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INTERIM FINANCIAL REPORT

For the half-year ended
31 December 2021

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

WILUNA MINING

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Company Directory

DIRECTORS

Milan Jerkovic	(Executive Chair)
Greg Fitzgerald	(Lead Independent Director) (Non-Executive Director)
Colin Jones	(Non-Executive Director)
Hansjoerg Plaggemars	(Non-Executive Director)
Lisa Mitchell	(Non-Executive Director)
Rowan Johnston	(Non-Executive Director)

COMPANY SECRETARY

Dan Travers

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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WEST PERTH, W.A. 6005
AUSTRALIA

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SHARE REGISTER

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PERTH WA 6000
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Fax: +61 2 9287 0303

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Code: WMC

SECURITIES ON ISSUE AT DATE OF THIS REPORT

Ordinary shares:	211.31m
Quoted options:	Nil
Unquoted options:	3.63m

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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WILUNA MINING

Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Summary financial results	Half-year ended Dec 2021 ($'000)	Half-year ended Dec 2020 ($'000)	Change (%)
Revenue from gold & silver sales	35,675	63,666	-44%
Total comprehensive (loss)/gain for the half-year, net of tax	(16,319)	11,481	N/A
Net (Loss)/Profit after tax attributable to members	(16,319)	11,481	N/A

NET TANGIBLE ASSETS PER SHARE

	31 December 2021	31 December 2020
Net tangible assets per share	$1.293	$1.467

DIVIDENDS/DISTRIBUTIONS

No interim dividend was paid or declared for the period ended 31 December 2021.

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 2021.

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 2021.

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 (Resigned 31 July 2021)
Colin Jones	Non-Executive Director (Appointed 21 July 2021)
Hansjoerg Plaggemars	Non-Executive Director (Appointed 21 July 2021)
Lisa Mitchell	Non-Executive Director (Appointed 1 October 2021)
Neil Meadows	Operations Director (Executive Director) (Resigned 1 October 2021)
Rowan Johnston	Non-Executive Director (Appointed 10 December 2021)
Sara Kelly	Non-Executive Director (Resigned 31 October 2021)

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

- $90.7 million net investment during the period, principally in mine development and in completing the stage 1 concentrator
- Stage 1 concentrator successfully commissioned and outperforming nameplate capacity; targeting annualised full production run rate of 100kozpa-120kozpa by end of June 2022
- Stage 2 Feasibility study continues; completion expected in March 2022
- Underground mine development meters (including rehabilitation) for the period were 5,012 meters
- Underground sulphide development on schedule; 88,731 tonnes milled to 31 December 2021
- ~139,000 tonnes of sulphide ore stockpiled and ready to process as at 31 December 2021
- 2,690 wet tonnes of gold concentrate ready for export produced: average concentrate grade of 70 g/t
- Production concurrent to mine development year to date of 16,084oz
- Construction of Wiltails continues; work is 20% complete at 31 December 2021. Expected commissioning in May 2022. Wiltails will contribute a material increase in gold production over a long life
- Mineral Resource update during the half-year; total Mineral Resource is now 5.53Moz @ 2.19g/t, including 4.51Moz @ 3.90g/t at the Wiluna Mining Centre
- Mercuria Tranche 1 debt paid off in full on 28 July 2021
- Mercuria Tranche 2 debt repayment commencement extended for 3 months, commencing April 2022
- Successful two-tranche share placement of A$53.0m completed
- Gold hedging contracts at 31 December 2021 were for 156,500oz @ US$1,820/oz (or ~A$2,509/oz), with a negative mark-to-market position of A$5.0m

EXPLANATION OF FINANCIAL RESULTS

Summary financial results	Half-year ended Dec-21 ($'000)	Half-year ended Dec-20 ($'000)	Change %
Gross profit from operations	3,561	9,167	-56%
Net (loss)/profit after tax	(16,319)	11,481	N/A
Net cash inflow from operating activities	30,219	887	N/A
Net cash used in investing activities	(90,746)	(29,346)	209%

