

ABOUT WILUNA MINING

Wiluna Mining Corporation (ASX:WMX) is a Perth based, ASX listed gold mining company that controls over 1,600 square kilometres of the Yilgarn Craton in the Northern Goldfields of WA.

The Yilgarn Craton has a historic and current gold endowment of over 380 million ounces, making it one of most prolific gold regions in the world. The Company owns 100% of the Wiluna Gold Operation which has a defined resource of 6.4M oz at a grade of 2.1 g/t Au.

ASX: WMX

wilunamining.com.au

Western Australia



Wiluna



APPENDIX 4E

COMPANY DETAILS

| | |
|-------------------|-----------------------------------|
| Name of entity: | Wiluna Mining Corporation Limited |
| ABN: | 18 119 887 606 |
| Reporting period: | Year ended 30 June 2020 |
| Previous period: | Year ended 30 June 2019 |

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Summary financial results | Year ended June 2020 (\$'000) | Year ended June 2019 (\$'000) | Change (%) |
|---|-------------------------------------|-------------------------------------|------------|
| Revenue from gold & silver sales | 126,562 | 102,466 | 24% |
| Total comprehensive profit/(loss), net of tax | 14,250 | (73,161) | N/A |
| Profit/(loss) after tax attributable to members | 14,250 | (73,161) | N/A |

NET TANGIBLE ASSETS PER SHARE

| | 30 June 2020 | 30 June 2019 |
|-------------------------------|------------------------|--------------|
| Net tangible assets per share | \$1.284 ⁽ⁱ⁾ | \$0.018 |

⁽ⁱ⁾ Note: This figure is post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

DIVIDENDS/DISTRIBUTIONS

No dividend was paid or declared for the year 30 June 2020.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

There was no change in controlled entities in the year ended 30 June 2020.

DETAILS OF ASSOCIATED AND JOINT VENTURE ENTITIES

Associated and Joint Venture Entities are included in Note 30 of the Financial Report.

AUDIT QUALIFICATION OR REVIEW

The financial statements have been audited and an unqualified opinion has been issued.

EXPLANATION OF RESULTS

See commentary in the Directors' Report.

ATTACHMENTS

The Annual Financial Report of Wiluna Mining Corporation Limited for the year ended 30 June 2020 is attached.

For further information on Wiluna Mining please contact:

Milan Jerkovic
Executive Chair
+61 8 9322 6418

Jim Malone
General Manager Investor Relations
+61 419 537 714

Dannika Warburton
Media & Communications
+61 401 094 261

BOARD OF DIRECTORS

Milan Jerkovic – Executive Chair
Neil Meadows- Operations Director
Sara Kelly – Non-Executive Director
Greg Fitzgerald – Non-Executive Director
Tony James – Non-Executive Director

CORPORATE INFORMATION

100.28 M Ordinary Shares
6.74 M Quoted Options
2.58 M Unquoted Options/ZEPO's

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(FORMERLY BLACKHAM RESOURCES LIMITED)

FINANCIAL REPORT

30 JUNE 2020

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Company Directory

DIRECTORS

Milan Jerkovic (Executive Chair)
Neil Meadows (Operations Director)
Greg Fitzgerald (Non-Executive Director)
Anthony James (Non-Executive Director)
Sara Kelly (Non-Executive Director)

COMPANY SECRETARY

Dan Travers

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 3, 1 Altona Street
West Perth WA 6005
www.wilunamining.com.au

SHARE REGISTRY

Link Market Services Limited
Level 12, 250 St Georges Terrace
PERTH WA 6000
Ph: +1300 554 474
Fax: +612 9287 0303

SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Code: WMX
Options: WMXOB

SECURITIES ON ISSUE AT 30 JUNE 2020

| | |
|------------------------------|-------------|
| Ordinary shares: | 100,283,702 |
| Listed options: | 6,736,662 |
| Unlisted options: | 720,000 |
| Zero Exercise Price Options: | 987,547 |

AUDITOR

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

BANKERS

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

LAWYERS

K&L Gates
Level 32, 44 St Georges Terrace
PERTH WA 6000

ABN: 18 119 887 606

Directors' Report

Your directors submit the financial report of Wiluna Mining Corporation Limited ('Wiluna' or the 'Company') and its controlled entities (the 'Group') for the year ended 30 June 2020.

DIRECTORS

The names of Directors who held office during or since the end of the financial year are as follows:

Milan Jerkovic **B.App.Sc (Geol), GDip (Mining), GDip (Mineral Economics), FAusImm MAICD**
Executive Chair

Mr Jerkovic is a geologist with over 35 years' experience in the mining industry including resource evaluation, operations, financing, acquisition, project development and general management. Mr Jerkovic is also principal of the Xavier Group. He was previously the CEO of Straits Resources Limited, has held positions with WMC, BHP, Nord Pacific, Hargraves, Tritton and Straits Asia and was the founding chair of Straits Asia Resources.

- Appointed: 27 November 2015
- Committee memberships: Nil
- Other listed board memberships: Nil
- Previous listed board memberships: Geopacific Resources Limited, Metals X Limited
- Interest in shares: 1,110,420
- Interest in options: 259,241

Anthony James **BEng, AWASM, FAusImm**
Non-executive Director

Mr James is a mining engineer with considerable operational, new project development and corporate experience including roles as Managing Director of Carbine Resources Ltd, Atherton Resources Ltd and Mutiny Gold Ltd. At Atherton Resources, Mr James achieved a favourable outcome for shareholders following the takeover by Auctus Minerals. At Mutiny Gold, Mr James led the implementation of a revised development strategy for the Deflector copper-gold deposit in Western Australia that resulted in the successful merger of Mutiny Gold and Doray Minerals Ltd.

Prior to this, Mr James held a number of senior executive positions with international gold producer Alacer Gold Corporation following the merger of Anatolia Minerals and Avoca Resources in 2011. As the Chief Operations Officer of Avoca Resources, he played a key role in Avoca's initial growth and success, leading the feasibility, development and operations of the Trident Underground Mine and the Higginsville Gold Operations.

- Appointed: 22 June 2018
- Committee memberships: Audit & Risk, Remuneration & Nomination
- Other listed board memberships: Carbine Resources Limited, Apollo Consolidated Limited, Galena Mining Limited
- Previous listed board memberships: Nil for the last three years
- Interest in shares: None
- Interest in options: None

Greg Fitzgerald **BBus, CA**
Non-executive Director (Lead Independent Director)

Mr Fitzgerald is a Chartered Accountant with more than 30 years' of gold mining and resources related experience, and extensive executive experience in managing finance and administrative matters for listed companies. He held the positions of Chief Financial Officer and Company Secretary for ASX 200 company, Resolute Mining Limited, for more than 15 years until his resignation in 2017.

- Appointed: 19 February 2018
- Committee memberships: Audit & Risk (Chair), Remuneration & Nomination (Chair)
- Other listed board memberships: Nil
- Previous listed board memberships: Nil for the last three years
- Interest in shares: None
- Interest in options: None

Sara Kelly LLB, BComm*Non-executive Director*

Ms Kelly has significant transactional and industry experience having worked in private practice, as a corporate advisor, and as in-house counsel. Ms Kelly regularly acts for ASX listed companies and their directors and officers in relation to capital raisings, recapitalisations of ASX shells, asset acquisitions and disposals, Corporations Act and Listing Rules compliance, corporate reconstructions and insolvency, director's duties, meeting procedure, as well as general corporate and commercial advice.

Ms Kelly is a Partner at Edwards Mac Scovell, a boutique litigation, insolvency and corporate firm based in Perth, Western Australia.

- Appointed: 22 May 2020
- Committee memberships: Audit & Risk, Remuneration & Nomination
- Other listed board memberships: Nil
- Previous listed board memberships: Ragnar Metals Limited, Homestay Care Limited
- Interest in shares: None
- Interest in options: None

Neil Meadows B.App.Sc (Metallurgy), M.App.Sc (Metallurgy), GDip (Bus Admin), MAusIMM, Dip AICD*Executive Director – Operations*

Mr Meadows is a metallurgist with over 30 years experience in the mining and processing industries. Prior to joining Wiluna Mining, he worked as Chief Operating Officer for European Metals Holdings Limited. Mr Meadows' previous roles include COO of Karara Mining Ltd, Managing Director of IMX Resources Ltd, COO of Queensland Nickel Pty Ltd and General Manager of Murrin Murrin Operations for Minara Resources Ltd.

- Appointed: 1 December 2019 (General Manager of Major Projects and Business Improvement until appointment to the Board)
- Committee memberships: Nil
- Other listed board memberships: Nil
- Previous listed board memberships: Nil for the last three years
- Interest in shares: None
- Interest in options: 159,231

Daniel Travers BSc (Hons), FCCA*Company Secretary - appointed 3 May 2019*

Mr Travers is a Fellow of the Association of Chartered Certified Accountants with over 10 years' experience in the administration and accounting of publicly listed companies following significant public practice experience. Mr Travers holds undergraduate degrees with honours in both Mathematics and Accounting and is an employee of Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

- production of gold from the Wiluna Gold Operation; and
- gold exploration and development.

REVIEW AND RESULTS OF OPERATIONS
Production

Gold production during the year was 61,885oz. In FY20 the Company generated positive cash flows from operations and over the same period significant concurrent investment was made into site-based capital infrastructure (primarily the new tailings storage facility, TSF K) and preproduction mining activities (primarily at Williamson). These major investing activities will sustain and create substantial value over the next 12-15 months as the Company transitions to the production of gold in concentrate.

The Company's performance in the first half of FY20 was strong with gold production of 37,568oz @ an AISC of \$1,524/oz. The mined and processed grade for the first half of FY20 of 1.9g/t reflected better than expected performance in the transitional and fresh material towards the base of the Wiluna open pit mines.

The March and June 2020 quarters were below expectations with gold produced of 24,317oz @ an AISC of A\$2,770/oz and were hampered by slower than expected access to ore from Williamson and the Underground. The higher AISC/oz for the March 2020 and June 2020 quarters was primarily driven by lower grades mined and processed.

TABLE 1 – FY20 GOLD PRODUCTION STATISTICS

| | Units | 30 June 2020 | 30 June 2019 |
|-----------------------------------|---------------|-----------------|-----------------|
| Mining | | | |
| Open pit strip ratio | Waste/Ore | 10.3 | 9.1 |
| Total ore mined (UG and open pit) | t | 1,429,306 | 1,938,606 |
| Total mined grade | g/t | 1.5 | 1.3 |
| Total mined contained ounces | oz | 71,148 | 79,785 |
| Processing | | | |
| Tonnes processed | t | 1,688,291 | 1,807,931 |
| Grade processed | g/t | 1.4 | 1.3 |
| Plant recovery | % | 79 | 85 |
| Gold produced | oz | 61,885 | 65,406 |
| All-in sustaining cost | A\$/oz | 1,950 | 1,760 |

Discovery

During the FY20 year the drill bit continued to deliver at Wiluna, supporting the Company's sulphide expansion strategy. The Company completed 49,800 metres of drilling in FY20 across the Wiluna Mining Operation, including 17,464m of DD and 27,673m of RC completed at the Wiluna Mining Centre in support of the Company's Stage 1 expansion plan. The primary focus has been Reserve Development drilling of sulphide ore bodies in support of the proposed mine development sequence to:

1. Significantly increase the confidence in sulphide Resources from Inferred to Indicated category, which will underpin Stage 1 Reserves.
2. Add Reserve ounces in high-grade, shallow zones, close to existing mine development that can be rapidly brought into production at low cost.
3. Find new, high grade shoots that will enhance the ounces per vertical metre and, more importantly, increase the grade. This will help consolidate Stage 1 and enhance the transition into Stage 2 which is to increase production to +250kozpa of gold doré and gold in concentrate over a long mine life.

The Company intends to release a new Resource update in late September 2020 and has commenced mine planning work for a Reserves update in December 2020.

Growth

The Company continued to advance its Stage 1 Sulphide Expansion plan during the year. The Company's Sulphide Expansion plan involves a staged upscaling of operations and the transition to mining the large sulphide resource at the Wiluna Mining Centre with treatment through a new flotation plant. Stage 1, the first of at least two planned development phases, is currently underway with the target of mining approximately 750,000tpa of underground ore producing approximately 100,000-120,000ozpa of gold doré and gold in concentrate commencing in September 2021.

Offtake agreements for 100% of the gold concentrate for the first three years of production have been secured with Trafigura and London-listed Polymetal Group.

Corporate

As at 30 June 2020, the Company had \$11.4 million in cash and bullion (cash of \$8.9 million, bank guarantees of \$0.6 million and bullion of \$1.9 million) (30 June 2019 - \$4.2 million).

Net cash at 30 June 2020 was \$11.1 million (2019: Net debt \$11.8m). Debt as at 30 June 2020 related to finance leases of \$0.3 million (2019: Debt \$16m).

Results

The profit after tax for the financial year was \$14,250,000 (2019: Loss of \$73,161,000). The Group's net assets at the end of the year were \$138,537,000 (2019: \$62,177,000). The FY20 result included Other Income of \$24m, most of which was due to the sale of non-core assets during the year, namely the Lakeway Transaction with Salt Lake Potash Ltd.

Gold sold during the year was 62,788oz @ A\$2,131/oz. There were 4,720oz of forward gold sales contracts in place at 30 June 2020, at an average price of \$2,504/oz, maturing by 31 August 2020.

New corporate branding and trading name

On 22 June 2020, the Company announced the adoption of a new brand and identify, advising that it would trade under the name "Wiluna Mining Corporation Limited" and the ASX code "WMX".

Share consolidation

In June 2020, the Company completed a share consolidation of 100 to 1, reducing shares on issue from 10,028,258,811 to 100,283,702. Quoted and unquoted options were also consolidated accordingly.

