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WILUNA MINING

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2020

This interim report incorporating the Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

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Company Directory

DIRECTORS

Milan Jerkovic	(Executive Chair)
Neil Meadows	(Operations Director)
Greg Fitzgerald	(Lead Independent Director) (Non-Executive Director)
Anthony James	(Non-Executive Director)
Sara Kelly	(Non-Executive Director)

COMPANY SECRETARY

Dan Travers

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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WEST PERTH, W.A. 6005
AUSTRALIA

www.wilunamining.com.au

SHARE REGISTER

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Level 12, 250 St Georges Terrace
PERTH WA 6000
Ph: +1300 554 474
Fax: +61 2 9287 0303

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Code: WMX
Options: WMXOB

SECURITIES ON ISSUE AT DATE OF THIS REPORT

Ordinary shares:	118.7m
Quoted options:	Nil
Unquoted options:	2.7m

AUDITOR

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

ABN: 18 119 887 606

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Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Summary financial results	Half-year ended Dec 2020 ($'000)	Half-year ended Dec 2019 ($'000)	Change (%)
Revenue from gold & silver sales	63,666	75,976	-16%
Total comprehensive gain for the half-year, net of tax	11,481	23,996	-52%
Net Profit after tax attributable to members	11,481	23,996	-52%

NET TANGIBLE ASSETS PER SHARE

	31 December 2020	31 December 2019
Net tangible assets per share	$1.467	$1.800[(i)]

(i) This figure is post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

DIVIDENDS/DISTRIBUTIONS

No interim dividend was paid or declared for the period ended 31 December 2020.

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

No control over entities has been gained or lost in the half-year ended 31 December 2020.

EXPLANATION OF RESULTS

See commentary on results in the Directors' report.

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Directors' Report

Your directors submit the financial report of Wiluna Mining Corporation Limited ('Wiluna' or the 'Company') and its controlled entities (the 'Group') for the half-year ended 31 December 2020.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Milan Jerkovic	Executive Chair
Greg Fitzgerald	Lead Independent Director (Non-Executive Director)
Anthony James	Non-Executive Director
Sara Kelly	Non-Executive Director
Neil Meadows	Operations Director (Executive Director)

COMPANY SECRETARY

Dan Travers

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were:

- production of gold from the Wiluna Gold Operation; and
- gold exploration and development.

REVIEW AND RESULTS OF OPERATIONS

Highlights

- Production year to date of 26,758oz at an All-in-Sustaining-Costs ("AISC") of A$1,839/oz
- Profit after tax for the half-year ended 31 December 2020 was $11,481,000
- Wiluna Gold Operation total Mineral Resource of 108Mt @ 2.03g/t for 7.02Moz (above 1.0g/t cut-off) makes Wiluna the seventh largest gold district in Australia under single ownership
- Wiluna Mining Centre Mineral Resource at 60.2Mt @ 2.99g/t for 5.78Moz
- High grade Mineral Resource at Wiluna Mining Centre of 26.9Mt @ 4.89g/t for 4.24Moz (above 2.5g/t cut-off)
- Transition to expected 120kozpa production ongoing with preconstruction works having started, and construction of concentrator to commence in March 2021
- Excellent "under the headframe" drilling results continued
- During the half the first tranche of the Mercuria Energy Trading Pte Ltd ("Mercuria") Prepaid Swap Financing Facility was executed ($21m drawdown)
- Successful A$22.5m capital raising completed

Gold Production

Gold production for the six months ended 31 December 2020 of 26,758oz at an AISC of A$1,839/oz was reflective of noticeable operational improvement versus the preceding 6 months to 30 June 2020. Returns on significant investment in mining at Williamson (following significant pre-stripping activities) during FY20 were realised in the six-month period, with the main ore zone accessed in mid-July. As a result, aggregate open pit mining costs have continued to reduce over the period and Williamson has been mined at continually lower strip ratios. Mining at Williamson will cease in the March 2021 quarter and the cessation of mining will further lower aggregate costs for the next nine months during the three year development plan which when completed in FY 2024, will see the Company producing 250,000ozpa of gold.

