

# ASX and Media Release

## Tarcoola gold project – Updated Feasibility Study and Revised Ore Reserve Estimate

WPG Resources Ltd (ASX: WPG, WPGO) is pleased to announce the results of its updated Definitive Feasibility Study for the development of the Tarcoola gold project in South Australia, prepared on the premise that the ore will be trucked to Challenger for treatment at the CIP plant there. In addition, the Company has updated its Ore Reserve estimate for Tarcoola, prepared under these assumptions and reported in accordance with JORC (2012) guidelines.

The Feasibility Study indicates substantially enhanced economic outcomes over the original heap leach option announced to the market on 25 September 2015.

The project remains a small to medium sized open pit gold mine, but now with a much smaller footprint as there will be no leach pads or gold recovery circuit on site. The ore will be hauled to Challenger, 165km away, for treatment, supported by substantially reduced on and off-site services and infrastructure.

Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%, up from the 81% for the original heap leach option.

DFS SUMMARY RESULTS	
Annualised Production (Average)	~20,000 ounces
Capital Expenditure	\$4.0 million
Average All-in Sustaining Costs (AU\$/Ounce)	\$916
Commencement of construction and production	Q4 2016
Mine Life	2 years
Treatment Period	3.5 years
Gold Recovery	95%
Return on capital invested over project life (pre tax)	>350%
Ungeared, pre tax NPV <sup>7.5</sup>	\$39.6 million
Contained gold in Ore Reserve	71,000 ounces

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WPG's Executive Chairman Bob Duffin said: "The results of this updated Feasibility Study adds much weight to our decision to acquire our former joint venture partner's 50% interest in Challenger, because there will now be no need to negotiate a potentially costly and value-destructive toll treatment arrangement. Instead, ore will be treated at cost at Challenger, in exactly the same way as ore from the underground mine is treated.

"The reduced complexity and substantially decreased capital expenditure for the project's development, estimated now at \$4 million but formerly \$16.7 million for the heap leach alternative as shown in our 25 September 2015 announcement, means that we are able to fund the project from existing cash resources without having to investigate alternative funding options.

"In addition, the All-in Sustaining Costs (AISC) are lower than for the heap leach option, and this will reduce the AISC for the combined Challenger – Tarcoola project taken as a whole. The overall results of the Feasibility Study are substantially enhanced and provide significant leverage to the gold price, with increased certainty of gold recovery through the Challenger plant. The results support our strategy that combining synergies of our projects in the Gawler Craton incrementally increases the inherent value of the Company.

"We recently submitted the Program for Environmental Protection and Rehabilitation (PEPR) to the South Australian regulators and anticipate approval of the PEPR around the end of the current quarter. This will enable the project to be in production next quarter.

"The project retains considerable growth potential through further exploration and is the second leg of our trifecta of gold projects in the area."

## **Mineral Resource and Ore Reserve estimates**

The Ore Reserve estimate, based on the mine design completed by independent mining engineering consultants Australian Mine Design and Development Pty Ltd for inclusion in the Tarcoola gold project Feasibility Study, is a total of 710,000 tonnes at 3.1 g/t gold containing 71,000 ounces and was prepared and reported in accordance with JORC (2012) guidelines.

This Ore Reserves Estimate updates and replaces the September 2015 estimate. The current Ore Reserve estimate and a summary of material information is set out below.

Detailed technical information with reference to JORC (2012) compliance for the Ore Reserve estimate is also provided in Appendix 1.

### Mineral Resource estimate

The Ore Reserve estimate is derived from the MIK resource model prepared by Simon Tear of H&S Consultants in January 2013, details of which were disclosed by WPG in its announcement of 3 April 2014. The information pertaining to the Tarcoola gold project resource estimate was prepared and first disclosed by Mungana Goldmines Limited under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported:

*Table 1: Tarcoola Mineral Resource Estimate*

Category	Tonnage (000)	Grade (g/t Au)	Gold (000 oz)
Measured	-	-	-
Indicated	919	3.14	92.68
Inferred	55	2.77	4.86
<b>Total</b>	<b>973</b>	<b>3.12</b>	<b>97.54</b>

*Totals are subject to rounding*

The information in the above table is extracted from the report by Mungana Goldmines Limited entitled “December 2012 Quarterly Report” released on 24 January 2013 and is available to view on [www.asx.com.au](http://www.asx.com.au). WPG confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements as indicated above and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

### Ore Reserve estimate

The Ore Reserve estimate is set out in the following table, along with a summary of material information. Detailed technical information with reference to JORC (2012) compliance for the Ore Reserve estimate is also provided in Appendix 1.

*Table 2: Tarcoola Ore Reserve Estimate*

Reserve Category	Type	Tonnage (000)	Grade (g/t Au)	Contained Gold (000 oz)
<b>Proved</b>	<b>Total</b>	-	-	-
<b>Probable</b>	Oxide	310	3.8	37
	Transition	140	2.3	11
	Primary	260	2.7	23
	<b>Total</b>	<b>710</b>	<b>3.1</b>	<b>71</b>
<b>Total</b>	Oxide	310	3.8	37
	Transition	140	2.3	11
	Primary	260	2.7	23
	<b>Total</b>	<b>710</b>	<b>3.1</b>	<b>71</b>

*Totals are subject to rounding*

The ore reserve estimate is at 29 August 2016. The mineral resource estimate is inclusive of the ore reserves. Tarcoola ore reserves estimated herein have been derived from indicated mineral resources. The ore reserve estimate does not include any inferred mineral resources.

Detailed technical information with reference to JORC (2012) compliance for the mineral resource estimate was included in WPG's ASX announcement of 23 September 2015 and is included in JORC Table 1 Sections 1 to 3 in Appendix 1. WPG confirms that it is not aware of any new information or data that materially affects the information included in the 23 September 2015 market announcement and above in relation to the mineral resource estimate, and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the mineral resource estimates in the 23 September 2015 market announcement continue to apply and have not materially changed.

JORC Table 1 Section 4 for the ore reserve estimate is provided in Appendix 1.