Equity Placements

In September 2019, the Company announced a \$7m Capital raising via a \$4m placement and a \$3m Share Purchase Plan at a price of \$0.01 (pre-consolidation) per share.

Additionally, the Company completed a Placement of \$26m in two tranches, and a fully underwritten Entitlement Issue of \$26.1m at a price of \$0.01 (pre-consolidation) per share. The \$52m equity issue was closed in April 2020.

Lakeway Transaction with Salt Lake Potash Ltd

The Lake Way Transaction was completed in early October 2019, with the full \$10m contribution to Williamson mining incurred as at 30 June 2020. During the year Salt Lake Potash ("S04") also exercised its option to acquire the Southern Borefield infrastructure for consideration of \$3m. At balance date, approximately \$4.2m was still receivable from Salt Lake.

Debt financing and working capital facility

In order to simplify its capital structure, Wiluna finalised the process to repay and discharge its secured Convertible Security Funding Agreement with an entity managed by The Lind Partners ("Lind"). The outstanding balance of \$2,925,000 on 2 September 2019 was settled through a cash payment of \$1,625,000 and the issue of 144,444,445 fully paid ordinary shares in the Company. Lind released its security over the Group's assets.

Additionally, the Company entered into a new \$19m working capital facility with MACA Limited ("MACA").

On 22 April 2020, the Group fully extinguished all loan amounts outstanding with MACA Mining Limited. Consequently, MACA released its security over the Group's assets.

Covid-19

A COVID-19 Management and Response Plan was activated in early March 2020 in accordance with Western Australia State Government requirements and Australian Department of Health guidelines. As part of this plan, the Company required all employees or contractors who had incidental exposure to someone who has been diagnosed with the COVID-19 virus, and anyone who has travelled international, to stay at home for a self-isolation period of 14 days, regardless of whether they are showing symptoms.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no likely developments of which the directors are aware which could significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Principal Activities and Operating and Financial Review or the Events Subsequent to Reporting Date sections of the Directors' Report.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend for the 30 June 2020 financial year and no amount has been paid or declared by way of a dividend to the date of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE**Debt financing**

On 14 August 2020, Wiluna Mining announced that all documentation concerning the gold prepaid swap financing facility and gold hedging facility provided by Mercuria Energy Trading Pte Ltd had been completed. The Company has executed the prepaid swap and the hedging transactions. The \$21m prepaid swap proceeds ("Tranche 1") will be repaid in full by delivering 699oz of gold per month over 12 months, totaling 8,388oz. The facility gives Wiluna Mining the flexibility of drawing a further \$40m ("Tranche 2"), subject to Mercuria credit approval, to further advance the Stage 1 Expansion.

Wiluna Mining's favorable, ongoing hedging facility with Mercuria will see 34,000oz sold at an average price of \$2,674/oz, which is net of transaction costs, maturing over the next 12 months.

Apex Gold Share Issue

On 5 August 2020, Wiluna Mining announced the issue of 186,366 shares to RF Capital Pty Ltd pursuant to a deferred consideration payment of \$260,000 relating to the Company's initial acquisition of the Wiluna Gold Project.

The milestone achieved to trigger the deferred consideration, which is the final such performance milestone pursuant to the terms of the sale and purchase agreement, was the production hurdle of 100,000 ounces of gold derived from the prescribed Wiluna tenements, which was achieved in July 2020. The shares were issued at the 30-day VWAP as at 3 August 2020 which was \$1.395.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

MEETINGS OF DIRECTORS

The number of directors' meetings held (including meetings of the Committees of the Board) and number of meetings attended by each of the directors of the Company during the financial year are:

| Director | Director's meeting | | Audit and Risk Committee | | Remuneration and Nomination Committee | |
|-----------------------------|--------------------|----------|--------------------------|----------|---------------------------------------|----------|
| | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Milan Jerkovic | 9 | 9 | - | - | - | - |
| Neil Meadows ⁽ⁱ⁾ | 4 | 4 | - | - | - | - |
| Greg Fitzgerald | 9 | 9 | 3 | 3 | 3 | 3 |
| Anthony James | 9 | 9 | 3 | 3 | 3 | 3 |
| Sara Kelly ⁽ⁱⁱ⁾ | 1 | 1 | - | - | - | - |

(i) Mr Meadows was appointed as a director on 1 December 2019.

(ii) Ms Kelly was appointed as a director on 22 May 2020.

ENVIRONMENTAL ISSUES

The Group is subject to significant environmental regulations under various legislation. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. The Wiluna Operation is mining multiple deposits and is planning to mine various other locations. The timing and preparation for mining each of these deposits is dependent on the reconciled performance of each and the ongoing mine evaluation and planning process. Each time a new deposit is mined, separate regulatory approvals are required and the timing of this process is continually changing in a fluid mine planning process. As a direct result of this, at any one time, the formal approval process may still be outstanding at the time mining commences, which is usual in practice.

OPTIONS

Options on issue at the date of this report:

| Grant date | Expiry date | Quoted/Unquoted | Exercise price | Number |
|-----------------|------------------|-----------------|----------------|------------------|
| 11 May 2018 | 31 December 2021 | Unquoted | \$0.00 | 120,187 |
| 6 December 2018 | 13 February 2024 | Unquoted | \$8.00 | 720,000 |
| 16 April 2019 | 12 October 2020 | Quoted | \$3.00 | 5,736,662 |
| 16 April 2019 | 12 October 2020 | Quoted | \$3.00 | 1,000,000 |
| 5 July 2019 | 30 June 2023 | Unquoted | \$0.00 | 729,612 |
| 26 August 2019 | 30 June 2023 | Unquoted | \$0.00 | 137,748 |
| 10 July 2020 | 30 June 2024 | Unquoted | \$0.00 | 811,985 |
| Total | | | | 9,256,194 |

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No shares of the Company were issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted.

INDEMNIFYING OFFICERS AND AUDITORS

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Group's auditor.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is attached to the Director's Report.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF THE AUDITOR

There are no officers of the company who are former partners of RSM Australia Partners.

ROUNDING

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91 and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Remuneration Report (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, including any director (whether executive or otherwise) of the parent company.

REMUNERATION FRAMEWORK

At the Board's absolute discretion, the Board, the Executive and Key Management Personnel are eligible to participate in the incentive arrangements of the Company. The incentive plan focuses the efforts of the executive and management team on business performance, business sustainability, business growth and long term value creation. It provides for clear 'line of sight' objectives to maximise the effectiveness of the participants' total incentive awards and facilitates the meaningful accumulation of Company securities by participants to enforce an ownership mentality which in addition to having a retentive benefit, also further aligns management interests with those of the Shareholders. The Remuneration Policy, including the incentive plan, has been tailored to increase goal congruence between Shareholders and executives. Two methods have been applied to achieve this aim, being the Operations and Growth Incentive Plan (short term) and the Value Creation Plan (long term) which is administered under the Company's Employee Option Plan ("EOP").

REMUNERATION FRAMEWORK OVERVIEW

| Category | Definition of pay category | Element | Purpose |
|---------------|--|----------------------------------|---|
| Fixed pay | Pay which is linked to the present value or market rate of the role | Total Fixed Remuneration ('TFR') | Pay for meeting role requirements |
| Incentive pay | Pay for delivering the plan and growth agenda for the Group which must create value for shareholders. Incentive pay will be linked to achievement of 'line-of-sight' performance goals <i>It reflects 'pay for performance'</i> | Short Term Incentive ('STI') | Incentive for the achievement of annual objectives Incentive for the achievement of sustained business value |
| Reward pay | Pay for creating value for shareholders. Reward pay is linked to shareholder returns. <i>It reflects 'pay for results'</i> | Long Term Incentive ('LTI') | Reward for performance over the long term |

The incentive opportunities under the Remuneration Policy contain a maximum amount of Total Incentive Opportunity ('TIO'), as shown below:

MAXIMUM TOTAL INCENTIVE OPPORTUNITY AS A PERCENTAGE OF TFR ON AN ANNUAL BASIS

| Plan: | WMX Ops & Growth | WMX Value Creation | |
|---------------------|------------------|--------------------|-----------------|
| Performance period: | 1 year (STI) | 3 year vest (LTI) | |
| Award: | Cash | ZEPO's | TIO |
| Executives | 48% - 88% p.a. * | 20% p.a. | 68% - 108% p.a. |

* The Executive Chair's employment contract for the year ended 30 June 2020 allowed for a STI maximum amount of 88% of his TFR. From 1 July 2020, this maximum percentage reduces to 48%, in line with the other Executives (who have a maximum STI which is 48% of their TFR in both periods).

The maximum amount of TIO will only be delivered to Directors, the Executive and/or Key Management Personnel if the highest performance levels for each of the performance hurdles are achieved. The actual value of incentives may be zero if the performance hurdles are not met.

The Total Annual Remuneration (i.e. TFR + STI + LTI) for the Key Management Personnel has been set at a level that is broadly in line with the average Total Annual Remuneration for a peer group of Australian based gold miners.

Performance Hurdles

Participation in the incentive opportunities of the Remuneration Policy is based on successful milestone achievements against the following performance hurdles:

Short Term Incentive ('STI') performance metrics (paid in the form of a cash bonus and to ensure goal alignment, are consistent amongst all the Executive):

Company performance (80%)

- Safety measures (Total Reportable Injury Frequency Rate "TRIFR")
- Company operating cash flow
- All in sustaining cost per ounce produced
- Production target gold ounces

Individual performance (20%)

- Individual specific goals and supervisory discretion

Long Term Incentive ('LTI') performance metrics (paid in Zero Exercise Price Options ("ZEPOs") and to ensure goal alignment, are consistent amongst all the Executive):

- Performance versus ASX Gold Index (*)
- Reserves increased
- Resources maintained

(*) – the hurdle relating to the performance versus the ASX Gold Index will see 50% of this portion of the ZEPO's vest if WMX's share price outperforms the ASX Gold Index. 100% of this portion of the ZEPOs will vest if the WMX share price outperforms the ASX Gold Index by at least 50%. The payout will increase on a straight line basis between these two points.

ZEPO's issued from 1 July 2020 will only have the performance metric of Performance versus ASX Gold Index.

Vesting conditions for LTI performance hurdles will be tested once only at the end of every 3 year measurement period.

Executive Chair Remuneration

Effective 1 July 2020, the Executive Chair's remuneration became as follows:

Total Fixed Remuneration

Total fixed remuneration increased from \$400,000pa to \$420,000pa. Notice period is 12 months to be given by the Company in year 1 of the contract, 9 months to be given by the Company in year 2 of the contract and 6 months to be given by the Company in year 3 of the contract. Mr Jerkovic is required to give the Company 3 months' notice at any time during the 3 years of the contract. The employment contract for the position of Executive Chair ends on 30 June 2023.

Short Term Incentives

Up to 48% of fixed remuneration per annum for each year of the contract. Participation in the incentive opportunities of the Remuneration Policy is based on successful milestone achievements against the following Key Performance Indicators ("KPI"):

Company KPIs (80%)

- Safety measures (Total Reportable Injury Frequency Rate "TRIFR")
- Company operating cash flow
- All in sustaining cost per ounce produced
- Production target gold ounces

Individual performance (20%)

- Individual specific goals and Board's discretion

Long Term Incentives ("LTI")

LTI's expiring on 31 December 2021 remain unchanged, being 2,500,000 unquoted ZEPOs with a \$nil exercise price. Furthermore, at a general meeting of shareholders on 24 September 2019, shareholders approved the issue of 2,522,596 ZEPOs with a \$nil exercise price to Mr Jerkovic which are subject to certain performance conditions and expire 30 June 2023.

To align with other Key Management Personnel, it will be put to the Company's shareholders at the 2020 Annual general Meeting that the Executive Chair be issued 20% of his total fixed remuneration in ZEPOs.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2019 ANNUAL GENERAL MEETING ('AGM')

At the 2019 AGM 98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company consisted of the following directors and executives:

| Directors | Position |
|------------------|---|
| Milan Jerkovic | Executive Chair |
| Anthony James | Non-executive Director |
| Greg Fitzgerald | Non-executive Director |
| Sara Kelly | Non-executive Director – appointed 22 May 2020 |
| Neil Meadows | Operations Director – appointed 1 December 2019 (Previously GM – Major Projects & Business Improvement) |

| Key Management Personnel ("KMP") | Position |
|---|---|
| Anthony Rechichi | Chief Financial Officer |
| Cain Fogarty | GM – Geology and Business Development |
| Jim Malone | GM – Investor Relations & Communications – appointed 1 March 2020 |
| Wayne Foote | GM – Major Projects – appointed 30 March 2020 |
| Guy Simpson | GM – Operations and Planning – resigned 22 April 2020 |

The details of the Key Management Personnel's remuneration have been set out in the following tables.