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TABLE 1 – FY2021 PRODUCTION & COSTS SUMMARY

		Sep'20 QTR	Dec'20 QTR	YTD
Production	**Unit**			
Open Pit Mining				
Total Mining	bcm	1,034,131	405,732	1,439,864
Strip Ratio	w:o	2.5	0.6	1.6
Ore Mined	t	724,802	710,755	1,435,557
Mined Grade	g/t	1.2	1.3	1.2
Underground Mining				
UG Development (inc. Rehab)	m	773	1,988	2,761
Ore Mined	t	22,032	21,755	43,787
Mined Grade	g/t	3.9	2.7	3.3
Total Ore Mined	t	746,834	732,510	1,479,344
Total Mined Grade	g/t	1.2	1.3	1.3
Total OP & UG Contained Gold	oz	29,651	31,209	60,859
Processing				
Tonnes Processed	t	415,710	330,981	746,691
Grade Processed	g/t	1.2	1.5	1.3
Recovery	%	83%	86%	84%
Gold Produced	**oz**	**13,360**	**13,398**	**26,758**
Gold Shipped	oz	12,812	13,459	26,271
Gold Sold	*oz*	*12,108*	*12,823*	*24,930*
Achieved Gold Price	*A$/oz*	*2,584*	*2,633*	*2,609*
Costs	**Unit**			
Mining - net of costs capitalised to preproduction	A$/oz	1,468	972	1,214
Processing	A$/oz	680	631	655
Site Administration	A$/oz	147	186	167
Stockpile movements	A$/oz	(499)	(411)	(454)
Royalties, refining costs & silver sales	A$/oz	153	140	146
Sustaining Capital Expenditure	A$/oz	36	116	77
Overhead costs	A$/oz	27	42	35
All - In - Sustaining Costs Per Ounce	**A$/oz**	**2,012**	**1,675**	**1,839**

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Discovery

During the period, the Company continued its aggressive drilling program at Wiluna in support of its development strategy. The Company completed 45,173 metres of reverse circulation and diamond core drilling in the first half of FY 2021 across the Wiluna Mining Operation. The focus has been on Reserve Development drilling in support of the planned mine development sequence to:

1. Significantly increase the confidence in Mineral Resources from Inferred to Indicated category, which will underpin Reserves.
2. Add Reserve ounces in high-grade, shallow zones, close to existing mine development that can be rapidly brought into production at low cost.
3. Discover new, high grade shoots that will enhance the ounces per vertical metre and, more importantly, increase the grade. This will help with our three year development plan which aims to increase production in a staged manner to 250kozpa of gold by FY 2024, over a long mine life.

The Company released a new Resource update in November 2020 and has commenced mine planning work for a Reserves update in the March quarter.

Growth

The Company continued to advance its Three-year, staged development plan during the year. The Company's development plan involves a staged upscaling of operations and the transition to mining the large sulphide resource at the Wiluna Mining Centre with treatment through a new flotation plant. The initial stage is currently underway with the target of mining approximately 750,000tpa of underground ore producing approximately 100,000-120,000ozpa of gold commencing in October 2021 ramping up to production of 250,000ozpa in FY 2024.

During the period several significant milestones have been achieved. The directors of Wiluna Mining approved the concentrator construction works, including entering an EPC contract with GR Engineering Services ("GRES") which was signed on 4 December 2020. As a result, site concentrator civil earthworks commenced during the period and are due to be completed in February 2021, ahead of GRES site mobilisation.

Corporate

As at 31 December 2020, Wiluna Mining had A$15.1m in cash and bullion, inclusive of the gold in the metal account (June 2020: A$11.4m). Gold sales revenue for the half-year was based on 24,930oz sold at an achieved price of A$2,609/oz (after realised treasury transactions).

