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ASX Announcement

15 February 2023
ASX: WMC

WILUNA MINING

QUARTERLY ACTIVITIES REPORT- SEPTEMBER 2022

Wiluna Mining Corporation Limited (Administrators Appointed) ("Wiluna", "WMC" or the "Company") (ASX:WMC) provides the following update on the Company and its activities.

VOLUNTARY ADMINISTRATION

- **On 6 July 2022 the Company announced that Mr. Milan Jerkovic had stepped down as Executive Chair and resigned from the board of directors with Mr. Rowan Johnston appointed as interim Non-Executive Chair and Mr. Michael Monaghan appointed as acting Chief Executive Officer.**
- **The Company entered into Voluntary Administration on 20 July 2022 with Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis of FTI Consulting appointed as joint and several voluntary administrators of the Company and its subsidiaries on 20 July 2022 ("Administrators").**
- **The first meeting of creditors under voluntary administration was held on 1 August 2022.**

OPERATIONS

- **During the September 2022 quarter, the Administrators initially worked on a 'business as usual' basis while reviewing operating and recapitalisation options and have worked with stakeholders to stabilise operations and preserve value.**
- **Mining operations continued during the September quarter with total tonnes mined for the quarter of 186,181 at grade of 4.01 g/t, an increase of 32,937t or 21% in tonnes and 0.80g/t or 25% in grade from the June quarter. Processed ore also improved from the previous quarter with 196,954t processed at 3.94g/t in the June quarter, an improvement in both volume and grade from the June quarter where 163,975t were processed at 3.17g/t.**
- **Total gold mined for the quarter was 24,017oz, an increase of 8,191oz or 52% from June quarter production.**

GEOLOGY

- **Exploration activities were suspended during the quarter following the Company's decision to enter into Voluntary Administration.**

FINANCIAL

- **Cash & bullion at 30 September 2022 totalled $2.3M (30 June 2022: $18.5M)**
- **All gold hedging contracts were terminated during the quarter, for a net gain of A$3.2m which was applied against the outstanding debt with Mercuria.**
- **Total gold bullion and concentrate sales for the September quarter of 8,101oz of gold in concentrate and 764oz of gold bullion at spot for gross total revenue of $18.8M (30 June 2022 quarter: 19,566oz of Au for gross total revenue of US$29.1M).**

OPERATIONS

Mining and production activities continued during the September quarter as the Administrators initially worked on a 'business as usual' basis whilst minimising expenditure with only long term benefits and stabilising costs and activities. Total mining tonnes, grade and gold production all improved from the previous quarter with the following results achieved:

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	Sep Qtr	Jun Qtr
Gold produced - mined (oz)	24,017	15,826
Tonnes mined	186,181	153,324
Head grade mined (g/t)	4.01	3.21
Tonnes processed	196,954	162,975
Grade processed (g/t)	3.94	3.17

Mining continued at Stage 1 operations through the September quarter with 186,181t of ore mined at an average grade of 4.01g/t for the quarter, an increase of 32,857t or 21% in tonnes from the June quarter. Tonnes processed ore also improved from the previous quarter with 196,954t processed at 3.94g/t in the current quarter, an increase in both volume and grade from the June quarter.

Key activities for the quarter included:

- Underground mine development and ramp up of stoping operations in the Happy Jack and Bulletin mining areas
- Construction of the tailings retreatment operation (not yet completed)
- Stage 2 and 3 Expansion Studies put on hold during the quarter due to escalating costs and industry wide labour shortages

Additionally, during the September 2022 quarter, Byrnecut Australia completed 11,512 metres of underground lateral development.

SEPTEMBER 2022 QUARTER PRODUCTION

Subsequent to the appointment of the Administrators, the Company has continued its operations. Mining has been principally within already developed areas. There has been a reduction in development activity from 10 August 2022 in order reduce operating costs and focus on production activities.

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A summary of the production results for the current and previous quarter is set out below.

Underground	Unit	Sep 2022 Qtr	Jun 2022 Qtr
Development metres	m	1,434	1,967
Rehabilitation metres	m	79	489
Production metres	m	35,062	25,696
Ore tonnes mined	T	186,181	153,244
Ore grade mined	g/t	4.01	3.21
Processing			
Free milling - Ore tonnes processed	T	-	-
Free milling - Ore grade processed	g/t	-	-
Sulphide - Ore tonnes processed	T	196,954	162,975
Sulphide - Ore grade processed	g/t	3.94	3.17
Toll treated	T	-	81,421
Total - Ore tonnes processed	T	196,954	162,975
Ore grade processed	g/t	3.94	3.17
Gold produced	oz	21,823	13,361
oz recovery	%	88%	80%

September 2022 quarter production was 21,823oz of bullion and gold in concentrate (June quarter 13,361oz). There was quarter on quarter improvement in tonnes and grade mined as well as head grade at the mill. There was 186,181t at 4.01g/t mined during the quarter (June 2022 quarter: 153,324t at 3.21g/t), and 196,954t at 3.94g/t processed (June 2022 quarter: 162,975t at 3.17g/t).

