

# ASX Announcement

9 October 2020

ASX: WMX



## SULPHIDE DEVELOPMENT UPDATE - AMENDED

Wiluna Mining Corporation Limited (Wiluna Mining) provides an amended announcement in respect of an original announcement released to ASX on Friday 2 October 2020.

The amendments relate to changes to Table 2 on page 2 in relation to estimated costs and funding sources.

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

For further information on Wiluna Mining please contact:

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### 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 is the 7<sup>th</sup> largest gold district under single ownership in Australia based on overall JORC Mineral Resource.



#### 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

100.5 M Ordinary Shares  
6.74 M Quoted Options  
2.58M Unquoted Options/ZEO's

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## SULPHIDE DEVELOPMENT UPDATE

### HIGHLIGHTS

- Board approves Stage 1 sulphide development including concentrator construction
- GR Engineering to be appointed EPC contractor for Stage 1 of concentrator development programme
- Mine development and dewatering in progress and on schedule
- Significant progress on Stage 1 infrastructure design
- Approvals on track or in place
- Stage 2 Feasibility Studies progressing

Wiluna Mining Corporation Limited (ASX: WMX) ("Wiluna Mining" or "the Company") is pleased to provide an update on the progress of its staged sulphide development. The staged development (see Figure 1) will see the Company transition from its current production profile of producing 62kozpa from mining free milling ore through the current 2.1 Mtpa CIL processing facility, initially producing 100kozpa-120kozpa of gold and gold in concentrate. This will be implemented using the current, recently refurbished crushing circuit, the previously expanded mill circuit and a new 750ktpa concentrator by October 2021. The Company then intends to increase production of gold and gold in concentrate by, at a minimum, doubling the mining rate and the concentrator to produce circa 250kozpa by the end of 2023/early 2024.

Since our last quarterly report several significant milestones have been met. At our most recent Board meeting the Directors of Wiluna Mining approved the concentrator construction works. This includes the Company entering an EPC contract with GR Engineering Services Limited ("GRES"). The key dates for this contract and construction program are as follows;

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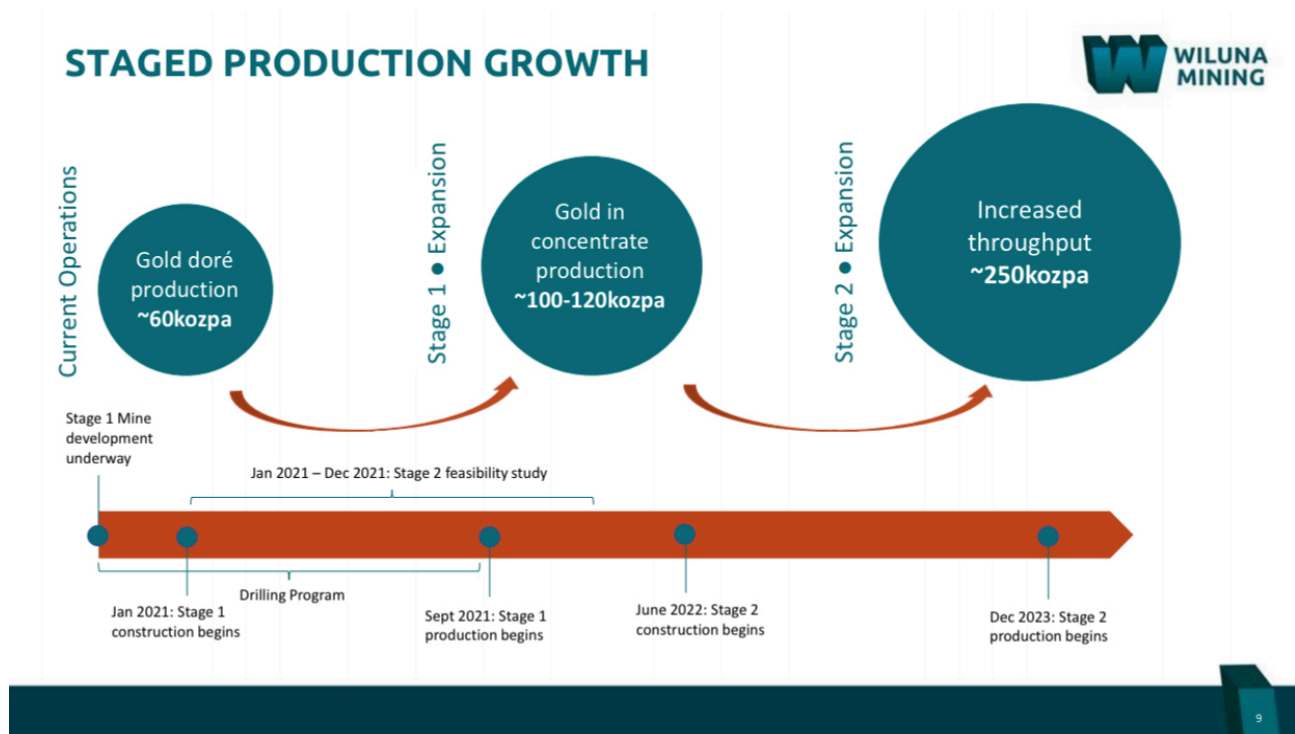
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TABLE 1- Timetable for Stage 1 concentrator construction	
Item	Date
Award of Design and Construction Contract	2 December 2020
Unconstrained project commencement	2 December 2020
Long lead equipment (Concentrate Filter and Flotation Cells) orders placed	13 December 2020
Site access available and establishment of Site facilities	6 January 2021
Commencement of concrete installations	4 March 2021
Commencement of structural, mechanical, piping, and electrical installation	29 April 2021
Commencement of dry commissioning	2 September 2021
Practical completion and commencement of ore commissioning	20 October 2021