Net cash at 31 December 2020 was A$3m (June 2020: A$11.1m). During the half-year the first tranche of the Mercuria Prepaid Swap Financing Facility was executed. A$21m was drawn down in August and is being repaid by delivering 699oz of gold per month over 12 months, totaling 8,388oz. As at 31 December 2020, the Company has 4,893oz remaining as payable. Additionally, as part of the prepaid swap facility, Wiluna Mining negotiated a favourable, ongoing hedging facility with Mercuria, and at 31 December 2020 had gold hedging contracts for 24,500oz @ A$2,674/oz, maturing in equal monthly installments by 29 July 2021.

During the half-year the Company completed a capital raising of A$22.5 million at a placement price of $1.43 per share, and a share purchase plan to existing eligible shareholders for up to a further A$2m, which closed subsequent to period end on the 15th of January 2021.

The Company remains on track with Mercuria to draw down tranche 2 debt of A$40m in the fourth quarter of FY2021, subject to Mercuria's credit approval. Working capital continues to improve with a further improvement of A$15m since 30 June 2020 (excluding Right of Use Asset related balances), whilst significant investment in the Company's asset base also continues, with A$30 million spent relating to mine properties, geology, and plant infrastructure from 1 July to 31 December 2020.

Ongoing investing activities relating to the current free-milling operations will be minimal and the Company expects operating margins and net operating cash flows to increase. Future transitional cash flows generated from the current free-milling operations will be able to be applied against future debt repayments as well as partially fund the three year development related activities.

Results
The profit after tax for the half-year ended 31 December 2020 was $11,481,000 (December 2019: $23,996,000). Gross profit before depreciation and amortisation of $25,088,000 was maintained at similar levels to the comparative period of $25,965,000. The Group's net assets at 31 December 2020 were $172,057,000 (June 2020: $138,537,000).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the half-year.

EVENTS SUBSEQUENT TO REPORTING DATE

Share Purchase Plan
On 18 January 2021, the Company advised that the share purchase plan ("SPP") announced to the ASX on 4 December 2020 had closed, as scheduled, on 15 January 2021.

The SPP was capped at $2m, being part of the $24.5 million raising ("Capital Raising") announced on 4 December 2020 to fund continued key resource drilling and underground development work programs, and was implemented to allow existing eligible shareholders the opportunity to subscribe for shares in the Company on the same terms as the participants in the share placement component of the Capital Raising.

COVID-19
The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, there are no other matters or circumstances that have arisen since the end of the period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial periods.

ROUNDING

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period ended 31 December 2020 has been received and is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors.

Milan Jerkovic
Director
Perth, 25 February 2021

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Competent Persons Statement

The information contained in the report that relates to Exploration Targets and Exploration Results at the Wiluna Gold Operation is based on information compiled or reviewed by Mr Cain Fogarty, who is a full-time employee of the Company. Mr Fogarty is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fogarty has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Mineral Resources for the Wiluna, Lake Way and Regent Mining Centres is based on information compiled or reviewed by Mr Graham de la Mare, a Competent Person who is a Fellow of the Australian Institute of Geoscientists. Graham de la Mare is a full-time employee of Wiluna Mining Corporation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Results, Mineral Resources and Ore Reserves'. Graham de la Mare consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Mineral Resources for the Matilda, Galaxy and WilTails Mining Centres is based on information compiled or reviewed by Mr Marcus Osiejak, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Marcus Osiejak is a full-time employee of Wiluna Mining Corporation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Results, Mineral Resources and Ore Reserves'. Marcus Osiejak consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Wiluna Mining Corporation Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) Any applicable code of professional conduct in relation to the review.