TAILINGS RETREATMENT PROJECT

Development of the Wiltails plant, which is designed to treat the current and historic tailings, was ceased during the quarter following the appointment of the Administrators. The Wiltails Project has an Ore Reserve of 29.61Mt @ 0.56 g/t[1] for a total of 536koz located in three historic tailing dams and four open pits. Dry tailings were planned to be excavated initially from two of the dams and hauled by truck to the Wiltails plant before being fed into the scrubber and trommel arrangement for re-pulping via a new feed hopper.

Contractors involved in the construction of the Wiltails plant were demobilise during the quarter, and it is anticipated, subject to remobilisation of contractors and funding, that there is approximately two months' worth of construction and commissioning to complete the project.

EXPLORATION AND RESOURCE DRILLING

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

CORPORATE

VOLUNTARY ADMINISTRATION

On 20 July 2022, the Directors of Wiluna Mining Corporation Limited and its subsidiaries listed in Annexure A resolved to appoint Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis of FTI Consulting as joint and several voluntary administrators.

[1] Refer to Annexure B for more information.

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As previously stated in Wiluna Mining announcements, the Company appointed new management in early July 2022, which had been seeking to reset the mine plan in order to take advantage of the 5.5M ounce gold Mineral Resource reported at the Wiluna operations.[2]

The Administrators were advised by management that due to the impact of increasing cost pressures, tightening terms of creditor payments, the impact of COVID 19 on staff availability, project ramp up issues and worldwide shipping constraints there was insufficient working capital to bridge the project to complete the development of the reset mine plan.

Although Wiluna Mining investigated options to address that cash flow shortfall, through obtaining financial accommodation from creditors and shareholders, it became apparent that those options would not successfully address the cash flow shortfall in the time available. Consequently, the Directors determined to appoint voluntary administrators to Wiluna Mining. While in Administration the Company's shares were suspended from trading on 21 July 2022. Updates on the administration process will be uploaded on the ASX platform.

During the September 2022 quarter and following the appointment, the Administrators initially worked on a 'business as usual' basis while reviewing operating and recapitalisation options, and have worked closely with Wiluna Mining employees, suppliers, secured lenders and customers to stabilise operations and have sought to preserve value for stakeholders.

Information will be released to the ASX website (www.asx.com.au), the Wiluna Mining website (https://wilunamining.com.au/) and uploaded to the FTI Consulting website (www.fticonsulting.com).

FINANCIAL & TREASURY

Cash and bullion at 30 September 2022 was $2.3M (30 June 2022: $18.5M). On 22 July 2022, the Administrators were notified by Mercuria that it was closing out its gold hedging contracts in place with Company, following the Company's decision to enter into voluntary administration. A net realised gain of A$3.2M (US$2.2M) was achieved on the close out of the hedges, which has been applied against the Mercuria debt principal. As at 30 September, the amount owing on the Mercuria facility was A$56.6M (30 June 2022: A$56.8M).

Total gold bullion and gold in concentrate sales for the September quarter were 8,101oz of gold in concentrate and 764oz of gold bullion for gross revenue of A$18.8M (30 June 2022 quarter: 19,566oz for gross revenue of US$29.1M)

CORPORATE MANAGEMENT CHANGES

The following board and management appointments occurred within the Company during the September quarter:

- Mr Rowan Johnston was appointed as Interim Non-Executive Chairman on 6 July 2022.
- Mr Mike Monaghan was appointed as Acting Chief Executive Officer between 12 July 2022 to 31 July 2022.
- Mr Rob Ryan was appointed as Acting Chief Operations Officer on 6 July 2022.
- Former Executive Chair Mr Milan Jerkovic resigned from the Company on 6 July 2022.

[2] Refer to Annexure B for more information.

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QUARTERLY CASH FLOW SUMMARY

	Sep 2022 Qtr $'000
Cash flows from operating activities	
Proceeds from gold and silver sales	15,447
Payments to suppliers and employees	(14,718)
Payments for mine properties written off[1]	(10,730)
Interest paid	(3,631)
Gain on close out of gold hedges	3,212
Net cash from operating activities	**(10,420)**
Cash flows from investing activities	
Purchase of plant and equipment	(215)
Payments for exploration and evaluation	(954)
Net cash used in investing activities	**(1,169)**
Cash flows from financing activities	
Payment of share issue costs	(77)
Repayment of loans	(3,212)
Repayment of right of use lease liabilities	(274)
Other	(60)
Net cash from financing activities	**(3,623)**
Net decrease in cash held	(15,212)
Cash and cash equivalents at the beginning of the period	**17,217**
Foreign exchange gain/(loss)	163
Cash and cash equivalents at the end of the period	**2,168**

Note 1. Cashflows of $10.7M for payments for mine properties written off relate to pre 20 July 2022 pre-production expenditure. These amounts have been written off and classified to operating activities as we don't believe there is sufficient basis to reasonably expect the amounts to be recoverable.