## Summary of the Tarcoola Gold Project Feasibility Study

### Tarcoola location and history

The Tarcoola gold project is located in central South Australia, 165km by road to the Challenger mine and approximately 190km south of Coober Pedy and 600km northwest of Adelaide. It is approximately 3km west of the largely abandoned Tarcoola township, adjacent to the Trans-Australian and Central Australian railway lines, and has excellent existing infrastructure and communications facilities.

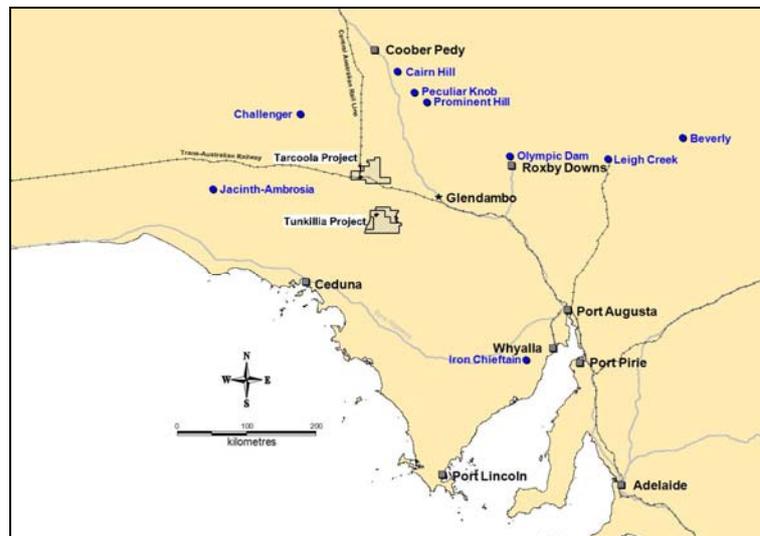


Figure 1 – Location of the Tarcoola gold project

The first alluvial gold was discovered in the Tarcoola area in 1893, and the area has reportedly produced ~77koz of gold at an average grade of ~37.5g/t, most of which was mined prior to the 1940s. The goldfield has been dormant for many years and has historically suffered from a fragmented ownership.

There are many old but shallow workings within the ML area and the greater exploration tenement (EL 5355). There is excellent potential to identify additional open-pittable deposits to add to the mine life.

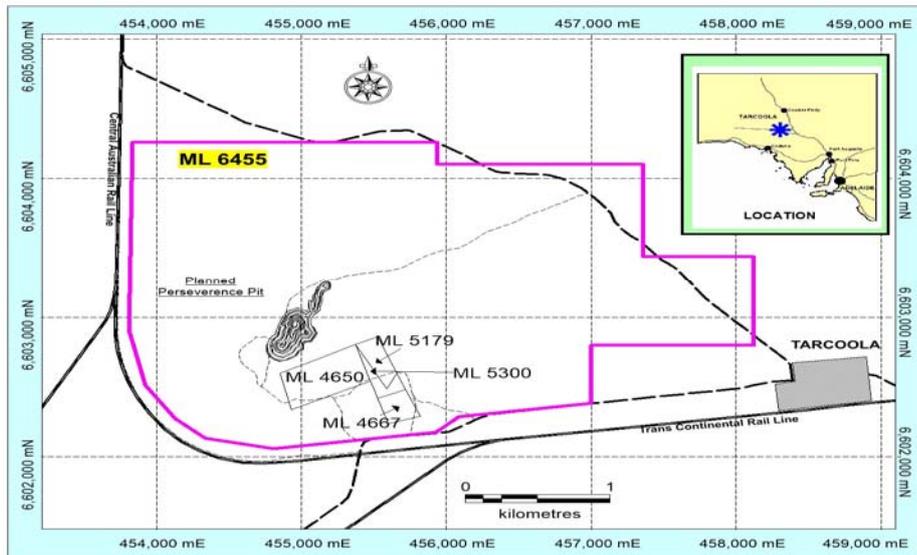


Figure 2: Location of the Tarcoola Mineral Lease

The project is located on Crown Reserve land and Native Title is held by the Antakirinja Matu-Yankunytjatjara people represented by the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC). A Native Title Mining Agreement is in place with AMYAC.

Given the Tarcoola goldfield's importance to the evolution of South Australia's history, there are a number of areas within the ML which have been confirmed as a State Heritage Place in the SA Heritage Register. Proposed mining activities are not expected to impact on any heritage areas, whose ongoing preservation will be ensured by the State Heritage Unit.

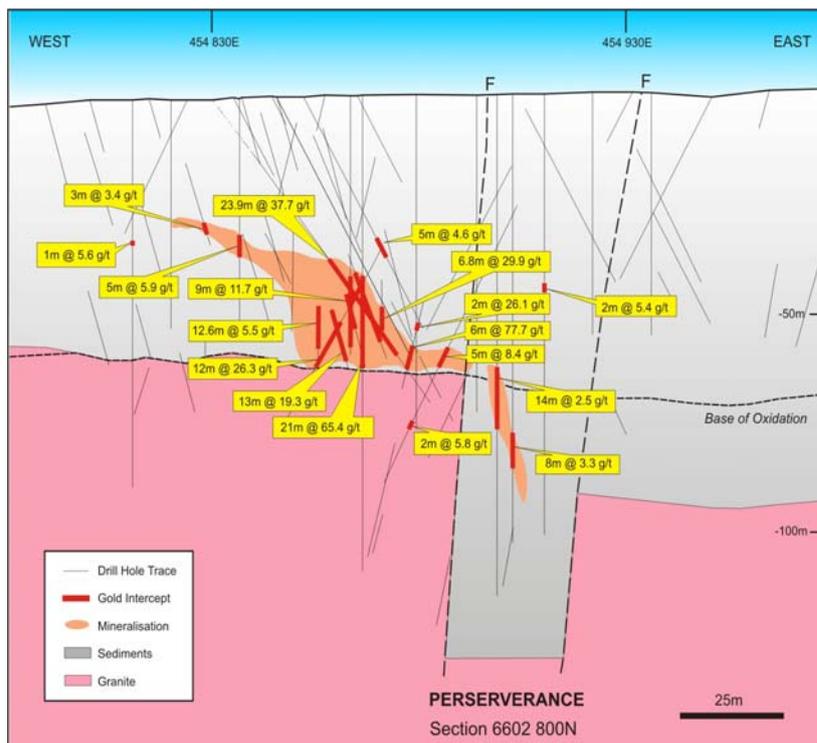


Figure 2 - Perseverance Cross Section

The total Ore Reserve estimate of 710,000 tonnes at an average grade of 3.1 g/t gold containing 71,000 ounces is a revision to the September 2015 estimate. The main difference is that ore will be trucked to Challenger for processing by carbon in pulp (CIP) rather than processing on site by heap leaching. The reserves are defined at the point where the ore is delivered to the processing plant. Compared to the September 2015 Ore Reserves estimate the CIP processing method:

