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ASX Announcement

15 February 2023
ASX: WMC

WILUNA MINING

QUARTERLY ACTIVITIES REPORT- DECEMBER 2022

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

OPERATIONS

- **Mining operations ceased on 14 December 2022, with mining contractor Byrnecut demobilised from site by quarter end and the underground mine placed on care and maintenance.**
- **Processing of low-grade stockpiles is still underway and expected to continue until mid-February 2023. Concentrate shipments are expected to continue until end of February.**
- **Dewatering systems and access to key areas underground will continue to be maintained during care and maintenance to facilitate the restart of future operations.**
- **During the December quarter, the Company produced 7,729t of gold in concentrate at an average grade of 78.02g/t.**
- **The Company received DMIRS approval for the planned reprocessing of tailings from its Western Cell tailings storage facility on 14 February 2022, a further announcement on this will be released in the coming days.**
- **Total gold production for the quarter of 20,775oz.**
- **Total ore tonnes mined for the quarter was 176,154t at an average grade of 4.05g/t (Sep 2022 qtr: 186,181t at grade of 4.01 g/t)**

FINANCIAL

- **Cash & bullion at 31 December 2022 totalled $3.3M (30 September 2022: $2.3M).**
- **Total gold bullion and concentrate sales for the December quarter of 22,096oz of gold in concentrate and 642oz of gold bullion at spot for gross total revenue of $49.59M (September quarter: 8,101oz of gold in concentrate and 764oz of gold bullion at spot for gross total revenue of $18.8M).**

CORPORATE

- **The Company was placed in 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 ("Administrators").**
- **During the December quarter the Administrators obtained court approval to extend the convening period of the second meeting of creditors to 16 February 2023. Subsequent to quarter end, the Administrators have been granted court approval to further extend the convening period of the second meeting of creditors to 30 June 2023.**

OPERATIONS

During the December 2022 quarter underground mining operations were wound down, with mining ceasing on 14 December 2022 and the mining contractor, Byrnecut, subsequently demobilising from site. Processing of mining stockpiles to produce gold doré is expected to continue until mid- February 2023. The Company is planning to commence a low capital operation of reprocessing tailings, following completion of the processing of the abovementioned mined materials. These processing options would be aimed at funding the underground care and maintenance programs and future restart studies. Care and maintenance of the underground mine involves maintaining dewatering systems and access to key underground areas to facilitate restart of operations as may be required in the future. A final site inspection report was completed by a geotechnical consultant. In total, the geotechnical consultants completed three site visits during November and December to ensure underground operations were satisfactorily inspected for geotechnical issues prior to closure, including areas that will remain active for pumping during care and maintenance.

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Total gold production for the December quarter was 20,603oz, a decrease from the 21,823oz of gold produced in the September quarter. Mining and production activities continued during the quarter up until mining was ceased on 14 December 2022. Total mining tonnes, grade and gold production are set out in the table below.

	Dec Qtr	Sep Qtr
Gold mined (oz)	22,953	24,017
Gold produced (oz)	22,603	21,823
Tonnes mined	176,154	186,181
Head grade mined (g/t)	4.05	4.01
Tonnes processed	199,868	196,954
Grade processed (g/t)	3.71	3.94

DECEMBER 2022 QUARTER PRODUCTION

As mentioned above, mining operations were suspended on 14 December 2022. A summary of the production results for the current and previous quarter is set out below.