- The Company generated a net loss for the 6 months period to 31 December 2021 of A$16.3m. This was primarily driven by A$13.2m of unrealised treasury losses (including marked-to-market positions on gold forward contracts and FX movements on foreign debt), non-cash net realisable value write-downs of ore stockpiles of A$1.7m, and fees relating to the ongoing London stock exchange listing of A$0.6m.;
- Gross cash flows from operations of A$30.2m were underpinned by gold production of 16,084oz, noting that those cash flows were temporarily improved by approximately A$12.06m relating to extended payments terms agreed with key suppliers. That temporary improvement will be reversed over the remainder of the financial year.
- Net cash used in investing activities of A$90.7m is mainly attributed to the Company's total investment in its long term development which includes:
    - Continued underground mine rehabilitation and development for Stage 1 and Stage 2; with underground mining costs higher than initially anticipated due to additional initial development works required, increased costs of manning (and associated costs), and additional rehabilitation activity to improve mine area access;
    - Continued resource drilling;
    - Continued upgrading of site infrastructure;
    - Construction of the Stage 1 Concentrator (completed and successfully commissioned); and
    - Stage 2 and 3 Feasibility studies.

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TABLE 1 – FY2022 PRODUCTION & COSTS SUMMARY

		Sep'21 Qtr	Dec'21 Qtr	YTD
Production	**Unit**			
Underground Mining				
UG Development (inc. Rehab)	m	2,273	2,739	5,012
Ore Mined (Development)	t	32,970	37,330	70,300
Ore Mined (Stope)	t	137	31,967	32,104
Ore Mined	t	33,107	69,297	102,404
Mined Grade	g/t	2.6	2.6	2.6
Development ore (ounces)	oz	2,763	3,144	5,906
Stoping ore (ounces)	oz	12	2,738	2,750
Underground Contained Gold	oz	2,775	5,882	8,656
Total Ore Mined	t	33,107	69,297	102,404
Total Mined Grade	g/t	2.6	2.6	2.6
Total OP & UG Contained Gold	oz	2,775	5,882	8,656
Processing				
Tonnes Processed	t	295,221	239,961	535,182
Grade Processed	g/t	1.1	1.2	1.1
Recovery	%	83%	87%	85%
Gold Produced	**oz**	**8,332**	**7,752**	**16,084**
Gold Shipped	oz	7,997	7,379	15,377
Gold Sold	*oz*	*9,435*	*5,863*	*15,298*
Achieved Gold Price	*A$/oz*	*2,514*	*2,439*	*2,485*

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Growth
The Company continued to advance its three-year, staged development plan during the period. 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.

During the period several significant milestones have been achieved:

- Stage 1 concentrator successfully commissioned and outperforming nameplate capacity; targeting full production annualised run rate of 100kozpa-120kozpa by end of June 2022
- Byrnecut Australia completed 2,702 metres of Sulphide underground development and rehabilitation accessing the initial production stoping blocks in sulphide ore
- First sulphide stopes in both Happy Jack North and Bulletin mines commenced extraction with good recovery
- Significant progress made in the dewatering and rehabilitation of old workings, in order to open up new production areas and to remove perched water risk to future mining activities
- Upgrades to the primary ventilation and dewatering networks are now largely complete and support the medium-term production requirements
- Wiltails retreatment project is 20% complete with expectation that it will be completed and commissioned by May 2022

At the time of writing, the concentrator had produced over 1,408 bags of concentrate (approximately 2,690 wet tonnes) at an average concentrate grade of 70 g/t. The first load of concentrate has left site and will depart for Vladivostok on the 26 of February. This will be a significant milestone for the company.

Discovery
The Company released its annual Mineral Resource Estimate for the Wiluna Gold Operation on 17 November 2021, incorporating additional resource development drilling, updated geological interpretations, and mining depletion since the previous estimate. Key highlights of the update included:

- Mineral Resource 4.51 million ounces at 3.90 g/t at the Wiluna Mining Centre;
- Measured and Indicated (M&I) Resource increased to 2.73 million ounces at 4.46 g/t at the Wiluna Mining Centre;
- High-grade 3.11 million ounces at 5.81 g/t using a higher 3.5 g/t cut-off at the Wiluna Mining Centre;
- Large and growing gold endowment of over 15,000oz per vertical metre in upper 600m, with significant opportunities for growth; and
- New Ore Reserve statement expected March 2022.