REMUNERATION STRUCTURE FOR KEY MANAGEMENT PERSONNEL

Remuneration is based on the following components approved by the Remuneration and Nomination Committee;

- base pay and non-monetary benefits
- short-term performance incentives
- long-term performance incentives
- other remuneration such as superannuation and long service leave

Table 1: Contract terms for Key Management Personnel:

| Name | Title | Term of Agreement | Notice Period by Employee | Notice Period by Company | Termination benefit |
|------------------|--|--------------------------|----------------------------------|--|----------------------------|
| Milan Jerkovic | Executive Chair | Ends 30/06/23 | 3 months notice | 12 months year 1 9 months year 2 6 months year 3 | n/a |
| Anthony James | Non-executive Director | Open | Upon resignation as director | Upon termination as director | n/a |
| Anthony Rechichi | Chief Financial Officer | Open | 3 months notice | 3 months notice | n/a |
| Cain Fogarty | GM – Geology and Business Development | Open | 3 months notice | 3 months notice | n/a |
| Greg Fitzgerald | Non-executive Director | Open | Upon resignation as director | Upon termination as director | n/a |
| Jim Malone | GM – Investor Relations & Communications | Open | 3 months notice | 3 months notice | n/a |
| Neil Meadows | Operations Director | Open | 3 months notice | 3 months notice | n/a |
| Sara Kelly | Non-executive Director | Open | Upon resignation as director | Upon termination as director | n/a |
| Wayne Foote | GM – Major Projects | Open | 3 months notice | 3 months notice | n/a |

KEY MANAGEMENT PERSONNEL REMUNERATION

Table 2: Remuneration for the year ended 30 June 2020

| 2020 | Short term | | | | Post employment | Long term | | Performance related | |
|--|---------------|--------------------|------------------------|--------------|-----------------|--------------------|---------|---------------------|---------------|
| | Salary & fees | STI ⁽ⁱ⁾ | Non-monetary benefits* | Annual leave | Super-annuation | Long service leave | LTI | At risk – STI | At risk - LTI |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| Directors | | | | | | | | | |
| Milan Jerkovic | 378,997 | 87,501 | 4,200 | - | 21,003 | - | 83,509 | 15% | 15% |
| Greg Fitzgerald | 87,900 | - | - | - | 8,350 | - | - | 0% | 0% |
| Anthony James | 77,626 | - | - | - | 7,374 | - | - | 0% | 0% |
| Sara Kelly Appointed 22 May 2020 | 8,260 | - | - | - | 785 | - | - | 0% | 0% |
| Neil Meadows | 334,418 | 49,933 | 4,200 | 25,825 | 21,003 | 395 | 69,000 | 10% | 14% |
| Other KMP | | | | | | | | | |
| Anthony Rechichi | 298,997 | 44,800 | 4,200 | 23,004 | 21,003 | 2,666 | 108,909 | 9% | 22% |
| Cain Fogarty | 228,997 | 35,000 | 4,200 | 17,618 | 21,003 | 10,462 | 58,149 | 9% | 16% |
| Jim Malone Appointed 1 March 2020 | 53,272 | 7,000 | 1,392 | - | 5,061 | - | 4,098 | 10% | 6% |
| Wayne Foote Appointed 30 March 2020 | 82,203 | 12,095 | 1,059 | 6,324 | 5,250 | - | - | 11% | 0% |
| Guy Simpson Resigned 22 April 2020 | 262,159 | - | - | 23,512 | 17,670 | (1,258) | - | 0% | 0% |

* Non-monetary benefits are presented at actual cost plus any fringe benefits tax paid or payable by the Group.

i) The STI remuneration represents the estimated amounts to be paid in cash in or around October 2020 and relates to incentives offered for the 12 month period ended 30 June 2020. The STI amounts to be paid for FY20 are less than the maximum opportunity, due to under achievement in production, costs and operating cashflows against target. The STI achieved is primarily attributable to the Company's safety record and individual performances.

Table 3: Remuneration for the year ended 30 June 2019

| 2019 | Short term | | | | Post employment | Long term | | | Performance related | |
|---|---------------|--------------------------|------------------------|--------------|-----------------|--------------------|----------|----------------------|---------------------|---------------|
| | Salary & fees | STI | Non-monetary benefits* | Annual leave | Super-annuation | Long service leave | LTI | Termination payments | At risk – STI | At risk - LTI |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| Directors | | | | | | | | | | |
| Milan Jerkovic | 290,335 | ⁽ⁱⁱⁱ⁾ 189,293 | 4,150 | - | 26,332 | - | 50,514 | - | 34% | 9% |
| Bryan Dixon⁽ⁱ⁾ Terminated 1 May 2019 | 405,833 | ^(iv) 51,000 | 3,458 | - | - | - | (33,676) | 243,500 | 8% | n/a |
| Greg Fitzgerald | 77,627 | - | - | - | 7,375 | - | - | - | n/a | n/a |
| Anthony James | 77,626 | - | - | - | 7,375 | - | - | - | n/a | n/a |
| Geoff Jones Appointed 1 August 2018 Resigned 21 December 2018 | 32,344 | - | - | - | 3,073 | - | - | - | n/a | n/a |
| Greg Miles⁽ⁱⁱ⁾ Resigned 1 August 2018 | 7,076 | - | - | - | - | - | - | - | n/a | n/a |
| Other KMP | | | | | | | | | | |
| Richard Boffey Resigned 31 May 2019 | 301,565 | - | 3,804 | 22,992 | 28,630 | - | (17,511) | - | n/a | n/a |
| Cain Fogarty Promoted 1 May 2019 | 38,167 | ^(iv) 7,403 | 691 | 2,356 | 3,500 | 884 | 3,834 | - | 13% | 8% |
| Jonathan Lea Resigned 24 May 2019 | 207,713 | - | 3,804 | 15,981 | 19,733 | - | (9,607) | - | n/a | n/a |
| Neil Meadows Appointed 1 June 2019 | 23,250 | ^(iv) 4,369 | 346 | 1,789 | 1,750 | - | - | - | 14% | n/a |
| Anthony Rechichi | 263,346 | ^(iv) 56,216 | 4,150 | 20,261 | 24,654 | 800 | 65,878 | - | 13% | 15% |
| Guy Simpson Promoted 1 May 2019 | 54,000 | ^(iv) 9,782 | - | 4,315 | 3,500 | 744 | 11,800 | - | 12% | 15% |

* Non-monetary benefits are presented at actual cost plus any fringe benefits tax paid or payable by the Group.

- i) An aggregate amount of \$456,833 (2018: \$540,825) was paid or was due and payable to Warrior Strategic Pty Ltd, a company controlled by Mr Bryan Dixon, for the provision of corporate and management services to the Company in lieu of Mr Dixon's remuneration. In accordance with the terms of the previously disclosed services contract between the Company and Warrior Strategic Pty Ltd, Mr Dixon is obliged to work out his 6 month notice period beginning from 1 May 2019, and at the satisfactory completion of this notice period, the Company is contractually obliged to pay a termination fee of \$243,500. This termination expense has been accrued as at 30 June 2019.
- ii) An aggregate amount of \$7,076 (2018: \$85,000) was paid or due and payable to Hidden Asset Pty Ltd, a company controlled by Mr Greg Miles, for the provision of corporate and management services to the Group in lieu of Mr Miles' remuneration.
- iii) Mr Jerkovic's STI for the 6 months ended 31 December 2018 was 1,567,536 Zero Exercise Price Options, and for the 6 months to 30 June 2019 was \$65,625 payable in cash.
- iv) The STI remuneration represents the estimated amounts to be paid in cash in or around October 2019 and relates to incentives offered for the 12 month period ended 30 June 2019.

Table 4: Share holdings of key management personnel:

| Name | Held at the start of the year | Issued on exercise of options | Participation in rights issue and share purchase plan⁽ⁱ⁾ | Acquired on market | Disposed | Share consolidation (100 to 1) – 25 May 2020 | Held at the end of the year |
|------------------|--------------------------------------|--------------------------------------|--|---------------------------|-----------------|---|------------------------------------|
| Directors | | | | | | | |
| Milan Jerkovic | 73,218,771 | - | 37,823,215 | - | - | (109,931,566) | 1,110,420 |
| Greg Fitzgerald | - | - | - | - | - | - | - |
| Anthony James | - | - | - | - | - | - | - |
| Sara Kelly | - | - | - | - | - | - | - |
| Neil Meadows | - | - | - | - | - | - | - |
| Other KMP | | | | | | | |
| Anthony Rechichi | - | - | - | - | - | - | - |
| Cain Fogarty | - | - | - | 10,000,000 | - | (9,900,000) | 100,000 |
| Jim Malone | - | - | 1,441,469 | 4,858,531 | - | (6,237,000) | 63,000 |
| Wayne Foote | - | - | - | - | - | - | - |
| Guy Simpson | - | - | - | - | - | - | - |
| Total | 73,218,771 | - | 39,264,684 | 14,858,531 | - | (126,068,566) | 1,273,420 |

i) Shares were purchased at an issue price of \$0.01 per share (pre-consolidation).

Table 5: Option holdings of key management personnel:

| Name | Held at the start of the year | Granted as remuneration ⁽ⁱⁱ⁾ | Grant date | Fair value at grant date ⁽ⁱⁱⁱ⁾ | Vesting conditions | Vesting Date | Expiry | Exercise price ⁽ⁱⁱⁱ⁾ | Other | Share consolidation (100:1) – 25 May 2020 | Held at the end of the year | |
|-------------------------------|-------------------------------|---|------------|---|--------------------------------|-------------------------------|------------|---------------------------------|--------|---|-----------------------------|--------|
| | Number | Number | | | | | | | | | | |
| Directors | | | | | | | | | | | | |
| Milan Jerkovic ⁽ⁱ⁾ | 1,250,000 | - | 11/05/2018 | \$5.17 | Performance vs ASX Gold Index | 31/12/2020 | 31/12/2021 | \$0.00 | - | (1,237,500) | 12,500 | |
| | 1,250,000 | - | 11/05/2018 | \$7.68 | Reserves & resources increased | 31/12/2020 | 31/12/2021 | \$0.00 | - | (1,237,500) | 12,500 | |
| | 20,901,499 | - | 15/04/2019 | n/a | n/a | n/a | 12/10/2020 | \$3.00 | - | (20,692,484) | 209,015 | |
| | | 1,261,298 | | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | - | (1,248,685) | 12,613 |
| | | 882,909 | | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | - | (874,080) | 8,829 |
| | | 378,389 | | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | - | (374,606) | 3,784 |
| Neil Meadows ⁽ⁱ⁾ | - | 7,961,538 | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | - | (7,881,923) | 79,615 | |
| | - | 5,573,077 | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | - | (5,517,346) | 55,731 | |
| | - | 2,388,462 | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | - | (2,364,577) | 23,885 | |
| Greg Fitzgerald | - | - | - | - | - | - | - | - | - | - | - | |
| Anthony James | - | - | - | - | - | - | - | - | - | - | - | |
| Sara Kelly | - | - | - | - | - | - | - | - | - | - | - | |
| Other KMP | | | | | | | | | | | | |
| Cain Fogarty | 569,292 | - | 11/05/2018 | \$5.17 | Performance vs ASX Gold Index | 31/12/2020 | 31/12/2021 | \$0.00 | - | (563,599) | 5,693 | |
| | 569,292 | - | 11/05/2018 | \$7.68 | Reserves & resources increased | 31/12/2020 | 31/12/2021 | \$0.00 | - | (563,599) | 5,693 | |
| | | 2,895,399 | | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | - | (2,866,445) | 28,954 |
| | | 2,026,779 | | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | - | (2,006,512) | 20,268 |
| | | 868,620 | | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | - | (859,934) | 8,686 |
| Anthony Rechichi | 1,630,188 | - | 11/05/2018 | \$5.17 | Performance vs ASX Gold Index | 31/12/2020 | 31/12/2021 | \$0.00 | - | (1,613,887) | 16,302 | |
| | 1,630,189 | - | 11/05/2018 | \$7.68 | Reserves & resources increased | 31/12/2020 | 31/12/2021 | \$0.00 | - | (1,613,887) | 16,302 | |
| | | 1,644,923 | | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | - | (1,628,474) | 16,449 |
| | | 1,151,446 | | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | - | (1,139,932) | 11,514 |
| | | 493,477 | | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | - | (488,542) | 4,935 |
| Wayne Foote | - | - | - | - | - | - | - | - | - | - | - | |

| | | | | | | | | | | | |
|----------------------------|-------------------|-------------------|------------|--------|--------------------------------|------------|------------|--------|--------------------|---------------------|----------------|
| Jim Malone | 245,445 | - | 11/05/2018 | \$5.17 | Performance vs ASX Gold Index | 31/12/2020 | 31/12/2021 | \$0.00 | - | (242,991) | 2,454 |
| | 245,445 | - | 11/05/2018 | \$7.68 | Reserves & resources increased | 31/12/2020 | 31/12/2021 | \$0.00 | - | (242,991) | 2,454 |
| | | 247,663 | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | - | (245,187) | 2,477 |
| | | 173,364 | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | - | (171,631) | 1,734 |
| | | 74,299 | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | - | (73,556) | 743 |
| Guy Simpson ⁽ⁱ⁾ | 1,752,000 | - | 11/05/2018 | \$5.17 | Performance vs ASX Gold Index | 31/12/2020 | 31/12/2021 | \$0.00 | (1,752,000) | - | - |
| | 1,752,000 | - | 11/05/2018 | \$7.68 | Reserves & resources increased | 31/12/2020 | 31/12/2021 | \$0.00 | (1,752,000) | - | - |
| | | 1,767,835 | 05/07/2019 | \$1.30 | Performance vs ASX Gold Index | 30/06/2022 | 30/06/2023 | \$0.00 | (1,767,835) | - | - |
| | | 1,237,485 | 05/07/2019 | \$1.30 | Reserve increase | 30/06/2022 | 30/06/2023 | \$0.00 | (1,237,485) | - | - |
| | | 530,351 | 05/07/2019 | \$1.30 | Resource maintained | 30/06/2022 | 30/06/2023 | \$0.00 | (530,531) | - | - |
| Total | 31,795,350 | 31,557,314 | - | - | - | - | - | - | (7,039,851) | (55,749,868) | 563,130 |

(i) "Other" represents options vested, expired during the year and/or forfeited due to termination/resignation.

(ii) Shares were purchased at an issue price of \$0.01 per share (pre-consolidation).