David Wall
Partner
RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 February 2021

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RSM Australia Partners ABN 36 965 185 036

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WILUNA MINING

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
Continuing operations			
Revenue from gold and silver sales	1	63,666	75,976
Cost of production relating to gold sales	2	(38,578)	(50,011)
Gross profit before depreciation and amortisation		**25,088**	**25,965**
Depreciation and amortisation relating to gold sales	2	(15,921)	(18,595)
Gross profit from operations		**9,167**	**7,370**
Administration expenses		(2,523)	(2,471)
Non-capital exploration expenditure		(405)	(69)
Depreciation of non-mine-site assets		(44)	(26)
Share-based payments		(225)	(210)
Finance costs	4	(1,817)	(6,018)
Other income	5	631	20,693
Asset impairments		(40)	-
Treasury – realised loss		(89)	(3)
Treasury – unrealised gain/(loss)		6,826	4,730
Profit before income tax expense for the period from continuing operations		**11,481**	**23,996**
Income tax expense		-	-
Profit after income tax expense for the period from continuing operations		**11,481**	**23,996**
Other comprehensive income		-	-
Total comprehensive profit for the period, net of tax		**11,481**	**23,996**
Basic profit per share attributable to ordinary equity holders of the parent (cents per share)		11.22	56.34
Diluted profit per share attributable to ordinary equity holders of the parent (cents per share)		10.91	56.34

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $'000	Consolidated 30 June 2020 $'000
Current assets			
Cash and cash equivalents		10,966	8,904
Gold bullion awaiting settlement		52	1,887
Trade and other receivables		2,790	7,075
Inventories		32,702	15,779
Financial assets	13	5,237	8
Total current assets		**51,747**	**33,653**
Non-current assets			
Other receivables		573	570
Right of use asset		6,359	9,792
Plant and equipment		64,750	63,583
Mine properties – areas in production		80,395	84,768
Mine properties – areas in development		24,793	11,551
Exploration and evaluation expenditure		21,350	12,974
Total non-current assets		**198,220**	**183,238**
Total assets		**249,967**	**216,891**
Current liabilities			
Trade and other payables		26,248	34,456
Provisions		1,959	1,443
Financial liabilities	13	-	363
Interest-bearing liabilities	7	10,930	168
Lease liability on right of use assets		3,551	6,196
Total current liabilities		**42,688**	**42,626**
Non-current liabilities			
Interest-bearing liabilities	7	749	125
Provisions		31,072	31,374
Lease liability on right of use assets		3,401	4,229
Total non-current liabilities		**35,222**	**35,728**
Total liabilities		**77,910**	**78,354**
Net assets		**172,057**	**138,537**
Equity			
Issued capital	8	258,500	236,865
Reserves	9	6,581	6,177
Accumulated losses		(93,024)	(104,505)
Total equity		**172,057**	**138,537**

The above statement of financial position should be read in conjunction with the accompanying notes.

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WILUNA MINING

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated			
	Issued capital	Reserves	Accumulated losses	Total
	$'000	$'000	$'000	$'000
At 1 July 2020	**236,865**	**6,177**	**(104,505)**	**138,537**
Profit for the period	-	-	11,481	11,481
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit for the period	-	-	11,481	11,481
Transactions with owners in their capacity as owners:				
Share based payments expense	-	404	-	404
Shares issued, net of transactions costs	21,635	-	-	21,635
At 31 December 2020	**258,500**	**6,581**	**(93,024)**	**172,057**
At 1 July 2019	**175,285**	**5,647**	**(118,755)**	**62,177**
Profit for the period	-	-	23,996	23,996
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit for the period	-	-	23,996	23,996
Transactions with owners in their capacity as owners:				
Share based payments expense	-	474	-	474
Shares issued, net of transactions costs	11,559	-	-	11,559
At 31 December 2019	**186,844**	**6,121**	**(94,759)**	**98,206**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
Cash flows from operating activities			
Proceeds from gold and silver sales		65,501	74,455
Payments to suppliers and employees		(64,263)	(65,350)
Interest received		22	9
Interest paid		(1,817)	(1,778)
Other		1,444	-
Net cash from operating activities		**887**	**7,336**
Cash flows from investing activities			
Purchase of plant and equipment		(4,171)	(7,603)
Payments for geology		(13,261)	(1,650)
Payments for mine properties		(12,842)	(5,814)
Proceeds from pre-production gold sales		1,436	-
Net (outflows)/inflows from sale of non-core assets		(508)	10,335
Net cash used in investing activities		**(29,346)**	**(4,732)**
Cash flows from financing activities			
Proceeds from issue of equities		22,563	6,985
Payment of share issue costs		(1,188)	(276)
Proceeds from loans, net of fees		20,609	1,625
Repayment of loans		(8,750)	(7,862)
Net proceeds/(repayment) from finance leases		760	(104)
Repayment of lease liabilities		(3,473)	(3,006)
Net cash from/(used in) financing activities		**30,521**	**(2,638)**
Net increase/(decrease) in cash held		2,062	(34)
Cash and cash equivalents at beginning of the period		8,904	693
Cash and cash equivalents at end of the period		**10,966**	**659**

