ASX Announcement

7 February 2024
ASX:WMC

WILUNA MINING

QUARTERLY ACTIVITIES REPORT – DECEMBER 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.

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OPERATIONS

- Commissioning of Wiltails circuit completed and ramp up underway.
- Dual ore feed processing of the tailings material, both through the Wiltails retreatment circuit (first ore processed on 1 October 2023) and blended with dump leach ore stockpile through the crushing circuit.
- A combined total of tailings and dump leach material of 585,623 tonnes was processed for 5,954oz of Au during the quarter. Up from 402,946 tonnes and 4,946 ounces in the previous quarter.
- Overall grade processed in the quarter reduced from 0.85g/t Au to 0.61g/t Au. Overall recovery increased from 45.6% to 51.5%.
- Ratio of tonnes processed from the historic dump leach to tailings decreased during the quarter from 70% to 35%. Target is to process 100% tailings material by the end of the current quarter.
- After ongoing studies, the leach circuit upgrade is focussed on conversion of a further 2 leach tanks to adsorption tanks and agitator upgrades to improve mixing, leaching and adsorption kinetics.
- Dewatering systems and access to key areas underground continue to be maintained during care and maintenance to facilitate the restart of future mining operations.
- Work continued on the PFS with Mining One Consultants ("**Mining One**") during the quarter. Results will be announced in the current quarter ending 31 March 2024.
- Ramp up is continuing with January 2024 production achieving 2,514oz Au up from December 2023 production of 2,220oz Au. This is notwithstanding a significant rain event in the last week of January 2024.

FINANCIAL

- Cash on hand as at 31 December 2023 was A$1.16M (as at 30 September 2023: A$8.5M).
- Non-recurring payments of $4.64m associated with the completion of Wiltails construction, the lime slaker construction, TSF lift, the CIL expansion, preparation of PFS, corporate advisory fees and DOCA legal costs.
- Total gold bullion sales for the quarter were 5,642oz of Au at an average price of A$3,040/oz (September 2023 quarter 4,815oz at an average price of A$2,886/oz).

CORPORATE

- 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

During the December 2023 quarter the Company commenced dual feed of tailings material both through the Wiltails retreatment circuit (first ore processed on 1 October 2023) and blended with dump leach ore stockpile through the crushing circuit. A combined total of dump leach material and tailings of 585,623 tonnes was processed for 5,954oz of Au during the quarter.

The dual feed processing increased throughput to 302 dry tonnes per hour in the month of December 2023 from the previous rate of approximately of 203 dry tonnes per hour in the month of September 2023.