(iii) These figures are post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

REMUNERATION REPORT (AUDITED) (CONTINUED)

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

The earnings of the Group for the five years to 30 June 2020 are summarised below:

| | | 2020 \$'000 | 2019 \$'000 | 2018 \$'000 | 2017 \$'000 | 2016 \$'000 |
|--------------------------------|-----------------|----------------------|----------------|----------------|----------------|----------------|
| Sales revenue | (\$'000) | 126,562 | 102,466 | 118,252 | 47,331 | - |
| Profit/(loss) after income tax | (\$'000) | 14,250 | (73,161) | (20,027) | (6,844) | (8,009) |
| Share price at 30 June | \$ per share | 1.34 ⁽ⁱ⁾ | 0.011 | 0.07 | 0.28 | 0.70 |
| Basic profit/(loss) per share | cents per share | 24.43 ⁽ⁱ⁾ | (4.29) | (2.95) | (2.28) | (3.73) |

⁽ⁱ⁾ Note, the company performed a 100:1 share consolidation on 25 May 2020

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel during the years ended 30 June 2020.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

| | Transactions with related parties \$'000 | Balances outstanding \$'000 |
|-------------------------------------|--|-----------------------------------|
| Xavier Group Pty Ltd ⁽ⁱ⁾ | 318 | 40 |

(i) Entity related to Milan Jerkovic, Executive Chair. Mr Jerkovic is an officer and co-owner of Xavier Group Pty Ltd.

All transactions were made on normal commercial terms and conditions and at market rates.

[End of audited Remuneration Report.]

Signed in accordance with a resolution of the Board of Directors pursuant to section 298(2)(a) of the Corporations Act 2001.

Milan Jerkovic
Executive Chair
Perth, 28 August 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Wiluna Mining Corporation Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.



DAVID WALL
Partner
RSM Australia Partners

Perth, WA
Dated: 28 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

| | Note | Consolidated | |
|--|------|----------------|-----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| Continuing operations | | | |
| Revenue from gold and silver sales | 1 | 126,562 | 102,466 |
| Cost of production relating to gold sales | 2 | (96,528) | (103,459) |
| Gross profit/(loss) before depreciation and amortisation | | 30,034 | (993) |
| Depreciation and amortisation relating to gold sales | 2 | (28,541) | (14,077) |
| Gross profit/(loss) from operations | | 1,493 | (15,070) |
| Other income | 4 | 24,051 | 6,582 |
| Administration expenses | | (5,559) | (4,775) |
| Non-capital exploration expenditure | | (42) | (1,293) |
| Depreciation of non-mine site assets | | (63) | (65) |
| Share-based payments | 3 | (456) | (132) |
| Finance costs | 3 | (9,278) | (9,084) |
| Treasury – realised (loss)/gain | 5 | (13) | 2,126 |
| Treasury – unrealised gain/(loss) | 5 | 4,117 | (5,851) |
| Asset impairment charges | 15 | - | (45,002) |
| Other expenses | | - | (597) |
| Profit/(loss) before income tax expense for the year from continuing operations | | 14,250 | (73,161) |
| Income tax expense | 6 | - | - |
| Profit/(loss) after income tax expense for the year from continuing operations | | 14,250 | (73,161) |
| Other comprehensive income | | - | - |
| Total comprehensive profit/(loss) for the year, net of tax | | 14,250 | (73,161) |
| | | Cents | Cents |
| Basic profit/(loss) per share attributable to ordinary equity holders of Wiluna Mining Corporation Limited (cents per share) | 7 | 24.43 | (429.00) |
| Diluted profit/(loss) per share attributable to ordinary equity holders of Wiluna Mining Corporation Limited (cents per share) | 7 | 24.02 | (429.00) |

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 30 JUNE 2020

| | Note | Consolidated | |
|--|------|----------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| Current assets | | | |
| Cash and cash equivalents | 16 | 8,904 | 693 |
| Gold bullion awaiting settlement | 17 | 1,887 | 2,939 |
| Trade and other receivables | 24 | 7,075 | 2,594 |
| Inventories | 25 | 15,779 | 16,308 |
| Financial assets | 19 | 8 | 10 |
| Total current assets | | 33,653 | 22,544 |
| Non-current assets | | | |
| Other receivables | 24 | 570 | 400 |
| Right of use assets | 20 | 9,792 | - |
| Plant and equipment | 11 | 63,583 | 45,166 |
| Mine properties – areas in production | 12 | 91,642 | 69,780 |
| Mine properties – areas in development | 13 | 4,677 | 3,581 |
| Exploration and evaluation expenditure | 14 | 12,974 | 5,209 |
| Total non-current assets | | 183,238 | 124,136 |
| Total assets | | 216,891 | 146,680 |
| Current liabilities | | | |
| Trade and other payables | 26 | 34,456 | 41,375 |
| Provisions | 27 | 1,443 | 1,342 |
| Financial liabilities | 19 | 363 | 4,478 |
| Interest-bearing liabilities | 18 | 168 | 11,933 |
| Lease liability on right of use assets | 20 | 6,196 | - |
| Total current liabilities | | 42,626 | 59,128 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 18 | 125 | 207 |
| Provisions | 27 | 31,374 | 25,168 |
| Lease liability on right of use assets | 20 | 4,229 | - |
| Total non-current liabilities | | 35,728 | 25,375 |
| Total liabilities | | 78,354 | 84,503 |
| Net assets | | 138,537 | 62,177 |
| Equity | | | |
| Issued capital | 22 | 236,865 | 175,285 |
| Reserves | 23 | 6,177 | 5,647 |
| Accumulated losses | | (104,505) | (118,755) |
| Total equity | | 138,537 | 62,177 |

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

| | Issued capital \$'000 | Consolidated | | Total \$'000 |
|--|-----------------------------|--------------------|---------------------------------|-----------------|
| | | Reserves \$'000 | Accumulated losses \$'000 | |
| At 1 July 2019 | 175,285 | 5,647 | (118,755) | 62,177 |
| Profit after income tax for the year | - | - | 14,250 | 14,250 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive profit for the year | - | - | 14,250 | 14,250 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments expense | - | 530 | - | 530 |
| Shares issued, net of transactions costs | 61,580 | - | - | 61,580 |
| At 30 June 2020 | 236,865 | 6,177 | (104,505) | 138,537 |
| At 1 July 2018 | 145,459 | 4,621 | (46,954) | 103,126 |
| Loss after income tax for the year | - | - | (73,161) | (73,161) |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (73,161) | (73,161) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments expense | 5,992 | 2,386 | - | 8,378 |
| Shares issued, net of transactions costs | 23,834 | - | - | 23,834 |
| Expiry of options | - | (1,360) | 1,360 | - |
| At 30 June 2019 | 175,285 | 5,647 | (118,755) | 62,177 |

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

| | Note | Consolidated | |
|---|------|-----------------|-----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| Cash flows from operating activities | | | |
| Proceeds from gold sales | | 127,614 | 103,083 |
| Payments to suppliers and employees | | (110,562) | (106,092) |
| Interest received | | 9 | 52 |
| Interest paid | | (3,779) | (2,461) |
| Hedge premium income | | - | 2,126 |
| Toll treatment revenue | 4 | - | 3,125 |
| Other | | 1,071 | 406 |
| Net cash flows from operating activities | 16 | 14,353 | 239 |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | (23,638) | (10,946) |
| Proceeds from disposal of plant and equipment | | - | 4 |
| Proceeds from sale of non-core assets, net of costs | | 10,335 | 2,850 |
| Payments for exploration and evaluation | | (8,962) | (7,599) |
| Payments for mine properties | | (28,184) | (14,743) |
| Proceeds from pre-production gold sales | | 7,422 | 5,267 |
| Other | | - | 4 |
| Net cash flows used in investing activities | | (43,027) | (25,163) |
| Cash flows from financing activities | | | |
| Proceeds from issue of equities | | 59,136 | 24,131 |
| Payment of share issue costs | | (3,446) | (1,838) |
| Proceeds from loan, net of fees | | 1,625 | 5,401 |
| Repayment of loans | | (14,104) | (22,737) |
| Proceeds from finance lease | | 104 | 242 |
| Repayment of finance lease | | (197) | (208) |
| Change in bank guarantees | | - | (116) |
| Repayment of lease liabilities | | (6,233) | - |
| Net cash flows from financing activities | | 36,885 | 4,875 |
| Net increase/(decrease) in cash held | | 8,211 | (20,049) |
| Cash and cash equivalents at beginning of the year | | 693 | 20,742 |
| Cash and cash equivalents at end of the year | | 8,904 | 693 |

The accompanying notes form part of these financial statements

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

Basis of preparation

These consolidated financial statements and notes represent those of Wiluna Mining Corporation Limited (the 'Company' or 'Wiluna') and its controlled entities (the 'Group').

The financial statements were authorised for issue on 28 August 2020 by the directors of the Company.

The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), International Financial Reporting Standards ('IFRS') and the *Corporations Act 2001*;
- are presented in Australian dollars, which is the Company's and Group's functional and presentation currency, with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Instrument 2016/91;
- have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2019; and
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new, revised and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted by the Group.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The Group has adopted AASB 16 'Leases' (AASB 16) from 1 July 2019. The standard replaces AASB 117 'Leases' (AASB 117) and for lessees, eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Transition

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In accordance with the transition provisions of AASB 16, the Group has adopted the modified retrospective transition approach to implementing the new standard. Under this approach, comparatives are not restated. Instead, the reclassifications and adjustments arising from the new leasing rules are recognised in the statement of financial position on 1 July 2019.

The impact on the statement of financial position as at 1 July 2019 on the adoption of AASB16 are noted below:

| | \$'000 |
|---|---------------|
| <i>Right of use assets</i> | |
| Buildings | 617 |
| Plant & equipment | 16,040 |
| Total right of use assets | 16,657 |
| <i>Lease liabilities</i> | |
| Current | 6,234 |
| Non-current | 10,423 |
| Total lease liabilities | 16,657 |
| Impact on opening accumulated losses as at 1 July 2019 | - |

The leases recognised by the Group under AASB 16 predominantly relate to contractor-provided equipment and office premises.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the 30 June 2020 financial statements, the consolidated entity had net current liabilities of \$9m, which includes the lease liability of \$6.2m (relating to Right of Use Assets). Despite the net current liability position as at 30 June 2020, the Group had positive net cash inflows from operating activities of \$14.4m for the year and had net assets of \$138.5m at that date. Therefore, the Directors believe that the going concern basis of preparation of the financial report remains appropriate, after consideration of the following mitigating factors:

- The Company has secured a total of \$21m via drawdown of the Tranche 1 prepaid swap financing facility agreed with Mercuria¹. Those funds exceed short term working capital commitments and enable the Group to commence activities relating to the Stage 1 Expansion²;
- The Group's mining operation has generated positive operating cash flows since the Group's capital restructure in early 2018, and the Group has forecasted to continue to achieve positive cash flows from its operations which, following the headroom created by the new funds to meet short-term debt repayments and working capital

commitments, will generate sufficient cash inflows to meet the repayment of trade debts and other liabilities when they become due and payable; and

- The Company has further flexibility of drawing on a further \$40m ("Tranche 2"), subject to Mercuria credit approval to further advance the Stage 1 Expansion¹. This transaction is not critical to maintain the going concern assumption, however it furthers the Company's ability to complete the transition to sulphide gold concentrate production via the Stage 1 Expansion.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

¹ Refer to the ASX release dated 14 August 2020.

² Refer to the ASX release dated 3 February 2020.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of the Company at the end of the reporting period. A list of controlled entities (subsidiaries) at year end is contained in note 29.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined as non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

CORONAVIRUS (COVID-19) PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

KEY ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The judgements, estimates and assumptions material to the financial report are found in the following notes:

Note 2: Cost of goods sold

Note 12: Mine properties – areas in production

Note 13: Mine properties – areas in development

Note 14: Exploration and evaluation expenditure

Note 20: Leases

Note 25: Inventories

Note 27: Provisions

Note 28: Share-based payments

THE NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Group.

Information is considered relevant and material if, for example:

- The amount is significant due to its size and nature;
- The amount is important for understanding the results of the Group;
- It helps to explain the impact of significant changes in the Group's business; or
- It relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- Performance for the year;
- Production and growth assets;
- Cash, debt and capital;
- Operating assets and liabilities; and
- Other disclosures.

A brief explanation is included under each section.

Performance for the year

This section focuses on the results and performance of the Group. This covers both profitability and the return to shareholders via earnings per share combined with cash generation.

1. REVENUE FROM GOLD AND SILVER SALES

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Gold and silver sales</i> | | |
| - gold sales at spot price ⁽ⁱ⁾ | 135,102 | 107,589 |
| - loss on gold forward contracts | (8,708) | (5,305) |
| Total gold sales | 126,394 | 102,284 |
| Silver sales | 168 | 182 |
| Total gold and silver sales | 126,562 | 102,466 |

(i) Pre-production gold sales are capitalised and are not included in sales revenue

Accounting Policies

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

GOLD SALES

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods. Control is generally considered to have passed when:

- physical possession and risk of goods are transferred;
- determination of accuracy of the metal content of the goods delivered; and
- The refiner has no practical ability to reject the goods where it is within contractually specified terms.

2. COST OF GOODS SOLD

| | Consolidated | |
|--|----------------|----------------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| <i>Cost of goods sold</i> | | |
| Costs of production | 86,666 | 102,053 |
| Royalties | 8,179 | 6,747 |
| Depreciation of mine plant and equipment | 12,024 | 2,347 |
| Amortisation of mine properties | 16,517 | 11,730 |
| Open pit waste removal movements | (599) | (339) |
| Underground costs capitalised | (155) | (574) |
| Stockpile movements | 870 | (3,043) |
| Gold in circuit movements | 1,567 | (1,385) |
| Total | 125,069 | 117,536 |

Accounting Policies

COSTS OF PRODUCTION

Cash costs of production include direct costs incurred for mining, processing and mine site administration, net of costs capitalised to pre-strip and production stripping assets.

ROYALTIES

Royalty expenses under existing royalty regimes are payable on sales and are therefore recognised as the sale occurs.

