

ASX Announcement

1 May 2023
ASX: WMC



QUARTERLY ACTIVITIES REPORT- MARCH 2023

Wiluna Mining Corporation Limited (Administrators Appointed) (“Wiluna”, “WMC” or the “Company”) (ASX:WMC) provides the following update on the Company and its activities.

OPERATIONS

- Ramping up of reprocessing of tailings from the Company’s Western Cell tailings storage facility began in March, with 99,910T processed and 1,424oz of Au produced as at end of the quarter.
- Test work on the economics of processing the dump leach stockpile was undertaken during the period with positive results achieved.
- Processing of low-grade stockpiles continued during the quarter up to mid-February with a total of 211,199T processed for 4,785oz of Au during the current quarter.
- Total gold production for the quarter of 6,209oz.
- Dewatering systems and access to key areas underground continue to be maintained during care and maintenance to facilitate the restart of future operations.

FINANCIAL

- Increase of A\$13.1M in cash on hand during the quarter to A\$14.6M at 31 March 2023 (31 December 2022: A\$1.5M).
- Total gold bullion sales for the quarter were 5,364oz of Au at an average price of A\$2,745/oz (Dec qtr 642oz at an average price of A\$2,598/oz) and gold in concentrate sales of 11,242oz (gross) for revenue of A\$24.5M (December qtr 22,096oz (gross) for revenue of A\$46.5M).

CORPORATE

- The Company was placed in Voluntary Administration on 20 July 2022 with Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis of FTI Consulting appointed as joint and several voluntary administrators of the Company and its subsidiaries (“Administrators”).
- During the March quarter the Administrators were granted court approval to further extend the convening period of the second meeting of creditors to 30 June 2023.

OPERATIONS

TAILINGS RETREATMENT PROJECT

In February 2023 the Company received approval from the Department of Mines, Industry Regulation and Safety (“DMIRS”) to commence the re-processing of tailings from its Western Cell Tailings Storage Facility (“TSF”). The approval from DMIRS enabled Wiluna to begin its tailings re-treatment project by way of reclamation and reprocessing of low-grade ore from tailings from the Western Cell TSF using the Company’s existing plant. The tailings reprocessing began in March 2023. The existing processing plant is expected to be capable of operating at a rate of 1.8MT per annum, with the Western Cell TSF providing approximately 12-18 months of ore feed. During the March month, which included ramp-up, 99,910T of tails was processed producing 1,424oz of Au.

Under the DMIRS approved plan, Wiluna intends to reclaim approximately 2.3M tonnes of ore at a reported grade of 0.62 g/t from its historic Western Cell TSF. This parcel of tailings material forms a part of the current reported tailings reserve of 29.61 Mt at 0.56 g/t. The existing processing plant is being used to re-process the tails to produce gold dore. The reclamation operation is being undertaken using the Company’s existing conventional mining fleet comprising of a 50T excavator and 40T articulated trucks. The dry tailings are trucked to the mill feed stockpiles and then fed into the mill by a WA500 loader where they are re-pulped and pumped to the carbon in pulp circuit.

During April 2023, work commenced to complete the Wiltails processing unit which was approximately 85% complete when the Company entered in Voluntary Administration in July 2022, whereupon development was halted. Following the successful trials on processing the dump leach materials through the existing processing plant, it has been decided to invest approximately A\$1.65M to complete the Wiltails processing unit during the June 2023 quarter. The completed Wiltails processing unit will enable a dual feed of both tails through the processing plant and dump leach ore stockpile through the crushing circuit, increasing throughput to 300T per hour.

In addition, \$1.5m is being spent on necessary maintenance including crusher refurbishment, tank reskin, mill relines and completion of a TSF wall to allow for additional tailings storage.

LOW GRADE STOCKPILE PROCESSING

Processing of low-grade ore stockpiles was undertaken during January and February, whilst the Company awaited DMIRS approval to commence the re-processing of tailings. During the quarter, the Company processed a total 211,199T of low-grade ore producing 4,785oz of Au.

GOLD CONCENTRATE

The underground mining operations and gold in concentrate production was ceased in December 2022. The underground mine has been placed on care and maintenance including maintaining dewatering systems and access to key underground areas to facilitate a future restart of operations.

The remaining stockpiles of gold in concentrate on site were shipped and sold during the March quarter for total gross revenue of A\$24.5M

PRODUCTION

As previously mentioned, mining operations were suspended in December 2022. A summary of the production results for the current and previous quarter is set out below.