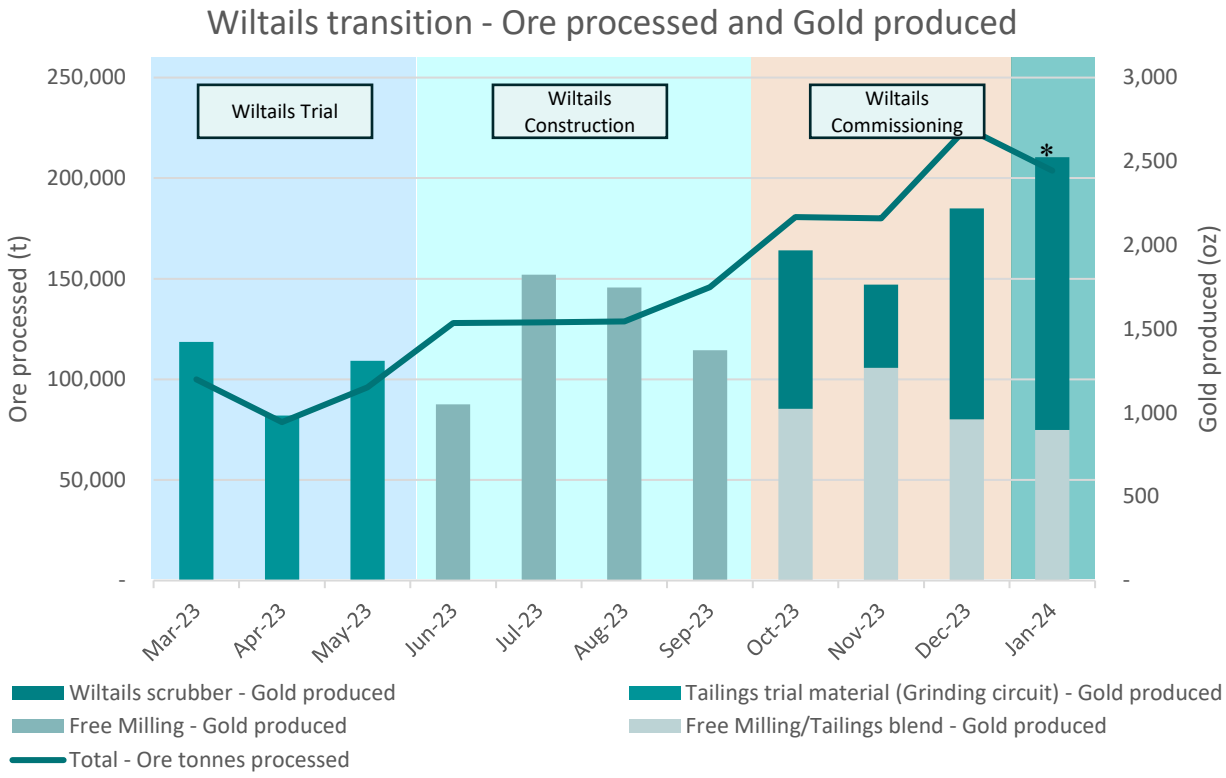
Ratio of tonnes processed from the historic dump leach to tailings decreased during the quarter from 70% to 35%. Target is to process 100% tailings material (requiring lower OPEX to process and being the originally planned long term feed for the Wiltails circuit) by the end of the current quarter.

Work continues on the upgrade and reconfiguration of the CIL circuit which is intended to enable a further increase in throughput whilst maintaining recoveries.

POST MINING TRANSITION TO WILTAILS OPERATION PENDING MINING RESTART

Mining ceased at Wiluna during December 2022, with the suspension of operations and transition of the underground mine to care and maintenance.

Post this decision coming into effect the Wiltails retreatment project was developed and has progressed significantly since.



**Production impacted by major rain event during the final week of January 2024.*

	March to May 2023	Trial of the Wiltails project was undertaken, seeing tailings trial material processed through the grinding circuit to produce Doré.
	June to September 2023	Successful completion of the trial efforts resulted in the commitment to continue with and finalise the construction of the Wiltails plant throughout June to September 2023, with processing of the historical dump leach material stockpile occurring simultaneously.
	October to December 2023	The commissioning of Wiltails was largely completed alongside the continued processing of the dump leach material, now blended with tailings pending transition to 100% tailings feed.
	January 2024 onwards	Ramp-up of the Wiltails project continuing alongside further upgrades to the CIL circuit and completion of the transition to all processing being of tailings material.

Monthly gold ounces produced throughout the December 2023 quarter peaked in the final month at 2,220oz Au, during January 2024 produced ounces further increased to 2,514oz Au, alongside steadied improvement in volume of ore processed throughout the commissioning and ramp-up phases (decrease in tonnes processed during January 2024 is largely attributed to a significant rain event during the final week of the month).

Average Free Milling/Tailings blend ore grade was lower this quarter due to the lower grade from the dump leach stockpile, reinforcing the required transition to processing of only tailings material in the current and coming quarters.