TABLE 2 – ESTIMATE COSTS (these costs were released 26 Feb 2020 and have been updated where stated)	
Item	\$m
Concentrator - updated since 26 February 2020 announcement	26
Pre-production underground mine activities/infrastructure development	37
Drilling	9
Feasibility	2
Contingency (10%) - updated since 26 February 2020 announcement	7
<b>Total cost</b>	<b>81</b>
Less expenditure to date	(12)
<b>Total costs going forward</b>	<b>69</b>

Current funding sources from projected cash inflows	\$m
Cash and Bullion as at 30 September 2020	13
Operating cashflow from transitional operations before investing activities (Oct20 to Sep21)	48
Mercuria Tranche 2 <sup>1</sup>	40
<b>Total current funding sources</b>	<b>101</b>
<p>Note 1: Tranche 2 drawdown of \$40m from Mercuria is subject to their credit approval of an updated financial model. This amount of \$40m excludes any associated drawdown costs, as well as Tranche 1 &amp; 2 principal and interest repayments (of which Tranche 1 repayments are \$19m between October 2020 and July 2021).</p> <p>Note 2: Updated reserves, mine plan and financials will be released in January 2021 on completion of the current reserves in the December quarter. These costs do not include corporate overhead and resource/ reserve definition drilling for Stage 2 sulphide development plan.</p>	



**Figure 1- Stage Sulphide Program**

The five elements of the staged sulphide development are as follows.

1. Stage 1 progress
2. Drilling and Resource Development
3. Reserves and Mine Planning
4. Stage 2 Feasibility Studies
5. Longer term development

#### **1. Stage 1 Progress**

The following activities have been progressed for Stage 1 to date.

##### ***Mine development***

Underground operations continue to provide valuable high grade, free milling feed from the Golden Age orebody to the process plant whilst rehabilitation of existing development and new development commence to open stoping blocks for initial sulphide mining areas.

Murray Engineering have been contracted to supply and maintain mine fleet for current production associated development and stoping whilst Byrncut Contractors have been engaged to provide equipment and personnel for existing development rehabilitation and new development for resource-reserve drill out programs and production from new mine areas.

To compliment the current equipment and development work, the first development crew from Byrncut is expected to be mobilised in the December quarter with further development crews to be mobilised during June 2021 to maintain the required work programme.

***Board approves construction of the concentrator***

Since our last quarterly report several significant milestones have been achieved. At our most recent Board meeting the Directors of Wiluna Mining approved the concentrator construction works. This includes the Company entering an EPC contract with GR Engineering Services Limited ("GRES"). Estimated costs and key milestones are outlined in the Tables above.

***Pit and Mine dewatering***

Dewatering of open pit voids and underground workings at Wiluna has made considerable progress with the Happy Jack South decline access and the new Essex decline portal position reached. Rehabilitation and dewatering of the Happy Jack South workings will commence in the December quarter.