- Marginally reduces ore tonnes and increases cut-off grade due to the increased trucking and ore processing costs,
- Marginally decreases estimated contained gold, but
- Increases estimated recovered gold as the CIP gold recovery is expected to be significantly higher than the heap leach recovery and this will more than compensate for the reduction in ore tonnes and contained gold.

The project remains a small to medium sized open pit gold mine with ore hauled to Challenger, 165km away, for the treatment of ore, supported by substantially reduced on and off-site services and infrastructure.

Subsequent to WPG's acquisition of Challenger, the Tarcoola Feasibility Study has been updated from the heap leach study completed on September 2015 to processing of the ore through the Challenger CIP plant.

The project will be developed as an open pit mine with mining to be undertaken over a two year life (based on existing reserves only), building up a ROM stockpile which will be trucked to Challenger over three and a half years.

WPG has 100% ownership of the Challenger Gold Mine. The change to CIP processing for Tarcoola ore is expected to significantly increase the value of Tarcoola in terms of both operating cash flow and reduced capital cost.

<b>PRODUCTION SUMMARY</b>	
Open Pit Ore mined (t)	712,000
Average Annual Mining Rate (approximate)	350,000
Average Gold recovery	95%
Average Annualised Gold Production (ounces)	~20,000
Project Life (based on existing reserves only)	3.5 years
Average strip ratio (waste to ore tonnes)	10.6:1

Capital costs have been minimised by the use of existing buildings and infrastructure in the Tarcoola township, together with some additional leased infrastructure.

The Feasibility Study envisages conventional open cut mining primarily from the Perseverance deposit, with a smaller pit in the Last Resource area, at a production rate of approximately 350,000 tonnes per annum and presents a sound case for the development of a project with a life of at least three years with the following key parameters.

<b>FINANCIAL ASSUMPTIONS</b>	
US\$ Gold Price	\$1,241
Exchange Rate (A\$:US\$)	0.730
AU\$ Gold Price	\$1,700

A long term gold price assumption of A\$1,700 per ounce has been used for the ore reserve estimate. This is a reasonable assumption against the US\$ gold price and A\$/US\$ exchange rate as at August 2016.

<b>LIFE OF MINE OPERATING COST SUMMARY</b>	<b>\$/Oz</b>	<b>\$/Tonne</b>
Mining	\$316	\$30.78
Ore Haulage and Processing	\$380	\$35.77
Site General and Administration & Utilities	\$129	\$12.08
Royalties	\$78	\$7.33
<b>Total Cash Costs</b>	<b>\$901</b>	<b>\$84.96</b>

Operating costs have been based on contractor tender submissions and the current marginal cost of CIP ore processing at Challenger. Total cash costs are \$901/oz. Included in these costs are:

- A\$696/oz ore haulage and processing costs; and
- Total royalties of A\$78/oz of gold produced were adopted in the reserve calculation.

<b>CAPITAL COSTS</b>	<b>\$(000s)</b>
Owners Costs	\$460
Accommodation Village/Camp	\$635
Haul Road Upgrade	\$538
Water Supply	\$45
Modifications to Challenger Process Plant & Infrastructure	\$746
Mining Mobilisation & Establishment	\$493
Environmental Bond/SEB	\$1,072
<b>Total Capital Costs</b>	<b>\$3,989</b>

The Feasibility Study envisages a mining life of two years with processing at Challenger to be undertaken over three and a half years, initial capital expenditure of \$4.0 million, resulting in an ungeared, pre tax NPV<sup>7.5</sup> of \$39.6 million and a return on investment of >350%. Capital costs for the Tarcoola minesite, haul route to Challenger and the Challenger ore receival area are based on quotations from suppliers and contractors.

### **Financing Options**

The project will be financed from WPG's existing funds.

## Mining

The proposed open pit will be mined using conventional mining equipment. Whittle Four-X optimisation software was used for the pit optimisation while pit design and scheduling, which was undertaken in accordance with appropriate geotechnical parameters, has indicated that some 710,000 tonnes of probable ore reserve can be economically mined from a single large and a smaller satellite open pit at a strip ratio of approximately 10.6:1 (waste:ore) to a final pit depth of 110 metres.

Annualised gold production from the mine will be approximately 20,000oz per annum.

## Metallurgical Testwork and Process Design

Testwork has confirmed the project's suitability to the recovery of gold by conventional CIP. Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%, up from the 81% for the original heap leach option.

The openpit mine design is based on a pit optimisation run at A\$1,600, A\$1,700, and A\$1,800 per ounce of gold. The final pit design is based on the A\$1,700 case.

Sensitivity runs in the optimisation showed that a very similar pit would be designed over a wide range of gold prices. The \$1,700/oz gold price was chosen as the Base Case. It is in the middle of prices tested and is lower than the spot price for the month preceding this statement.

A constant CIP recovery of 95% is applied to all ore types from each of the Perseverance and Last Resource zones so unique cut off grades can be calculated as follows:

*Table 3 – Cut-off grades*

	A\$1,600	A\$1,700	A\$1,800
<b>Perseverance</b>			
Oxide g/t Au	0.8	0.75	0.71
Transition g/t Au	0.8	0.75	0.71
Primary g/t Au	0.8	0.75	0.71
<b>Last Resource</b>			
Oxide g/t Au	0.8	0.75	0.71
Transition g/t Au	0.8	0.75	0.71
Primary g/t Au	0.8	0.75	0.71

## Infrastructure and Logistics

Capital costs have been minimised by the use of existing buildings and infrastructure in the Tarcoola township, together with some additional leased infrastructure.

