

28 July 2017

Quarterly Activities Report

For the Three Months Ended 30 June 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 30 June 2017 (the **Quarter**).

Highlights

- ✓ Processing plant operating turnaround plan developed and starting to deliver improvements in production.
- ✓ Resource Capital Fund VI L.P. bridge loan additional £10 million extension approved.
- ✓ Drakeland's ISO 14001 environment management standard accreditation retained for the third successive year.
- ✓ Tungsten price improved by ~5.9% in the Quarter.
- ✓ Interim CFO appointed.
- ✓ Interim MD and leadership team now based in UK at site.

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

"The next six months is a pivotal time for Wolf to realise its' objective of becoming a reliable steady-state producer. So as to provide the required level of onsite commitment to lead the Company towards long term success, my family and I are relocating to Plymouth in the UK. In addition as part of the increased executive presence at site I am also very pleased to welcome Stephen Hill as interim Chief Financial Officer. Stephen, who will work with me at site, is an experienced finance executive and has extensive turnaround experience."

The June Quarter has been an active one. To address our operational challenges we engaged leading specialists who are experts in their fields to assist us to identify and reach consensus on technical solutions. This has formed the basis of an operating turnaround plan which aims to achieve a sustainable production platform during the December quarter, from which further volume and optimisation improvements can be made. Although early days, the operating turnaround plan is already delivering production improvements. The processing plant treated 7% more ore in the June Quarter than the previous quarter and production of tungsten in concentrate this Quarter is up 15% from the March quarter."

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Wolf values its relationship with the community and takes its social responsibilities seriously. We continue to proactively engage with our community members and regulators on low frequency noise and have initiated the formation of a working group as well as making temporary changes to our weekend operating arrangements while we work through technical solutions to address this issue permanently.

The tungsten market is continuing to exhibit positive signals with prices showing an overall upward trend over the last six months. The APT price published by London Metal Bulletin for the June Quarter was US\$216 per mtu (FOB Europe) up from US\$204 per mtu in the March quarter, an increase of ~5.9%.

Our major shareholder, Resource Capital Funds, has remained supportive of the Company, increasing its existing bridging facility by a further £10 million from £30 million to £40 million. The funds are being used to support the operation of Drakelands mine and the new operating turnaround plan. Their continued support of the Company during what has been a difficult operational ramp up period and a challenging external environment is greatly appreciated."

Overview

There were six lost time injuries during the Quarter. The Company has renewed its emphasis on safety across all areas of the business and, as part of its intensified focus on a safety first philosophy, has recruited additional safety specialists, provided further training and increased its emphasis on preventative safety behaviours.

During the quarter the Drakelands operation was audited against the ISO 14001 international standard for environmental management systems and has retained its accreditation for the third consecutive year.

The net cash used in operating activities for the Quarter was A\$16 million, including A\$4 million on development, A\$11 million on production and A\$5 million on finance costs, with revenue of A\$6 million. As stated in the quarterly cash flow report (Appendix 5B), also released today, the Company had A\$8 million cash at the end of the Quarter and A\$12 million in available loan facilities to support revenue, on a forecast cash outflow of A\$34 million for the coming quarter. Please refer below for further details on funding arrangements.

Mining Activities

The mild weather conditions enabled good progress to be made at the mine and the Mining Waste Facility (**MWF**) with a total of 766,333 bank cubic metres of material moved during the Quarter.

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.

Mining has continued to drop the working levels in the open pit, with a corresponding improvement in harder ore feed for the processing plant. During the Quarter, the Company commenced a resource definition drilling program to provide more detailed information on the next two years of ore feed, which will be utilised to enhance the ore body geological model and further optimise the mine plan.

Processing Plant

During the June 2017 Quarter the processing plant treated 490,297 tonnes of ore (7% increase from the prior quarter) and produced 30,996 metric tonne units (**mtu**) of tungsten in concentrate (15% increase from the prior quarter) and 41 tonnes of tin in concentrate (equal to the prior quarter).

Recovery and run time remain the fundamental areas for further performance improvements. A change in ore feed into the processing plant during the Quarter had a positive impact on run time with fewer

issues in the crushing and screening circuit, however recovering fine tungsten in the ore and generated in circuit, and downstream processing of recovered fines remain key challenges. Redesign of the gravity fines area, the refinery, and reduction of comminution in the process plant are key facets of the operations advancement plan. In support of this, review of the current resource definition drilling programme results is underway to obtain greater clarity of the metal distribution in the ore feed, along with particle size distribution analysis in the processing plant.