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Basis of preparation

These consolidated interim financial statements and notes represent those of Wiluna Mining Corporation Limited (the 'Company' or 'Wiluna') and its controlled entities (the 'Group').

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This financial report is a general purpose financial report which:

- has been prepared in accordance with AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.
- has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), International Financial Reporting Standards ('IFRS') and the *Corporations Act 2001*;

CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new, revised and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted by the Group.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the 31 December 2020 financial statements, the Group had net current assets of $9m, positive net cash inflows from operating activities of $1m for the half year, and had net assets of $172m.

Despite the narrow headroom in the net current asset position (which continues to improve on prior periods), the Directors believe that the going concern basis of preparation of the financial report remains appropriate, after consideration of the following supporting factors:

- The Group's mining operation has generated positive operating cash flows since the Group's capital restructure in early 2018, and the Group has forecasted to continue to achieve positive cash flows from its current operations which will generate sufficient cash inflows to meet the repayment of trade debts and other liabilities when they become due and payable; and,
- the Company has further flexibility of drawing on a further $40m ("Tranche 2"), subject to Mercuria's credit approval to further advance the Stage 1 Expansion[1]. This transaction is not critical to maintain the going concern assumption, however it furthers the Company's ability to complete the transition to sulphide gold concentrate.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

[1] *Refer to the ASX release dated 14 August 2020.*

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Performance for the year

1. REVENUE FROM GOLD AND SILVER SALES

	Consolidated	
	31 December 2020 $'000	31 December 2019 $'000
Gold and silver sales		
- Gold sales at spot[(i)]	62,779	81,745
- Gain/(loss) on gold forward contracts	705	(5,883)
Total gold sales	**63,484**	**75,862**
- Silver sales	182	114
Total gold and silver sales	**63,666**	**75,976**

(i) Pre-production gold sales are capitalised and are not included in sales revenue

2. COST OF GOODS SOLD

	Consolidated	
	31 December 2020 $'000	31 December 2019 $'000
Cost of goods sold		
Costs of production	49,262	44,188
Royalties	3,926	4,967
Depreciation of mine plant and equipment[(i)]	5,659	6,445
Amortisation of mine properties	10,262	12,150
Open pit waste movements – amortisation	1,379	928
Stockpile movements (build up)	(11,885)	(2,401)
Gold in circuit (build up)/draw down	(4,104)	2,484
Other	-	(155)
Total	**54,499**	**68,606**

3. OPERATING SEGMENT INFORMATION

The Group had one reportable segment, which is gold production, in the half-year ended 31 December 2020 (31 December 2019: gold production). The Chief Operating Decision Makers are the Board of Directors and the Executives of the Group. There is currently one operating segment identified, being the Wiluna Gold Operation based on internal reports reviewed by the Chief Operating Decision Maker in assessing performance and allocation of resources.

