

# ASX Announcement

16 May 2022  
ASX: WMC



## WILUNA OPERATIONAL AND CORPORATE UPDATE – MAY 2022

### HIGHLIGHTS

- **Stage 1 concentrator ramping up to expectations and continues to outperform nameplate capacity; targeting full production run rate of 110-120kozpa by end of CY2022**
- **Receipts for concentrate produced and sold now on track for collection in standard timeframes after significant delays**
- **WilTails Plant Construction 85% complete – now targeting commissioning in September due to delay in crucial equipment deliveries & logistics**
- **Continued exploration success with strong sulphide mineralisation intersected in the first of eight holes testing down-plunge extensions of the East and West Lodes**
- **Company-wide efficiency review and cost reductions underway with renewed focus on operations**
- **Ramp up delays caused by COVID-19, and skilled labour shortages, inflationary cost pressures, shipping delays of key equipment and delays to concentrate sales has resulted in near-term funding requirement**
- **Capital raising options being finalised and will be announced in the near term**

Wiluna Mining Corporation Limited (“Wiluna”, “WMC” or “the Company”) (ASX: WMC) is pleased to provide an update on the Company and the operations at the Wiluna Mining Centre.

### OPERATIONS

Wiluna Mining controls 100% of the Wiluna Mining Operation. The Wiluna Mining Operation is located at the northern end of the Western Australian Goldfields, approximately 530 km north of Kalgoorlie and 900km northeast (one and a half hours by direct flight) of Perth.

The Wiluna Mining Operation currently has a Mineral Resource of 5.5 million ounces and is one of the largest gold districts in Australia under single ownership.

The Wiluna Mining Operation is currently in development to transform Wiluna from a modest, cashflow positive producer of free milling ore via a conventional CIP plant to a multi circuit operation producing circa 110-120kozpa once commercial production is reached (refer ASX announcement – ‘Ore Reserves Update and Feasibility Progress Report’ dated 12 April 2022). On completion, the development plan will enable Wiluna to treat all the ore types at Wiluna through four processes including;

- Existing 2.1Mtpa CIP process plant;
- 750,000tpa flotation concentrator which is now complete, following successful commissioning in December 2021;
- Gravity circuit which produces gold doré; and
- Tailings retreatment plant (WilTails) which will link tailings reclaim and reslurrying (as well as flotation tailings) with the existing CIP circuit to produce gold doré.

### Efficiency Review, Cost Reduction & Production Ramp-Up

The Company continues to work on optimising productivity and costs based on an efficient deployment of underground and surface equipment, targeting costs at or below industry standards as we move towards commercial production. This will be achieved through focusing on reducing development costs, increasing grade of ore mined, efficient production methods and support services.

The Company is targeting production of ~6koz of gold in concentrate in June, and ~7koz per month of gold in concentrate for the September quarter, supplemented by ~2koz per month of doré (which is 100% payable) from the gravity and tailings retreatment circuits once online, ultimately aiming to be a ~110k-120koz per annum producer of gold (doré and concentrate) by the end of CY2022. The Company is aiming to achieve this with gross mining, processing and admin costs of ~A\$15m per month (excluding infrastructure capital, which is expected to reduce to an immaterial number after August, when the WilTails plant and tailings dam upgrade are completed).

## DEVELOPMENT UPDATE

### Flotation Plant Progress

Construction of the Company’s 750ktpa Stage 1 Flotation Plant was completed (with successful commissioning) in December 2021. It is currently ramping up to its full production rate, with commercial production expected by the end of CY2022. The Concentrator was commissioned to process ~750ktpa, but recent outperformance of the name plate capacity has demonstrated processing rates of up to ~900-950ktpa with only minor impact on recoveries.

Since ramp up began (1 January 2022), the Company has produced 4,043 bags of concentrate (approx. 16,000 oz of gold), comprising: 3,212 bags which have been dispatched, and 831 bags which have been produced and sold but are awaiting dispatchment and payment. Current receivables and inventory are ~A\$11 million in inventory.



Figure 1: Completed Concentrator

### Underground Development

Underground operations continue to ramp up with the focus remaining on securing production and cash flow from the Bulletin, Happy Jack North and Happy Jack South areas.

The Company has been hampered by manning issues due to the significant shortages of skilled labour, which have been further exacerbated by COVID-19 issues.

This has resulted in slower mining and drilling rates than expected including a delay of the drilling of higher-grade stopes which has only just commenced. This has in turn negatively affected the grades we have mined in the first four months of CY2022. The Company estimates that it is therefore three to four months behind where it expected to be into its mining program.

