



ASX and Media Release

WPG takes Challenger interest to 100% and raises equity to increase production

WPG Resources Ltd (ASX:WPG, WPGO) has agreed to acquire its joint venture partner's 50% interest in the Challenger mining and exploration joint ventures (CJVs) in South Australia, to increase its interest to 100%. The purchase price is \$9 million plus the issue of 25 million WPG options to Diversified Minerals Pty Ltd (DMPL), WPG's partner in the two CJVs. The unlisted vendor options will expire on 30 September 2018 and the exercise price is \$0.11 per option exercised. The issue of vendor options is subject to shareholder approval, and a general meeting of shareholders will be convened to seek this approval.

The Challenger gold mine was brought back into production in May 2016 after a period of temporary suspension following the retirement of the mine's previous owner in March 2016. The acquisition will double WPG's share of production. The acquisition will become effective on 1 August 2016.

WPG is in the final stages of securing approval of its environmental permit for the development of its 100% owned Tarcoola gold project near Challenger. The Tarcoola mining lease was granted in March 2016. Ore from Tarcoola will be trucked to Challenger for treatment at the mill there. The Company has previously disclosed an aspirational production target for Tarcoola of some 20,000 ounces of gold per annum when in full production which is expected to be later this calendar year.

To fund the acquisition of 50% of Challenger and to provide funding for developing Tarcoola and for general working capital purposes, WPG today announces a \$13.5 million capital raising. The equity raising comprises a \$7.35 million Placement which has been finalised, and a \$6.12 million fully underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders.

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Placement shares are cum rights to the Entitlement Offer. New shares for both the placement and Entitlement Offer are priced at \$0.065 per share, a discount of 20% to the volume weighted average price in the 15 days immediately prior to this announcement.

The Placement was heavily oversubscribed. Veritas Securities Limited was Lead Manager for the Placement and Select Equities Pty Ltd acted as a Broker to the Issue.

The Entitlement Offer is fully underwritten by Veritas Securities Limited and sub-underwritten to the extent of \$2,990,000 by DMPL. WPG does not presently anticipate that DMPL will be called to apply for New Shares under its sub-underwriting agreement.

The record date for the Entitlement Offer is 3 August 2016. The anticipated timetable for the Entitlement Offer is set out in the table below.

Event	Date
Initial announcement of Entitlement Offer, lodgement of Appendix 3B	27 July 2016
Entitlement Offer Document lodged with ASX	27 July 2016
Despatch of Notice of Entitlement Offer to Shareholders	28 July 2016
New Shares quoted on an 'ex' entitlement basis	2 August 2016
Record Date for determining entitlement to participate in the Entitlement Offer	3 August 2016
Opening Date and Despatch of Offer Document and Entitlement and Acceptance Form	5 August 2016
Offer Closing Date	16 August 2016
New Shares quoted on a deferred settlement basis	17 August 2016
Company notifies ASX of Shortfall	19 August 2016
Allotment of New Shares, despatch of holding statements	23 August 2016
Trading on ASX of New Shares on a normal settlement basis	24 August 2016

The above dates (other than the date of the announcement of the Entitlement Offer and the date of lodgement of the Offer Document with ASX) are indicative only and may change without notice. Subject to the Listing Rules, the Company reserves the right to extend the Closing Date or close the Entitlement Offer without further notice. A change to the Closing Date may cause other dates to change.

Commenting on the acquisition, the Company's Executive Chairman Bob Duffin said that the will increase our gold production as well as gold contained in resources and reserves. The investment metrics are attractive", he said.

He also said that the transaction had other benefits. "Firstly it will avoid the need to process Tarcoola ore at Challenger under a costly toll treating arrangement. Secondly, it will double WPG's exposure to the exploration upside of the Western Gawler Craton Joint Venture".

He went on to say "Although we have acquired our joint venture partner's interest in the Challenger project, our involvement with DMPL remains on foot. DMPL is one of our larger shareholders, and PYBAR Mining Services, a company related to DMPL, is our mining contractor at Challenger. We look forward to building on these strong relationships going forward".

Only shareholders that have a registered address in Australia, New Zealand or Singapore and who are registered on the Company's share register at 7.00pm on the Record Date will be eligible to participate in the Entitlement Offer. The Company has decided that it is unreasonable to make offers under the Entitlement Offer to shareholders outside of Australia, New Zealand or Singapore, having regard to the small number of such shareholders, their holdings, and the compliance costs required to offer the new shares under the Entitlement Offer to those shareholders.

The Entitlement Offer will be made to Eligible Shareholders pursuant to an Offer Document, which will include a personalised Entitlement and Acceptance Form. The Offer Document will provide further details on how to participate in the Entitlement Offer.

The Offer Document, together with the Entitlement and Acceptance Form, will be mailed to all Eligible Shareholders on 5 August 2016.

The Entitlement and Acceptance Forms, together with payment, must be received by the Company's Share Registrar, Boardroom Pty Limited, by no later than 5.00pm (Sydney time) on 16 August 2016.

Payment for subscriptions under the Entitlement Offer can be made by BPAY® or cheque.

Any new shares not taken up by Eligible Shareholders in the Entitlement Offer will be placed by the underwriter in conjunction with the Company.

Forward looking statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning WPG's planned mining and exploration programs and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward looking statements. Although WPG believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Further Information

For further information please contact WPG's Executive Chairman, Bob Duffin on (02) 9247 3232 or Managing Director & CEO, Martin Jacobsen on (02) 9251 1044.