Dewatering of the large East Pit is expected to reach the first of three existing decline portals in the December quarter allowing progressive dewatering of the southern mining development on East and West lodes.

Underground dewatering of the Bulletin, Woodley and Burgundy-Calais areas has progressed ahead of planned resource drilling locations for the 2020 drilling plan.

***Crusher and mill refurbishment***

The first stage in the sulphide development plan will utilise the existing crushing and grinding circuits to provide feed to the new flotation circuit. Considerable work has been completed to ready the crushing circuit for processing of a 100% underground fresh ore feed. This includes the replacement of the secondary cone crusher with a near identical crusher to the current tertiary cone crusher. The rod mill was refurbished and brought online in January 2020 (see ASX announcement 12 February 2020) to provide additional grinding capacity. These changes to the comminution circuit have recently been tested on fresh ore feed to confirm their performance on harder ore at the desired plant throughput rate.

***Tailings dam construction***

The new tailings storage facility, TSF K, stage 1 construction has been completed and the facility has been commissioned. Design of stage 2 of TSF K has been completed and the permitting process commenced.

***Upgrading the Wiluna Camp village***

A total of 60 additional rooms have been installed and commissioned in the Wiluna Mine Village in addition to refurbishment of approximately 20 existing rooms in readiness for the construction of the new concentrator and ramp up in underground activities.

***Approvals***

All Approvals required to maintain the Stage 1 development schedule are in place.

***Sales/Off take agreements***

The Company has secured Sales offtake agreements on competitive terms for 100% of its expected gold in concentrate for the first three years of operation with reputable international companies. Up to 70% of concentrate will be sold to LSX listed Polymetal Group and 30% to International trading group Trafigura (see ASX announcements 2 March 2020 for Trafigura and 31 March for the Polymetal Group). The terms of these sales agreements are confidential but are along the following terms.

- Wiluna Mining to produce a 50-80 g/t concentrate.
- Gold payables including treatment costs and transport is approximately 80% of the gold spot price.
- The Company can still hedge their gold production through their current facility with Mercuria.





Figure 2- Photos of various Infrastructure updates

## **2. Drilling and Resource Development**

Drilling and resource development have progressed significantly with the completion of 45,100 metres of additional drilling up to 30 June 2020 and the release of an updated Mineral Resource Statement (see ASX announcement on 30 September 2020). The focus on the drilling has been to increase the level of confidence in the Mineral Resource at the Wiluna Mining Centre towards updating the Reserves and increasing the strength of the mining plan. In the Mineral Resource statement the overall Mineral Resource ranged from 143Mt @ 1.6 g/t for 7.3 Moz to 71 Mt @ 2.2 g/t for 5.0Moz depending on the cut-off grades and the Mineral Resource of the Wiluna Mining Centre alone using a 1 g/t cut-off increased to 53.0Mt @ 3 g/t for 5.10 Moz.

For the sulphide development plan the most relevant number is using a 2.5 g/t cut-off at the Wiluna Mining Centre, the Mineral Resource is 23.9Mt @ 4.89 g/t for 3.76Moz. Mineral Resource updates will continue to follow as drilling of the large Wiluna gold system continues. A further Mineral Resource Statement and interim Reserves statement supporting the sulphide development and its funding will be released early in the new year. The Company continues its aggressive drilling program with FY 2021 drilling expenditure expected to be approximately \$30 million.

Additionally, the true scale and potential of the Wiluna Mining Centre is yet to be understood. What we know is that the system extends over at least 3.5km of strike with deepest workings to 1,000m and deepest drilling to only 1,200m. The main mineralisation is not closed off along strike or down dip and the gold endowment of cross cutting structures both within the main mineralisation and peripheral to it has been insufficiently assessed. The potential for both high grade lode structures as previously interpreted and exploited or wider shear zones potentially lending themselves to bulk mining methods has yet to be fully tested.

A significant Mineral Resource development drilling program is underway to fully scope out the depth, scale and optimal mine plan to best exploit the mine. Whilst the immediate drilling focus is to confirm Reserves within the immediate mining areas to support a 3-5 year production window this will be complemented by a broader drill plan to define the scale of the operations and inform long term optimisation studies.

## **3. Reserve and Mine Planning**

Updating mine designs and development schedules based on the new Mineral Resource models has commenced and will culminate in the release of an Ore Reserve update and mine plan in January 2021. The 2020 drilling program from June to September, which was not included in the September Mineral Resource update, will be incorporated into the planned January 2021 Resource and Reserve update.