The project area has excellent logistics, with public road access to site, access to the main Trans Australian and Central Australian rail lines, and with existing mobile phone coverage.

Upgrades to existing water bores, airstrip and the road between the mine site and the existing Challenger access road will be undertaken to suit the requirements of the project.

WPG currently owns two houses in the town of Tarcoola and is in the process of acquiring the disused Tarcoola hospital which will be converted to accommodate the workforce, with some additional rented infrastructure units including power generation and water processing.

Office facilities and vehicle workshops will be constructed on site, as well as facilities for fuel storage. Existing Telstra infrastructure will be utilised for communication requirements.

### **Licensing and Permitting/Approvals Process**

A Mineral Lease Proposal for the Project with supporting documentation was submitted to DSD on 11 August 2015 and the Mineral Lease (ML6455) granted on 9 March 2016. Mine construction and production is targeted to commence soon after the PEPR approval and first gold to be produced before year's end.

Relevant environmental and other approvals for Tarcoola include:

- Baseline flora and fauna studies have been completed. No items requiring referral under the EPBC Act were identified.
- Environmental approvals will form part of the overall permitting process coordinated with DSD.
- The PEPR was submitted to DSD on 29 July 2016. Approval is anticipated by the end of September 2016.
- Aboriginal heritage sites have been identified but do not impact on the planned operations. The project is located on Crown Reserve land and Native Title is held by the Antakirinja Matu-Yankunytjatjara people represented by the Antakirinja Matu- Yankunytjatjara Aboriginal Corporation (AMYAC). A Native Title Mining Agreement is in place with AMYAC.
- Given the Tarcoola goldfield's importance to the evolution of South Australia's history, there are a number of areas within the ML which have been confirmed as a State Heritage Place in the SA Heritage Register. Proposed mining activities are not expected to impact on any heritage areas, whose ongoing preservation will be ensured by the State Heritage Unit.
- Hydrogeological assessments show that the water requirements of the operation can be met from the proposed borefield without significant drawdown on the ground water resource.

### **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.*

## Competent Persons

### Ore Reserve estimate

The information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation compiled by Mr John Wyche. John Wyche is employed full-time by Australian Mine Design and Development Pty Ltd, an independent consultant mining engineering company which completed the mine design and ore reserve estimate for inclusion in the Feasibility Study.

John Wyche is a member of the Australasian Institute of Mining and Metallurgy and has 33 years of 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 Resources and Ore Reserves. John Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Mineral Resource estimate

The information pertaining to the Tarcoola gold project mineral resource estimate was extracted from the report entitled “December 2012 Quarterly Report” released on 24 January 2013 and is available to view on [www.asx.com.au](http://www.asx.com.au). The information for both projects was first disclosed by Mungana Goldmines Ltd under the JORC Code 2004. WPG has not undertaken any work on the project that would impact this published resource estimate. WPG confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The resource estimate was prepared by Mr Simon Tear of H & S Consultants who is a member of the Australasian Institute of Mining and Metallurgy. Simon Tear is a Director of H&S Consultants, an independent consulting company who prepared the information for Mungana Goldmines Ltd. Simon Tear has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code & Guidelines). Simon Tear has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## 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.

## JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>Pre-1996 RC samples were collected at one metre intervals and composited to four metre intervals using the spearing method. A riffle splitter was used to resplit samples which returned a positive result.</li> <li>1996 -1999 RC samples were collected at one metre intervals and poured through a 3-tier riffle splitter. A 3kg sample was collected from a composited two metre sample.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>RC drilling used a hollow down-hole with 5" face sampling</li> <li>Diamond holes were pre-drilled to fresh rock using a RC pre-collar or cored from surface, with a range of diameters: NQ, HQ.</li> <li>Open hole percussion holes used a 150mm bit</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>Good recoveries from mineralised holes in 2012 RC program were confirmed through weighing sample bags in the field.</li> <li>No quantitative recoveries have been recorded from earlier RC drilling</li> <li>Recoveries of 100% have been recorded from diamond drilling through mineralisation zones. Recoveries of 90-100% have been achieved in geotechnical drilling of the depleted clay saprolite for geotechnical assessment.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>RC chips and diamond core have been logged by experienced geologist as a hard copy. Data has been captured in a DataShed database.</li> <li>All diamond core has been photographed. RC chips from the 2012 program have been photographed.</li> <li>Lithology and alteration logging was checked through mineralogical analysis using a Terraspec Pro device for the 2012 program. Spot checks were made on earlier drill holes. A selection of material has been scanned through the Hylogger in Adelaide.</li> <li>Structural measurements have been made on core oriented using spear and Ezy-Mark core orientation devices.</li> <li>For all RC, open hole percussion and RC pre-collars, samples were taken from each metre and representative chip samples placed in chip trays. Core is stored on site or in the PIRSA core library.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>Diamond core was halved by diamond saw and sampled, generally at one metre intervals to geological boundaries.</li> <li>Open hole percussion samples were collected in a PVC bag via a cyclone, the split to approximately 1.5kg</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>2012 samples were sent Genalysis for fire assay analysis on 50g charge (FA50/AA).</li> <li>2001 - 2002 samples were sent to Analabs and Genalysis Laboratories for fire assay.</li> <li>1993 - 1998 samples were sent to Amdel for aqua regia digest (AA7) and fire assay (FA1) for values greater than 1g/t gold.</li> <li>1991 – 1992 samples were sent to Analabs for aqua regia digest and fire assay for values greater than 1g/t gold.</li> <li>1987 – 1988 samples were sent to Amdel for aqua regia digest and fire assay for values greater than 1g/t gold.</li> <li>1985 samples were sent to Classic Laboratories for fire assay (EFAS) using a 50g charge.</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>• Gold values were determined by aqua regia digest and any values returning &gt;1 ppm were repeated using fire assay). If a fire assay was taken then this became the “official” assay. All other elements were determined using multi-acid digest.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• Early holes, pre-1990, have no recorded QAQC samples.</li> <li>• Blanks, standards and duplicates have been submitted throughout the drilling campaigns since 1990, with a number of checks through umpire laboratories. No major concerns have been highlighted. Some checks have suggested possible under-calling of lower-grade results from aqua regia digests (&lt;0.5g/t).</li> <li>• A number of twinned and check diamond holes holes have been completed to confirm the position of the mineralised envelopes and grade characteristics encountered in RC drilling.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>• The collar positions for the 2012 holes were measured to sub-metre accuracy in GDA94-MGA53 co-ordinates by differential GPS instrument, with collar positions validated. Historical drill collars that could be located were re-surveyed with this equipment, and found to be well located. Many of the collars are still visible, and a significant number of these are labelled with their collar id on PVC casing.</li> <li>• Validation work on collar positions included: <ul style="list-style-type: none"> <li>○ Re-survey of available historical collar positions using DGPS equipment</li> <li>○ Data capture of hardcopy Fugro survey records</li> <li>○ Data capture of collar positions reported through open file</li> </ul> </li> <li>• The downhole surveys for the 2012 drill holes were measured by a Reflex Ezi-shot downhole camera. Readings were taken every 30m for diamond holes (TADD series), and at end-of-hole for the more shallow RC holes (TARC series).</li> <li>• Validation work on historical down-hole survey data has included: <ul style="list-style-type: none"> <li>○ Consistency checks on available digital databases compiled by Stellar Resources, AngloGold, and Euro Exploration Services.</li> <li>○ Comparison of digital databases against detailed hardcopy records available on open file, and against original Eastman camera survey discs.</li> <li>○ Cross-checks on magnetic to national grid correction values. A correction has been applied for magnetic to National Grid of 5.7°, based on details of grid convergence and magnetic declination data from Geoscience Australia.</li> <li>○ Visual validation for checks for erroneous surveys, with a number of dummy or “smoothed” values entered where data are impacted by magnetic interference, or nominal surveys were required to control down-hole interpolation.</li> <li>○ AngloGold conducted down-hole surveys using an Eastman camera, with shots taken typically at 30-50m intervals down-hole (TCD / TCRC series holes).</li> <li>○ GP and GL series RC and diamond holes drilled by Grenfell Resources were surveyed using an Eastman camera, with shots taken typically at 30-50m intervals down-hole.</li> <li>○ Early-generation holes drilled by Grenfell/Queens Road and BHP Gold/Aberfolye were initially not surveyed at the time of drilling. The collar set-up positions for these holes were systematically recorded and are well documented in open file records. Grenfell conducted a later campaign of down-hole Eastman camera surveys on inclined historical open holes in support of resource studies in the late 1990’s.</li> </ul> </li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• Drilling coverage in the Perseverance - Last Resource corridor extends from 6602400N to 6603370N and 454440E to 455300E. However, the extent of the classified resource model has been limited to 6602675-6603310N, with sections north and south of this point deemed too widely spaced to support classification.</li> <li>• Holes have been drilled at a variety of orientations, to test both steeply dipping primary positions and flatter-lying supergene positions.</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>• Sections are on a drilled on a 5-10m metre spacing from over the central portion of the Perseverance Deposit, from ~6602730 – 6602930N.</li> <li>• Beyond this sections are spacing increases typically to 20-40m</li> <li>• Holes are spaced ~10 across strike in densely drilled areas, expanding to 30m in areas of broader drilling.</li> <li>• Drilling has been conducted to a maximum depth of 380 metres below surface. The classified resource extends to a depth of 134 metres below surface. The resource is not closed off, with ore-grade intersections extending beyond the classified resource boundary and remaining open at depth.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• No information is being presented in this release as the original Resource statement was prepared under JORC 2004 guidelines.</li> <li>• A range of hole directions have been drilled some of which were at steep angles to the orebody with some oblique.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• No information has historically been documented</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• Mungana Goldmines undertook an extensive review in 2012 of historical data.</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• The Tarcoola project is located with granted Mineral Claim 4376</li> <li>• The MC is held by Tarcoola Gold Pty Ltd, of which WPG Resources Ltd holds 100%.</li> <li>• Several third party royalties exist over the tenement, over and above the state government royalty.</li> <li>• TGPL operates in accordance with all environmental conditions set down as conditions for grant of the tenement.</li> <li>• There are no known issues regarding security of tenure.</li> <li>• There are no known impediments to continued operation.</li> <li>• Native Title in the area was granted to the Antakirinja Matu-Yankunytjatjara People in 2011.</li> <li>• A Native Title Mining Agreement will be negotiated with the Antakirinja Matu-Yankunytjatjara People.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>• The Tarcoola area has a production history in excess of 100 years.</li> <li>• Exploration work was conducted by Mungana Goldmines in 2012.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>• The Tarcoola Project is characterised by complex geology with structurally controlled gold mineralisation forming steep dipping mineral zones of various orientations along with flat-lying mineral accumulations related to a flat-lying granite contact</li> <li>• Primary gold mineralisation hosted in arrays of steeply dipping quartz veins associated with sulphides in the primary zone. Sulphide becomes variably degraded in the oxide zone. Both discrete and more stockwork style veining is observed. A broader envelope of sericitic alteration extends beyond the veins which can host low-grade background mineralisation</li> <li>• In the oxide zone, gold can locally be mildly depleted in the upper-most few meters of the weathering profile. Primary vein arrays persist through variably weathered granite and sediment, but with some lateral dispersion and supergene enrichment.</li> <li>• The Perseverance deposit consists of locally high grade flat-lying 'pods' of mineralisation hosted within generally oxidised sediments juxtaposed with the granite contact. Some mineralisation occurs in the underlying granite. There is some evidence of supergene enrichment</li> <li>• The Last Resource deposit comprises a steeply dipping relatively wide structural zone generally hosted within the granite.</li> <li>• Oxidation surfaces and granite contact interpretation based on drillhole logging information</li> <li>• Domaining was based on the amount of drilling; in the Perseverance area this is considerably greater than for Last Resource; Two domains were delineated</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>• In 2012, 16 RC and 11 diamond holes (including tails) were drilled, totalling 1167 metres of RC and 750 metres of HQ3 core</li> <li>• Pre 2012 <ul style="list-style-type: none"> <li>○ 536 RC holes totalling 42,378 metres</li> <li>○ 38 RC/diamond holes totalling 7,081 metres</li> <li>○ 32 open hole percussion holes totalling 1468 metres</li> </ul> </li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>• No exploration information is being presented in this release</li> </ul>