The next six months will be a pivotal time for the Company in achieving processing plant ramp up milestones towards commercial production and design performance at Drakelands. In recognition of this a detailed operating turnaround plan has been developed to achieve a sustainable production platform during the December quarter, from which further volume and optimisation improvements can be made.

In developing the operating turnaround plan, the Company engaged with a range of leading specialists on gravity recovery methods and refinery systems with the aim to obtain a consensus of expert opinion on effective solutions to reach or exceed name plate production. The operating turnaround plan is centred upon three trial periods in June, August and October 2017, initially targeting baseline production improvements from the current processing plant, followed by specific equipment changes. The first trial period in June provided encouraging production results in the second half of the month, through improved operating procedures and process control:

- Average daily throughput in week 3 of June: 6,976 tonnes (monthly equivalent of 200,000 tonnes)
- Average daily throughput in week 4 of June: 9,927 tonnes (monthly equivalent of 280,000 tonnes)
- 8 out of 14 days achieved daily throughput of 9,000 tonnes or more
- 6 out of 14 days achieved production of 500 mtu or more (average of those days being 629 mtu)

Following the first trial period, the specific equipment changes will commence in late August with ongoing engineering and implementation continuing through until October 2017.

In addition to the focus on production, the operating turnaround plan also addresses the sustainable platform required across the business to support and drive improved performance.

Sustainability

Following the previous injury free period, there were six lost time injuries during the Quarter. In response to this performance, the leadership team is driving an increased emphasis on personal safety behaviour and extra safety specialists have been recruited to assist personnel in decision making and adopting preventative behaviours. Additional training has also been provided and a more comprehensive behavioural-based safety program begins implementation in August.

In 2015 Wolf achieved ISO 14001 certification for its Environmental Management System. Following the annual audit in May 2017 the certification was retained for the third successive year. Certification of the Environmental Management System at Drakelands provides confidence that the Company has procedures and practices in place to manage the environment to international standards.

There were no significant environmental incidents during the Quarter, however the Company continues to focus on technical solutions to reduce the generation of low frequency noise (LFN).

During the Quarter, Wolf established a community working group to focus on communicating the progress of technical solutions being pursued on LFN in an action plan agreed with the Environment Agency (**EA**) and address feedback from nearby residents on their experience with LFN in the community. The working group is chaired by an independent community mediator and includes representatives from the EA and local residents – these measures have been well received.

In accordance with its undertaking to respond to the community feedback, from 21 July 2017 the Company has implemented a temporary weekend period where the vibrating screens in the processing plant are being turned off each week from 11pm on Friday until 6am the following Monday. The refinery section of the processing plant will continue to run using stockpiled material during this time, and maintenance has been rescheduled to make best use of this period.

This temporary arrangement will remain in place while the Company continues to work through the agreed action plan, with regular review of the feedback from the community and the effectiveness of the LFN reducing measures implemented by the Company.

Increased 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 March 2017 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 was accessed and fully utilised by the end of the June Quarter.

During the June 2017 Quarter the Company reached agreement with RCF VI to increase the existing Bridge Facility and to provide the Company with a further £10 million, with the potential for this to be increased to £15 million at the discretion of RCF VI. As at the end of the June Quarter the Company had drawn down £3 million under the increased Bridge Facility, bringing the total amount drawn to £33 million. Subsequent to the Quarter the remaining £7 million of available Bridge Facility has been drawn down.

The additional proceeds under the Bridge Facility will provide funds for the advancement of the operating turnaround plan and will enable the Company to continue to progress discussions with third parties as part of its previously announced strategic review of the financial alternatives available in the current tungsten price environment. The requirement for the uncommitted £5 million of the Bridge Facility is to be reviewed in August 2017 with reference to the success of the operating turnaround plan and third party funding discussions at that time.

If certain conditions precedent are satisfied (including shareholder approval), the Bridge Facility will mandatorily switch to a subordinated convertible loan in October 2017, or a subordinated loan if those conditions are not satisfied. As soon as reasonably practicable, the Company will seek shareholder approval to enable the conversion into ordinary shares in accordance with the convertible loan terms under the Bridge Facility. The convertible loan is also conditional upon, amongst other things, RCF VI obtaining FIRB approval.