DEPRECIATION

Depreciation of mine specific plant and equipment and buildings and infrastructure is charged to the statement of comprehensive income on a unit-of-production basis over the mine inventory of the mine concerned (consistent with the Life of Mine plan), except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is used. The unit of account is ounces of gold produced.

Depreciation of non-mine specific plant and equipment is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment 10% to 33%
- Motor vehicles 6% to 33%
- Office furniture and equipment 6% to 50%
- Buildings and infrastructure 4%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

AMORTISATION

Mine properties are amortised on a unit-of-production basis over the mine inventory of the mine concerned (consistent with the Life of Mine plan). The unit of account is ounces of gold produced.

KEY JUDGMENTS

Unit-of-production method of depreciation/amortisation

The Group uses the unit-of-production basis when depreciating/amortising life of mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life of mine production. Each asset's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of economically recoverable mine plan of the mine property at which it is located. These calculations require the use of estimates and assumptions.

3. EXPENSES

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Share-based payments expense</i> | | |
| Employees/service providers | 303 | 115 |
| Directors | 153 | 17 |
| Share-based payments expense recognised in the statement of comprehensive income | 456 | 132 |

SHARE-BASED PAYMENTS

Equity-settled share-based compensation benefits are provided to employees and consultants. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and consultants in exchange for the rendering of services under an employee share plan.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

| | Note | Consolidated | |
|---|------|----------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| <i>Finance costs</i> | | | |
| Interest | | 1,749 | 4,080 |
| Borrowing costs | | 5,245 | 4,294 |
| Unwinding on discount of rehabilitation provision | 27 | 283 | 710 |
| Interest on lease liability | | 2,001 | - |
| Total | | 9,278 | 9,084 |

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed as part of finance costs in the period incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

UNWINDING OF DISCOUNT ON PROVISIONS

The unwinding of discount on provisions represents the cost associated with the passage of time. Rehabilitation provisions are recognised at the discounted value of the present obligation to restore, dismantle and rehabilitate each mine site with the increase in the provision due to the passage of time being recognised as a finance cost in accordance with the policy described in note 27.

4. OTHER INCOME

| | Consolidated | |
|--|---------------|--------------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| <i>Other income</i> | | |
| - sale of non-core assets ⁽ⁱ⁾ | 21,655 | 3,350 |
| - other income | 2,367 | 55 |
| - interest revenue | 29 | 52 |
| - toll treatment revenue | - | 3,125 |
| Total | 24,051 | 6,582 |

⁽ⁱ⁾ Relates to income generated from the sale of non-core assets and includes proceeds from the Lakeway Transaction completed during the year, as well as the sale of the Company's Calcine Tailings.

Accounting Policies

OTHER INCOME

Interest revenue is recognised as it accrues using the effective interest rate method. Other revenue is recognised when it is received or when the right to receive payment is established.

5. TREASURY GAINS AND (LOSSES)

| | Consolidated | |
|---|--------------|----------------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| <i>Treasury – realised gain</i> | | |
| - foreign exchange (loss)/gain | (13) | - |
| - hedge premium income | - | 2,126 |
| Total | (13) | 2,126 |
| <i>Treasury – unrealised loss</i> | | |
| Unrealised gain/(loss) on forward contracts | 8 | 3,535 |
| Gain/(loss) on financial assets | 582 | (1,010) |
| Total | 4,117 | (5,851) |

Note: Gold forward contracts have been marked to market at 30 June 2020, as per note 8.

6. INCOME TAX

| | Consolidated | |
|--|--------------|--------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| The components of the tax expense/(income) comprise: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| Total | - | - |

(a) *The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:*

| | | |
|--|----------|----------|
| Net profit/(loss) before income tax | 14,250 | (73,161) |
| Prima facie tax on profit/(loss) from ordinary activities before income tax at 30% (2019: 30%) | 4,275 | (21,948) |
| Add the tax effect of: | | |
| Permanent differences | 1,757 | 94 |
| Effect of current year temporary differences not recognised | - | 15,238 |
| Effect of current year tax losses (utilised)/not recognised | (6,032) | 6,616 |
| Income tax expense | - | - |

(b) *Unrecognised deferred tax assets and (liabilities)*

| | Consolidated | |
|---|--------------|---------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| Trade and other receivables | (87) | (39) |
| Financial assets and liabilities | 145 | 1,379 |
| Right of use assets | (2,938) | - |
| Plant and equipment | 4,145 | 1,373 |
| Exploration and development expenditure | (3,886) | (1,557) |
| Mine properties | (18,604) | (8,545) |
| Trade and other payables | 141 | 131 |
| Interest-bearing liabilities | 103 | 124 |
| Lease liabilities | 3,127 | - |
| Provisions | 9,845 | 7,953 |
| Equity | 900 | 1,643 |
| (Deferred tax assets which have not been recognised) / tax losses recognised to offset deferred tax liabilities | 7,109 | (2,462) |
| Balance at the end of the year | - | - |

The directors have considered it prudent not to bring to account the deferred tax asset of income tax losses until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

6. INCOME TAX (CONT'D)

(c) Tax losses

| | Consolidated | |
|--|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| The group has estimated carried forward tax losses which are available indefinitely for offset against future taxable income, subject to meeting the relevant statutory tests: | | |
| <i>Revenue losses</i> | | |
| Income tax losses | 157,353 | 135,927 |
| Losses used against deferred tax liabilities | (23,692) | - |
| Gross tax losses for which no deferred tax asset has been recognised | 133,661 | 135,927 |
| Tax effected at 30% | 40,098 | 40,778 |
| <i>Capital losses</i> | | |
| Estimated capital losses for which no deferred tax asset is recognised | - | - |

Accounting Policies

INCOME TAX

The income tax expense/benefit for the year comprises current income tax expense/benefit and deferred tax expense/benefit.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense/benefit reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/benefit is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

7. EARNINGS PER SHARE

| | Consolidated | |
|--|---------------|---------------|
| | 2020 | 2019 |
| | \$'000 | \$'000 |
| Profit/(loss) after income tax for the year | 14,250 | (73,161) |
| | No. of Shares | No. of Shares |
| | ('000s) | ('000s) |
| | | |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS: | 58,334 | 17,051 |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS: | 59,314 | 17,051 |

Accounting Policies

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

8. PHYSICAL GOLD DELIVERY COMMITMENTS

| | Gold for physical delivery | | Contracted gold sale price | | Value of committed sales | | Mark-to-market ⁽ⁱ⁾ | |
|---------------------------|----------------------------|---------------|----------------------------|-------|--------------------------|---------------|-------------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | Ounces | Ounces | \$/oz | \$/oz | \$'000 | \$'000 | \$'000 | \$'000 |
| Open contracts | | | | | | | | |
| <i>Within one year</i> | | | | | | | | |
| - Fixed forward contracts | 4,720 | 18,500 | 2,504 | 1,805 | 11,817 | 33,393 | (363) | (3,898) |
| | 4,720 | 18,500 | | | 11,817 | 33,393 | (363) | (3,898) |

(i) Mark-to-market represents the value of the open contracts at balance date, calculated with reference to the gold spot price at that date. A negative amount reflects a valuation in the counterparty's favour.

Accounting Policies

GOLD FORWARD CONTRACTS

As part of the risk management policy, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The counterparty of the gold forward contracts is MKS (Switzerland) S.A.

9. OPERATING SEGMENT INFORMATION

The Group has one reportable segment which is gold production for the years ended 30 June 2020 and 30 June 2019. The Chief Operating Decision Maker ("CODM") is the Board of Directors and the Executives. There is currently one operating segment identified, being the operating of the of the Matilda-Wiluna Gold Operation based on internal reports reviewed by the Chief Operating Decision Maker in assessing performance and allocation of resources.

Major customers

During the year ended 30 June 2020, the Group's external revenue was predominantly derived from sales to MKS and the Perth Mint through the Matilda-Wiluna Gold Operation operating segment.

Accounting Policies

OPERATING SEGMENTS

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

10. DIVIDENDS PAID OR PROVIDED FOR

There were no dividends paid or provided for during the year (2019: Nil).

Accounting Policies

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Production and growth assets

Included in this section is relevant information about recognition, measurement, depreciation, amortisation and impairment considerations of the core producing and growth (exploration and evaluation) assets of the Group.

11. PLANT AND EQUIPMENT

| | Consolidated | | | | | | |
|--|-----------------------------|--------------------------|---------------------------------|--------------------------------------|---------------------|-----------------------|-----------------|
| | Plant & Equipment \$'000 | Motor Vehicles \$'000 | Furniture & Equipment \$'000 | Buildings & Infrastructure \$'000 | Tails Dam \$'000 | Capital WIP \$'000 | Total \$'000 |
| <i>Net carrying amount at 1 July 2019</i> | 25,186 | 476 | 714 | 7,557 | 9,884 | 1,349 | 45,166 |
| Additions | 3,234 | 267 | 87 | 18 | - | 20,278 | 23,884 |
| Depreciation expense | (3,777) | (137) | (185) | (669) | (699) | - | (5,467) |
| Transfers between classes | 1,277 | - | 1 | - | - | (1,278) | - |
| Disposals | - | - | - | - | - | - | - |
| Net carrying amount at 30 June 2020 | 25,920 | 606 | 617 | 6,906 | 9,185 | 20,349 | 63,583 |
| At 30 June 2020 | | | | | | | |
| Cost | 43,358 | 1,308 | 1,641 | 11,191 | 13,902 | 20,348 | 91,748 |
| Accumulated depreciation | (17,438) | (702) | (1,024) | (4,285) | (4,717) | - | (28,165) |
| Net carrying amount | 25,920 | 606 | 617 | 6,906 | 9,185 | 20,349 | 63,583 |
| <i>Net carrying amount at 1 July 2018</i> | 34,389 | 591 | 1,004 | 8,732 | 3,969 | 6,579 | 55,264 |
| Additions | 426 | - | - | - | - | 8,012 | 8,438 |
| Depreciation expense | (1,645) | (157) | (227) | (369) | (246) | - | (2,644) |
| Transfers between classes | 1,344 | 224 | 188 | 1,850 | 9,636 | (13,242) | - |
| Impaired during the year | (9,328) | (167) | (251) | (2,656) | (3,475) | - | (15,877) |
| Disposals | - | (15) | - | - | - | - | (15) |
| Net carrying amount at 30 June 2019 | 25,186 | 476 | 714 | 7,557 | 9,884 | 1,349 | 45,166 |
| At 30 June 2019 | | | | | | | |
| Cost | 38,902 | 1,057 | 1,552 | 11,173 | 13,902 | 1,349 | 67,935 |
| Accumulated depreciation | (13,716) | (581) | (838) | (3,616) | (4,018) | - | (22,769) |
| Net carrying amount | 25,186 | 476 | 714 | 7,557 | 9,884 | 1,349 | 45,166 |

PLANT AND EQUIPMENT SECURED UNDER FINANCE LEASES

Refer to note 18 for further information on plant and equipment secured under finance leases.

11. PLANT AND EQUIPMENT (CONT'D)

Accounting Policies

PLANT AND EQUIPMENT

Plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Gains and losses on disposals of plant and equipment are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

12. MINE PROPERTIES – AREAS IN PRODUCTION

| | Note | Consolidated | | Total \$'000 |
|---|------|------------------------------|---------------------------------------|-----------------|
| | | Mine Properties \$'000 | Stripping Activity Asset \$'000 | |
| 2020 | | | | |
| Balance at 1 July | | 68,852 | 928 | 69,780 |
| Transferred from mine properties – areas in development | 13 | 30,963 | - | 30,963 |
| Additions | | 1,196 | 1,528 | 2,724 |
| Rehabilitation provision adjustment | 27 | 5,620 | - | 5,620 |
| Amortisation included in costs of production | | - | (928) | (928) |
| Amortisation during production | 2 | (16,517) | - | (16,517) |
| Balance at 30 June 2020 | | 90,114 | 1,528 | 91,642 |

| | Note | Consolidated | | Total \$'000 |
|---|------|------------------------------|---------------------------------------|-----------------|
| | | Mine Properties \$'000 | Stripping Activity Asset \$'000 | |
| 2019 | | | | |
| Balance at 1 July | | 76,919 | 589 | 77,508 |
| Transferred from mine properties – areas in development | 13 | 14,131 | - | 14,131 |
| Additions | | 1,875 | 5,240 | 7,115 |
| Transferred from exploration and evaluation expenditure | 14 | 15,417 | - | 15,417 |
| Rehabilitation provision adjustment | 27 | (1,400) | - | (1,400) |
| Amortisation included in costs of production | | - | (4,901) | (4,901) |
| Amortisation during production | 2 | (11,730) | - | (11,730) |
| Impaired during the year | | (26,360) | - | (26,360) |
| Balance at 30 June 2019 | | 68,852 | 928 | 69,780 |

Accounting Policies

MINE PROPERTIES – AREAS IN PRODUCTION

Mine development expenditure incurred by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

12. MINE PROPERTIES – AREAS IN PRODUCTION (CONT'D)

A development property is reclassified as a mining property in this category at the end of the commissioning phase, when the property is capable of operating in the manner intended by management.

Amortisation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the estimated mine inventory (consistent with the Life of Mine plan). Development properties are tested for impairment in accordance with the policy on impairment of assets.

Stripping activity asset

Once access to the ore is attained, all waste that is removed from that point forward is considered production stripping activity. The amount of production stripping costs deferred is based on the extent to which the current strip ratio of ore mined exceeds the life of mine strip ratio of the identified component. A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is identified based on the mine plan.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the ore body. The production stripping asset is then carried at cost less accumulated amortisation and any impairment losses.

The production stripping asset is amortised over the expected useful life of the identified component (determined based on economically recoverable mine plan), on a unit-of-production basis. The unit of account is tonnes of ore mined.

