ASX Announcement

2 November 2023
ASX:WMC

WILUNA MINING

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2023

Wiluna Mining Corporation Limited (Subject to Deed of Company Arrangement) ("**Wiluna**", "**WMC**" or the "**Company**") (ASX:WMC) provides the following update on the Company and its activities.

OPERATIONS

- Continuation of processing the historic dump leach stockpile pending commissioning of the Wiltails tailings retreatment circuit.
- A total of 402,946T was processed for 4,946oz of Au during the quarter.
- Completion of building works associated with the Wiltails circuit, images present at Annexure C.
- Dewatering systems and access to key areas underground continue to be maintained during care and maintenance to facilitate the restart of future mining operations.
- Long lead item orders placed for CIL Upgrade including additional tankage capacity, screens and agitators. Circuit layout drawing present at Annexure D.
- Draft studies received of pre-feasibility work in regard to options for restart of mining activities.
- During the next quarter the main activities will be commissioning of the Wiltails processing unit, further studies and work in relation to an expansion of the CIL processing facilities, pre-feasibility work regarding recommencement of mining and consideration of funding options.

FINANCIAL

- Cash on hand as at 30 September 2023 was A$8.5M (as at 30 June 2023: A$15.4M).
- Total gold bullion sales for the quarter were 4,815oz of Au at an average price of A$2,886/oz (June 2023 quarter 3,730oz at an average price of A$2,947/oz).

CORPORATE

- The Deed of Company Arrangement ("**DOCA**") was signed by the Company and each of its subsidiaries in the Annexure A (all subject to Deed of Company Arrangement) and the Deed Administrators (as defined below) on 28 July 2023. This agreement with creditors is an important milestone to advance the broader strategic turnaround plan and recapitalisation of the Group.
- Terms of the DOCA are as detailed in the Company's ASX announcements of 3 July 2023 and 1 August 2023.
- The Deed Administrators continued to progress completion of the Conditions Precedent of the DOCA, as detailed in the Company's ASX announcement dated 24 August 2023.
- The remaining Conditions Precedent are as follows:
    - Wiluna issuing new shares to raise new capital in an amount determined by the Deed Administrators on or before 31 December 2024 ("**Capital Raising**"), and obtaining necessary regulatory relief, ASX Listing Rule waivers or member approvals (if any) to complete the Capital Raising.
    - The appointment of one or more suitably qualified and experienced directors to the boards of directors of Wiluna and its subsidiaries.
- Wiluna released an updated JORC Mineral Resource estimate via ASX announcement dated 29 August 2023.
- Work is underway to release an updated Reserve which is anticipated to be completed before the end of CY23.
- Wiluna released Appendix 4E for the financial year ended 30 June 2022, and unaudited financial accounts for the same financial year via an ASX announcement dated 29 September 2023.
- Subsequent to the end of the September 2023 quarter, Wiluna released its FY2022 Annual Report (including its audited financial accounts) via the ASX platform on 31 October 2023.

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OPERATIONS

TAILINGS RETREATMENT PROJECT

Throughout the September 2023 quarter the Company continued to process the historic dump leach stockpile pending the completion of the Wiltails processing unit and refurbishment of the crushing circuit. During the quarter 402,946T of dump leach material was processed, producing 4,946oz of Au.

Work to complete the Wiltails processing unit occurred during the quarter with first ore processed on 1 October 2023. The Wiltails processing unit enables a dual feed of both tails through the processing plant and dump leach ore stockpile through the crushing circuit. The dual feed processing has now increased throughput to 280DT (dry tonnes) per hour from the previous rate of approximately 180DT per hour.

Work has commenced on an expansion of the CIL circuit which is intended to enable a further increase in throughput whilst maintaining recoveries.

During the December 2023 quarter the main activities targeted are complete commissioning of the Wiltails circuit with a focus on increasing throughput whilst maintaining recoveries, studies and work in relation to an expansion of the CIL processing facilities and pre-feasibility work regarding recommencement of mining.

PRODUCTION

As noted above, the quarter has involved processing of only the historic dump leach stockpile. A summary of the production results for the current and previous quarter is set out below.

