

31 October 2017

Quarterly Activities Report

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

Highlights

- ✓ Tungsten concentrate production and sales both up 15% for the quarter.
- ✓ Successful first phase of processing plant improvements, delivering increases in performance.
- ✓ Tungsten price reaches 3 year high.
- ✓ Further funding support provided by Resource Capital Fund VI L.P.

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

"The September Quarter has been a very encouraging one. Our operating turnaround plan continues to build momentum and deliver benefits across the business, with production and sales both up 15% for the quarter and system improvements achieved in maintenance and supply chain. We are on track to address our remaining operational challenges and achieve a sustainable production platform upon which to pursue further optimisation and value adding initiatives.

Managing our operations successfully also involves continuous investment in the relationships with our local communities, including reductions in low frequency noise emissions. We are committed to achieving a solution and are taking appropriate action to ensure a positive outcome and return to normal operating arrangements.

The tungsten price continued its remarkable run during the Quarter, reaching a three year high in September of US\$310 per mtu in Europe before stabilising in October. There are positive indications for prices to remain supported at current levels, which is providing confidence for our future plans.

Our major shareholder, Resource Capital Funds, continues to provide fantastic support to the Company, recently increasing its bridge facility to a total of £55 million. The funding has been integral to completing the operating turnaround plan and the Company continuing towards its objective of becoming a reliable steady-state producer."

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Overview

There were two lost time injuries during the Quarter (compared to six in the previous quarter). The Company's investment in a behavioural based safety program has provided opportunities for further improvements in safety performance.

The net cash used in operating activities for the Quarter was A\$17.5 million, including A\$1.9 million on development, A\$17.3 million on production and A\$1.7 million on finance costs, with revenue of A\$7.8 million. As stated in the quarterly cash flow report (Appendix 5B), also released today, the Company had A\$4.7 million cash at the end of the Quarter, with further funding arranged in October of A\$16.9 million (£10 million) in available loan facilities to support revenue, on a forecast gross cash outflow of A\$31 million for the coming quarter. Please refer below for further details on funding arrangements.

Mining Activities

During the Quarter, mining activities focused upon ore feed blending for the processing plant and the completion of Stage 2.2 construction of the Mining Waste Facility (**MWF**), which was achieved in September.

A total of 789,413 bank cubic metres of material was moved during the Quarter, with the ore grade averaging 0.21% WO₃ and 0.03% Sn. The improvement in the processing plant performance continues to inform the blending strategy on optimal ore feed quality for throughput and recovery. This will continue to be reviewed as further processing plant improvements are made, particularly in relation to the gravity fines circuit.

Following the resource definition drilling program, the mine plan has also been updated for a further intermediate pit design to optimise the short and medium term strip ratio and improve project cashflows. In addition, further investigations are underway on pre-processing opportunities to enhance the ore feed quality as part of the Company's continuous improvement initiatives.

Processing Plant

The key production results for the last three quarters are shown in the following table:

| Key Production Results | Sep Qtr 2017 | Jun Qtr 2017 | Mar Qtr 2017 |
|-------------------------|---------------------------|-----------------|-----------------|
| Throughput tonnes | 474,170 | 490,297 | 459,732 |
| Change | Note 1 -3% Note 2 +29% | +7% | |
| Production tungsten mtu | 35,601 | 30,996 | 26,903 |
| Change | +15% | +15% | |
| Production tin tonnes | 49 | 41 | 41 |
| Change | +19% | 0% | |

Note 1: Based on tonnage reported.

Note 2: Adjusted for 5-days a week operation rather than 7-days a week as in the prior period.

During the Quarter, both production and sales improved significantly, up 15% on the prior quarter, providing an increase in revenue and taking advantage of higher tungsten prices. Further, the processing plant recorded a number of new production increases including:

- Daily throughput of 12,370 tonnes.
- Daily production of 1,048 metric tonne units (**mtu**) of tungsten in concentrate.
- Monthly kiln throughput of 565 tonnes in September.