The Company, because of its decision to pause its Stage 2 expansion, has taken the decision to focus immediate term mining in concentrated areas in the north mine area (Bulletin, Happy Jack North and Happy Jack South). This refocus is expected to result in improved outcomes, but is not expected to flow through to the operating level until June. The grade of ore mined is now increasing and has improved in the last month (averaged 3.03 g/t in April, with month to date in May averaging 4.16 g/t).

### Tailings Retreatment (WilTails) Plant Construction

Construction of the WilTails plant, which is designed to treat the current and historic tailings, is continuing and approaching completion. The lime slaking facility is expected to be operational in June, which will allow WMC to process tailings from the current operations. The final commissioning of the WilTails plant (see below) is 85% complete – however there has been a delay in the delivery of the Motor Control Centre due to shipping and logistics issues, and this is expected to defer commissioning of the plant until September.

Once fully commissioned, the WilTails plant and the gravity circuit (which commenced operating in April) is expected to produce approximately 2,000 ounces of gold doré per month, which is 100% payable.



Figure 2: WilTails Plant Construction Progress



### Exploration Update

The Company continues to experience success with its exploration drilling program at East Lode. The first hole at the East Lode Lower Target has intersected 6.60m@6.22 g/t and 1.80m @ 9.74 g/t (refer ASX announcements dated 28 April 2022 and 10 May 2022). The intersections are located 200m below the East Lode historical workings and Mineral Resource limits, demonstrating the considerable growth potential of the gold system.

The discovery of strong sulphide mineralisation in the first of eight holes testing down-plunge extensions of the East and West Lodes, which historically were the main producing lodes at Wiluna, is a highly encouraging development for the Company, and affirms the Company’s geological strategy.

Another further 7 holes in the program will test over 1,000m of strike and 700m of down-plunge extent on the East and West Lode structures. These samples will be prioritised at the lab, and assays are anticipated within 2 weeks.

Drilling success at East Lode Lower follows the recently reported ultra-high-grade results at the Bulletin North target (see ASX announcement dated 13 April 2022). These discovery programs are part of a 40,000m campaign testing nine large-scale targets for new high-grade sulphide shoots ‘under the headframe’ at Wiluna. Drilling is in progress at East and West Lode Lower, Bulletin North and Squib. High-grade >5g/t shoot discoveries are targeted to substantially enhance the early years of the current mining plan with the intention of increasing the underground ore grade and to grow gold production.



Figure 3: Underground Diamond Drilling at Wiluna

### Factors Impacting the Company & Capital Raising Requirement

Throughout FY2022, particularly in recent months, the Company has been impacted by several factors outside of its control including:

- The COVID-19 pandemic, as well as significant shortages of skilled labour in the state of Western Australia has resulted in delays to the Company's underground mining activities;
- Ongoing conflict in Ukraine which has negatively impacted and delayed the sale and monetisation of gold concentrate; and
- Shipping and supply/logistical constraints of critical outstanding components of the WilTails plant which has pushed commissioning of the WilTails Plant out to August.

The above has negatively impacted the Company's cashflows and has resulted in the requirement to raise additional capital in the near term to meet its objectives.

The ongoing conflict between Ukraine and Russia, alongside other factors, have also delayed the Company's planned London Stock Exchange listing.

### Planned Capital Raising

In anticipation of a capital raising to be announced in the near term, the Company has appointed Lazarus Corporate Finance Pty Ltd as its broker, and has commenced discussions with key parties, from which initial reception has been encouraging. Further details relating to the capital raising will be released in due course.

### FEASIBILITY STUDY

As previously announced, the Company has made the prudent decision to delay the Stage 2 expansion at this time (refer ASX announcement – 'Ore Reserves Update and Feasibility Progress Report' dated 12 April 2022). In the interim, the Company will continue the expansion Feasibility Study.

Current economic and social circumstances of rising inflation, COVID disruptions, significant shortages of skilled labour in the state of Western Australia, shipping and equipment supply constraints, as well as the uncertainty over the war in Ukraine have played a major role in convincing management and Board that launching into a two year, multi-million dollar expansion is not prudent at this time and not in the best interest of our shareholders.

Given the potential of the multi-million-ounce scale of the Wiluna ore body, we believe that further drilling to define the Resources and Reserves of the Wiluna Mining Centre and gain a greater understanding of the true size of the opportunity in front of us, along with the associated studies, is far more prudent and sensible to fully optimise the potential of Wiluna. The Company will concentrate on bringing Stage 1 up to commercial production and to optimise Stage 1, which will be fully ramped up by the end of CY2022 with steady-state production estimated initially between 110,000-120,000 ounces per annum that with further minor, low-cost modifications the Company believes have the potential to increase production incrementally to circa 150,000 ounces per annum.