The significant increase in Indicated Resources affirms the Company's strategy over the prior 18 months of drilling to upgrade Resources and Reserves through systematic infill drilling at initial mining areas to support near-term production.

The high-quality, higher-confidence Resource will underpin an Ore Reserve update that is currently underway as part of the Stage 2 Feasibility Study due for completion in March 2022.

Corporate
As at 31 December 2021, Wiluna Mining had A$41.6m in cash and bullion, inclusive of the gold in the metal account (June 2021: A$58.7m). Gold sales revenue for the half-year was based on 15,298oz sold at an achieved price of A$2,485/oz (after realised treasury transactions).

Net debt at 31 December 2021 was A$23.1m (June 2021: A$1.4m). Gold hedging contracts at 31 December 2021 were for 156,500oz @ US$1,820/oz (or ~A$2,509/oz), with a negative mark-to-market position of A$5.0m. Mercuria Tranche 2 debt repayment commencement was extended for 3 months now commencing April in 2022.

During the period, the Company commenced a A$53.0 million (before costs) capital raising at a placement price of $1.00 per share. This was completed in two tranches. Tranche 1 was completed on the 30 November 2021 for a total of A$34.8 million, and Tranche 2 was completed for a total of A$18.2. million on the 6 January 2022.

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 Placement

On 22 November the Company announced a share placement of $53m at A$1 per share to fund continued key resource drilling and underground development work programs. The share placement was completed in 2 tranches as follows:

- Tranche 1 - Share placement of $34.8 million (before costs) completed on 30 November 2021; and
- Tranche 2 - Share placement of $18.2 million (before costs) completed on 06 January 2022.

Approximately $5.2 million of Tranche 2 capital raise was received in early January 2022 and is not included in the 31 December cash and bullion balance.

Mercuria

On 18 January 2022, the Company agreed with Mercuria to defer the commencement of principal repayments by 3 months to April 2022, commensurate with the ramp-up toward Stage 1 commercial production.

An additional 38,750oz was added to the hedge position, resulting in the updated hedge book at the date of this report being for 192,750oz @ US$1,819/oz (A$2,537/oz), maturing by end of December 2025 (previously end of May 2025).

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and 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 Group 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 2021 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, 24 February 2022

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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 2021, 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.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 24 February 2022

AIK KONG TING
Partner

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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 2021

	Note	Consolidated 31 December 2021 $'000	Consolidated 31 December 2020 $'000
Continuing operations			
Revenue from gold and silver sales	1	35,675	63,666
Cost of production relating to gold sales	2	(24,524)	(38,578)
Gross profit before depreciation and amortisation		**11,151**	**25,088**
Depreciation and amortisation relating to gold sales	2	(7,590)	(15,921)
Gross profit from operations		**3,561**	**9,167**
Administration expenses		(3,332)	(2,523)
Non-capital exploration expenditure		(434)	(405)
Depreciation of non-mine-site assets		(68)	(44)
Share-based payments		(293)	(225)
Finance costs	4	(1,836)	(1,817)
Other income	5	717	631
Asset impairments		(1,723)	(40)
Treasury – realised gain/(loss)		302	(89)
Treasury – unrealised (loss)/gain		(13,213)	6,826
(Loss)/profit before income tax expense for the period from continuing operations		**(16,319)**	**11,481**
Income tax expense		-	-
(Loss)/profit after income tax expense for the period from continuing operations		**(16,319)**	**11,481**
Other comprehensive income		-	-
Total comprehensive (loss)/profit for the period, net of tax		**(16,319)**	**11,481**
Basic (loss)/profit per share attributable to ordinary equity holders of the parent (cents per share)		(9.94)	11.22
Diluted (loss)/profit per share attributable to ordinary equity holders of the parent (cents per share)		(9.94)	10.91