PRODUCTION

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

Processing*	Unit	December 2023 Qtr	September 2023 Qtr	June 2023 Qtr
Free milling/tailings blend - Ore tonnes processed	T	332,677	402,946	128,006
Free milling/tailings blend - Ore grade processed	g/t	0.58	0.85	0.51
Tailings – Ore tonnes processed	T	252,946	Nil	174,695
Tailings – Ore grade processed	g/t	0.67	Nil	0.85
Total - Ore tonnes processed	**T**	**585,623**	**402,946**	**302,700**
Total - Ore grade processed	**g/t**	**0.61**	**0.85**	**0.70**
Total - Gold produced	**oz**	**5,954**	**4,946**	**3,345**
Overall Recovery	**%**	**51.5**	**45.6**	**48.8**

**Presented figures are subject to rounding.*

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

During the December 2023 quarter, Wiluna released to the market the FY2022 Annual Report (including its audited financial accounts) (ASX announcement dated 31 October 2023).

Payment of A$1.9m was made to establish the Creditors' Trust during the September 2023 quarter to allow a dividend to be paid to pre-appointment unsecured creditors. The dividend payment was subsequently paid to pre-appointment unsecured creditors during the December 2023 quarter, paid on 19 October 2023.

FINANCIAL

Cash on hand as at 31 December 2023 was A$1.16M. With the support of the secured lender, principal and interest payments were suspended during the period November 2023 to January 2024 to assist with cashflow requirements during the ramp up of Wiltails.

Non-recurring payments of $4.64m associated with the completion of Wiltails construction, the lime slaker construction, TSF lift, the CIL expansion, preparation of PFS, corporate advisory fees and DOCA legal costs.

The total debt owing to the secured lender as at 31 December 2023 totals US$33.69M (approximately A$49.25M).

Gold bullion sales continued during the December 2023 quarter, with gross revenue of A$14.51M during the quarter.

For further information on Wiluna Mining please contact:

Media enquiries:
Shane Murphy
Strategic Communications, FTI Consulting
0420 945 291
shane.murphy@fticonsulting.com

Creditor enquiries:
wiluna@fticonsulting.com

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

		December 2023 Qtr $'000	September 2023 Qtr $'000	June 2023 Qtr $'000
Cash flows from operating activities				
Proceeds from gold and silver sales	1	17,340	14,243	22,371
Payments to suppliers and employees	2	(20,167)	(17,505)	(16,749)
Payments to pre-appointment suppliers and employees	3	-	(1,900)	(1,603)
Interest paid		(825)	(2,272)	(2,291)
Gain on close out of gold hedges		-	-	-
Net cash from operating activities		**(3,652)**	**(7,434)**	**1,728**
Cash flows from investing activities				
Purchase of plant and equipment	4	(3,269)	(2,561)	(448)
Payments for exploration and evaluation		-	-	-
Net cash used in investing activities		**(3,269)**	**(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)	-
Repayment of right of use lease liabilities		(242)	(498)	(766)
Other		(176)	-	(10)
Net cash from financing activities		**(418)**	**3,145**	**(776)**
Net increase/(decrease) in cash held		(7,338)	(6,851)	504
Cash and cash equivalents at the beginning of the period		**8,503**	**15,353**	**14,630**
Foreign exchange gain/(loss)		-	1	219
Cash and cash equivalents at the end of the period		**1,165**	**8,503**	**15,353**

Notes:

1. Proceeds from gold and silver sales includes receipts from concentrate sales which occurred in previous quarters.
2. During the December 2023 quarter Payments to suppliers and employees increased. This increase is attributed to the following:
    a. Presence of once-off corporate costs totalling A$1.37M, being A$651K to Mining One for their ongoing preparation of the Pre-feasibility study, A$528K in legal fees related to the finalisation and execution of the DOCA, and A$193K in corporate advisory fees not related to the day-to-day operations of Wiluna.
    b. Increase in operational costs commensurate with the ramp-up of Wiltails.
3. 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).

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4. Costs attributed to the completion of Wiltails construction, the lime slaker construction, TSF lift and the CIL expansion.

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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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