Criteria	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"><li>• No exploration information is being presented in this release</li></ul>
<i>Diagrams</i>	<ul style="list-style-type: none"><li>• No exploration information is being presented in this release</li></ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"><li>• No exploration information is being presented in this release</li></ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"><li>• No exploration information is being presented in this release</li></ul>
<i>Further work</i>	<ul style="list-style-type: none"><li>• No exploration information is being presented in this release</li></ul>

## Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li>Limited validation was conducted by H&amp;S Consultants (H&amp;SC) to ensure drill hole database is internally consistent. Validation included checking that no assays or geological logs occur beyond the end of hole and that all drilled intervals have been geologically logged. The minimum and maximum values of assays and density measurements were checked to ensure values are within expected ranges. Other checks included overlapping samples and consistent end of values for the data</li> <li>H&amp;SC has not performed detailed database validation or audit and WPG personnel have reviewed the accuracy and reliability of the data used to estimate the Mineral Resources.</li> </ul>
<i>Site visits</i>	<ul style="list-style-type: none"> <li>No site visit was undertaken due to time and budgetary constraints at the time.</li> </ul>
<i>Geological interpretation</i>	<ul style="list-style-type: none"> <li>A relatively simplified geological model was developed by H&amp;SC whereby the deposit was geologically divided into two deposit types: <ol style="list-style-type: none"> <li>A flat lying predominantly sediment hosted body of gold mineralisation related to the sediment contact with the underlying granite. This area is loosely referred to as the 'Pod Zone' and mostly corresponds to the Perseverance deposit</li> <li>A steeply west dipping mineral body associated with a structural zone predominantly hosted within the granite. This is loosely referred to as the 'Granite Vein' and mostly corresponds to the Last Resource mineralisation. This zone was based on gold grade and structurally-related sericite alteration</li> </ol> </li> <li>These two domains were subsequently subdivided into two further domains reflecting the drilling density.</li> <li>Wireframes were developed to constrain the mineralisation and were designed to a nominal 0.1g/t Au cut off</li> <li>As part of the geological review by H&amp;SC a series of crude wireframes were created for the 'pods' of mineralisation associated with the Perseverance deposit to allow for possible subsequent comparison with any block modelling</li> <li>Three surfaces were representing the base of complete oxidation, top of fresh rock and the granite contact</li> <li>A 3D model of an historical mining void at Perseverance was generated by surveying the surface position of the shafts, digitising a historical long-projection of development dating from 1919, and refining the shape against logged voids intersected in drilling.</li> <li>H&amp;SC is aware that alternative interpretations of the mineralised zones are possible but consider the wireframes to adequately approximate the locations of the mineralised zones for the purposes of resource estimation. Alternative interpretations are unlikely to have a large impact on the global resource estimate.</li> </ul>
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>The mineralisation has a NE strike for 700m and an average width of 100m</li> </ul>
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> <li>Composite selection based on a single, coarse mineral zone defining wireframe followed by visual trimming. 33,698 1m composites used, trimmed to &gt;40m RL</li> <li>Four domains used reflecting drilling density and lithology</li> <li>Three oxide level-related sub-domains for each domain.</li> <li>Summary statistics indicated very high coefficients of variations for gold</li> <li>Variography poor to moderate with moderate nuggets</li> <li>Multiple Indicator Kriging was the preferred modelling method for all domains.</li> <li>Unconstrained modelling with soft boundaries between domains</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>Data was rotated to the north-south orthogonal for modelling purposes</li> <li>Two models were run, a flat panel and a vertical panel</li> <li>Panel size is 10m by 10m by 5m with an smu of 5m by 5m by 2.5m for the flat model and a 5m by 10m by 10m with an smu of 2.5m by 5m by 5m for the vertical with no sub-blocking</li> <li>A 3 estimation pass strategy was used for each model with an increasing search radius and decreasing number of data points for all domains.</li> <li>The first and second estimation runs used an octant based search where at least 4 octants had to be estimated</li> <li>No top cutting was applied; median value used for highest indicator class for the vertical model</li> <li>Search distances for the flat model were 12.5m by 12.5m by 8m increasing to 25m by 25m by 16m with the minimum number of data points of 16 with four octants decreasing progressively to 8 and 2 octants. No axes rotations</li> <li>Search distances for the steep model were 8m by 15m by 15m increasing to 16m by 30m by 30m with the minimum number of data points of 16 with four octants decreasing progressively to 8 with 2 octants. Ellipse rotated to steep dip west</li> <li>Models combined with the junction being the granite contact surface</li> </ul>
<i>Moisture</i>	<ul style="list-style-type: none"> <li>Tonnage estimates are dry tonnes.</li> </ul>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li>Resources have been reported as recoverable for a cut-off grade of 1g/t Au. The cut-off grade at which the resource is quoted reflects the intended bulk-mining approach.</li> </ul>
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <li>Bulk mining via open pit development is the envisaged mining method. Geotechnical assessment has been undertaken on cored holes to confirm parameters that will be used in prefeasibility assessment currently in progress.</li> </ul>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <li>Refer Section 4</li> </ul>
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <li>The Project lies in an arid to semi-arid region of low, irregular rainfall while vegetation in the area consists primarily of bluebush, saltbush shrubland.</li> <li>Comprehensive flora and fauna studies have been undertaken as part of the Mining Lease proposal documentation to the South Australian government.</li> <li>Waste dumps have been designed to allow for the encasement of potential acid forming material</li> <li>TGPL operates in accordance with all environmental conditions set down as conditions for grant of respective leases.</li> </ul>
<i>Bulk density</i>	<ul style="list-style-type: none"> <li>Assignment of average density values for the lithology domains and oxidation sub-domains is based on a total of 483 samples of core for which SG values were determined using the “Archimedes Principle”.</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>Mineral resources have been classified on the search pass category Pass 1 &amp; Pass 2 = Indicated Pass 3 = Inferred.</li> <li>Classification based on the search ellipse and minimum number of data points</li> <li>Positive factors for classification include drill spacing, robustness of resource estimates from earlier models,</li> <li>Negative factors are the geological complexity and the relative erratic distribution of gold grades</li> </ul>
<i>Audits or</i>	<ul style="list-style-type: none"> <li>Results are comparable with previous resource estimates</li> </ul>