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4. FINANCE COSTS

	Note	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
Finance costs			
Interest		536	997
Borrowing costs		562	3,768
Unwinding on discount of rehabilitation provision		72	141
Interest on right of use assets		647	1,112
Total		**1,817**	**6,018**

5. OTHER INCOME

	Consolidated 31 December 2020 $'000	Consolidated 31 December 2019 $'000
Other income		
- interest revenue	11	11
- sale of non-core assets	(508)	19,515
- other income	1,117	1,167
Total	**631**	**20,693**

6. DIVIDENDS PAID OR PROVIDED FOR

There were no dividends paid or provided for during the period.

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Cash, debt and capital

7. INTEREST-BEARING LIABILITIES

	Consolidated	
	As at 31 December 2020 $'000	As at 30 June 2020 $'000
Current interest-bearing liabilities		
Mercuria – (net of fees and positive mark-to-mark)	10,626	-
Equipment lease liabilities	304	168
	10,930	**168**
Non-current interest-bearing liabilities		
Equipment lease liabilities	749	125
	749	**125**

INTEREST-BEARING LIABILITIES

SECURED LOANS – MERCURIA ENERGY TRADING PTE LTD ("MERCURIA")

On 14 August 2020, Wiluna Mining announced that all documentation concerning the gold prepaid swap financing facility and gold hedging facility provided by Mercuria Energy Trading Pte Ltd had been completed. The Company has executed the prepaid swap and the hedging transactions. The $21m prepaid swap proceeds ("Tranche 1") will be repaid in full by delivering 699oz of gold per month over the 12 month period ending 29 July 2021, totaling 8,388oz. Mercuria has also provided the Company with a secured gold hedging facility for 34,000oz at an average price of A$2,674/oz maturing over the term of the loan. The facility gives Wiluna Mining the flexibility of drawing a further $40m ("Tranche 2"), subject to Mercuria credit approval, to further advance the Stage 1 Expansion.

At period end date, the prepaid gold swap debt owing was 4,893oz payable (face value of $12,250,000) at a rate of 699 ounces per month, until 29 July 2021.

8. ISSUED CAPITAL

	Consolidated	
	Half-year ended 31 December 2020	
	Number	$'000
Movement in ordinary shares on issue		
On issue at 1 July 2020	100,283,702	236,865
Share Placement	15,776,767	22,561
Options exercised	897	3
Issued in lieu of payment	186,366	260
Collateral share issue	1,000,000	-
Transaction costs	-	(1,189)
On issue at 31 December 2020	**117,247,732**	**258,500**

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9. RESERVES

	Note	Consolidated As at 31 December 2020 $'000	Consolidated As at 30 June 2020 $'000
Share-based payments reserve consist of:			
Share options		5,171	4,767
Performance rights		1,410	1,410
		6,581	**6,177**
		Number (000's)	**Number (000's)**
Movement in options on issue:			
At beginning of reporting period		8,444	766,677
Options expired and lapsed		(6,735)	(2,200)
Options issued		995	100,951
Options exercised		(1)	-
Options forfeited		(216)	(21,036)
Consolidated (100:1)		-	(835,948)
At closing of reporting period		**2,487**	**8,444**

Options and performance rights are issued to suppliers, directors, employees and consultants. The options and performance rights issued may be subject to performance criteria and are issued to directors and employees of the Company to increase goal congruence between executives, directors and shareholders. Options and performance rights granted carry no dividend or voting rights.

Summary of Options Granted during the half year

Allottee	No. of options issued	Fair value at grant date	Estimated volatility	Vesting date	Expiry date	Exercise price	Share price	Risk free interest rate
Directors & employees	995,423	$1.37	N/A	30/06/2023	30/06/2024	$0.00	$1.49	N/A

Other disclosures

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has a limited commitment to deliver and sell 1.65% of its monthly gold production to Osisko Bermuda Limited at a 70% discount to the prevailing spot gold price (but limited to at a price not higher than US$600 per ounce). As at 31 December 2020, the Company had 4,163 ounces (30 June 2020: 4,613 ounces) of gold remaining to be delivered under this arrangement.