The throughput tonnes demonstrated solid improvement from the June quarter, after adjusting for the reduced weekend operations, with significant gains still to be made in the crushing and screening circuit from reliability improvements and circuit optimisation.

Similarly, the steady increase in tungsten pre-concentrate recovery ahead of the gravity fines circuit improvements is encouraging, with further run time gains to be made in the dense media separation (**DMS**) circuit to assist with optimisation activities on recovery and feed quality to the refinery.

During the Quarter, improvements in the refinery circuit proved successful with an increase in kiln throughput after an initial adjustment period. Further improvements are planned in the refinery to enhance reliability and run time. The kiln throughput is being supplemented by the consumption of bagged pre-concentrate on weekends, which provides additional complexity in optimising the circuit, however further opportunities are being explored to improve the efficiency of magnetic separation and increase product quality.

The operating turnaround plan progressed well during the Quarter, with completion of the improvements in the primary DMS circuit and the first phase in the refinery resulting in increased performance in the second trial period conducted in September. Further planned activities in the December quarter are expected to build the sustainable production base.

In addition to the focus on production, the operating turnaround plan also delivered improved performance in:

- Planned maintenance activities and shutdown planning.
- Supply chain management and critical spares inventories.
- Employee training and standard operating procedures.

Sustainability

At the end of September the site recorded 21 injury free days following two lost time injuries during the Quarter (compared to six in the previous quarter). The Company has invested in and implemented a comprehensive behavioural based safety program to raise personal awareness and safety observations, which has had a positive impact and provided a number of safety improvements which are being addressed.

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, the Company continued to liaise closely with the community mediator, Environment Agency (**EA**) and members of the community to provide support and feedback whilst further investigations are undertaken and the resolution to LFN is developed and implemented.

The Company also implemented a temporary period of weekend modified operations in which the vibrating screens in the processing plant are turned off each week from 11pm on Friday until 6am the following Monday. This arrangement remains in place for the December quarter.

The Company also assessed the costs of ongoing LFN rectifications and announced on 17 August 2017 that it had decided to notify its lead construction contractor, GR Engineering Services Limited (**GRES**), of its intention to recover these costs from the £7.5 million Performance Bond under the construction contract if GRES did not take all necessary actions to do so at its own cost. This remains the current position. The Company is confident that the Performance Bond will be sufficient to cover the costs of implementing the technical solutions required to deliver a successful LFN outcome.

Increased Bridge Facility with Resource Capital Fund VI L.P.

In July 2017, the Company utilised the remaining £7 million available from the £40 million secured bridge loan facility (the **Bridge Facility**) provided by Resource Capital Fund VI L.P. (**RCF VI**). In September 2017, RCF VI approved the release of the additional uncommitted amount of £5 million on the same terms, such that the total Bridge Facility of £45 million was accessed and fully utilised by the end of the Quarter.

Subsequent to Quarter end, pursuant to its terms the Bridge Facility mandatorily switched to a subordinated loan on 21 October 2017. If certain conditions precedent are satisfied (including shareholder approval), RCF VI can elect that the subordinated loan switches to a subordinated convertible note. As soon as reasonably practicable, the Company will seek shareholder approval to enable the issue of the convertible note and subsequent conversion into ordinary shares in accordance with the convertible note terms under the Bridge Facility. The convertible note is also conditional upon, amongst other things, RCF VI obtaining FIRB approval.

On 27 October 2017, the Company reached agreement with RCF VI to increase the existing Bridge Facility and to provide the Company with a further £10 million subordinated loan. The funds advanced under the Bridge Facility to date have been used to progress the operating turnaround plan and support short term working capital as the Company progresses towards long term self-sustainable operations at Drakelands. The Company will continue to review its long term capital requirements as the operating turnaround plan progresses and further value adding opportunities and cost reduction initiatives are investigated.

Mining Tenements

As at 30 September 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 31 December 2017, Wolf will continue to progress the operations at Drakelands, with a focus on completing the operating turnaround plan to improve performance.