Criteria	Commentary
<i>reviews</i>	
<i>Discussion of relative accuracy/confidence</i>	<ul style="list-style-type: none"> <li>• The relative accuracy and confidence level in the Mineral Resource estimates are considered to be in line with the generally accepted accuracy and confidence of the nominated Mineral Resource categories. This has been determined on a qualitative, rather than quantitative, basis, and is based on the Competent Person's experience with similar deposits.</li> <li>• The geological nature of the deposit, the modelling method and the composite/block grade comparison lend themselves to a reasonable level of confidence in the resource estimates.</li> <li>• The Mineral Resource estimates are considered to be reasonably accurate globally, but there is some uncertainty in the local estimates due to variations in the current drillhole spacing.</li> <li>• Additional check models using variations in the modelling parameters showed that the reported resources estimates can be considered robust.</li> <li>• No statistical or geostatistical procedures were used to quantify the relative accuracy of the resource. The Mineral Resource estimate of the Tarcoola deposits are sensitive to the cut-off grade applied and the geological model.</li> <li>• Previous historical mining is very limited and possibly with uncertain figures that it is not reasonable to compare the resource estimate with production</li> </ul>

## Section 4 Estimation and Reporting of Ore Reserves

Criteria	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> <li>• The Ore Reserve is derived from the resource model prepared by Simon Tear of H&amp;S Consultants in January 2013.</li> <li>• The Mineral Resource is inclusive of the Ore Reserve.</li> <li>• The Resource model includes Indicated and Inferred categories. Only Indicated blocks are included in the Ore Reserve.</li> <li>• The Mineral Resource Model is an MIK estimate for gold.</li> </ul>
<i>Site visits</i>	<ul style="list-style-type: none"> <li>• The Competent Person for the Ore Reserve is John Wyche, General Manager of Australian Mine Design and Development Pty Ltd (AMDAD). Mr Wyche was unable to attend the planned site visit so Mr Andrew Smith, an employee of AMDAD, attended on Mr Wyche's behalf. Mr Smith has over 25 years of experience with similar mining methods and was fully briefed by Mr Wyche. The site visit was conducted on 28 August 2015. The following were inspected and photographic records taken: <ul style="list-style-type: none"> <li>○ Site access route,</li> <li>○ The vegetation cover,</li> <li>○ The general topography and surface cover,</li> <li>○ The pit, waste rock dump, infrastructure areas and</li> <li>○ Existing facilities.</li> </ul> Discussions were held with WPG on mine development and operations. </li> <li>• No issues were observed which are likely to materially affect the Ore Reserve estimate.</li> </ul>
<i>Study status</i>	<ul style="list-style-type: none"> <li>• This Ore Reserve has been completed in conjunction with an update to the Tarcoola Feasibility Study by WPG and their consultants. The update is based on processing ore through the CIP plant at the Challenger Gold Mine which is 170km by road from Tarcoola.</li> <li>• The Feasibility Study covers resource estimation, mining, ore trucking, gold processing by CIP, marketing, environment, community and financial modelling.</li> <li>• The Feasibility Study indicates a high degree of confidence that the project is technically and economically viable for the gold price ranges used.</li> </ul>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li>• The openpit mine design is based on a pit optimisation run at A\$1,600, A\$1,700 and A\$1,800 per oz gold. The pit is based on the A\$1,700 case.</li> <li>• A constant CIP recovery of 95% is applied to all ore types from each of the Perseverance and Last Resource zones so unique cut off grades can be calculated as:</li> </ul>

## Criteria

## Commentary

	A\$1,600	A\$1,700	A\$1,800
<b>Perseverance</b>			
Oxide g/t Au	0.8	0.75	0.71
Transition g/t Au	0.8	0.75	0.71
Primary g/t Au	0.8	0.75	0.71
<b>Last Resource</b>			
Oxide g/t Au	0.8	0.75	0.71
Transition g/t Au	0.8	0.75	0.71
Primary g/t Au	0.8	0.75	0.71

These cut offs are expressed as resource grades not inclusive of mining loss and dilution.

*Mining factors or assumptions*

- The Feasibility Study is based on conventional opencut mining methods using hydraulic excavators and 90 tonne trucks with blasting of ore and waste for all materials other than the unconsolidated or highly weathered waste near surface.
- A Whittle pit optimisation was run to guide the pit design. Sensitivity runs in the optimisation showed that a very similar pit would be designed over a wide range of gold prices. The \$1,700/oz gold price was chosen as the Base Case. It is in the middle of prices tested and is lower than the spot price for the month preceding this statement.
- Mining dilution and loss were modelled by
  - Taking the proportion of each block above the 1.0 g/t MIK grade increment.
  - Adding the proportion from the 0.5 to 1.0 g/t Au MIK increment for any block with a 0.5 to 1.0 g/t Au MIK grade greater than the cut-off grade.
  - Averaging the MIK resource 0.5 to 1.0 and >1.0 g/t Au grades for the selected blocks using the 0.5 to 1.0 and >1.0 g/t Au proportions to weight the average.
  - Deducting 5% of the resulting block tonnage above cut off and adding back 5% of the tonnes at a dilution grade of 0.1 g/t Au.
- Allowance was made for small isolated blocks which may be missed by the grade control procedure by removing any blocks where the proportion above the cut off grade resulted in a block volume less than 15.625m<sup>3</sup>. This volume nominally represents a selective mining unit of 2.5 x 2.5 x 2.5 metres, although the modelled block shapes are not necessarily cubes. Visual inspection of sections through the block model showed removal of small blocks significantly increases continuity of the orebody model with very small loss of tonnes or contained gold.
- Pit wall slopes for the optimisation and design are taken from the geotechnical report by Pells Sullivan Meynink dated May 2013.
- Process recoveries and mining, processing, administration and selling costs and gold prices used for the pit optimisation are the same as used in the Feasibility Study. These are discussed in the following sections.
- Inferred Mineral Resources were included in the pit optimisation.
- Silver was not considered in the pit optimisation and Ore Reserves. Silver is present in the deposit and is expected to add value but