	Mar 2023 Qtr	Dec 2022 Qtr	Sep 2022 Qtr
Gold mined (oz)	N/A	22,953	24,017
Gold produced (oz)	6,209	22,603	21,823
Tonnes mined	N/A	176,154	186,181
Head grade mined (g/t)	N/A	4.05	4.01
Tonnes processed	311,109	199,868	196,954
Grade processed (g/t)	0.94	3.71	3.94

Underground	Unit	Mar 2022 Qtr	Dec 2022 Qtr	Sep 2022 Qtr
Development metres	m	Nil	299	1,434
Rehabilitation metres	m	Nil	-	79
Production metres	m	Nil	40,284	35,062
Ore tonnes mined	T	Nil	176,154	186,181
Ore grade mined	g/t	Nil	4.05	4.01
Processing				
Free milling - Ore tonnes processed	T	211,199	17,521	Nil
Free milling - Ore grade processed	g/t	0.95	1.64	Nil
Sulphide - Ore tonnes processed	T	Nil	182,347	196,954
Sulphide - Ore grade processed	g/t	Nil	3.91	3.94
Tails – Ore Tonnes processed	T	99,910	Nil	Nil
Tails – Ore grade processed	g/t	0.92	Nil	Nil
Total - Ore tonnes processed	T	311,109	199,868	196,954
Total ore grade processed	g/t	0.94	3.71	3.94
Total gold produced	oz	6,209	20,603	21,823

EXPLORATION AND RESOURCE DRILLING

Following the appointment of the Administrators in July 2022, all exploration and resource drilling activities have been suspended.

CORPORATE

VOLUNTARY ADMINISTRATION

On 20 July 2022, the Directors of Wiluna Mining Corporation Limited and its subsidiaries listed in Annexure A resolved to appoint Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis of FTI Consulting as joint and several voluntary administrators.

As advised in the ASX announcement dated 16 December 2022, the Administrators engaged in a dual track sale and recapitalisation process with a view to maximise value of Wiluna and ancillary assets for all stakeholders. Several non-binding indicative offers for the sale and/or recapitalisation of Wiluna were received and assessed, however none were considered to be in the commercial interests of creditors. As a result, the Administrators have suspended the sale process.

During the March quarter, pursuant to section 439A (6) of the *Corporations Act 2001* (Cth), the Administrators were granted court approval to further extend the convening period of the second meeting of creditors to 30 June 2023

("Meeting"). The Administrators requested the further extension to enable the completion of additional studies which have been commissioned to advance the Administrators' efforts to recapitalise or sell the Companies.

The Administrators will issue a further notice to all creditors advising the exact time, date and place for the Meeting providing creditors at least five (5) business days' notice. The notice for the Meeting will include the Administrators detailed report into the affairs of the Companies including the Companies' business, property, affairs and financial circumstances and the administrators' opinion on the options available to creditors going forward.

Information will be released to the ASX website (www.asx.com.au), the Wiluna Mining website (<https://wilunamining.com.au/>) and uploaded to the FTI Consulting website (www.fticonsulting.com).

FINANCIAL

Cash on hand as at 31 March 2023 increased by A\$13.1M from A\$1.5M to A\$14.6M. During the quarter, principal repayments of US\$1M (approximately A\$1.5M) were made on the secured lender's debt facility along with ongoing interest repayments. The total debt owing to the secured lender as at 31 March 2023 is US\$35.8M (approximately A\$53.6M).

Gold bullion sales, along with the sale of the remaining stockpiles of gold in concentrate continued during the March quarter, with gross revenue of A\$39.3M during the March quarter (including deferred concentrate receivables). The remainder gold in concentrate stockpiles were sold during the current quarter, with ongoing cashflows to be generated through gold bullion sales from the tails reprocessing operation.

QUARTERLY CASH FLOW SUMMARY

	Mar 2023 Qtr \$'000	Dec 2022 Qtr \$'000	Sep 2022 Qtr \$'000
Cash flows from operating activities			
Proceeds from gold and silver sales	46,513	44,148	15,447
Payments to suppliers and employees	(29,350)	(42,074)	(14,718)
Payments for mine properties written off ¹	-	-	(10,730)
Interest paid	(2,508)	(1,714)	(3,631)
Gain on close out of gold hedges	-	-	3,212
Net cash from operating activities	14,655	359	(10,420)
Cash flows from investing activities			
Purchase of plant and equipment	-	(10)	(215)
Payments for exploration and evaluation	-	-	(954)
Net cash used in investing activities	-	(10)	(1,69)
Cash flows from financing activities			
Payment of share issue costs	-	-	(77)
Repayment of loans	(1,507)	-	(3,212)
Repayment of right of use lease liabilities	(402)	(523)	(274)
Other	(23)	-	(60)
Net cash from financing activities	(1,931)	(523)	(3,623)
Net decrease in cash held	12,724	(173)	(15,212)
Cash and cash equivalents at the beginning of the period	1,473	2,168	17,217
Foreign exchange gain/(loss)	434	(522)	163
Cash and cash equivalents at the end of the period	14,630	1,473	2,168

Note 1. Cashflows of A\$10.7M for payments for mine properties written off relate to pre-20 July 2022 pre-production expenditure. These amounts have been written off and classified to operating activities as there is insufficient basis to reasonably expect the amounts to be recoverable.