Detailed mine design and scheduling of the Wiluna Mining Centre in support of the first stage sulphide plant construction has been completed based on the updated ore resource model and will be finalised before the end of the year. Development will focus initially in the first 600 vertical metres in the Bulletin, Happy Jack, and Essex areas. These areas are dewatered and close to existing development leading to low cost, low risk and rapid ramp up in production. Production from these readily available areas will underpin the staged sulphide development and provide early access to future production areas as the ongoing resource drilling programme confirms and converts Inferred Mineral Resource to Indicated Mineral Resource category.

## **4. Feasibility Studies**

With the success of the 2020 resource drilling program and resulting Mineral Resource announcement (see ASX announcement 30 September, 2020) the Company is confident that sufficient Reserves will be delineated in the planned January 2021 Mineral Resource and Reserve update to support and conclude the Sulphide Feasibility Study in 2021. Various supporting studies have commenced including;

- Comminution options assessment
- Scoping level plant design and cost
- Stoping methods option studies to determine preferred methods for the range of mineralisation widths and orientations across the 3.5km strike length of the system
- Paste fill plant design and reticulation options
- Metallurgical optimisation for expanded plant design

- Surface hydrology design for Phase 2 layout

The Stage 2 Sulphide Development Feasibility Study will be completed in the last quarter of 2021 with the scale of the expansion based on the Mineral Resource models to be announced in January 2021.

## **5. Long Term Planning and Life of Mine Infrastructure**

The staged sulphide development plan is an important steppingstone to embark on the re-development of Wiluna and to provide the Company with a long term stable cashflow upon which to build. It is not expected, however, to be the end of the re-development story. Given the expected long mine life and scalability of the underground development and potential for future concurrent underground and open pit mining feeding parallel sulphide and free milling processing routes, the long term, life of mine development requires early planning to maximise value and minimise lost opportunities.

The Company has identified a number of value adding opportunities to access in parallel to the development of the sulphide processing plant. The option studies have the potential to add long term value to the business as well as to facilitate the long term, environmentally responsible development. Some key studies include;

- Renewable power generation replacing or augmenting gas power as site power demands increase
- Tailings reprocessing and disposal underground to reduce both existing and future tailings footprints
- Bulk mining options (surface and/or underground) to reduce operating costs and cut off grades
- Power efficiency studies to reduce total site power demand
- Concurrent sulphide, free milling and tailings re-treatment to increase gold production and cash flow and reduce fixed costs on a unit cost basis (reduce cut-off grade)

Milan Jerkovic, Wiluna Mining's Executive Chair commented:

*"I'm pleased to report that significant progress has occurred surrounding the sulphide development plan. A significant hurdle was met when the Board of Directors approved the construction of the concentrator and the appointment of GR Engineering to undertake the EPC contract for construction. The timetable is confirmed and the capital requirements for Stage 1 will be fully funded with the expected draw down of the Mercuria second tranche debt facility and work will commence immediately with commissioning planned for September 2021.*

*The challenge now is to deliver on Stage 1 and scope out the optimum size for Stage 2 given the considerable size of the Wiluna orebody. This will take shape in the Feasibility Study which is currently being undertaken. We are now exactly halfway through our 24 months strategy to turn the Company around, deliver real value to our shareholders and maximise the true potential of the Wiluna Mining Complex. We are delivering on our promises and we plan to execute with precision. The sheer size of Wiluna, which is now the 7<sup>th</sup> largest gold district under single ownership in Australia, based on JORC Mineral Resources, throws up challenges but nothing worthwhile comes easy and we believe the prize for shareholders of developing this project in a systematic, thorough and staged manner to become a Tier 1 asset in a Tier 1 jurisdiction will be worth it".*

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

For further information on Wiluna Mining please contact:

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*Wiluna Mining confirms that it is not aware of any new data or information that materially affects the Mineral Resource estimates and that all material assumptions and technical parameters underpinning the estimates in the respective ASX announcements continue to apply and have not materially changed. Wiluna Mining confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.*