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 Administrators*

*Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis, all Senior Managing Directors of FTI Consulting, were appointed as Administrators on 20 July 2022.

Annexure A - Wiluna Mining Group – Entities over which the Administrators are appointed

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

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ANNEXURE B - MINERAL RESOURCES AND ORE RESERVES

MINERAL RESOURCE STATEMENT

Table 1 Mineral Resource Statement (ASX Announcement 17 November 2021)

WILUNA MINING CORPORATION LIMITED RESOURCE SUMMARY AT 30 JUNE 2021												
Mining Centre	TOTAL MINERAL RESOURCES											
	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU	Mt	g/t Au	Koz AU
Wiluna	0.26	1.66	14.00	18.90	4.46	2,715.00	16.80	3.30	1,784.00	36.00	3.90	4,514.00
Matilda	0.03	2.18	2.00	1.24	1.72	68.00	0.88	2.71	76.00	2.14	2.13	147.00
Lake Way	0.27	1.73	15.00	0.68	2.27	50.00	2.11	1.56	106.00	3.06	1.74	171.00
Galaxy	0.01	1.87	1.00	0.03	2.24	2.00	0.11	3.35	12.00	0.15	3.02	15.00
Sub Total	**0.57**	**1.73**	**32.00**	**20.85**	**4.22**	**2,835.00**	**19.90**	**10.92**	**1,978.00**	**41.35**	**10.79**	**4,846.00**
Tailings and Stockpiles												
Tailings	-	-	-	33.20	0.57	6.11	-	-	-	33.20	0.57	611.00
Stockpiles	0.86	0.92	25.00	3.03	0.50	49.00	-	-	-	3.89	0.59	74.00
Sub total	**0.86**	**0.92**	**25.00**	**36.20**	**0.57**	**660.00**	**-**	**-**	**-**	**37.10**	**0.58**	**685.00**
Global Total	**1.43**	**1.24**	**57.00**	**57.10**	**1.91**	**3,495.00**	**19.90**	**10.92**	**1,978.00**	**78.40**	**2.19**	**5,531.00**

Notes to Table 1:

1. Tonnes are reported as million tonnes (Mt) and rounded to three significant figures; gold (Au) ounces are reported as thousands rounded to the nearest 1,000.
2. Data is rounded to reflect appropriate precision in the estimate which may result in apparent summation differences between tonnes, grade, and contained metal content.
3. Mineral Resource at each Mining Centre in (Table 1 only) reported at cut-offs related to material type inside A$2,750 optimised pit shells (> 0.35 g/t for oxide and transitional material, and >0.70 g/t for fresh rock), and >2.3 g/t below the pit shells.

ORE RESERVE STATEMENT

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

WILUNA MINING CORPORATION ORE RESERVE SUMMARY AT 30 JUNE 2021									
MINING CENTRE	Proved			Probable			Total		
	Mt	g/t AU	Koz	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Wiluna[3]	0.20	1.80	11.80	6.58	4.09	865.20	6.78	4.02	876.90
Stockpiles	0.37	0.98	11.80	-	-	-	0.37	0.98	11.80
Wiltails[4]	-	-	-	29.61	0.56	535.60	29.61	0.56	535.60
Total	**0.58**	**1.27**	**23.60**	**36.19**	**1.20**	**1,400.70**	**36.76**	**1.20**	**1,424.30**

Explanatory Notes:

[1] The reported Mineral Resources are inclusive of the Ore Reserves.

[2] Tonnes are reported as million tonnes (Mt) and rounded to the nearest 10,000; grade reported in grams per tonne (g/t) to the nearest hundredth gold (Au) ounces are reported as thousands rounded to the nearest 100.

[3] Wiluna Reserves includes mining from open pit and underground deposits.

[4] Wiltails Ore Reserve includes reclaimed tailings material in Dam C, Dam H, TSF West and backfilled pits at Adelaide, Golden Age, Moonlight, and Squib.

The information in this announcement that relates to Mineral Resources of the Company has been extracted from the ASX release by the Company entitled "Mineral Resource Update" dated 17 November 2021 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at https://wilunamining.com.au/) ("Mineral Resource Announcement"). The information in this announcement that relates to Ore Reserves of the Company has been extracted from the ASX release by the Company entitled "Ore Reserves Update and Feasibility Progress Report" dated 12 April 2022 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at https://wilunamining.com.au/) ("Ore Reserve Announcement"). Together, the Mineral Resource Announcement and the Ore Reserve Announcement are the "Announcements".

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

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

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