Underground	Unit	Dec 2022	Sep 2022
Development metres	m	299	1,434
Rehabilitation metres	m	-	79
Production metres	m	40,284	35,062
Ore tonnes mined	T	176,154	186,181
Ore grade mined	g/t	4.05	4.01
Processing			
Free milling - Ore tonnes processed	T	17,521	-
Free milling - Ore grade processed	g/t	1.64	-
Sulphide - Ore tonnes processed	T	182,347	196,954
Sulphide - Ore grade processed	g/t	3.91	3.94
Total - Ore tonnes processed	T	199,868	196,954
Ore grade processed	g/t	3.71	3.94
Gold produced	oz	20,603	21,823
oz recovery	%	87%	88%

TAILINGS RETREATMENT PROJECT

The Company received approval from DMIRS to begin the reprocessing of tailings from its Western Cell tailings storage facility on 14 February 2022. The Western Cell historic tailings facility is planned to provide an economically viable supply of low-grade ore for processing using the Company's existing plant for approximately 12-18 months. A further announcement on this will be made in the coming days.

EXPLORATION AND RESOURCE DRILLING

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

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CORPORATE

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.

As advised in the ASX announcement dated 16 December 2022, the Administrators engaged in a dual track sale and recapitalisation process with a view to maximise value of Wiluna and ancillary assets for all stakeholders. Several non-binding indicative offers for the sale and/or recapitalisation of Wiluna were received and assessed, however none were considered to be in the commercial interests of creditors. As a result, the Administrators have suspended the sale process.

Whilst the sale and/or recapitalisation process was ongoing the administrators sought extra time to complete these activities. As such, pursuant to section 439A (6) of the *Corporations Act 2001* (Cth), a second extension of the convening period of the second meeting of creditors ("Meeting") for Wiluna was granted by the Supreme Court of Western Australia on 13 December 2022 which extended the timeframe to convene the second meeting of creditors to 16 February 2023. Subsequent to quarter end, the Administrators have been granted court approval to further extend the convening period of the second meeting of creditors to 30 June 2023. The Administrators requested the further extension to enable the completion of additional studies which were commissioned to advance the Administrators' efforts to recapitalize or sell the Companies.

The Administrators will issue a further notice to all creditors advising the exact time, date and place for the Meeting providing creditors at least five (5) business days' notice. The notice for the Meeting will include the Administrators detailed report into the affairs of the Companies and articulate the options available to creditors going forward.

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 & bullion as at 31 December 2022 increased by $1M from the previous quarter from $2.3M to $3.3M. No further drawdowns or principal repayments were made on the Mercuria debt facility during the December quarter, however a strengthening of the AUD against the USD during the period resulted in a reduced AUD debt value as at 31 December of $54.3M, down from $56.7M as at 30 September 2022.

Gold concentrate sales continued during the December quarter, with the Administrators focussed on expediting the shipping of concentrate inventory to support the Company's cashflow position. Total gold bullion and concentrate sales for the December quarter of 22,096oz of gold in concentrate for gross revenue of $47.6M and 512.5oz of gold bullion at spot for gross revenue of $1.7M (30 September 2022 quarter of 8,101oz of gold in concentrate and 764oz of gold bullion at spot for gross revenue of $18.8M).

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QUARTERLY CASH FLOW SUMMARY

	Dec 2022 Qtr $'000	Sep 2022 Qtr $'000
Cash flows from operating activities		
Proceeds from gold and silver sales	44,148	15,447
Payments to suppliers and employees	(42,074)	(14,718)
Payments for mine properties written off[1]	-	(10,730)
Interest paid	(1,714)	(3,631)
Gain on close out of gold hedges	-	3,212
Net cash from operating activities	**359**	**(10,420)**
Cash flows from investing activities		
Purchase of plant and equipment	(10)	(215)
Payments for exploration and evaluation	-	(954)
Net cash used in investing activities	**(10)**	**(1,69)**
Cash flows from financing activities		
Payment of share issue costs	-	(77)
Repayment of loans	-	(3,212)
Repayment of right of use lease liabilities	(523)	(274)
Other	-	(60)
Net cash from financing activities	**(523)**	**(3,623)**
Net decrease in cash held	(173)	(15,212)
Cash and cash equivalents at the beginning of the period	**2,168**	**17,217**
Foreign exchange gain/(loss)	(522)	163
Cash and cash equivalents at the end of the period	**1,473**	**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:

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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.

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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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