For further information on Wiluna Mining please contact:

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The release of this announcement has been approved by the Administrators*

*Michael Ryan, Kathryn Warwick, Daniel Woodhouse and Ian Francis, all Senior Managing Directors of FTI Consulting, were appointed as Administrators on 20 July 2022.

Annexure A - Wiluna Mining Group – Entities over which the Administrators are appointed

Company	ACN
Wiluna Mining Corporation Limited	119 887 606
Wiluna Operations Pty Ltd	166 954 525
Wiluna Gold Pty Ltd	153 919 549
Kimba Resources Pty Ltd	106 123 951
Zanthus Energy Pty Ltd	129 728 374
Lignite Pty Ltd	128 111 204
Scaddan Energy Pty Ltd	128 388 634

ANNEXURE B - MINERAL RESOURCES AND ORE RESERVES

MINERAL RESOURCE STATEMENT

Table 1: Mineral Resource Statement (ASX Announcement 17 November 2021)

WILUNA MINING CORPORATION LIMITED RESOURCE SUMMARY AT 30 JUNE 2021												
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	0.26	1.66	14.00	18.90	4.46	2,715.00	16.80	3.30	1,784.00	36.00	3.90	4,514.00
Matilda	0.03	2.18	2.00	1.24	1.72	68.00	0.88	2.71	76.00	2.14	2.13	147.00
Lake Way	0.27	1.73	15.00	0.68	2.27	50.00	2.11	1.56	106.00	3.06	1.74	171.00
Galaxy	0.01	1.87	1.00	0.03	2.24	2.00	0.11	3.35	12.00	0.15	3.02	15.00
Sub Total	0.57	1.73	32.00	20.85	4.22	2,835.00	19.90	10.92	1,978.00	41.35	10.79	4,846.00
Tailings and Stockpiles												
Tailings	-	-	-	33.20	0.57	6.11	-	-	-	33.20	0.57	611.00
Stockpiles	0.86	0.92	25.00	3.03	0.50	49.00	-	-	-	3.89	0.59	74.00
Sub total	0.86	0.92	25.00	36.20	0.57	660.00	-	-	-	37.10	0.58	685.00
Global Total	1.43	1.24	57.00	57.10	1.91	3,495.00	19.90	10.92	1,978.00	78.40	2.19	5,531.00

Notes to Table 1:

1. Tonnes are reported as million tonnes (Mt) and rounded to three significant figures; gold (Au) ounces are reported as thousands rounded to the nearest 1,000.
2. Data is rounded to reflect appropriate precision in the estimate which may result in apparent summation differences between tonnes, grade, and contained metal content.
3. Mineral Resource at each Mining Centre in (Table 1 only) reported at cut-offs related to material type inside A\$2,750 optimised pit shells (> 0.35 g/t for oxide and transitional material, and >0.70 g/t for fresh rock), and >2.3 g/t below the pit shells.

ORE RESERVE STATEMENT

Table 2: Ore Reserve Statement (ASX Announcement 12 April 2022)

WILUNA MINING CORPORATION ORE RESERVE SUMMARY AT 30 JUNE 2021									
MINING CENTRE	Proved			Probable			Total		
	Mt	g/t AU	Koz	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Wiluna ³	0.20	1.80	11.80	6.58	4.09	865.20	6.78	4.02	876.90
Stockpiles	0.37	0.98	11.80	-	-	-	0.37	0.98	11.80
Wiltails ⁴	-	-	-	29.61	0.56	535.60	29.61	0.56	535.60
Total	0.58	1.27	23.60	36.19	1.20	1,400.70	36.76	1.20	1,424.30

Explanatory Notes:

- ¹ The reported Mineral Resources are inclusive of the Ore Reserves.
- ² Tonnes are reported as million tonnes (Mt) and rounded to the nearest 10,000; grade reported in grams per tonne (g/t) to the nearest hundredth gold (Au) ounces are reported as thousands rounded to the nearest 100.
- ³ Wiluna Reserves includes mining from open pit and underground deposits.

⁴ Wiltails Ore Reserve includes reclaimed tailings material in Dam C, Dam H, TSF West and backfilled pits at Adelaide, Golden Age, Moonlight, and Squib.

The information in this announcement that relates to Mineral Resources of the Company has been extracted from the ASX release by the Company entitled “Mineral Resource Update” dated 17 November 2021 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at <https://wilunamining.com.au/>) (“Mineral Resource Announcement”). The information in this announcement that relates to Ore Reserves of the Company has been extracted from the ASX release by the Company entitled “Ore Reserves Update and Feasibility Progress Report” dated 12 April 2022 available on the ASX website (at www.asx.com.au) and the Wiluna Mining website (at <https://wilunamining.com.au/>) (“Ore Reserve Announcement”). Together, the Mineral Resource Announcement and the Ore Reserve Announcement are the “Announcements”.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements and that all material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the Announcements continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the Announcements.