This announcement has been approved for release by the Board of Wiluna Mining Corporation Limited.

For further information on Wiluna Mining please contact:

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Wiluna Mining Corporation Limited is an ASX Listed gold mining company that controls over 1,600 square kilometres of the Yilgarn Region in the Northern Goldfields of Western Australia.

The Yilgarn Region is one of most prolific gold regions in the world. The Company owns 100% of the Wiluna Gold Operation which is the 8th largest gold district in Australia under single ownership based on overall JORC Mineral Resource.

#### BOARD OF DIRECTORS

Milan Jerkovic – Executive Chair  
Rowan Johnston – Non-Executive Director  
Hansjorg Plaggemars – Non-Executive Director  
Colin Jones- Non-Executive Director

#### CORPORATE INFORMATION

211.3 M Ordinary Shares  
3.6M Unquoted Options/ZEPO's

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## MINERAL RESOURCES AND ORE RESERVES

### Mineral Resource Estimate

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

Wiluna Mining Corporation Mineral Resource Summary at 30 June 2021												
Mining Centre	TOTAL MINERAL RESOURCES									Total 100%		
	Measured			Indicated			Inferred			Mt	g/t Au	Koz Au
	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	18.9	4.46	2,715	16.8	3.30	1,784	36.0	3.90	4,514
Matilda	0.03	2.18	2	1.24	1.72	68	0.88	2.71	76	2.14	2.13	147
Lake Way	0.27	1.73	15	0.68	2.27	50	2.11	1.56	106	3.06	1.74	171
Galaxy	0.01	1.87	1	0.03	2.24	2	0.11	3.35	12	0.15	3.02	15
<b>SUB TOTAL</b>	<b>0.57</b>	<b>1.73</b>	<b>32</b>	<b>20.9</b>	<b>4.22</b>	<b>2,836</b>	<b>19.9</b>	<b>3.09</b>	<b>1,978</b>	<b>41.3</b>	<b>3.65</b>	<b>4,846</b>
TAILINGS AND STOCKPILES												
Tailings	-	-	-	33.2	0.57	611	-	-	-	33.2	0.57	611
Stockpiles	0.86	0.92	25	3.03	0.50	49	-	-	-	3.89	0.59	74
<b>SUB TOTAL</b>	<b>0.86</b>	<b>0.92</b>	<b>25</b>	<b>36.2</b>	<b>0.57</b>	<b>660</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.1</b>	<b>0.58</b>	<b>685</b>
<b>GLOBAL TOTAL</b>	<b>1.43</b>	<b>1.24</b>	<b>57</b>	<b>57.1</b>	<b>1.91</b>	<b>3,495</b>	<b>19.9</b>	<b>3.09</b>	<b>1,978</b>	<b>78.4</b>	<b>2.19</b>	<b>5,531</b>

#### Explanatory Notes:

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.

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

Wiluna Mining Corporation 2021 Ore Reserve Summary									
Mining Centre	Proved			Probable			Total		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
<b>Wiluna<sup>3</sup></b>	0.20	1.80	11.8	6.58	4.09	865.2	<b>6.78</b>	<b>4.02</b>	<b>876.9</b>
<b>Stockpiles</b>	0.37	0.98	11.8	-	-	-	<b>0.37</b>	<b>0.98</b>	<b>11.8</b>
<b>Wiltails<sup>4</sup></b>	-	-	-	29.61	0.56	535.6	<b>29.61</b>	<b>0.56</b>	<b>535.6</b>
<b>TOTAL</b>	<b>0.58</b>	<b>1.27</b>	<b>23.6</b>	<b>36.19</b>	<b>1.20</b>	<b>1400.7</b>	<b>36.76</b>	<b>1.20</b>	<b>1424.3</b>

## 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*

**Competent Persons Statements**

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled or reviewed by Mr Kane Hutchinson, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Kane Hutchinson is a fulltime 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'. Kane Hutchinson 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 Surface Ore Reserves for the Wiluna Mining Centres, as well as surface stockpiles and tailings retreatment (Wiltails project) is based on information compiled or reviewed by Mr Anand Krishnamurthy, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM Member No. 314741). Anand is a full-time employee of Wiluna Mining Company 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'. Anand 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 Underground Ore Reserves for the Wiluna Mining Centres is based on information compiled or reviewed by Mr Nigel Bennett, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM Member No. 320995). Nigel is a full-time employee of Mining Consultancy, Mining Plus Pty Ltd 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'. Nigel consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.