Mining Tenements

As at 30 June 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 September 2017, Wolf will continue to progress the operations at Drakelands, with a focus on implementation of the operating turnaround plan to improve performance.

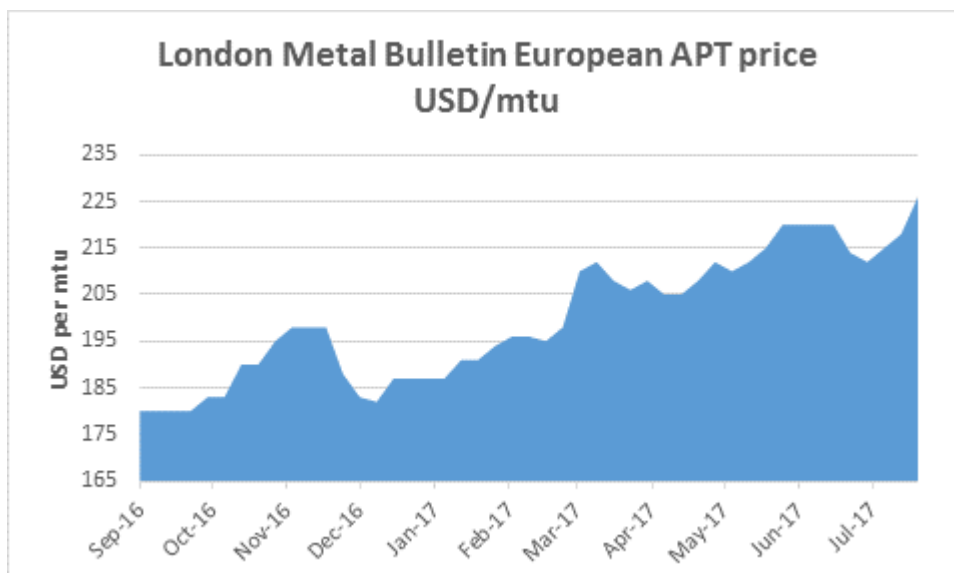
Details of proposed activities include:

- Investing in and implementation of further behavioural based safety programs.
- Implementing the action plan on reducing LFN generation.
- Continuing to build throughput and production in the processing plant, with the second trial period in August.
- Continuing to build the MWF.
- Obtaining further working capital support for Drakelands.

Tungsten Market Trends

In June 2017 Argus advised that while it remains difficult to gauge the evolution of the tungsten market in 2017, it appears that the consumption of tungsten products is growing strongly, particularly in the United States. This may offset the increase in the supply of Chinese tungsten concentrate following the completion of the latest rounds of local environmental inspections and as more Chinese mines restart production.

The average ammonium paratungstate (APT) price published by London Metal Bulletin for the June Quarter was US\$216 per mtu (FOB Europe) up from US\$204 per mtu in the March quarter. The APT price as quoted by the London Metal Bulletin has been on an upward trend over the last 12 months as shown in the graph below:



Leadership Transition

As previously announced Mr Richard Lucas was appointed as interim Managing Director on 7 April 2017 as part of the leadership transition and the need for a greater onsite executive team commitment to ensure the long term successful operation of the Drakelands mine. Mr Lucas will relocate to Plymouth in the United Kingdom with his family in August 2017. He will be provided with standard benefits in accordance with the Company's international relocation policy.

During the Quarter Mr Lucas was appointed as an executive Director of the Company on 8 May 2017 and former Managing Director, Mr Russell Clark, resigned from the Board on 14 May 2017.

The Company is pleased to advise the appointment of Mr Stephen Hill as interim CFO on a contract basis. Mr Hill is an experienced UK finance executive with extensive turnaround experience. He will report to Mr Lucas and will also be based at Drakelands mine.

Corporate

The Company issued a total of 2,523,273 ordinary shares for the quarter ended 30 June 2017, including 563,759 ordinary shares on 3 April 2017 and 641,221 ordinary shares on 30 June 2017 to the Company's Non-Executive Directors for the March and June quarters respectively under the shareholder approved Wolf Minerals Limited Directors' Share Plan. Under the Plan, Non-Executive Directors receive a portion of their fees in shares, allowing the Company to preserve its cash reserves.

In addition, 1,318,293 ordinary shares were issued to the former Managing Director upon vesting of performance rights issued in accordance with the Wolf Minerals Limited Performance Rights Plan.

Investor Relations

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.