

ASX Announcement



23 May 2022
ASX: WMC

Capital Raising Notification

HIGHLIGHTS

- **Non-Renounceable Entitlement Issue of one (1) new share for every one (1) share held at a price of \$0.40 per share to raise up to \$84.5 million, with a minimum of \$50.0 million**
- **Subscribers will receive one (1) New Option for every one (1) New Share subscribed for and issued, exercisable at \$0.60 and expiring on 31 December 2024. An application will be made for quotation of New Options subject to ASX listing requirements**
- **Approximately \$36.3 million of the \$50 million minimum raise amount already committed to support any shortfall**
- **Operational turn around well advanced; Underground Mining improving with mining grades increasing; May is averaging 4.20 g/t mined compared with 3.03 g/t in April**
- **Material operating costs savings have been implemented from the middle of May '22; that will be affective to the bottom line commencing from June 2022**
- **Stage 1 concentrator ramping up to expectations and targeting full production run rate of 110-120kozpa by end of CY2022.**
- **Capital raising documentation is currently being progressed and further details, including use of funds and timetable, will be provided in due course following lodgement of a prospectus with ASIC and ASX.**

Wiluna Mining Corporation Limited (“Wiluna Mining” or “Company”) announces that further to the operational and corporate update dated 16 May 2022, it has progressed its capital raising plans which it is pleased to now share with shareholders.

Milan Jerkovic, Executive Chair of Wiluna said:

“As announced to ASX on 16 May, the Company has unfortunately experienced a combination of adverse factors which have made it necessary to raise additional funds prior to achieving the targeted commercial production run rate for Stage 1. These have included ramp up delays caused by COVID-19, and skilled labour shortages, inflationary cost pressures, the war in the Ukraine, shipping delays of key equipment and delays to concentrate sales.

The Board of Wiluna believe that once we have raised the minimum amount of \$50.0 million in this capital raising, the Company can continue to progress towards its targeted full production run rate from the Stage 1 concentrator of 110-120kozpa by end of CY2022.”

Entitlement Issue

The Company is seeking to raise a minimum of \$50.0 million and a maximum of \$84.5 million via a Non-Renounceable Entitlement Issue based on one (1) new share for every one (1) share held by eligible shareholders on the record date (“Entitlement Issue” or “Offer”) at an issue price of \$0.40 per share.

Approximately \$36.3 million of the \$50 million minimum has been committed from the following:

- Wiluna’s underground contractor, Byrnegut, has agreed to convert \$13.4 million of receivables from the Company into any Shortfall of the Offer
- Additional conversion of \$3.4 million from other creditors into any Shortfall of the Offer
- Currently firm commitments to place Shortfall of the Offer of at least \$15 million
- Full commitment from Executive Chair, Milan Jerkovic to take up his rights

The Issue Price of \$0.40 per Share represents a discount of to the following closing prices prior to the trading halt:

- 29.2% to the last price of \$0.565;
- 42.4% discount to the 10-day volume weighted average price of \$0.695; and
- 46.3% discount to the 30-day volume weighted average price of \$0.745.

Subscribers under the Offer will also be issued with one (1) New Option for every one (1) New Share subscribed for and issued, exercisable at \$0.60 and expiring on 31 December 2024 (**New Options**). Following the issue of the New Options to Shareholders, the Company will apply to ASX to have the New Options listed, subject to compliance with the ASX Listing Rules.

The sources and uses of funds for the Offer, the timetable and other information will be announced in coming days via the Prospectus which will be lodged with ASIC and released on ASX.

Key Terms of the Entitlement Issue

Key terms of the Entitlement Issue are set out in the following table.

Nature of Offer	Non-Renounceable Entitlement Issue of New Shares
New Share issue price	\$0.40 per New Share
Offer ratio	One (1) New Share for every one (1) existing share held on the Record Date
Number of New Shares to be issued	Up to 211,314,945 New Shares
Options	Subscribers will receive one (1) New Option for every one (1) New Share subscribed for and issued, exercisable at \$0.60 and expiring on 31 December 2024, expected to be listed
Minimum Amount to be raised	\$50.0 million
Maximum Amount to be raised	Up to approximately \$84.5 million

Eligible Shareholders

Shareholders with registered addresses inside Australia, New Zealand, United Kingdom, Germany, Switzerland, Luxembourg, but only to the extent that such persons are an investor as defined in Rule 501 (a)(1), (2), (3) or (7) under the Securities Act of 1933 (US accredited investors) who hold ordinary shares in the Company (“Existing Shares”) on the Record Date (“Eligible Shareholders”) will be entitled to participate in the Offer.