KEY JUDGMENTS

Unit-of-production method of depreciation/amortisation

The Group uses the unit-of-production basis when depreciating/amortising life of mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life of mine production. Each asset's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of economically recoverable mine plan of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Determination of mineral resources, ore reserves and mine plan

The determination of mineral resources and ore reserves impacts the accounting for asset carrying values. The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the "JORC" Code). The information on mineral resources and ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and the mine plan and may ultimately result in reserves and mine plan being restated.

Stripping asset

The Group capitalises stripping costs incurred during the development and production phase of mining. As a result, the Group distinguishes between the production stripping that relates to the extraction of inventory and that which relates to the stripping asset.

The Group has identified its production stripping for each surface mining operation it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these identified components.

These assessments are undertaken for each individual identified component based on life of mine strip ratio. Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each identified component. Changes in the expected strip ratio is accounted for prospectively from the date of change.

13. MINE PROPERTIES – AREAS IN DEVELOPMENT

| | Note | Consolidated | |
|---|------|----------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| Balance at 1 July | | 3,581 | 3,348 |
| Pre-production expenditure capitalised, net of gold sales | | 30,963 | 14,087 |
| Transferred to mine properties – areas in production | 12 | (30,963) | (14,131) |
| Expansion study costs | | 1,096 | 1,536 |
| Impaired during the year | | - | (1,259) |
| Balance at 30 June | | 4,677 | 3,581 |

Accounting Policies

MINE PROPERTIES – AREAS IN DEVELOPMENT

Mine properties under development represent the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to property, plant and equipment and mine properties, as relevant, and are depreciated and amortised using the units-of-production method based on the mine inventory to which they relate or are written off if the mine property is abandoned.

KEY JUDGMENTS

Production start date

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete and ready for its intended use. At this time, any costs capitalised to 'mine properties – areas in development' are reclassified to 'mine properties – areas in production' and 'property, plant and equipment'. Some of the criteria will include, but are not limited, to the following:

- availability of the plant;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal at commercial rates of production.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mine asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

14. EXPLORATION AND EVALUATION EXPENDITURE

| | Note | Consolidated | |
|--|------|----------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| <i>Reconciliation of movements during the year</i> | | | |
| Balance at 1 July | | 5,209 | 15,733 |
| Exploration expenditure incurred during the year | | 8,999 | 5,392 |
| Transferred to mine properties – areas in production | 12 | - | (15,417) |
| Expensed during the year | | (1,234) | (499) |
| Balance at 30 June | | 12,974 | 5,209 |

Accounting Policies

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the mine development expenditure and classified under non-current assets as development properties.

The value of the Groups interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

KEY JUDGMENTS

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

EXPLORATION EXPENDITURE COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Group has the following exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable as follows:

| | Consolidated | |
|-----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Within one year | 3,284 | 1,803 |

15. IMPAIRMENT OF ASSETS

The carrying values of non-current assets are reviewed for impairment when indicators of impairment exist or changes in circumstances indicate the carrying value may not be recoverable. When an indicator of impairment does exist, the below process is followed.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs and where the carrying values exceed the estimated recoverable amount, the assets or CGU are written down to their recoverable amount.

The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The relevant CGU for Wiluna Mining Corporation Limited is the Matilda-Wiluna Gold Mine.

DETERMINATION OF MINERAL RESOURCES AND ORE RESERVES

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs, ore grades and/or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

IMPAIRMENT OF MINE PROPERTIES, PLANT AND EQUIPMENT

The future recoverability of capitalised mine properties and plant and equipment is dependent on a number of key factors including; gold price, discount rates used in determining the estimated discounted cash flows of CGUs, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, the estimated value of unmined inferred mineral properties included in the determination of fair value less cost to dispose ('fair value'), future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations).

Fair value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU life of mine ('LOM') plans. Consideration is also given to analysts' valuations, and the market value of the Company's securities. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. When LOM plans do not fully utilise existing mineral properties for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of mineral properties is included in the determination of fair value. The Group considers this valuation approach to be consistent with the approach taken by market participants.

The Group has estimated its unmined resource values based on a dollar value per gold equivalent ounce basis, taking into account a range of factors although principally the current market rate for similar resources. However, where the value per ounce from the reserves/resources included in the CGU's discounted cash flow model (i.e. in the LOM) is less than this market rate determination, the lower value per ounce from the CGU's discounted cash flow model is used when calculating that CGU's value of unmined ounces. Where appropriate, the value per ounce is also discounted accordingly for any future costs which would be required to exploit the in-situ resources.

In determining the fair value of CGUs, future cash flows were discounted using rates based on the Group's estimated weighted average cost of capital. When it is considered appropriate to do so, an additional premium is applied with regard to the geographic location and nature of the CGU. Life of mine operating and capital cost assumptions are based on the Group's latest budget and LOM plans. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing commodity price and exchange rate assumptions.

No impairment triggers occurred for the year ended 30 June 2020, and as such, no further impairment testing was performed.

Cash, debt and capital

This section outlines how the Group manages its cash, capital, related financing costs and its exposure to various financial risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage these risks.

16. CASH AND CASH EQUIVALENTS

Accounting Policies

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Cash and cash equivalents in the statement of financial position and statement of cash flows</i> | | |
| Cash at bank and on hand | 8,904 | 693 |
| Total | 8,904 | 693 |

| | Consolidated | |
|---|----------------|-----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Reconciliation of loss after income tax to the net cash flow from operating activities</i> | | |
| Profit/(loss) after income tax | 14,250 | (73,161) |
| <i>Adjustments for</i> | | |
| Depreciation and amortisation relating to gold sales | 28,541 | 14,308 |
| Depreciation of non-mine site assets | 63 | 65 |
| Asset impairment charges | - | 45,002 |
| Equity based payments | 530 | 273 |
| Treasury – unrealised loss/(gain) | (4,117) | 5,851 |
| Williamson pre-strip contribution | (10,155) | - |
| Non-capital exploration expenditure | 42 | 1,293 |
| Unwinding of discount on rehabilitation provision | 283 | 710 |
| Finance costs | 5,225 | 4,267 |
| Sale of non-core assets, net of costs | (10,335) | (2,850) |
| Other | 573 | (371) |
| <i>Changes in net assets and liabilities</i> | | |
| Receivables | (3,599) | (689) |
| Inventories | 529 | (4,439) |
| Payables | (7,477) | 9,980 |
| Net cash inflows from operating activities | 14,353 | 239 |

17. GOLD BULLION AWAITING SETTLEMENT

| | Consolidated | |
|----------------------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Current</i> | | |
| Gold bullion awaiting settlement | 1,887 | 2,939 |

Accounting Policies

GOLD BULLION AWAITING SETTLEMENT

Bullion awaiting settlement comprises gold that has been received by the refiner prior to period end but which has not yet been delivered into a sale contract. Gold bullion awaiting settlement is initially recognised at the expected selling price and adjustments for variations in the gold price are made at the time of final settlement, which is within a matter of days.

Due to the short-term nature of the bullion awaiting settlement, the carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the fair value.

18. INTEREST-BEARING LIABILITIES

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Current interest-bearing liabilities</i> | | |
| Secured loan – MACA | - | 7,506 |
| Convertible note, net of fees & collateral shares | - | 4,277 |
| Finance lease liabilities | 168 | 150 |
| | 168 | 11,933 |
| <i>Non-current interest-bearing liabilities</i> | | |
| Finance lease liabilities | 125 | 207 |
| | 125 | 207 |

Accounting Policies

BORROWINGS AND BORROWING COSTS

Loans and borrowings are initially recognised at the fair value of the consideration received.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

18. INTEREST-BEARING LIABILITIES (CONT'D)

INTEREST-BEARING LIABILITIES

SECURED LOANS – MACA LIMITED (“MACA”)

On 22 April 2020, the Group fully extinguished all loan amounts outstanding with MACA Mining Limited. Consequently, MACA released its security over the Group's assets.

SECURED CONVERTIBLE NOTE – LIND PARTNERS (“LIND”)

In order to simplify its capital structure, Wiluna finalised the process to repay and discharge its funding facility with an entity managed by The Lind Partners (“Lind”). The outstanding balance of \$2,925,000 on 2 September 2019 was settled through a cash payment of \$1,625,000 and the issue of 144,444,445 fully paid ordinary shares in Wiluna. Lind released its security over the Group's assets.

FINANCE LEASE LIABILITIES

The Group holds hire purchase agreements for the acquisition of mobile equipment. The agreements incorporate fixed rates between 2% and 12%, monthly repayments and expiry dates between June 2020 and June 2023. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

19. FINANCIAL ASSETS AND LIABILITIES

| | Consolidated | |
|--------------------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Financial assets</i> | | |
| Other | 8 | 10 |
| Total | 8 | 10 |
| <i>Financial liabilities</i> | | |
| Derivative financial liability | 363 | 3,898 |
| Embedded derivative | - | 580 |
| Total | 363 | 4,478 |

Gold forward contracts have been marked-to-market at 30 June 2020 as per note 8.

Accounting Policies

FINANCIAL ASSETS

Financial assets are initially recognised at fair value, plus transaction costs that are directly attributable to its acquisition and subsequently measured at amortised costs or fair value depending on the business model for those assets and the contractual cash flow characteristics.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on the nature of the derivative.

Derivatives are classified as current or non-current depending on the expected period of realisation.

20. LEASES

This note provides information for leases where the Group is a lessee.

Amounts recognised in statement of financial position

| | As at 30 June 2020 \$'000 | As at 30 June 2019 \$'000 |
|----------------------------------|---------------------------------|---------------------------------|
| <i>Right of use assets</i> | | |
| Buildings | 617 | - |
| Plant & equipment | 16,040 | - |
| Less: Accumulated depreciation | (6,865) | - |
| Total right of use assets | 9,792 | - |
| <i>Lease liabilities</i> | | |
| Current | 6,196 | - |
| Non-current | 4,229 | - |
| Total lease liabilities | 10,425 | - |

Amounts recognised in statement of profit or loss and other comprehensive income

| | 30 June 2020 \$'000 | 30 June 2019 \$'000 |
|--|------------------------|------------------------|
| Depreciation of right of use assets | 6,865 | - |
| Interest expense (included in finance costs) | 2,001 | - |

Accounting Policies

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably

certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

21. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, held-for-trading investments, derivative financial instruments, cash and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Gold price volatility and exchange rate risks

Any revenue the Group derives from the sale of gold is exposed to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for gold, technological advancements, forward selling activities, financial investment and speculation and other macro-economic factors.

Interest rate risks

The Group's exposure to market interest rates relates to cash deposits held at variable rates. The Board regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

Sensitivity analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2020, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Change in loss/equity</i> | | |
| Increase in interest rate by 100 basis points | 86 | 4 |
| Decrease in interest rate by 100 basis points | (86) | (4) |

CREDIT RISK

The maximum exposure to credit risk at reporting date is the carrying amount of those assets as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Credit risk related to balances with banks and other financial institutions is managed by the Board. The Board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A+. All of the Group's surplus funds are invested with AA and A+ Rated financial institutions.

LIQUIDITY RISK

The responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

Financing arrangements

Refer to note 18 for unused borrowing facilities at reporting date.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|--------------------------------------|---|-------------------|--------------------------|--------------------------|-----------------|--|
| 2020 | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 34,456 | - | - | - | 34,456 |
| <i>Interest-bearing – fixed rate</i> | | | | | | |
| Finance lease liability | 5% | 168 | 105 | 20 | - | 293 |
| Lease liabilities | 15.5% | 6,196 | 1,715 | 2,514 | - | 10,425 |
| Total non-derivatives | | 40,820 | 1,820 | 2,534 | - | 45,174 |

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|--------------------------------------|---|-------------------|--------------------------|--------------------------|-----------------|--|
| 2019 | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 41,375 | - | - | - | 41,375 |
| <i>Interest-bearing – fixed rate</i> | | | | | | |
| Secured loan – MACA | 12.50% | 7,506 | - | - | - | 7,506 |
| Secured loan – Orion | 20% | 4,277 | - | - | - | 4,277 |
| Finance lease liability | 3% | 150 | 150 | 57 | - | 357 |
| Total non-derivatives | | 53,308 | 150 | 57 | - | 53,515 |

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

FAIR VALUE MEASUREMENTS

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets held for trading
- Derivative financial instrument – receivable in relation to equity swap

The Company does not subsequently measure any liabilities at fair value on a non-recurring basis.