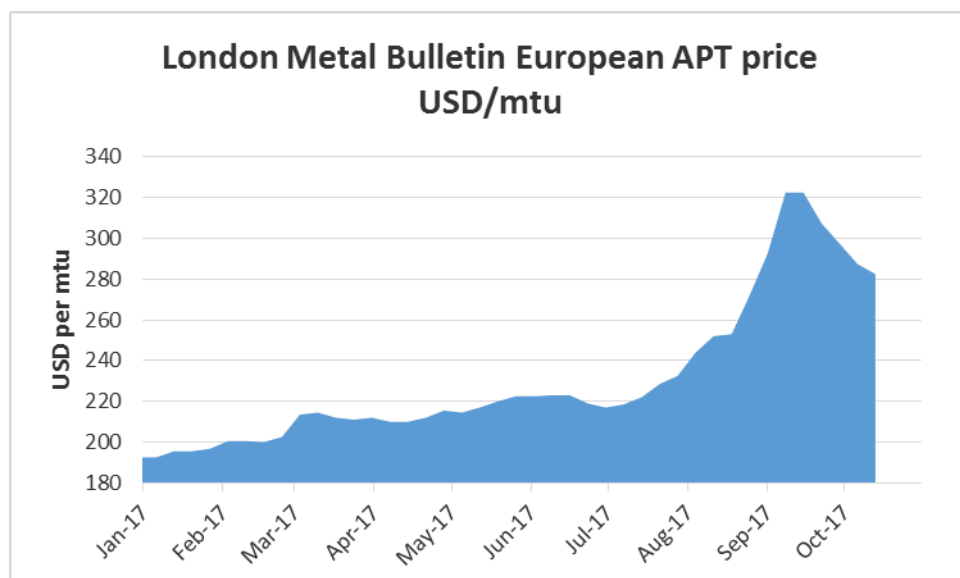
Details of proposed activities include:

- Continued emphasis on personal safety awareness and improvements.
- Updating the action plan on reducing LFN generation.
- Continuing to build throughput and production in the processing plant, including the third trial period of the operating turnaround plan.
- Continuing to build the MWF.
- Review of the Company's capital structure to provide sustainable working capital support for Drakelands.

Tungsten Market Trends

The ammonium paratungstate (**APT**) price published by London Metal Bulletin (FOB Europe) had a significant increase during the Quarter reaching a 3 year high, with prices rising over US\$300 per mtu during September 2017 before stabilising in early October 2017 at US\$280 per mtu. The average for the Quarter was US\$265 per mtu up from US\$216 per mtu in the June quarter – an increase of 22%.

The rapid rise in APT price during the Quarter has been attributed to a combination of Chinese supply constraints from the enforcement of higher environmental standards and continued growth in end user markets, particularly the United States where Argus notes imports of tungsten carbide (considered to be a good indicator of oil and gas drilling demand) have more than doubled year to date. There has been some destocking and profit taking in October 2017, however underlying demand for tungsten ores and intermediate products continues to provide a positive outlook on prices.



Corporate

In the quarter ended 30 September 2017, the Company cancelled 152,778 performance rights previously issued under the Wolf Minerals Limited Performance Rights Plan, which lapsed due to the vesting conditions not being met.

No shares were issued during the Quarter. The Company's current capital structure is as follows:

| Number | Class |
|---------------|--|
| 1,087,645,948 | Fully Paid Ordinary Shares |
| 273,350 | Performance rights with a vesting date of 30 June 2018 |
| 261,130 | Performance rights with a vesting date of 30 June 2019 |
| 1,086,394 | Performance rights with a vesting date of 30 June 2020 |
| 760,897 | Performance rights with a vesting date of 30 June 2021 |

Following the completion of the Company's financial year end reporting activities and a number of project activities, Mr Stephen Hill completed his contract assignment as the Company's interim CFO on 20 October 2017. The Board would like to thank Mr Hill for his assistance and contribution and wish him well for his future endeavours. The Company is undertaking an external search for the CFO role.

The Company's Notice of Meeting for its 2017 Annual General Meeting was released on 20 October 2017.

Investor Relations

The Company's 2017 Annual Report and corporate video which contains footage of the operations are available from the Wolf 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.