



28 April 2017

Quarterly Activities Report

For the Three Months Ended 31 March 2017

Specialty metals producer, Wolf Minerals Limited (ASX: WLF, AIM: WLFE) (**Wolf** or the **Company**) provides the following update on progress at its Drakelands open pit mine (**Drakelands**) at the Company's Hemerdon tungsten and tin project in Devon, southwest England, for the three month period to 31 March 2017 (the **Quarter**).

Highlights

- ✓ Drakelands was injury free for the quarter.
- ✓ Material processing plant improvements implemented in major maintenance shutdowns.
- ✓ Resource Capital Fund VI L.P. bridge loan additional £10 million approved.
- ✓ Lee Moor Road replacement completed to support the Mining Waste Facility construction.
- ✓ Tungsten price improved by ~12% in the Quarter.

In addition a leadership transition was announced on 7 April 2017 with the Company's experienced CFO, Richard Lucas, being appointed as interim Managing Director following Russell Clark's decision to resign.

Commenting on the Company's recent performance, Wolf's interim Managing Director, Richard Lucas said:

"Importantly, the safety performance of the site has improved, with no treatable injuries reported for the Quarter, despite considerable activity on the site. Safety is a core value at Wolf and it's pleasing to see the improvement.

We undertook major shutdowns in January and February to implement equipment changes and modifications in the processing plant aimed at improving run time, throughput and mineral recovery. The changes made have had a positive impact with improved throughput rates in the crusher, DMS and refinery area and have also resulted in a higher grade tungsten concentrate being produced. We continue to have challenges with the larger vibrating screens and in the refinery area, and have a program of further improvement works being scheduled to address these items.

Resource Capital Funds, our major shareholder, has remained supportive of the Company and of the Project and exercised its discretion in March to increase its bridge loan by a further £10 million to support short term working capital, whilst additional funding requirements are developed for long term self-sustainable operations at Drakelands.

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The global supply of tungsten concentrate remains constrained and during the Quarter there were further indications that the historic methodology of determining tungsten concentrate prices relative to the APT price may not be fully representative of the current market. The tungsten price has improved significantly over the past quarter having risen over 12% with the London Metal Bulletin reporting a price for APT of \$208-216 per mtu at the end of March.

I would like to take this opportunity to thank former Managing Director Russell Clark for his contribution over the last three and a half years in making the Drakelands mine a reality, the first new metals mine in the UK for 45 years, and in transforming Wolf from an Australian based project developer into a UK producer."

Overview

There were no medically treated, restricted work or lost time injuries during the Quarter. The Company continues to evaluate opportunities to further strengthen its safety performance as part of its safety first philosophy.

The weather at site during the Quarter was relatively mild, resulting in minimal disruptions to progress both in the mine and at the Mining Waste Facility (**MWF**).

Wolf's revised Planning Permission, approved in November 2016, was issued by Devon County Council and as a result 24 hour per day seven days per week operation of the processing plant has continued.

The net cash used in operating activities for the Quarter was A\$10.6 million, including A\$3.4 million on development, A\$7.6 million on production and A\$5.5 million on finance costs, with revenue of A\$5.9 million. As stated in the quarterly cash flow report (Appendix 5B), also released today, the Company had A\$7.7 million cash at the end of the Quarter and A\$11.4 million in available loan facilities to support revenue, on a forecast cash outflow of A\$26.5 million for the coming quarter.

Mining Activities

The mild weather conditions enabled good progress to be made in the mine and at the MWF with a total of 533,067 bank cubic metres of material moved during the Quarter.

Mining has continued to drop the working levels in the open pit, with mining now occurring up to 30 metres below the original ground level. All material is now blasted, with blasting occurring once per day four to five days per week. Consequently, with the harder ore the quantity of fines within it has reduced, and together with changes made in the processing plant, the fines content no longer defines the ore throughput rate.

Reconciliation of the grade of ore (%WO₃) extracted to date continues to be positive when compared to the grade expected from the ore reserve. Ore mined for the Quarter averaged 0.22% WO₃ and 0.04% Sn.

Progress made at the MWF has been on schedule, with a bigger fleet planned to be used during the forthcoming summer months to complete the current stage of the MWF by December 2017.

The next stage of the MWF has required Wolf to construct a new public road to replace a five kilometre section of Lee Moor Road located at the base of the MWF. Construction of the new road was completed subsequent to Quarter end and the road's official opening occurred on 11 April 2017.

Processing Plant

Wolf gained full operational control of the Drakelands processing plant from GR Engineering Services (**GRES**) in the September 2015 quarter. Since assuming operational control, Wolf has worked collaboratively with GRES to close out outstanding items and improve the processing plant's performance.

As previously advised, Wolf and GRES have implemented a work program involving equipment changes and design modifications aimed at achieving continuous operation at capacity, enhancement of recoveries and general processing plant improvements. Completion of the majority of the program was achieved in the January and February 2017 shutdowns, with a number of pieces of new equipment installed in the processing plant and modifications around existing equipment also undertaken. The works completed to date have significantly improved the performance of the areas targeted in the program.

