



# ASX and Media Release

## WPG completes acquisition of JV partner's interest in Challenger mine and exploration JVs

### Highlights

- WPG's ownership of the Challenger gold mine in South Australia has increased to 100%, effective from 1 August 2016
- WPG has also doubled its interest in the West Gawler Craton gold exploration JV in the Challenger region to approximately 34%
- The purchase price was \$9 million paid in cash and the issue to the vendor of 25 million WPG options
- The acquisition has doubled WPG's share of gold production at Challenger from 1 August 2016
- Significant operating synergies for WPG's Tarcoola and Tunkillia gold projects
- WPG retains strong relationships with DMPL and PYBAR.

WPG Resources Ltd (ASX:WPG, WPGO) is pleased to announce that it has completed the acquisition of its former joint venture partner's 50% interest in the Challenger mining and exploration joint ventures (CJVs) in South Australia, to increase its interest to 100% of the Challenger gold mine and approximately 34% of the separate West Gawler Craton gold exploration joint venture. The purchase price was \$9 million and the issue of 25 million WPG options to Diversified Minerals Pty Ltd (DMPL), WPG's former joint venture 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.

To fund the acquisition of 50% of Challenger and to provide finance for developing Tarcoola and for general working capital purposes, WPG has completed a \$13.7 million capital raising comprising a \$7.35 million Placement and a \$6.32 million underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders. In addition, a further \$0.7 million has been raised through the exercise of listed options.

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The Challenger gold mine was brought back into production in May 2016 by the former joint venture, which was managed by WPG. The acquisition of the former joint venture partner's interest, effective from 1 August 2016, has doubled WPG's share of production as well WPG's attributable share of gold contained in Challenger's resources and reserves.

Challenger is located close to WPG's existing Tarcoola and Tunkillia projects in the Gawler Craton which will provide significant operating synergies for all of WPG's assets. Production of gold at Tarcoola is anticipated to commence later this year.

The Company's Executive Chairman Bob Duffin said "The investment metrics for doubling our interest in Challenger alone are compelling. But in addition, the transaction avoids the need to process Tarcoola ore at Challenger under a costly toll treating arrangement, and it has also doubled WPG's exposure to the exploration upside potential of the Western Gawler Craton Joint Venture".

Although WPG has acquired its joint venture partner's interest in the Challenger project, DMPL remains one of WPG's larger shareholders, and PYBAR Mining Services, a company related to DMPL, is the mining contractor at Challenger. WPG looks forward to building on these strong relationships.

### **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.*