	Unit	September 2023 Qtr	June 2023 Qtr	March 2023 Qtr
Gold mined	oz	N/A	N/A	N/A
Gold produced	oz	4,946	3,345	6,209
Tonnes mined	T	N/A	N/A	N/A
Head grade mined	g/t	N/A	N/A	N/A
Tonnes processed	T	402,946	302,700	311,109
Grade processed	g/t	0.85	0.70	0.94
Processing				
Free milling - Ore tonnes processed	T	402,946	128,006	211,199
Free milling - Ore grade processed	g/t	0.85	0.51	0.95
Sulphide - Ore tonnes processed	T	Nil	Nil	Nil
Sulphide - Ore grade processed	g/t	Nil	Nil	Nil
Tails – Ore Tonnes processed	T	Nil	174,695	99,910
Tails – Ore grade processed	g/t	Nil	0.85	0.92
Total - Ore tonnes processed	**T**	**402,946**	**302,700**	**311,109**
Total - Ore grade processed	**g/t**	**0.85**	**0.70**	**0.94**
Total - Gold produced	**oz**	**4,946**	**3,345**	**6,209**

EXPLORATION AND RESOURCE DRILLING

Following the appointment of the Administrators in July 2022, all exploration and resource drilling activities have been suspended.

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CORPORATE

DEED OF COMPANY ARRANGEMENT

The Company's creditors resolved to vote in favour of the DOCA on 7 July 2023 with Michael Ryan, Kathryn Warwick, Daniel Woodhouse, and Ian Francis of FTI Consulting appointed as joint and several deed administrators of the Company and its subsidiaries ("**Deed Administrators**"). This resolution brought the voluntary administration to an end.

The Deed Administrators consider that this agreement with creditors is an important milestone to advance the broader strategic turnaround plan and recapitalisation of the Group.

The principal terms of the DOCA passed by creditors are as set out in the Company's ASX announcements of 3 July 2023 and 1 August 2023.

The Deed Administrators provided an update on the progress of the completion of the Conditions Precedent of the DOCA through an ASX announcement dated 24 August 2023.

The following Conditions Precedent to the DOCA have been satisfied by the execution of the agreements between Wiluna or its relevant subsidiary, and:

1. Mercuria, pursuant to which the parties agree to restructure and amend the Mercuria facility agreement;
2. Deutsche Balaton Aktiengesellschaft and Byrnecut Australia Pty Ltd, for the provision of convertible loan facilities totalling A$6.67M to be used to build and commission carbon-in-leach tanks and associated infrastructure at the Wiluna Mine and provide Wiluna with additional working capital;
3. Trafigura Pte Ltd, pursuant to which the terms of the Trafigura offtake agreement has been amended and Trafigura agrees to forbear from enforcing certain rights under its offtake agreement; and
4. Osisko Bermuda Limited, pursuant to which Osisko Bermuda Limited agrees to (amongst other things) forbear from enforcing (and waive) certain rights under its gold purchase deed.

The remaining Conditions Precedent to the effectuation of the DOCA are:

1. Wiluna undertaking the Capital Raising, and obtaining necessary regulatory relief, ASX Listing Rule waivers or member approvals (if any) to complete the Capital Raising.
2. The appointment of one or more suitably qualified and experienced directors to the boards of directors of Wiluna and its subsidiaries.

The Deed Administrators will continue to make announcements regarding the progress of the DOCA and the Company's operations as appropriate.

JORC MINERAL RESOURCE UPDATE

Wiluna engaged Mining One Consultants ("**Mining One**") to update the Mineral Resources reported within the Wiluna Central Mining Area. The work program included a review of the previous Mineral Resource models, namely the 2018 Local Uniform Conditioning model and the 2021 Ordinary Kriging model. The Mining One review determined that the updated Mineral Resource model should be suitable for use in both open pit and underground mining scenarios.

Highlights of the Mineral Resource Update are as follows[1]:

- Updated Total Mineral Resources have increased to 44.6mt at 3.69 g/t for 5.24 million ounces of insitu Au at the Wiluna Central Mine Area.

[1] The information that relates to Wiluna's Mineral Resources has been extracted from the ASX release by Wiluna entitled "JORC Mineral Resource Update" dated 29 August 2023 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at https://wilunamining.com.au/). Wiluna confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed. See Annexure B for a summary of Willuna's Mineral Resources and Ore Reserves.