During the operating ramp up period at Drakelands the significant improvements made in the processing plant include:

- Upgrading pumps and their component parts to reduce their mean time between failure;
- Debottlenecking the thickener circuit to enhance its capacity such that it no longer constrains processing plant throughput;
- New equipment in the Dense Media Separation (**DMS**) circuit for dense media management and operating control of the DMS feed bin;
- Increased operating control of the regrind milling circuit to reduce the fines content of the reduction kiln feed;
- Various equipment and maintenance access upgrades in the reduction kiln and ancillary systems to improve run time and operation;
- Replacement and recalibration of high and low intensity magnets in the refinery to improve their reliability and the quality of tungsten concentrate produced; and
- New equipment in the tin circuit to improve the recovery of tin and tungsten and the grade of tin concentrate.

In addition to completing the existing program, further improvement works are being developed and scheduled to address ongoing production issues and target processing plant ramp up milestones towards commercial production and design performance at Drakelands. Accordingly, the Company has appointed additional maintenance personnel to increase the capacity and capability of the Wolf workforce and have less reliance on contractors. Further external resources are being evaluated for key skills to supplement the operations and expedite the works program.

During the Quarter the processing plant treated 459,732 tonnes of ore and produced 26,903 metric tonne units (**mtu**) of tungsten in concentrate and 41 tonnes of tin in concentrate. Production was adversely affected by the planned extended shut downs in January and February to implement processing plant improvements. In March the pre-dryer in the refinery was down for five days whilst its main bearing was removed, repaired and replaced, during which time production of final product was curtailed. Intermediary material (pre-concentrate) was stock-piled during this period and will be used to supplement production over the coming months.

Sustainability

There were no medically treated, restricted work or lost time injuries during the Quarter, a notable improvement on past quarters. Nevertheless, the Company is continuing to evaluate further opportunities to consolidate upon this strong safety performance.

There were no significant environmental incidents during the Quarter. The Environment Agency (EA) was notified of a release of clean process water outside a secondary containment. The release occurred following a power failure and was contained within the site's infrastructure.

Wolf's application to DCC to extend the Planning Permission expiry date from 2021 to 2036 and to implement permanent seven day operational working was approved in November 2016. This approval has the potential to increase production and reduce unit costs, in addition to generating additional employment opportunities and helping to ensure the longevity of the operation. The revised Planning Permission was issued during the Quarter, following agreement of a Unilateral Undertaking which details the changes made to the Planning Permission and the additional monitoring requirements of Wolf.

During the Quarter, Wolf continued to focus on ways to reduce the generation of low frequency noise (LFN) that has been a concern to some nearby residents. The Company has completed remediation works on the processing plant building structure, with some reduction in LFN noted. However, a further action plan is being developed for discussion with the EA centred on the large vibrating screens to address LFN generation at source.

Wolf plans to publish its inaugural Sustainability Report during the June 2017 quarter.

Senior Debt Restructure and £20m Bridge Facility with Resource Capital Fund VI L.P.

During the December 2016 quarter the Company executed agreements with its existing senior lenders (**Senior Lenders**) for a standstill and restructure of the outstanding senior debt (**Debt Restructure**), and with Resource Capital Fund VI L.P. (**RCF VI**) to provide a £20 million 12 month secured bridge loan facility (the **Bridge Facility**), with the potential for this to be increased to £30 million at the sole discretion of RCF VI.

During the Quarter, Wolf fully utilised the £20 million of the Bridge Facility and RCF VI approved the release of the additional £10 million, such that the full £30 million of the Bridge Facility is available.

At the end of the Quarter, £3 million of the additional £10 million available had been received by the Company, with the balance of £7 million forecast to be fully utilised in the June 2017 quarter. Consequently, Wolf has engaged Lazard as financial advisor to assist the Board in evaluating strategic and financial alternatives available to the Company to provide further working capital support for the ramp up of production at Drakelands in a low tungsten price environment.

Leadership Transition

On 7 April 2017, the Board announced a leadership transition with the appointment of Company CFO and executive team member, Richard Lucas, as interim Managing Director to replace Russell Clark who had agreed that the time was right for a transition. Mr Clark will step down from the Board and it is intended that Mr Lucas will be appointed to the Board upon completion of the AIM pre-appointment process, at which time a further announcement will be made, including the disclosures required in accordance with the AIM Rules and details of his remuneration while he is interim Managing Director.

The Board also announced the appointment of Calum Semple, a highly experienced chartered engineer, on a short term contract basis into the new role of Chief Operating Officer.

These changes are consistent with the need for a greater onsite executive team commitment to ensure the long term successful operation of the Drakelands mine. The next six months will be a pivotal time for the Company in achieving full ramp-up to realise its objective of becoming a reliable steady-state producer.