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

	Note	Consolidated 31 December 2021 $'000	Consolidated 30 June 2021 $'000
Current assets			
Cash and cash equivalents		36,425	54,077
Gold bullion awaiting settlement		33	55
Trade and other receivables		4,406	3,503
Inventories		20,065	26,118
Financial assets	14	464	2,549
Total current assets		**61,393**	**86,302**
Non-current assets			
Other receivables		-	656
Right of use asset		22,672	4,442
Plant and equipment		104,095	85,691
Mine properties – areas in production		69,210	72,965
Mine properties – areas in development		123,909	61,927
Exploration and evaluation expenditure		41,199	34,242
Financial assets	14	-	3,416
Total non-current assets		**361,085**	**263,339**
Total assets		**422,478**	**349,641**
Current liabilities			
Trade and other payables		44,136	30,289
Provisions		2,498	2,050
Interest-bearing liabilities	7	13,832	9,895
Lease liability on right of use assets		5,582	2,294
Total current liabilities		**66,048**	**44,528**
Non-current liabilities			
Interest-bearing liabilities	7	49,099	48,352
Provisions		34,543	34,270
Financial liabilities	14	5,440	-
Lease liability on right of use assets		17,718	2,339
Total non-current liabilities		**106,800**	**84,961**
Total liabilities		**172,848**	**129,489**
Net assets		**249,630**	**220,152**
Equity			
Issued capital	8	343,079	297,760
Reserves	9	6,971	6,493
Accumulated losses		(100,420)	(84,101)
Total equity		**249,630**	**220,152**

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

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Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated			
	Issued capital	Reserves	Accumulated losses	Total
	$'000	$'000	$'000	$'000
At 1 July 2021	**297,760**	**6,493**	**(84,101)**	**220,152**
(Loss) for the period	-	-	(16,319)	(16,319)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss) for the period	-	-	(16,319)	(16,319)
Transactions with owners in their capacity as owners:				
Share based payments expense	-	478	-	478
Shares issued, net of transactions costs	32,319	-	-	32,319
Unissued shares - cash received in advance	13,000	-	-	13,000
At 31 December 2021	**343,079**	**6,971**	**(100,420)**	**249,630**
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**

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 2021

	Note	Consolidated 31-Dec-21 $'000	Consolidated 31-Dec-20 $'000
Cash flows from operating activities			
Proceeds from gold and silver sales		35,697	65,501
Payments to suppliers and employees		(9,771)	(64,263)
Interest received		33	22
Interest paid		(1,115)	(1,817)
Other		5,375	1,444
Net cash from operating activities		**30,219**	**887**
Cash flows from investing activities			
Purchase of plant and equipment		(20,296)	(4,171)
Payments for exploration and evaluation		(7,390)	(13,261)
Payments for mine properties		(62,294)	(12,842)
Proceeds from pre-production gold sales		2,458	1,436
(Loss) from sale of non-core assets		(3,224)	(508)
Net cash used in investing activities		**(90,746)**	**(29,346)**
Cash flows from financing activities			
Proceeds from issue of equities		47,416	22,563
Payment of share issue costs		(2,098)	(1,188)
Proceeds from loan, net of fees		4,409	20,609
Repayment of loans		(1,752)	(8,750)
Net proceeds from/(repayment of) finance leases		(551)	760
Repayment of right of use lease liabilities		(4,549)	(3,473)
Net cash from financing activities		**42,875**	**30,521**
Net (decrease)/increase in cash held		(17,652)	2,062
Cash and cash equivalents at beginning of the period		54,077	8,904
Cash and cash equivalents at end of the period		**36,425**	**10,966**

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

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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 2021 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*;

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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

These 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 financial statements, the Group incurred a loss of $16.3m (inclusive of a $13.2m unrealised loss on treasury transactions), despite having positive net cash inflows from operating activities for the half year ended 31 December 2021. Furthermore, at balance date, the Group had net current liabilities of $4.7m, which includes the current lease liability of $5.6m (relating to Right of Use Assets). Notwithstanding those amounts, the Group had net assets of $249.6m.