Additional New Shares Offer and Shortfall Offer

Eligible Shareholders may, in addition to their Entitlement, will be able to apply for additional new shares regardless of the size of their present holding (**Additional New Shares Offer**).

Any New Shares not that are not taken up under the Entitlement Offer or the Additional New Shares Offer by the closing date will become Shortfall Shares.

The issue and allotment of Shortfall Shares (if any) is at the discretion of the Directors. The Company retains the flexibility to scale back applications for Shortfall Shares at its discretion and based on several factors. However, the Company will not place any Shortfall Shares to a person to the extent that such issue would (based on the current substantial shareholder notices lodged with the ASX) cause a person (or any associate of that person) to contravene section 606 of the Corporations Act.

Creditor Conversion

The Company is exploring debt for equity conversion in any shortfall with certain creditors, and so far positive discussions have been held to date, including with Wiluna’s underground contractor, Byrnegut, who have agreed to convert their outstanding creditor balance of \$13.4m into the Shortfall Offer, along with another \$3.4 million from other creditors, for circa \$16.8 million.

Capital structure on completion of the Entitlement Issue

The exact number of New Shares and New Options to be issued may vary and will be dependent on the number of Shares subscribed for pursuant to the Entitlement, additional New Shares and Shortfall offers and take up.

The following table shows the proposed capital structure of the Company on completion of the Entitlement Issue:

Shares

	Minimum Subscription	Full Subscription
Shares currently on issue	211,314,945	211,314,945
Shares to be issued pursuant to the Offer ⁽¹⁾	125,000,000	211,314,945
Total Shares on completion of the Offer	336,314,945	422,629,890

Notes

(1) Assuming no Options are exercised prior to the Record Date.

Options

	Minimum Subscription	Full Subscription
Options currently on issue ⁽¹⁾	3,633,809	3,633,809
Options to be issued pursuant to the Offer ⁽¹⁾	135,000,000	221,314,945
Total Options on completion of the Offer	138,633,809	224,948,754

Notes

- (1) The number, exercise price and expiry date of the Options on issue as at the date of this announcement are set out in the table above. Includes 10,000,000 broker options on the same terms as the options pursuant to the Offers.
- (2) Assuming no Options are exercised prior to the Record Date.

Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Entitlement Issue.

Details of all Options on issue at the date of this announcement

Options	Number
Options Currently on issue:	
– Unlisted Options exercisable at \$8.00 each and expiring on 13 February 2024.	720,000
– Unlisted zero-priced Options expiring on 30 June 2024.	680,482
– Unlisted zero-priced Options expiring on 30 June 2023.	593,676
– Unlisted zero-priced Options expiring on 30 June 2025.	1,639,651
Total Options on issue	3,633,809

Additional information

The New Shares, once issued, will rank equally with the Company's existing shares on issue.

The rights and obligations attached to shares in the Company are set out in Wiluna Mining's Constitution which may be examined free of charge by appointment between 9.00am and 5.00pm on normal business days at the registered office of the Company at Level 3, 1 Altona Street, Western Australia 6005 and in certain circumstances, regulated by the Act, the ASX Listing Rules and the general law.

Lazarus Corporate Finance Pty Ltd (**Lazarus**) has been appointed as Broker to the Offer.

Foreign shareholders

Shareholders with registered addresses outside of Australia, New Zealand, United Kingdom, Germany, Switzerland, and Luxembourg (and US shareholders other than Accredited US Investors) are not eligible to participate in the Entitlement Issue ("Ineligible Shareholders").

Register for electronic access to Offer documents

The Company recommends that Shareholders register with the Company's share registry Link Market Services to receive Company notices and documentation relating to the Offer electronically.