Wiluna Mining Corporation Mineral Resource Summary												
Mining Centre	TOTAL MINERAL RESOURCES											
	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Wiluna	-	-	-	18.31	3.61	2,125	34.67	2.67	2,979	52.98	3.00	5,104
Matilda	-	-	-	3.51	1.51	170	1.41	2.43	110	4.93	1.77	281
Lake Way	1.93	1.28	80	0.94	1.61	48	3.53	1.19	135	6.40	1.28	263
Galaxy	-	-	-	0.13	3.08	12	0.16	2.98	15	0.28	3.02	28
<b>SUB TOTAL</b>	<b>1.93</b>	<b>1.28</b>	<b>80</b>	<b>22.89</b>	<b>3.20</b>	<b>2,356</b>	<b>39.77</b>	<b>2.53</b>	<b>3,240</b>	<b>64.59</b>	<b>2.73</b>	<b>5,676</b>
TAILINGS AND STOCKPILES												
Tailings	-	-	-	33.16	0.57	611	-	-	-	33.16	0.57	611
Stockpiles	0.51	0.9	15	2.16	0.51	35	-	-	-	2.67	0.58	50
<b>SUB TOTAL</b>	<b>0.51</b>	<b>0.89</b>	<b>15</b>	<b>35.32</b>	<b>0.57</b>	<b>646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.83</b>	<b>0.57</b>	<b>661</b>
<b>GLOBAL TOTAL</b>	<b>2.44</b>	<b>1.20</b>	<b>94</b>	<b>58.20</b>	<b>1.60</b>	<b>3,002</b>	<b>39.77</b>	<b>2.53</b>	<b>3,240</b>	<b>100.42</b>	<b>1.96</b>	<b>6,337</b>

Wiluna Mining Corporation Mineral Resource Summary												
Reporting Cut-Off	TOTAL MINERAL RESOURCES (WILUNA DEPOSITS ONLY)											
	Measured			Indicated			Inferred			Total 100%		
g/t Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
<b>0.4</b>	-	-	-	32.41	2.33	2,428	63.19	1.79	3,631	95.59	1.97	6,058
<b>1.0</b>	-	-	-	18.31	3.61	2,125	34.67	2.67	2,979	52.98	3.00	5,104
<b>2.5</b>	-	-	-	10.23	5.25	1,727	13.69	4.62	2,033	23.93	4.89	3,760

**Table 3: Mineral Resources as at 30 June 2020.**

(see ASX announcement on 30 September 2020)

Notes Table 1:

1. Mineral Resources are reported inclusive of Ore Reserves.
2. Tonnes are reported as million tonnes (Mt) and rounded to the nearest 10,000; Au ounces are reported as thousands rounded to the nearest 1,000.
3. Data is rounded to reflect appropriate precision in the estimate which may result in apparent summation differences between tonnes, grade, and contained metal content.
4. Wiluna Mineral Resource includes deposits within the Wiluna Mining Centre and the Regent deposit and are reported at a 1g/t Au cut-off.
5. Matilda Mineral Resource is a summation of 8 separate Matilda deposits each reported at 0.4g/t Au cut-off within an A\$2,900/oz shell and at 2.5g/t below the pit shell, and the shallow Coles Find deposit which has been reported at a 0.4g/t Au cut-off.
6. Lake Way Mineral Resource includes the Carrol, Prior, Williamson South deposits, and the operating Williamson deposit. Each deposit has been reported at 0.4g/t Au cut-off within an A\$2,900/oz shell and at 2.5g/t below the pit shell.
7. Tailings Mineral Resource includes material in Dam C, Dam H, and backfilled pits at Adelaide, Golden Age, Moonlight, and Squib.
8. Competent Persons: Graham de la Mare, Marcus Osiejak

**Competent Persons Statement**

*The information in the report to which this statement is attached that relates to Mineral Resources for the Wiluna, Lake Way and Regent Mining Centres is based on information compiled or reviewed by Mr Graham de la Mare, a Competent Person who is a Fellow of the Australian Institute of Geoscientists. Graham de la Mare is a full-time employee of Wiluna Mining Corporation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Results, Mineral Resources and Ore Reserves'. Graham de la Mare consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.*

*The information in the report to which this statement is attached that relates to Mineral Resources for the Matilda, Galaxy and WilTails Mining Centres is based on information compiled or reviewed by Mr Marcus Osiejak, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Marcus Osiejak is a full-time employee of Wiluna Mining Corporation and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Results, Mineral Resources and Ore Reserves'. Marcus Osiejak consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.*