These factors suggest a level of inherent uncertainty regarding the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The continuation of the Group as a going concern depends on the Group's ability to:

1. Fund a forecasted near-term working capital deficiency during a time of significant mine development of underground mining locations, whilst concurrently making working capital and debt repayments to its creditors and financier; and,
2. achieve its forecasted gold and gold concentrate production quantities.

Despite this, the Directors believe that the going concern basis of preparation of the financial report remains appropriate, after consideration of the following mitigating factors:

- the Company continues to progress discussions with a number of parties in relation to a variety of potential funding transactions that will facilitate Wiluna Mining's mine development to achieve targeted profitable operations;
- once the Stage 2 Feasibility Study[1] has been delivered and released (expected in March 2022), depending on the outcome and recommendations, the Company will consider its options, the financial requirements and the timing of the development of the Wiluna Mine before advising the market of the timing and sizing of the recommended Stage 2 development; and,
- continued development expenditure for Stage 2 and beyond will be controlled dependent on having suitable funding in place. If additional funding for ongoing development is delayed, the Company will slow down its development profile and rely upon its underlying cash flows from operations (seeking additional funding as appropriate to facilitate that transition) to maintain a going concern.

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.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

[1] Refer to the ASX release dated 31 January 2022.

Performance for the period

1. REVENUE FROM GOLD AND SILVER SALES

	Consolidated	
	31 December 2021 $'000	31 December 2020 $'000
Gold and silver sales		
- Gold sales at spot[(i)]	34,441	62,779
- Gain/(loss) on gold forward contracts	973	705
Total gold sales	**35,414**	**63,484**
- Silver sales	261	182
Total gold and silver sales	**35,675**	**63,666**

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

2. COST OF GOODS SOLD

	Consolidated	
	31 December 2021 $'000	31 December 2020 $'000
Cost of goods sold		
Costs of production	16,068	49,262
Royalties	2,074	3,926
Depreciation of mine plant and equipment[(i)]	3,834	5,659
Amortisation of mine properties	3,756	10,262
Open pit waste movements – amortisation	-	1,379
Stockpile movements drawn down/(build up)	6,581	(11,885)
Gold in circuit build up	(199)	(4,104)
Total	**32,114**	**54,499**

3. OPERATING SEGMENT INFORMATION

The Group had one reportable segment, which is gold production, in the half-year ended 31 December 2021 (31 December 2020: 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

	Consolidated	
	31 December 2021 $'000	31 December 2020 $'000
Finance costs		
Interest	281	536
Borrowing costs	339	562
Withholding tax	282	-
Unwinding on discount of rehabilitation provision	172	72
Interest on right of use assets	762	647
Total	**1,836**	**1,817**

5. OTHER INCOME

	Consolidated	
	31 December 2021 $'000	31 December 2020 $'000
Other income		
- interest revenue	33	22
- sale of non-core assets	(3,224)	(508)
- toll treatment revenue (net of costs)	3,908	1,117
Total	**717**	**631**

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 2021 $'000	As at 30 June 2021 $'000
Current interest-bearing liabilities		
Secured loan - Mercuria (net of fees)	12,240	9,196
Equipment lease liabilities	1,592	699
	13,832	**9,895**
Non-current interest-bearing liabilities		
Secured loan - Mercuria (net of fees)	44,541	46,710
Equipment lease liabilities	4,558	1,642
	49,099	**48,352**

INTEREST-BEARING LIABILITIES

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

On 14 August 2020, Wiluna Mining announced that all documentation concerning a gold prepaid swap financing facility and gold hedging facility provided by Mercuria had been completed and executed. The $21m prepaid swap proceeds ("Tranche 1") were repaid in full by 29 July 2021 by way of delivering 699oz of gold per month over the 12 month term. As part of Tranche 1, Mercuria 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. That hedging facility was delivered in full by 29 July 2021. The Term Loan and hedging program were secured under a general security arrangement.