FAIR VALUE HIERARCHY

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- **LEVEL 1**
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **LEVEL 2**
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **LEVEL 3**
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

VALUATION TECHNIQUES

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is:

- *Market approach:*
Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

| | 30 June 2020 | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Recurring fair value measurements | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | |
| - held-for-trading Australian listed shares | 8 | - | - | 8 |
| - gold forward contracts | - | (363) | - | (363) |

21. FINANCIAL RISK MANAGEMENT (CONT'D)

| | 30 June 2019 | | | |
|---|-------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Recurring fair value measurements | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | |
| - held-for-trading Australian listed shares | 10 | - | - | 10 |
| - convertible note embedded derivative | - | (580) | - | (580) |
| - gold forward contracts | - | (3,898) | - | (3,898) |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Accounting Policies

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

INVESTMENT AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

22. ISSUED CAPITAL

| | Consolidated | |
|---|-------------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Ordinary shares – issued and fully paid | 236,865 | 175,285 |
| | | |
| | Number (‘000s) | \$'000 |
| <i>Movement in ordinary shares on issue</i> | | |
| At 1 July 2018 | 1,265,519 | 145,459 |
| Issued on exercise of options | 3,188 | 1 |
| Issued on conversion of performance rights | - | - |
| Placement | 1,727,340 | 26,076 |
| Issued in lieu of payment | 444,599 | 5,992 |
| Transaction costs | - | (2,243) |
| On issue at 30 June 2019 | 3,440,646 | 175,285 |
| At 1 July 2019 | 3,440,646 | 175,285 |
| Placement | 5,926,005 | 59,260 |
| Issued in lieu of payment | 661,608 | 5,980 |
| Transaction costs | - | (3,660) |
| Share consolidation (100:1) on 25 May 2020 | (9,927,975) | - |
| On issue at 30 June 2020 | 100,284 | 236,865 |

Accounting Policies

ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

22. ISSUED CAPITAL (CONT'D)

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

23. RESERVES

| | Consolidated | |
|--|--------------------|--------------|
| | Number ('000s) | \$'000 |
| <i>Share-based payments reserve consists of:</i> | | |
| Share options | 8,444 | 4,767 |
| Performance rights | - | 1,410 |
| | 8,444 | 6,177 |
| Balance at 1 July 2018 | 589,627 | 4,621 |
| Options expired | (535,819) | (1,360) |
| Options issued | 745,639 | 2,386 |
| Options exercised | (3,188) | - |
| Options forfeited | (29,582) | - |
| Balance at 30 June 2019 | 766,677 | 5,647 |
| Balance at 1 July 2019 | 766,677 | 5,647 |
| Options expired | (2,200) | - |
| Options issued | 100,951 | 1,312 |
| Options forfeited | (21,036) | (782) |
| Consolidated (100:1) | (835,948) | - |
| Balance at 30 June 2020 | 8,444 | 6,177 |

Accounting Policies

SHARE-BASED PAYMENT RESERVES

Options and performance rights are issued to suppliers, directors, employees and consultants. The options and performance rights issued may be subject to performance criteria and are issued to directors and employees of the Company to increase goal congruence between executives, directors and shareholders. Options and performance rights granted carry no dividend or voting rights.

Operating assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the capital structure and finance costs section.

Accounting Policies

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- it is expected to be realised or intended to be sold or consumed in a normal operating cycle;
- it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities, when recognised, are classified as non-current.

24. TRADE AND OTHER RECEIVABLES

| | Consolidated | |
|-----------------------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Current</i> | | |
| GST receivable | 1,412 | 723 |
| Fuel tax credit receivable | 290 | 121 |
| Trade debtors | 349 | 407 |
| Other debtors | 5,024 | 1,343 |
| Total | 7,075 | 2,594 |
| <i>Non-current</i> | | |
| Bank guarantees (restricted cash) | 570 | 400 |
| Total | 570 | 400 |

Accounting Policies

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO').

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

25. INVENTORIES

| | Consolidated | |
|---|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Current</i> | | |
| Consumable stores | 3,751 | 3,036 |
| Ore stockpiles – at cost | 6,726 | 1,636 |
| Ore stockpiles – at net realisable value | 2,980 | 7,747 |
| Gold in circuit – at net realisable value | 2,322 | 3,889 |
| Total current | 15,779 | 16,308 |
| <i>Non-current</i> | | |
| Ore stockpiles – at cost | - | 1,504 |
| Asset impairment charges | - | (1,504) |
| Total non-current | - | - |

(a) *Amounts recognised in profit or loss*

Write-ups of inventories on hand at 30 June 2020 to net realisable value amounted to \$1,187,718 (2019: Write-down of \$2,354,000). Net realisable value changes to inventories during the year are recognised in profit and loss.

Accounting Policies

INVENTORY

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting ore into gold bullion. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product, including royalties.

Consumable stores are valued at the lower of cost and net realisable value. The cost of consumable stores is measured on an average basis.

Inventories expected to be sold (or consumed in the case of stores) within 12 months after the reporting date are classified as current assets, all other inventories are classified as non-current.

KEY JUDGMENTS

Inventories

Ore stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated processing plant metal recovery percentage. Stockpile tonnages are verified by periodic surveys.

26. TRADE AND OTHER PAYABLES

| | Consolidated | |
|------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Current</i> | | |
| Trade payables | 17,992 | 28,215 |
| Accrued expenses | 15,206 | 11,421 |
| Other creditors | 1,258 | 1,739 |
| Total | 34,456 | 41,375 |

26. TRADE AND OTHER PAYABLES (CONT'D)

Accounting Policies

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

ANNUAL LEAVE

A liability is recognised for the amount expected to be paid to an employee for annual leave they are presently entitled to as a result of past service. The liability includes allowances for on-costs such as superannuation and payroll taxes, as well as any future salary and wage increases that the employee may be reasonably entitled to.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

27. PROVISIONS

| | Note | Consolidated | |
|--|------|----------------|----------------|
| | | 2020 \$'000 | 2019 \$'000 |
| <i>Current</i> | | | |
| Rehabilitation | | - | 261 |
| Annual leave payable | | 1,443 | 1,081 |
| Balance at 30 June | | 1,443 | 1,342 |
| <i>Non-Current</i> | | | |
| Long service leave | | 136 | 80 |
| Rehabilitation | | 31,238 | 25,088 |
| Balance at 30 June | | 31,374 | 25,168 |
| <i>Provision for rehabilitation</i> | | | |
| Balance at 1 July | | 25,349 | 26,060 |
| Provisions re-measured during the year | 12 | 5,620 | (1,400) |
| Provision used during the year | | (14) | (21) |
| Unwinding of discount | 3 | 283 | 710 |
| Balance at 30 June | | 31,238 | 25,349 |

The provision for mine rehabilitation and closure on acquired tenements has been recognised at each reporting date. The provision is based on the net present value of the current life of mine model.

Accounting Policies

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

LONG SERVICE LEAVE

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service up to reporting date, plus related on costs. The benefit is discounted to determine its present value and the discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

KEY JUDGMENTS

Site rehabilitation

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Other disclosures

28. SHARE-BASED PAYMENTS

Options and performance rights are issued to directors, employees and service providers. The options and performance rights issued may be subject to performance criteria and are issued to directors and employees of the Company to increase goal congruence between employees, directors and shareholders. Options and performance rights granted carry no dividend or voting rights.

SUMMARY OF OPTIONS GRANTED

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options issued under the Employee Option Plan during the year:

| | 2020 | | 2019 | |
|---|--------------------------------|------------------------------|--------------------|-----------------|
| | No. | WAEP | No. | WAEP |
| At beginning of reporting period | 766,677,036 | \$0.035 | 589,627,328 | \$0.076 |
| Granted during the period: | | | | |
| - Entitlements Offer | - | - | 573,638,562 | \$0.030 |
| - Employees and service providers | 100,951,392 | - | 172,000,000 | \$0.050 |
| Forfeited during the period | (21,036,347) | - | (29,581,628) | \$0.000 |
| Exercised during the period | - | - | (3,188,430) | \$0.000 |
| Expired during the period | (2,200,000) | \$0.332 | (535,818,796) | \$0.008 |
| Consolidation (100:1) | (835,947,872) | - | - | - |
| Balance the end of reporting period | 8,444,209⁽ⁱ⁾ | \$3.076⁽ⁱ⁾ | 766,677,036 | \$0.0360 |
| Exercisable at end of reporting period | 7,456,386⁽ⁱ⁾ | \$3.483⁽ⁱ⁾ | 749,188,562 | \$0.0360 |

⁽ⁱ⁾ Note: These figures are post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

| | 2020 ⁽ⁱ⁾ | 2019 |
|--|---------------------|------------------|
| Weighted average remaining contractual life | 0.9 years | 1.6 years |
| Range of exercise prices | \$0.00 - \$8.00 | \$0.00 - \$0.308 |
| Weighted average fair value of entitlement offer options granted during the year | 0.000 | 0.000 |
| Weighted average fair value of employee and service providers' options granted during the year | \$1.300 | 0.003 |
| Weighted average fair value of directors' options granted during the year | 0.000 | 0.000 |

⁽ⁱ⁾ Note: These figures are post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

KEY ESTIMATES

Equity-based payments

The fair value of options granted to directors, executives and contractors is recognised as an expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the directors, executives and contractors becomes unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

OPTION PRICING MODEL

The following table lists the inputs to the Black-Scholes & Monte Carlo pricing models used for the year ended 30 June 2020:

| Allottee | Number of options | Fair value at grant date per option | | Life of option (years) | Exercise price \$ | Share price at grant date \$ | Risk free interest rate % |
|-----------------------|-------------------|-------------------------------------|-----|------------------------|-------------------|------------------------------|---------------------------|
| | | \$ | % | | | | |
| Directors & employees | 824,995 | \$1.30 | 90% | 4 | \$0.00 | \$1.30 | 2.16% |
| Directors & employees | 137,748 | \$1.30 | 90% | 4 | \$0.00 | \$1.30 | 2.16% |

⁽ⁱ⁾ Note: These figures are post-consolidation of the Company's securities, being 100:1, completed on 25 May 2020.

29. RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in employee benefits expense and share-based payments (note 28) is as follows:

| | Consolidated | |
|------------------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Short-term employee benefits | 2,165 | 2,184 |
| Long-term employee benefits | 335 | 74 |
| Post employment benefits | 129 | 126 |
| Termination benefits | - | 244 |
| Total compensation | 2,629 | 2,628 |

CONTROLLED ENTITIES

The consolidated financial statements include the assets, liabilities and results of the following wholly-owned subsidiaries:

| Name of controlled entity | Country of incorporation | Consolidated entity company holding the investment | % Entity Interest | |
|---|--------------------------|--|-------------------|------|
| | | | 2020 | 2019 |
| Scaddan Energy Pty Ltd | Australia | Wiluna Mining Corporation Limited | 100% | 100% |
| Zanthus Energy Pty Ltd | Australia | Scaddan Energy Pty Ltd | 100% | 100% |
| Lignite Pty Ltd | Australia | Scaddan Energy Pty Ltd | 100% | 100% |
| Wiluna Gold Pty Ltd (formerly Matilda Gold Pty Ltd) | Australia | Wiluna Mining Corporation Limited | 100% | 100% |
| Kimba Resources Pty Ltd | Australia | Wiluna Gold Pty Ltd | 100% | 100% |
| Wiluna Operations Pty Ltd (formerly Matilda Operations Pty Ltd) | Australia | Wiluna Gold Pty Ltd | 100% | 100% |

Wiluna Mining Corporation Limited is the parent entity of the Group.

TRANSACTIONS WITH RELATED ENTITIES

XAVIER GROUP PTY LTD ("XAVIER")

Mr Milan Jerkovic is an officer and co-owner of Xavier, a company who provides consulting and corporate advisory services to the Group. During the year, Xavier was paid \$318,217 (2019: \$176,030) for consulting services provided to the Group. \$40,468 (2019: \$43,290) was outstanding at balance date.

All transactions were made on normal commercial terms and conditions, and at market rates.

LOANS TO/ FROM RELATED PARTIES:

There were no loans from related parties as at 30 June 2020 and 30 June 2019.

30. JOINT VENTURES AND ASSOCIATES

| Joint Operation | Joint Operation Parties | Principal Activities | 30 June 2020 Interest % | 30 June 2019 Interest % |
|-----------------|-----------------------------------|----------------------|----------------------------|----------------------------|
| Wilconi JV | Wiluna A-Cap Resources Limited | Exploration | 20% | 20% |

The joint venture operations are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets.

31. PARENT ENTITY INFORMATION

The following information is for the parent entity, Wiluna Mining Corporation Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as detailed in the relevant notes of this report.

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|-----------------|
| Current assets | 13,994 | 1,462 |
| Non-current assets | 128,189 | 81,589 |
| Total assets | 142,183 | 83,051 |
| Current liabilities | (5,973) | (20,828) |
| Non-current liabilities | (72) | (46) |
| Total liabilities | (6,045) | (20,874) |
| Issued capital | 236,866 | 175,285 |
| Reserves | 6,177 | 5,646 |
| Accumulated losses | (106,905) | (118,754) |
| Total equity | 136,138 | 62,177 |
| Total comprehensive profit/(loss) of the parent | 11,849 | (93,317) |

There are no contingent liabilities of the parent entity as at the reporting date.

32. COMMITMENTS

OPERATING LEASES

Current year operating lease expenses are nil, following the adoption of AASB 16 'Leases'. Refer to Note 1 for details around this change in accounting policy.

| | Consolidated | |
|--|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Not longer than one year | - | 2,274 |
| Longer than one year, but not longer than five years | - | 3,588 |
| Longer than five years | - | - |
| Total | - | 5,862 |

FINANCE LEASES

The Group holds finance leases for the acquisition of motor vehicles. The agreements incorporate a fixed rate between of 2% and 12% (2019: 2% and 5%), monthly repayments and expiry dates between June 2020 and June 2023:

| | Consolidated | |
|--|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Not longer than one year | 168 | 150 |
| Longer than one year, but not longer than five years | 105 | 150 |
| Longer than five years | 20 | 57 |
| Total | 293 | 357 |

CONTRACTUAL COMMITMENTS

On 6 January 2020, the Group re-negotiated its agreement with Synergy for the supply of gas to the Matilda-Wiluna Gold Operation. In addition, during FY19 the Group entered into a new gas supply contract with Kufpec Australia Pty Ltd. The terms of these agreement commit the Group to purchasing a minimum amount of gas for the term of the contract. As at 30 June 2020, at the current contract price, the Group had commitments to purchase gas for the remaining term of \$1,379,000 (2019: \$1,040,000).

During FY19, the Group's agreements with APA and Goldfields Gas Transmission Pty in relation to gas transportation to the Matilda-Wiluna Gold Operation, were extended out to 2021 with no other amendments made to the terms. The terms of the agreements commit the Group to transporting a minimum monthly amount of gas for the term of the contract. As at 30 June 2020, at the current contract prices, the Group had commitments for the use of the pipeline for the remaining term of \$710,000 (2019: \$2,273,000).

| | Consolidated | |
|--|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| Not longer than one year | 1,627 | 2,521 |
| Longer than one year, but not longer than five years | 462 | 756 |
| Longer than five years | - | - |
| Total | 2,089 | 3,277 |

Additionally, the Company has a limited commitment to deliver and sell 1.65% of its monthly gold production to Osisko Bermuda Limited at a 70% discount to the prevailing spot gold price (but limited to at a price not higher than US\$600 per ounce). As at 30 June 2020, the Company had 4,613 ounces of gold remaining to be delivered under this arrangement.