- Open pit Mineral Resources of 16.33mt at 2.20 g/t Au for 1.16 million ounces of insitu Au and underground Mineral Resources of 28.27mt at 4.50 g/t Au for 4.08 million ounces of insitu Au. (5.24 million Au ounces total).
- Combined Measured, Indicated and Inferred Mineral Resources tonnage increased by 24%.
- Total Mineral Resource Au ounces increased by 16%.
- Open pit Mineral Resources constrained within an updated pit optimization (RPEE) run at $3,250 AUD/oz.

Work is underway to release an updated Reserve before the end of CY23, which will incorporate both open pit and underground Resources.

FINANCIAL

Cash on hand as at 30 September 2023 was A$8.5M. During the quarter, ongoing interest payments and an agreed principal payment of US$2m (approximately A$3m) were made to the secured lender, Mercuria. The total debt owing to the secured lender as at 30 September 2023 totals US$33.9M (approximately A$52.5M). Payment of A$1.9m was also made to establish the Creditors' Trust to allow a dividend to be paid to pre-appointment unsecured creditors. A$2.5m was expended on completion of the Wiltails plant and the associated lime slaker plant. Wiluna received an amount of A$6.667m via a convertible loan facility to facilitate funding of the CIL upgrade project and for working capital.

Gold bullion sales continued during the September 2023 quarter, with gross revenue of A$13.9M during the quarter.

During and subsequent to the close of the September 2023 quarter, Wiluna released to the market, the Appendix 4E, unaudited financial accounts for the financial year ending 30 June 2022 (ASX announcement dated 29 September 2023), and the FY2022 Annual Report (including its audited financial accounts) (ASX announcement dated 31 October 2023).

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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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QUARTERLY CASH FLOW SUMMARY

		September 2023 Qtr $'000	June 2023 Qtr $'000	March 2023 Qtr $'000
Cash flows from operating activities				
Proceeds from gold and silver sales	1	14,243	22,371	46,513
Payments to suppliers and employees		(17,505)	(16,749)	(29,350)
Payments to pre-appointment suppliers and employees	2	(1,900)	(1,603)	
Interest paid		(2,272)	(2,291)	(2,508)
Gain on close out of gold hedges		-	-	-
Net cash from operating activities		**(7,434)**	**1,728**	**14,655**
Cash flows from investing activities				
Purchase of plant and equipment	3	(2,561)	(448)	-
Payments for exploration and evaluation		-	-	-
Net cash used in investing activities		**(2,561)**	**(448)**	**-**
Cash flows from financing activities				
Proceeds from issue of debt		6,667	-	-
Payment of share issue costs		-	-	-
Repayment of loans		(3,024)	-	(1,507)
Repayment of right of use lease liabilities		(498)	(766)	(402)
Other		-	(10)	(23)
Net cash from financing activities		**3,145**	**(776)**	**(1,931)**
Net increase/(decrease) in cash held		(6,851)	504	12,724
Cash and cash equivalents at the beginning of the period		**15,353**	**14,630**	**1,473**
Foreign exchange gain/(loss)		1	219	434
Cash and cash equivalents at the end of the period		**8,503**	**15,353**	**14,630**

Notes:

1. Proceeds from gold and silver sales includes receipts from concentrate sales which occurred in previous quarters.
2. Cash payments made through June 2023 and September 2023 quarters relating to debts outstanding prior to the appointment of Voluntary Administrators. The payments were made in accordance with the relevant insolvency provisions of the *Corporations Act 2001* with respect to priority claims of employees (A$1.6M June 2023 quarter) and outstanding unsecured creditor claims in accordance with the terms of the DOCA and Wiluna Creditors Trust deed, comprising an initial return to participating unsecured creditors (A$1.9M September 2023 quarter).
3. Costs attributed to completion of Wiltails construction, the lime slaker construction and the CIL expansion.

ANNEXURE A - WILUNA MINING GROUP – ENTITIES OVER WHICH THE DEED ADMINISTRATORS ARE APPOINTED – ALL SUBJECT TO DEED OF COMPANY ARRANGEMENT

Company	**ACN**
Wiluna Mining Corporation Limited	119 887 606
Wiluna Operations Pty Ltd	166 954 525
Wiluna Gold Pty Ltd	153 919 549
Kimba Resources Pty Ltd	106 123 951
Zanthus Energy Pty Ltd	129 728 374
Lignite Pty Ltd	128 111 204
Scaddan Energy Pty Ltd	128 388 634