On 16 June 2021, the Company announced that the final conditions and documentation for a US$42 million Term Loan agreement ("Tranche 2") with Mercuria had been completed, and the loan was drawn down on 18 June 2021. Following a variation to the agreement made on 18 January 2022, the Term Loan has a 48-month tenor, with a grace period of 9 months (during which the Company will only pay interest) followed by equal monthly repayments thereafter. The interest rate is LIBOR + 9.5%. Tranche 2 is complimented by a gold hedging facility for 192,750oz (at the date of this report) and 156,500oz as at 31 December 2021 priced at US$1,819/oz (at the date of this report) and US$1,820/oz as at 31 December 2021. The Term Loan and hedging program are secured under a general security arrangement. The facility has been fully drawn down at the reporting date.

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8. ISSUED CAPITAL

	Consolidated	
	Half-year ended 31 December 2021	
	Number	$'000
Movement in ordinary shares on issue		
On issue at 30 June 2021	158,278,482	297,760
Share Placement	34,800,000	34,800
Options exercised	36,463	-
Cash received in advance of shares issued (i)	-	13,000
Transaction costs	-	(2,481)
On issue at 31 December 2021	**193,114,945**	**343,079**

(i) Cash received in advance relates to Tranche 2 proceeds ($18.2m) of the $53m share placement not completed on 31 December 2021. Tranche 2 - Share placement was completed on 6 January 2022 and shares issued thereafter.

9. RESERVES

		Consolidated	
	Note	As at 31 December 2021 $'000	As at 30 June 2021 $'000
Share-based payments reserve consist of:			
Share options		6,971	6,493
At closing of reporting period		**6,971**	**6,493**
		Number (000's)	Number (000's)
Movement in options on issue:			
At beginning of reporting period		2,133	8,444
Options expired and lapsed		-	(6,736)
Options issued		1,778	995
Options exercised		(36)	(21)
Options forfeited		(275)	(549)
At closing of reporting period		**3,600**	**2,133**

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	1,778,205	$0.673 & $0.779	80%	30/06/2024	30/06/2025	$0.00	$0.985 & 1.15	0.5% & 1.38%

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Other disclosures

10. COMMITMENTS AND CONTINGENCIES

Commitments

Finance Leases
The Group holds finance leases for the acquisition of motor vehicles and heavy mobile equipment. The agreements incorporate a fixed rate between 2% and 12%, monthly repayments and expiry dates between Dec 2021 and Nov 2026:

	Consolidated	
	As at 31-Dec-21 $'000	As at 30-Jun-21 $'000
Not longer than one year	1,671	699
Longer than one year, but not longer than five years	4,479	701
Longer than five years	-	941
Total	**6,150**	**2,341**

Contractual Commitments
The Company has entered into contractual arrangements where it is committed to purchase and transfer a minimum amount of gas with several counterparties, the value of these commitments are as follows:

	Consolidated	
	As at 31-Dec-21 $'000	As at 30-Jun-21 $'000
Not longer than one year	2,444	2,842
Longer than one year, but not longer than five years	2,317	3,881
Longer than five years	-	-
Total	**4,761**	**6,723**

Royalties
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 a price not higher than US$600 per ounce). As at 31 December 2021, the Company had 3,352 ounces (30 June 2021: 3,756 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/Liabilities

There were no material changes to contingent liabilities or assets since 30 June 2021.

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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, $385,000 (30 June 2021 twelve months: $729,182) was paid (or is payable) to Xavier Group Pty Ltd for consulting services provided to the Group. All transactions were made on normal commercial terms and conditions, and at market rates.

Ms Lisa Mitchell, a Director of the Company, whose spouse is also a Director and beneficiary of Ironbridge Capital Partners, a company who provides consulting services to the Group; during the half-year, $58,352 (30 June 2021 twelve months: $7,344) was paid (or is payable) to Ironbridge Capital Partners for consulting services provided to the Group. All transactions were made on normal commercial terms and conditions, and at market rates.

