) | (19,250) |
| Net proceeds/(repayment) from finance leases | | (21) | 2,047 |
| Change in bank guarantees | | - | (86) |
| Repayment of lease liabilities | | (2,128) | (7,966) |
| **Net cash flows from financing activities** | | **89,566** | **110,480** |
| | | | |
| Net increase/(decrease) in cash held | | (36,860) | 45,173 |
| Cash and cash equivalents at beginning of the year | | 54,077 | 8,904 |
| **Cash and cash equivalents at end of the year** | | **17,217** | **54,077** |

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## Appendix 5 – Unaudited Notes to the Financial Statement

### 1. PLANT AND EQUIPMENT

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| | Plant & Equipment | Motor Vehicles | Furniture & Equipment | Buildings & Infrastructure | Tails Dam | Capital WIP | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| *Net carrying amount at 1 July 2021* | **26,833** | **2,768** | **1,036** | **7,695** | **25,180** | **22,179** | **85,691** |
| Additions | 2,710 | 4,167 | 218 | 1,635 | - | 33,274 | 42,004 |
| Depreciation expense | (1,344) | (952) | (424) | (586) | (1,025) | - | (4,331) |
| Transfers between classes | 1,319 | 79 | - | 46 | - | (1,444) | - |
| Transfers to mine properties | - | - | - | - | - | (33) | (33) |
| Impairment | - | - | - | - | (24,155) | (13,475) | (37,630) |
| Disposals | - | (57) | - | - | - | - | (57) |
| **Net carrying amount at 30 June 2022** | **29,518** | **6,005** | **830** | **8,790** | **-** | **40,501** | **85,644** |
| | | | | | | | |
| At 30 June 2022 | | | | | | | |
| Cost | 51,436 | 7,952 | 2,841 | 14,202 | 30,927 | 53,976 | 161,334 |
| Accumulated depreciation and impairment | (21,918) | (1,947) | (2,011) | (5,412) | (30,927) | (13,475) | (75,690) |
| **Net carrying amount** | **29,518** | **6,005** | **830** | **8,790** | **-** | **40,501** | **85,644** |
| | | | | | | | |
| *Net carrying amount at 1 July 2020* | **25,920** | **606** | **617** | **6,907** | **9,185** | **20,348** | **63,583** |
| Additions | 2,877 | 2,358 | 480 | 332 | (220) | 22,179 | 28,006 |
| Depreciation expense | (2,829) | (306) | (563) | (542) | (1,030) | - | (5,270) |
| Transfers between classes | 865 | 110 | 502 | 998 | 17,245 | (19,719) | 1 |
| Transfers to mine properties | - | - | - | - | - | (629) | (629) |
| Disposals | | | | | | | - |
| **Net carrying amount at 30 June 2021** | **26,833** | **2,768** | **1,036** | **7,695** | **25,180** | **22,179** | **85,691** |
| | | | | | | | |
| At 30 June 2021 | | | | | | | |
| Cost | 47,100 | 3,776 | 2,623 | 12,521 | 30,927 | 22,179 | 119,126 |
| Accumulated depreciation and impairment | (20,267) | (1,008) | (1,587) | (4,826) | (5,747) | - | (33,435) |
| **Net carrying amount** | **26,833** | **2,768** | **1,036** | **7,695** | **25,180** | **22,179** | **85,691** |

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## 2. MINE PROPERTIES – AREAS IN PRODUCTION

| | Consolidated | | |
|---|---|---|---|
| **2022** | **Mine Properties $'000** | **Stripping Activity Asset $'000** | **Total $'000** |
| | **-** | **-** | **-** |
| Balance at 1 July | 72,965 | - | 72,965 |
| Transferred to mine properties – areas in development | 11,162 | - | 11,162 |
| Impaired during the year | (91,509) | - | (91,509) |
| Rehabilitation provision adjustment | 13,179 | - | 13,179 |
| Amortisation during production | (5,797) | - | (5,797) |
| **Balance at 30 June** | **-** | **-** | **-** |

| | Consolidated | | |
|---|---|---|---|
| **2021** | **Mine Properties $'000** | **Stripping Activity Asset $'000** | **Total $'000** |
| | **72,965** | **-** | **72,965** |
| Balance at 1 July | 90,114 | 1,528 | 91,642 |
| Transferred to mine properties – areas in development | (8,224) | - | (8,224) |
| Additions | 4,570 | - | 4,570 |
| Transferred from exploration and evaluation expenditure | 4,481 | - | 4,481 |
| Rehabilitation provision adjustment | 2,813 | - | 2,813 |
| Amortisation charged to costs of production | - | (1,528) | (1,528) |
| Amortisation during production | (20,789) | - | (20,789) |
| **Balance at 30 June** | **72,965** | **-** | **72,965** |

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## 3. MINE PROPERTIES – AREAS IN DEVELOPMENT

| | Consolidated | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Balance at 1 July | 61,927 | 4,677 |
| Pre-production expenditure capitalised, net of gold sales | 104,100 | 45,781 |
| Transferred from/(to) mine properties – areas in production | (11,162) | 8,224 |
| Impaired during the year | (105,506) | - |
| Transferred from/(to) plant and equipment | - | 629 |
| Expansion study expenses | - | 2,616 |
| **Balance at 30 June** | **49,359** | **61,927** |

## 4. ISSUED CAPITAL

| | Consolidated | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Ordinary shares – issued and fully paid | 393,403 | 297,760 |

| | Number ('000s) | $'000 |
|---|---|---|
| *Movement in ordinary shares on issue* | | |
| At 1 July 2020 | 100,284 | 236,865 |
| Issued on exercise of options | 22 | 3 |
| Placement | 56,191 | 63,638 |
| Issued in lieu of payment | 1,781 | 837 |
| Transaction costs | - | (3,583) |
| **On issue at 30 June 2021** | **158,278** | **297,760** |
| | | |
| At 1 July 2021 | 158,278 | 297,760 |
| Issued on exercise of options | 36 | - |
| Placement | 53,000 | 53,000 |
| Issue of shares[1] | 135,644 | 47,257 |
| Issue shortfall | 7,504 | 3,002 |
| Transaction costs | - | (7,616) |
| **On issue at 30 June 2022[2]** | **354,462** | **393,403** |

Note 1: Includes 17.65m shares issued in June 2022, but no funds received. These shares will be cancelled pending recovery proceedings.
Note 2: Shares on issue agrees to the Company's share registry as at 30 June 2022; updated announcement to be provided to the ASX.

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## 5. IMPAIRMENT EXPENSES

| | Consolidated | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Plant and equipment | (37,630) | - |
| Exploration and evaluation expenditure | (1,354) | - |
| Mine properties – areas in production | (91,509) | - |
| Mine properties – areas in development | (105,506) | - |
| **Total** | **(235,999)** | **-** |

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