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ANNEXURE B - MINERAL RESOURCES AND ORE RESERVES

MINERAL RESOURCE STATEMENT

Table 1: 2022 Annual Report (ASX Announcement 31 October 2023)

WILUNA MINING CORPORATION LIMITED RESOURCE SUMMARY AS AT 30 SEPTEMBER 2023												
Total Mineral Resources as at 30 September 2023												
Mining Centre	**Measured**			**Indicated**			**Inferred**			**Total 100%**		
	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU
Wiluna – Open Pit	0.13	2.45	11	12.16	2.15	839	4.04	2.35	305	16.33	2.20	1,156
Wiluna - UG	1.70	4.97	272	4.99	4.73	760	21.58	4.41	3,059	28.27	4.50	4,083
Sub Total	**1.83**	**4.35**	**283**	**17.15**	**2.90**	**1,719**	**25.62**	**4.09**	**3,364**	**44.60**	**3.69**	**5,239**
Satellite Deposit as at 21 November 2021												
Matilda	0.03	2.18	2	1.24	1.72	68	0.88	2.71	76	2.14	2.13	147
Lake Way	0.27	1.73	15	0.68	2.27	50	2.11	1.56	106	3.06	1.74	171
Galaxy	0.01	1.87	1	0.03	2.24	2	0.11	3.35	12	0.15	3.02	15
Sub Total	**0.31**	**1.78**	**18**	**1.95**	**1.92**	**120**	**3.10**	**1.95**	**194**	**5.35**	**1.93**	**333**
Depleted Stockpile and Tailings Resource as at 30 September 2023												
Tailings	-	-	-	33.0	0.57	605	-	-	-	33.0	0.57	605
Stockpiles	-	-	-	3.03	0.50	49	-	-	-	3.03	0.50	49
Sub total	**-**	**-**	**-**	**36.2**	**0.57**	**654**	**-**	**-**	**-**	**34.1**	**0.57**	**654**

Notes:

1. Tonnes are reported as million tonnes (Mt) and rounded to three significant figures; gold (Au) ounces are reported as thousands rounded to the nearest 1,000.
2. Data is rounded to reflect appropriate precision in the estimate which may result in apparent summation differences between tonnes, grade, and contained metal content.
3. Mineral Resource at Wiluna – Open Pit and Wiluna - UG reported at cut-offs related to material type inside A$3,250 optimised pit shells (> 0.35 g/t for oxide and transitional material, and >0.70 g/t for fresh rock), and >2.3 g/t below the pit shells.
4. Resource update work completed by Mining One Consultants was only completed over the Wiluna Central Mine area. The satellite deposits, stockpiles and tailings Mineral Resources are reported as released by Wiluna Mining Corporation in the 21 November 2021 ASX announcement (https://wcsecure.weblink.com.au/pdf/WMC/02453149.pdf)
5. The stockpile and tailings Mineral Resources have been depleted by 1,147kt since the November 2021 statement.

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ORE RESERVE STATEMENT

Table 2: Ore Reserve Statement (ASX Announcement 12 April 2022)

WILUNA MINING CORPORATION ORE RESERVE SUMMARY AT 30 JUNE 2021									
Mining Centre	Proved			Probable			Total		
	Mt	g/t AU	Koz	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Wiluna	0.20	1.80	11.80	6.58	4.09	865.20	6.78	4.02	876.90
Stockpiles	0.37	0.98	11.80	-	-	-	0.37	0.98	11.80
Wiltails	-	-	-	29.61	0.56	535.60	29.61	0.56	535.60
Total	**0.58**	**1.27**	**23.60**	**36.19**	**1.20**	**1,400.70**	**36.76**	**1.20**	**1,424.30**

Updated Reserves are currently being prepared and anticipated to be available before the end of the calendar year.

Notes:

1. Wiluna Reserves includes mining from open pit and underground deposits.
2. Wiltails Ore Reserve includes reclaimed tailings material in Dam C, Dam H, TSF West and backfilled pits at Adelaide, Golden Age, Moonlight, and Squib.

The information in this Annexure B that relates to Mineral Resources of the Company has been extracted from the ASX release by the Company entitled "2022 Annual Report" dated 31 October 2023 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at https://wilunamining.com.au/) ("**2022 Annual Report**"). The information in this announcement that relates to Ore Reserves of the Company has been extracted from the ASX release by the Company entitled "Ore Reserves Update and Feasibility Progress Report" dated 12 April 2022 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at https://wilunamining.com.au/) ("**Ore Reserve Announcement**"). Together, the Mineral Resource Announcement and the Ore Reserve Announcement are the "**Announcements**".