Additionally, the Company pays an indefinite royalty to Franco Nevada, being 3.6% of revenue (net of refining costs, gold freight and the 2.5% Western Australian State Government royalty).

Contingent Assets

As part of the farm-in and Joint Venture Agreement with A-Cap Resources Limited on the exploration tenements ("project") owned by the Group, the following contingent assets exist:

- $500,000 in cash and incurred Exploration expenditure of not less than $5m on exclusive right to earn 35% participant interest on the project by A-Cap Resources Limited (Second Earn in Interest). The $500,000 cash payment was received subsequent to period end, as A-Cap Resources Ltd exercised their right to the Second Earn in Interest. Funds were received in February 2021.

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- $1m in cash and issuing A-Cap Resources Limited' shares equal to $1.5m on exclusive right to earn 20% participant interest on the project by A-Cap Resources Limited (Third Earn in Interest).

Contingent Liabilities

As part of the Underground Mining Labour and Equipment Hire and Maintenance contract executed on 1 July 2020 with Murray Engineering Pty Ltd ("The Contractor"), the following contingent liability exists at 31 December 2020 in the event that Wiluna Operations Pty Ltd ("The Principal") deems that services are no longer required for the underground mining operations (provided that the Contractor is not in breach of its obligations):

- For those specific items of equipment set out in the Scope of Works, the Principal shall either pay the termination fee calculated to purchase the redundant items of equipment, (initially being $5.7m when the contract was executed on 1 July 2020, reducing/amortising in line with the remaining term of the 4 year contract) or shall pay the fixed costs of equipment up to the point the equipment can be re-deployed by the Contractor to another project.

11. RELATED PARTIES

Mr Milan Jerkovic, a Director of the Company, is also an officer of Xavier Group Pty Ltd, a company who provides consulting services to the Group. During the half-year, $330,000 (30 June 2020 twelve months: $318,000) was paid (or is payable) to Xavier for consulting services provided to the Group. The current period fees include $231,000 relating to the successful completion of the $21m debt drawdown from Mercuria. All transactions were made on normal commercial terms and conditions, and at market rates.

12. SUBSEQUENT EVENTS

Share Purchase Plan

On 18 January 2021, the Company advised that the share purchase plan ("SPP") announced to the ASX on 4 December 2020 had closed, as scheduled, on 15 January 2021.

The SPP was capped at $2m, being part of the $24.5 million raising ("Capital Raising") announced on 4 December 2020 to fund continued key resource drilling and underground development work programs, and was implemented to allow existing eligible shareholders the opportunity to subscribe for shares in the Company on the same terms as the participants in the share placement component of the Capital Raising.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, there are no other matters or circumstances that have arisen since the end of the period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial periods.

13. FAIR VALUE HIERARCHY

FAIR VALUE HIERARCHY

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- **LEVEL 1**
  Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **LEVEL 2**
  Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **LEVEL 3**
  Measurements based on unobservable inputs for the asset or liability.

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The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

VALUATION TECHNIQUES

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is:

- *Market approach:*
  Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	31 December 2020			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
- held-for-trading Australian listed shares	13	-	-	13
- gold forward contracts	-	5,224	-	5,224

	30 June 2020			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
- held-for-trading Australian listed shares	8	-	-	8
- gold forward contracts	-	(363)	-	(363)

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Directors' Declaration

In the opinion of the directors:

a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
   ii. complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the board

Milan Jerkovic
Director
Perth, 25 February 2021

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Independent Auditor's Review Report
To the Members of Wiluna Mining Corporation Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Wiluna Mining Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wiluna Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Wiluna Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wiluna Mining Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

David Wall
Partner
RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 February 2021

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