The Company pays a royalty to Franco Nevada, being 3.6% of revenue (net of refining costs, gold freight and the 2.5% Western Australian State Government royalty).

33. CONTINGENT ASSETS AND LIABILITIES

CONTINGENT LIABILITIES:

As part of the sale and purchase agreement of the Wiluna Gold Project from Apex Minerals NL (Receivers and Managers Appointed)(In Liquidation) and Apex Gold Pty Ltd (Receivers and Managers Appointed)(In Liquidation), the following deferred consideration contingent liability existed at 30 June 2020:

- \$260,000 in cash (or shares at Wiluna Mining's election) on production of 100,000 ounces of gold from the Wiluna tenements.

The deferred consideration was paid on 5 August 2020 by the issue of 186,366 Company shares. The contingent liability was then extinguished.

CONTINGENT ASSETS:

As part of the farm-in and Joint Venture Agreement with A-Cap Resources Limited on the exploration tenements ("project") owned by the Group, the following contingent assets exist:

- \$500,000 in cash and incurred Exploration expenditure of not less than \$5 million on exclusive right to earn 35% participant interest on the project by A-Cap Resources Limited (Second Earn in Interest).
- \$1 million in cash and issuing A-Cap Resources Limited' shares equal to \$1.5 million on exclusive right to earn 20% participant interest on the project by A-Cap Resources Limited (Third Earn in Interest).

In addition, as part of the agreement for the sale of Calcine Tailings between Wiluna Operations Pty Ltd and Kesli Chemicals Pty Ltd which occurred on 4 November 2019, the following contingent assets exist:

- \$1,000,000 in cash as final consideration, upon the buyer's election to remove the remaining Calcine Tailings from Wiluna Mining's site, which must occur at or prior to 18 months from the settlement date.

34. AUDITOR'S REMUNERATION

| | Consolidated | |
|--|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 |
| <i>Audit services – RSM Australia Partners</i> | | |
| - Auditing or reviewing the financial report | 137 | 128 |
| - Other services | 3 | - |
| Total | 140 | 128 |

35. SUBSEQUENT EVENTS

Debt financing

On 14 August 2020, Wiluna Mining announced that all documentation concerning the gold prepaid swap financing facility and gold hedging facility provided by Mercuria Energy Trading Pte Ltd had been completed. The Company has executed the prepaid swap and the hedging transactions. The \$21m prepaid swap proceeds ("Tranche 1") will be repaid in full by delivering 699oz of gold per month over 12 months, totaling 8,388oz. The facility gives Wiluna Mining the flexibility of drawing a further \$40m ("Tranche 2"), subject to Mercuria credit approval, to further advance the Stage 1 Expansion.

Wiluna Mining's favorable, ongoing hedging facility with Mercuria will see 34,000oz sold at an average price of \$2,674/oz, which is net of transaction costs, maturing over the next 12 months.

Apex Gold Share Issue

On 5 August 2020, Wiluna Mining announced the issue of 186,366 shares to RF Capital Pty Ltd pursuant to a deferred consideration payment of \$260,000 relating to the Company's initial acquisition of the Wiluna Gold Project.

The milestone achieved to trigger the deferred consideration, which is the final such performance milestone pursuant to the terms of the sale and purchase agreement, was the production hurdle of 100,000 ounces of gold derived from the prescribed Wiluna tenements, which was achieved in July 2020. The shares were issued at the 30-day VWAP as at 3 August 2020 which was \$1.395.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

36. ROUNDING

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91 and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Declaration

In accordance with a resolution of the directors of Wiluna Mining Corporation Limited, I state that:

1. In the opinion of the directors:
 - (a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.
3. The directors draw attention to the notes to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the board

Milan Jerkovic
Executive Chair
Perth, 28 August 2020



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INDEPENDENT AUDITOR'S REPORT

To the Members of Wiluna Mining Corporation Limited

Opinion

We have audited the financial report of Wiluna Mining Corporation Limited (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (**Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed this matter |
|---|--|
| Mine properties - Refer to Note 12 and 13 to the financial statements | |
| <p>At 30 June 2020, the Group held mine properties with a carrying value of \$96.3 million. This asset balance is considered a key audit matter due to the significant judgment involved in determining the appropriate accounting treatment.</p> <p>Areas of judgment include:</p> <ul style="list-style-type: none"> • The transfer of the exploration and evaluation asset to mine properties during the year; • Application of the units of production method in determining the amortisation charge. This includes determining the appropriate mine reserve estimate and the cost allocation attributable to each asset; and • The recognition and measurement of the deferred stripping asset, which involves determining the date of commercial production, identifying the components within the ore body being stripped, determining the costs relating to the stripping activity and estimating the stripping ratio over the life of mine. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Reviewing management's amortisation models and agreeing key inputs to supporting information. This included an assessment of the work performed by management's expert in respect of the Life of Mine model and the mine reserve estimate, including the competency and objectivity of the expert; • Testing the mathematical accuracy of the rates applied; • Reviewing management's assessment that the technical feasibility and commercial viability of extracting a mineral resource was demonstrable, and that the existing exploration and evaluation asset should be transferred to mine properties; • Agreeing a sample of the additions, including the transfer of the exploration and evaluation asset to mine properties during the year to supporting documentation to ensure that the amounts were capital in nature; and • Assessing whether the recognition of the deferred stripping asset was consistent with the requirements of Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>, including the determination of the date of commercial production and the identification of the relevant ore body. |

| Adoption of AASB 16 <i>Leases</i> - Refer to Note 20 and basis of preparation to the financial statements | |
|--|---|
| <p>The Group adopted AASB 16 <i>Leases</i> on 1 July 2019, using the modified retrospective approach, which has resulted in changes to accounting policies. Under this approach, comparatives are not restated. Instead, the reclassifications and adjustments arising from the new leasing rules are recognised in the statement of financial position on 1 July 2019.</p> <p>At 30 June 2020, the Group recognised in the statement of financial position a right of use asset amounting to \$9.8 million and an associated lease liability of \$10.4 million.</p> <p>We determined the adoption of this standard to be key audit matter because of:</p> <ul style="list-style-type: none"> • The complexity of the standard and significant of the differences to the previous standard; and • The extent of judgement required in determining the inputs into the calculations of the lease liability and right of use asset, including the applicable discount rate and the likelihood of exercise of options to extend or terminate the lease. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the processes undertaken and controls implemented in adopting the standard, including the transitional decisions made and practical expedients selected on adoption; • Reviewing the lease contracts identified by the Group and ensuring lease and non-lease components have been identified appropriately and allocation of the consideration in the contracts across lease components and non-lease components; • Corroborating key inputs, including the inception date, commencement date and initial contract expense to underlying lease documentation in relation to those contracts identified as a lease; • Critically evaluating the key assumptions made in the judgemental inputs, including the likelihood of exercise of options to extend and the discount rate used for calculation of the lease liability; • Verifying the mathematical accuracy of the underlying model; and • Assessing the adequacy of the disclosures in the financial statements. |

| Inventory valuation and existence (ore stockpiles and gold in circuit) - Refer to Note 25 to the financial statements | |
|--|---|
| <p>The Group has inventories consisting mainly of gold bullion, gold in circuit and ore stockpiles. The carrying value of these inventories is \$12 million as at 30 June 2020.</p> <p>The valuation and existence of these inventories are considered a key audit matter due to their significant balance on the statement of financial position and the significant judgments made by management to determine the appropriate carrying value at the reporting date. The significant judgements were:</p> <ul style="list-style-type: none"> • Valuation of inventories is based on an inventory costing model developed by management taking into consideration direct costs (cash and non-cash) incurred at different stages of the production process; • The estimated quantity of gold contained within the ore stockpiles; • The estimated processing costs of the ore stockpiles; and • The estimated quantity of ore stockpiles based on the survey result of the management expert. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Reviewing and assessing the methodology and key assumptions in the Group's inventory costing model and agreeing key inputs to supporting information. This included an assessment of the work performed by the management expert in respect of the ore stockpiles quantity, including the competency and objectivity of the expert; • Critically assessing and evaluating management's assessment of net realisable value; • Performing analytical review on cost per ton and obtaining explanation from management for any significant variance; and • Assessing the adequacy of the disclosures in the financial statements. |

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Wiluna Mining Corporation Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'David Wall'.

DAVID WALL
Partner
RSM Australia Partners

Perth, WA
Dated: 28 August 2020

ASX Additional Shareholder Information

SHAREHOLDING

The distribution of members and their holdings of equity securities in the Company is:

| Number Held as at 27 August 2020 | Fully Paid Ordinary Shares | % |
|----------------------------------|----------------------------|-------------|
| 1 - 1,000 | 1,062,740 | 1.06% |
| 1,001 - 5,000 | 3,214,783 | 3.20% |
| 5,001 - 10,000 | 2,754,128 | 2.74% |
| 10,001 - 100,000 | 13,292,496 | 13.23% |
| 100,001 and over | 80,145,921 | 79.77% |
| Totals | 100,470,068 | 100% |

The number of holders with less than a marketable parcel of fully paid ordinary shares is 284,352.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as at 27 August 2020:

| Name | Number of Fully Paid Ordinary Shares Held | % Held of Issued Ordinary Capital |
|---|---|-----------------------------------|
| DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT AND ITS AFFILIATES | 33,248,019 | 33.48 |
| FRANKLIN RESOURCE, INC. AND ITS AFFILIATES | 6,000,000 | 5.98 |
| UBS GROUP AG AND ITS RELATED BODIES CORPORATE | 5,733,764 | 5.77 |

VOTING RIGHTS

ORDINARY SHARES

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders at 27 August 2020:

| Name | Number of Fully Paid Ordinary Shares Held | % Held of Issued Ordinary Capital |
|--|---|-----------------------------------|
| DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT | 19,668,823 | 19.58 |
| SPARTA AG | 8,000,000 | 7.96 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 7,290,469 | 7.26 |
| BRISPOT NOMINEES PTY LTD | 5,838,942 | 5.81 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 5,333,934 | 5.31 |
| DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT | 4,911,112 | 4.89 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA | 4,212,646 | 4.19 |
| CITICORP NOMINEES PTY LIMITED | 3,950,419 | 3.93 |
| MR SIMON CATT | 2,013,661 | 2.00 |
| MR ALBRECHT VON WITZLEBEN | 2,000,000 | 1.99 |
| MR VEIT PAAS | 1,549,083 | 1.54 |
| BNP PARIBAS NOMINEES PTY LTD | 1,121,946 | 1.12 |
| MR MILAN JERKOVIC | 971,581 | 0.97 |
| TAYLOR FAMILY INVESTMENTS PTY LTD | 700,000 | 0.70 |
| MR STEPHEN PAUL OGDEN | 700,000 | 0.70 |
| ARLINGTON PARTNERS FUND LTD | 663,460 | 0.66 |
| DELPHI UNTERNEHMENBERATUNG | 553,974 | 0.55 |
| MR RICHARD ARTHUR LOCKWOOD | 450,000 | 0.45 |
| MRS YANA DOUBINSKI | 420,000 | 0.42 |
| BNP PARIBAS NOMS PTY LTD | 399,408 | 0.40 |
| MR CLAUDE CAINERO & MR HAK HAU KWOK | 385,576 | 0.38 |
| Total | 71,135,034 | 70.80 |

RESTRICTED SECURITIES

The Company has no restricted securities.

TWENTY LARGEST OPTION HOLDERS

The names of the twenty largest listed option holders at 27 August 2020:

| Name | Number of Fully Paid Ordinary Shares Held | % Held of Issued Ordinary Capital |
|--|---|-----------------------------------|
| MACA LIMITED | 1,288,028 | 19.12 |
| TAYLOR FAMILY INVESTMENTS PTY LTD | 800,000 | 11.88 |
| BERNE NO 132 NOMINEES PTY LTD | 500,000 | 7.42 |
| ZENIX NOMINEES PTY LTD | 500,000 | 7.42 |
| LIND ASSET MANAGEMENT XIV, LLC | 429,343 | 6.37 |
| MR ADAM ANTHONY MIOCEVICH | 274,250 | 4.07 |
| MR MILAN JERKOVIC | 192,431 | 2.86 |
| BINKARRA PTY LTD | 150,000 | 2.23 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 125,091 | 1.86 |
| PATHOLD NO 77 PTY LTD | 115,929 | 1.72 |
| MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 103,043 | 1.53 |
| MR ROBERT HALL | 100,000 | 1.48 |
| VINGO HOLDINGS LTD | 85,869 | 1.27 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 67,740 | 1.01 |
| ROSS SUTHERLAND PROPERTIES PTY LTD | 65,250 | 0.97 |
| CITICORP NOMINEES PTY LIMITED | 61,216 | 0.91 |
| AJAVA HOLDINGS PTY LTD | 61,044 | 0.91 |
| DR BIJU THOMAS | 47,990 | 0.71 |
| SPACEFACE PTY LIMITED | 41,057 | 0.61 |
| BENRIE PTY LTD | 40,000 | 0.59 |
| MR CHE-WING FRANCIS LO | 40,000 | 0.59 |
| MR BIJU THOMAS | 38,693 | 0.57 |
| Total | 5,126,974 | 76.11 |

UNLISTED OPTIONS

The unlisted options on issue at 27 August 2020:

| Grant Date | Number of options Held |
|--|------------------------|
| 5 December 2018 – Lind Asset Management XIV, LLC | 720,000 |
| 11 May 2018 | 120,187 |
| 5 July 2019 | 729,612 |
| 26 August 2019 | 137,748 |
| 10 July 2020 | 811,985 |