



ASX and Media Release

Proactive Q&A Session with Bob Duffin

WPG Resources Ltd (ASX:WPG, WPGO) is pleased to advise that Executive Chairman Bob Duffin has completed a question and answer session with Proactive Investors.

The full question and answer session is attached.

It is also available on the Company's website, or can be viewed by typing the following link into your web browser:

<http://www.proactiveinvestors.com.au/companies/news/69750/wpg-resources-ltds-bob-duffin-talks-gold-production-in-proactive-qa-sessions-69750.html>

Further Information

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WPG Resources Ltd

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WPG Resources Ltd's Bob Duffin talks gold production in Proactive Q&A Sessions™



WPG's Chairman, Bob Duffin and Chairman of WPG's Joint Venture partner Diversified Minerals Pty Ltd Paul Rouse examining the first gold bar produced by the CJV at Challenger mine in South Australia

WPG Resources Ltd (ASX:WPG) is Australia's newest gold producer, following the first pour at the Challenger joint venture in South Australia just five weeks ago.

WPG has a history of delivering value and in 2011 sold its iron ore assets in South Australia to OneSteel Ltd for \$320 million, representing an investment return of 400%.

To tell us more, we are joined exclusively by Bob Duffin, Executive Chairman, in Proactive Q&A Sessions™.

PROACTIVE INVESTORS: Welcome Bob.

Bob Duffin: Thank you. It's good to be with you again.

First of all, can you provide some initial production guidance for Challenger?

Bob Duffin: We have released an aspirational target for an annualised 50,000 ounces of gold for Challenger at the 100% level when in full production.

We will upgrade this to a more formal guidance number for this financial year after the restart ramp-up period is behind us.

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We also expect to be producing from Tarcoola at an annualised rate of 20,000 ounces per annum when this satellite pit is brought on stream in a few months' time.

How is the restart plan going?

Bob Duffin: Back in January of this year we thought the restart cost would be about \$8million at the 100% level (WPG's share \$4 million), and that it would take 6-8 weeks after the recommencement of operations before a steady state was reached.

These estimates still look to be OK.

Production recommenced in late May and the mill hit its targeted run rate of 50,000 tonnes per month within a week, by treating low grade ore stockpiles.

Underground mining recommenced a few days after the mill was recommissioned.

After a ramp-up period, the mine reached its planned production of 30,000 tonnes per month in the last week or so.

How have you funded the restart?

Bob Duffin: WPG has raised almost \$6 million from equity issues and the exercise of options over the last nine months.

In addition, there have been five sales of gold bullion since operations restarted at the end of May.

Finally, we are about to release a further \$2.6 million to the joint venture by replacing a cash backed environmental bond held by the State Government with a corporate guarantee provided by an entity related to our joint venture partner.

How does the joint venture plan to extend the Challenger mine life?

Bob Duffin: We released our ore reserve estimate for Challenger of a contained 83,400 ounces of gold on 23 June.

Challenger's reserves have been about 80,000 ounces for each of the last four years, notwithstanding production of about the same amount each year.

In other words, reserves have been replenished through exploration and mine development for the last four years, and we expect this will continue into the future.

We know there is big potential at Challenger, as it has produced over one million ounces of gold since it opened in 2002.

We will continue with a three pronged exploration program to test this potential.

Firstly, our activities underground will be directed towards replenishment of reserves consumed by mining.

Secondly, we will test other structures in the near mine environment, such as the recently identified Challenger SSW area that has returned very encouraging hits over the last two years.

And thirdly, we will begin a more regional exploration program in ground we control to identify other targets well within trucking distance of the mill.

We will also bring our 100% owned Tarcoola gold project into production in a few months' time.

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There is a lot of exploration potential at Tarcoola too, so between the Challenger mine itself, the near mine environment at Challenger, other tenements we control, and Tarcoola, we anticipate a very aggressive exploration program over the next few years.

How can the JV leverage off local infrastructure, and are there sufficient skilled workers in the area?

Bob Duffin: The Challenger mill and its associated infrastructure is the only gold treatment plant in this part of South Australia.

A number of junior miners are exploring for gold in the western part of the Gawler province (in some instances already in joint venture with us) so we are in a great position to let them embark on high risk greenfield exploration programs secure in the knowledge that they will need to engage with us to secure a toll treating solution.

When we advertised for the 75 positions available with WPG when the mine was restarted there were over 1,700 applications.

We would not anticipate any problems at all in securing skilled workers for any expansions we implement for the future.

With the price of gold in Australian dollars currently around A\$1,800 an ounce, will the JV initiate a hedging strategy for future production?

Bob Duffin: WPG is debt free and so a hedging program has not been imposed upon us by the banks.

Having said that, it may be prudent at current prices to put in place a thin cover hedging strategy, but we haven't done that yet.

We've not mentioned the Tunkillia project. What are your plans for it?

Bob Duffin: The 223 resource at Tunkillia is a large but modest grade deposit that does not outcrop.

Our strategy to date has been to explore for higher grade pods that could be developed early or alternatively to look to extend the resource tonnage at about the same grade as 223.

We have drilled two targets out of more than 40 known anomalies and came up with Tunkillia 223-style mineralisation at one of them, known as Area 51.

Other targets will be tested when funding permits.

Finally, why should an investor consider adding WPG Resources to their portfolio?

Bob Duffin: WPG should be attractive to investors for four principal reasons.

Firstly, we have a track record of delivering outstanding returns to our shareholders.

Over the company's life we have raised about \$128 million from the market, and returned twice this amount to shareholders as a distribution following the sale of our iron ore assets in 2011.

Our office and site management teams are highly competent, and as I am the company's largest shareholder my interests and shareholders' interests are in perfect alignment.

Secondly, WPG is a cashflow focussed company. We are now generating cash from our Challenger joint venture, and we will husband and invest that cash in a prudent and careful manner.

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Thirdly, we have many opportunities to extend the life of our Challenger and Tarcoola projects through targeted exploration, which we have already commenced.

At this time our share price is well below our peers on most valuation methods, including for the current mine planning, so a great buying opportunity exists.

And finally, Tunkillia represents a great option on a future higher gold price.

I don't think our current share price includes any value for Tunkillia or mine life extensions at Challenger or Tarcoola.

Gold bulls should love that!

PROACTIVE INVESTORS: Thank-you Bob.

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