Mining Tenements

As at 31 March 2017, the Company has an interest in the following projects:

Tenement	Location	Interest	Status	Grant Date
Hemerdon	United Kingdom	100%	Leased	10/02/2014

All tenements are held by Wolf Minerals (UK) Limited, a wholly owned subsidiary of the Company. No farm-in or farm-out agreements are applicable. No mining or exploration tenements were acquired or disposed of during the quarter.

Planned Upcoming Activities

In the three months to 30 June 2017, Wolf will continue to progress the operations at Drakelands, with a focus on implementation of the work program in the processing plant to improve performance.

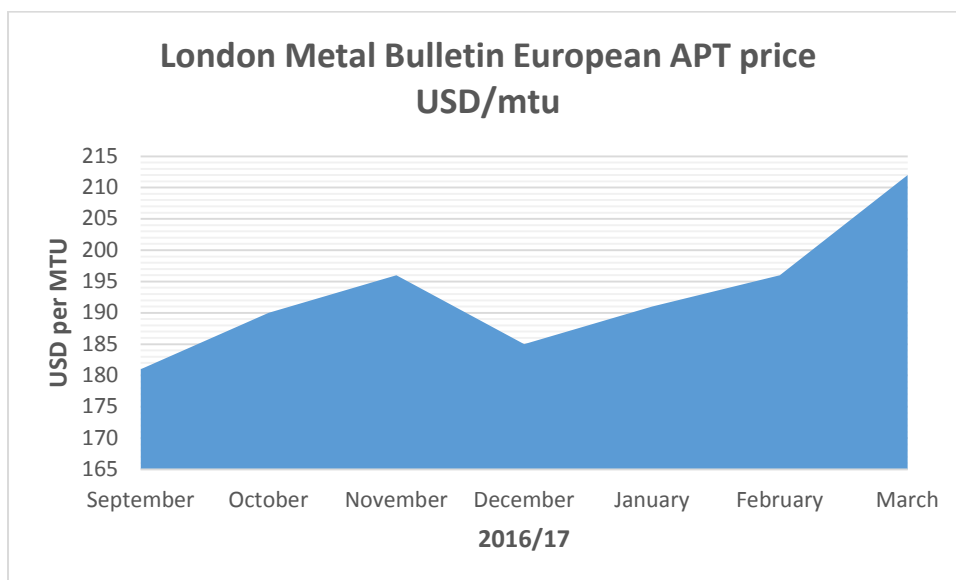
Details of proposed activities include:

- Continuing to build throughput and production tonnages in the processing plant.
- Continuing to build the MWF.
- Obtaining further working capital support for Drakelands.
- Implementing the further action plan on reducing LFN generation at source.
- Continuing to review near mine exploration opportunities.

Tungsten Market Trends

Demand for tungsten concentrate during the Quarter was similar to the December 2016 quarter with sound interest in Japan and Europe as a result of steady output from the automotive and aerospace sectors. Argus estimates that consumption of primary tungsten grew by up to 4% in 2016 and could increase by a further 3-4% in 2017. The OECD forecasts Chinese GDP growth at 6.5%, while European tungsten demand is forecast to rise by at least 2% and rising oil prices are expected to boost US consumption.

The average ammonium paratungstate (**APT**) price published by London Metal Bulletin for the Quarter was US\$204 per mtu (FOB Europe). The APT price as quoted by the London Metal Bulletin has been steadily increasing in recent months as shown in the graph below:



During the Quarter, a European tungsten concentrate producer announced that it had entered into an additional one year fixed price off-take agreement at a price of US\$192.50 per mtu of contained tungsten for all material shipped after 1 February 2017. According to the stock exchange release, this equates to an effective APT price of US\$240 per mtu (assuming an industry average discount factor of 20% to the quoted price of an mtu of APT) when at the time of the agreement the average spot market price of APT was approximately US\$200 per mtu, inferring a 20% premium to current prices was achieved.

The announcement of this and previous agreements is consistent with Wolf's view that the historic methodology of determining tungsten concentrate prices relative to the APT price is not fully representative of the current market, where the availability of tungsten concentrate in the western world is constrained.

Corporate

The Company issued 563,759 ordinary shares on 3 April 2017 to the Company's Non-Executive Directors under the shareholder approved Wolf Minerals Limited Directors' Share Plan for the quarter ended 31 March 2017. Under the Plan, Non-Executive Directors receive a portion of their fees in shares, allowing the Company to preserve its cash reserves.

Investor Relations

The Company has continued to promote itself in Australia and the UK with focused roadshows and targeted investor presentations being undertaken. The Company's latest Investor Presentation and corporate video which contains current footage of the operations can be seen at the Company's website at www.wolfminerals.com.

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About Wolf Minerals

Wolf Minerals is a dual listed (ASX: WLF, AIM: WLFE) specialty metals producer. In 2015, Wolf Minerals completed the development of a large tungsten resource at its Drakelands Mine, located at Hemerdon, in southwest England.