Shareholders wanting to update their communication preferences should log in to the investor centre on the following link <https://investorcentre.linkmarketservices.com.au/Login/Login>

Shareholders are advised that for communication preferences to be changed for the purposes of the Offer this will need to be completed on or before the Record Date.

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

For further information on Wiluna Mining or the Entitlement Offer please contact:

Company

Jim Malone

jmalone@wilunamining.com.au

Brokers to the issue

Lazarus Corporate Finance Pty Ltd

Andrew Frazer

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Wiluna Mining Corporation Limited is an ASX Listed gold mining company that controls over 1,600 square kilometres of the Yilgarn Region in the Northern Goldfields of Western Australia.

The Yilgarn Region is one of most prolific gold regions in the world. The Company owns 100% of the Wiluna Gold Operation which is the 8th largest gold district in Australia under single ownership based on overall JORC Mineral Resource.

BOARD OF DIRECTORS

Milan Jerkovic – *Executive Chair*

Rowan Johnston – *Non-Executive Director*

Hansjorg Plaggemars – *Non-Executive Director*

Colin Jones- *Non-Executive Director*

CORPORATE INFORMATION

211.3 M Ordinary Shares

3.6M Unquoted Options/ZEPO's

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MINERAL RESOURCES AND ORE RESERVES

Mineral Resource Estimate

Table 1 Mineral Resource Estimate (ASX Announcement 17 November 2021)

Wiluna 2021												
Wiluna Mining Corporation Mineral Resource Summary at 30 June 2021												
Mining Centre	TOTAL MINERAL RESOURCES									Total 100%		
	Measured			Indicated			Inferred			Mt	g/t Au	Koz 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
Wiluna	0.26	1.66	14	18.9	4.46	2,715	16.8	3.30	1,784	36.0	3.90	4,514
Matilda	0.03	2.18	2	1.24	1.72	68	0.88	2.71	76	2.14	2.13	147
Lake Way	0.27	1.73	15	0.68	2.27	50	2.11	1.56	106	3.06	1.74	171
Galaxy	0.01	1.87	1	0.03	2.24	2	0.11	3.35	12	0.15	3.02	15
SUB TOTAL	0.57	1.73	32	20.9	4.22	2,836	19.9	3.09	1,978	41.3	3.65	4,846
TAILINGS AND STOCKPILES												
Tailings	-	-	-	33.2	0.57	611	-	-	-	33.2	0.57	611
Stockpiles	0.86	0.92	25	3.03	0.50	49	-	-	-	3.89	0.59	74
SUB TOTAL	0.86	0.92	25	36.2	0.57	660	-	-	-	37.1	0.58	685
GLOBAL TOTAL	1.43	1.24	57	57.1	1.91	3,495	19.9	3.09	1,978	78.4	2.19	5,531

Explanatory Notes:

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.

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

Wiluna Mining Corporation 2021 Ore Reserve Summary									
Mining Centre	Proved			Probable			Total		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Wiluna ³	0.20	1.80	11.8	6.58	4.09	865.2	6.78	4.02	876.9
Stockpiles	0.37	0.98	11.8	-	-	-	0.37	0.98	11.8
Wiltails ⁴	-	-	-	29.61	0.56	535.6	29.61	0.56	535.6
TOTAL	0.58	1.27	23.6	36.19	1.20	1400.7	36.76	1.20	1424.3

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

Competent Persons Statements

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled or reviewed by Mr Kane Hutchinson, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Kane Hutchinson is a fulltime 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'. Kane Hutchinson 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 Surface Ore Reserves for the Wiluna Mining Centres, as well as surface stockpiles and tailings retreatment (Wiltails project) is based on information compiled or reviewed by Mr Anand Krishnamurthy, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM Member No. 314741). Anand is a full-time employee of Wiluna Mining Company 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'. Anand 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 Underground Ore Reserves for the Wiluna Mining Centres is based on information compiled or reviewed by Mr Nigel Bennett, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM Member No. 320995). Nigel is a full-time employee of Mining Consultancy, Mining Plus Pty Ltd 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'. Nigel consents to the inclusion in this announcement of statements based on this information in the form and context in which it appears.