12. SUBSEQUENT EVENTS

Share Placement
On 22 November 2021, the Company announced a share placement of $53m at A$1 per share to fund continued key resource drilling and underground development work programs. The share placement was completed in 2 tranches as follows:

- Tranche 1 - Share placement of $34.8 million (before costs) completed on 30 November 2021; and
- Tranche 2 - Share placement of $18.2 million (before costs) completed on 06 January 2022.

Approximately $5.2 million of Tranche 2 capital raise was received in early January 2022 and is not included in the 31 December 2021 cash and bullion balance.

Mercuria
On 18 January 2022, the Company agreed with Mercuria to defer the commencement of principal repayments by 3 months to April 2022, commensurate with the ramp-up toward Stage 1 commercial production.

An additional 38,750oz was added to the hedge position, resulting in the updated hedge book at the date of this report being for 192,750oz @ US$1,819/oz (A$2,537/oz), maturing by end of December 2025 (previously end of May 2025).

13. COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and 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 Group in future financial periods.

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14. GOLD HEDGING CONTRACTS

As part of the risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The counterparty of the gold forward contracts is Mercuria Energy Trading Pte Ltd ('Mercuria').

The current gold hedge contracts comprise of the following:

- **Initial Tranche 2** - On 16 June 2021, as part of the US$42 million Term Loan agreement with Mercuria ("Tranche 2") a gold hedging facility for a total of 159,000oz priced at an average price of US$1,820/oz was put in place; and

- **Variation to Tranche 2 -** On 18 January 2022, Mecuria Tranche 2 debt principal repayment was extended to April 2022. As a result an additional 38,750oz at an average price of US$1,811/oz was added to the hedge facility. This resulted in the updated hedge book at the date of this report being for 192,750oz @ US$1,819/oz (A$2,537/oz), maturing by the end of December 2025 (previously end of May 2025).

The Term Loan and hedging program are secured under a general security arrangement

Hedge Facility Summary

The below summarises the total hedging facility of the Company and the periods when they are contracted to settle:

Hedges	Dec 21-Feb 22	Mar 22-May 22	Jun 22-Aug 22	Sep 22-May 25	Jun 25-Dec 25	Total
Initial Tranche 2						
Ounces Per Month	2,500	3,000	3,500	4,000	-	
Total ounces in period	7,500	9,000	10,500	132,000	-	**159,000**
Contract price per Ounces	US$1,820/oz	US$1,820/oz	US$1,820/oz	US$1,820/oz		
Variation to Tranche 2						
Ounces Per Month	-	-	250	250	4,250	
Total ounces in period	-	-	750	8,250	29,750	**38,750**
Contract price per Ounces			US$1,811/oz	US$1,811/oz	US$1,811/oz	
Total ounces under hedging facility						**197,750**

On 30 December 2021 and 31 January 2022 2,500oz was settled (5,000oz in total), resulting in the updated hedge book at the date of this report being for 192,750oz at a weighted average price of US$1,819/oz (A$2,537/oz).

	Mark-to-Market	
	31 Dec 2021	30 Jun 21
Open Contracts	$'000	$'000
Within one year		
- Forward contracts	433	2,530
Between one and two years		
- Forward contracts	(739)	2,584
Between two and five years		
- Forward contracts	(4,701)	832
Total open contracts	**(5,007)**	**5,946**

Mark-to-market represents the value of the open contracts at balance date, calculated with reference to the gold spot price at that date. A negative amount reflects a valuation in the counterparty's favour.

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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 2021 and its performance for the half-year ended on that date; and
   ii. complying with Accounting Standard AASB 134: "Interim Financial Reporting", other mandatory professional reporting requirements 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, 24 February 2022

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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 statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2021 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.

Material Uncertainty Related to Going Concern

We draw attention to the going concern note in the Basis of Preparation section in the notes to the financial statements, which indicates that the consolidated entity incurred a loss of $16,319,000 during the half-year ended 31 December 2021 and, as at that date, the consolidated entity had net current liabilities of $4,655,000. As stated in the going concern note, these events or conditions, along with other matters as set forth in the going concern note, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2021 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*.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 24 February 2022

AIK KONG TING
Partner