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the Announcements continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcements.

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ANNEXURE C – WILTAILS CIRCUIT

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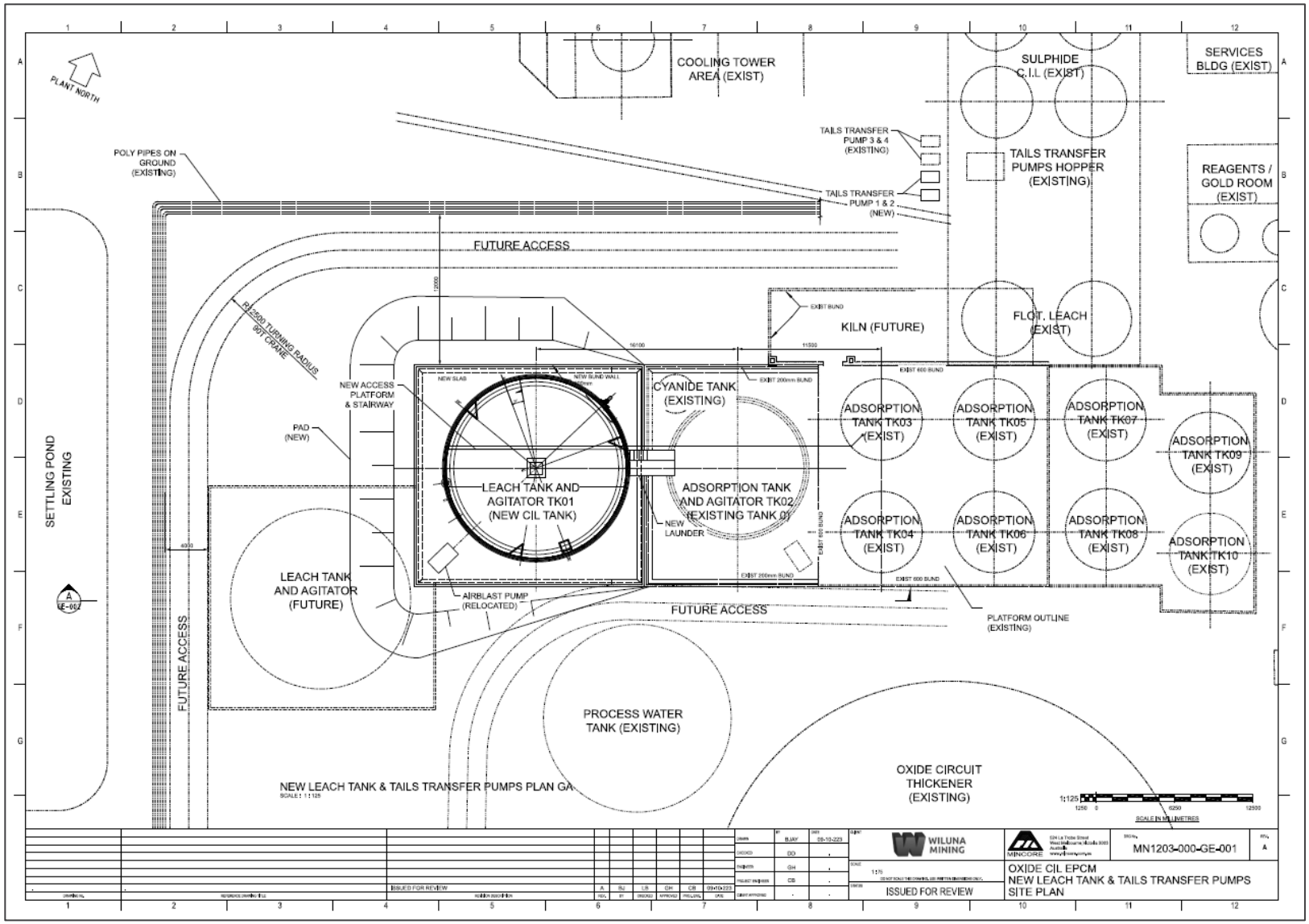
ANNEXURE D –CIRCUIT LAYOUT DRAWING