Criteria	Commentary
<i>Metallurgical factors or assumptions</i>	<p>not enough to materially affect the pit design and schedule.</p> <ul style="list-style-type: none"> <li>• Gold ore will be trucked to the Challenger Gold Mine which is 170km by road from Tarcoola. It will be processed through Challenger's Carbon in Pulp (CIP) plant which includes a gravity circuit to recover coarse gold.</li> <li>• A recovery of 95% is applied to oxide, transition and primary ore types from both the Perseverance and Last Resource Pits.</li> <li>• The recovery is based on the following test work on Tarcoola samples: <ul style="list-style-type: none"> <li>○ May 1998 – AMDEL cyanide leach tests on composites of quartz/shale sulphide gold mineralization. Head grades were in the range expected from the opencut and some higher grades. Test were in tap water and local bore water. CIL recoveries on grinds at P80 75µm were 95% to 98%. Amenability to gravity concentration was noted.</li> <li>○ June 1988 – AMMTEC cyanide leaching and CIP test work on composites of oxidized granites, oxidized sediments and sulphides. Head grades in range expected from opencut. Test in Perth tap water and local bore water. Recoveries on grinds at P85 75µm were 95% to 98%.</li> <li>○ June 2013 – ALS cyanide leach tests on oxide and sulphide composites. Head grades were significantly higher than average grades expected from opencut. Bottle roll CIL tests gave gold recoveries of 88% to 98%. Gravity / bottle roll tests gave recoveries of 95% to 99%.</li> </ul> </li> <li>• Test work specific to the Challenger CIP operating conditions has not been undertaken on the Tarcoola gold mineralisation.</li> <li>• It has not been decided yet whether Tarcoola ore will be batch treated at Challenger or processed with the Challenger ore.</li> </ul>
<i>Environmental</i>	<ul style="list-style-type: none"> <li>• Baseline flora and fauna studies have been completed. No items requiring referral under the EPBC Act were identified.</li> <li>• Environmental approvals will form part of the overall permitting process coordinated with the South Australian Department of State Development.</li> <li>• The Mineral Lease (ML6455) was granted on 09 March 2016.</li> <li>• The Program for Environmental Protection and Rehabilitation (PEPR) was submitted to DSD on 29 July 2016. Approval is expected before the end of September 2016.</li> <li>• The remaining list of permits, licences and approvals necessary for construction and operation are listed in the DFS. These are either in place or the path to approval has been set out.</li> <li>• Aboriginal and recent historical heritage sites have been identified but do not impact on the planned operations.</li> <li>• Hydrogeological assessments show that the water requirements of the operation can be met from the proposed borefield without significant drawdown on the ground water resource.</li> </ul>
<i>Infrastructure</i>	<ul style="list-style-type: none"> <li>• Infrastructure at Tarcoola will consist of: <ul style="list-style-type: none"> <li>○ Tarcoola Village Hospital refurbishment for use as dormitory style accommodation,</li> <li>○ Mining contractor's workshop and offices,</li> <li>○ Borefield water supply.</li> </ul> </li> <li>• Infrastructure external to Tarcoola will consist of:</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>○ Tarcoola to Challenger haul road upgrade,</li> <li>○ ROM stockpile receival area for road trains from Tarcoola.</li> </ul>
<i>Costs</i>	<ul style="list-style-type: none"> <li>● Capital costs for the Tarcoola minesite, haul route to Challenger and the Challenger ore receival area are based on quotations from suppliers and contractors.</li> <li>● Operating costs were estimated on the following bases: <ul style="list-style-type: none"> <li>○ Mining – Mining Contract Tender submission.</li> <li>○ CIP ore processing at Challenger – current marginal cost of processing in 100% owned facility.</li> <li>○ Tarcoola site costs – contractor tender submissions.</li> </ul> </li> <li>● Royalties – All royalties payable, including the South Australian State Government royalty, are identified in the Feasibility Study and Financial model.</li> </ul>
<i>Revenue factors</i>	<ul style="list-style-type: none"> <li>● The project was tested at gold prices ranging from A\$1,600 to \$1,800 per oz. This range of prices is considered reasonable against the US\$ gold price and A\$/US\$ exchange rate as at August 2016.</li> <li>● The Feasibility Study financial model was run at A\$1,700/oz.</li> </ul>
<i>Market assessment</i>	<ul style="list-style-type: none"> <li>● Historically gold and silver supply has been relatively price inelastic. Tarcoola's contribution to world gold production is small. Whatever the project can produce will be sold but the price will be subject to many factors most of which are beyond the control of the gold producers.</li> </ul>
<i>Economic</i>	<ul style="list-style-type: none"> <li>● The Feasibility Study financial analysis by WPG used a discount rate of 7.5% to estimate the project NPV. The project life is 40 months including 5 months of pre-production mining. The mine will operate for 24 months to provide 35 months of mill feed to the Challenger mill. The shorter mine life is reduce fixed costs.</li> <li>● WPG presented a pre- and post-tax financial model at a gold price of \$A1,700/oz on a 100% equity basis. All in sustaining costs are estimated at A\$916/oz resulting in an estimated return on capital of over 350%.</li> <li>● Sensitivity was tested to AUD/USD exchange rate, USD gold price, gold process recovery, mine operating costs, process operating costs and project capital costs. All variables tested returned positive NPVs within the ±15% range tested except gold price and process recovery. The project breakeven point is around 88% of the base case assumptions for both of these equating to approximately A\$1,500/oz and 85% gold recovery respectively.</li> <li>● It is noted that while the project is robust against variations in individual variables adverse movements in multiple factors may have worse outcomes. Conversely, favourable variations in one variable may offset adverse variations in others.</li> </ul>
<i>Social</i>	<ul style="list-style-type: none"> <li>● A Native Title Mining Agreement has been negotiated with the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC) as the Native Title Holder.</li> </ul>
<i>Other</i>	<ul style="list-style-type: none"> <li>● No material risks with high likelihood have been identified for the project.</li> <li>● The most significant risks noted by AMDAD are: <ul style="list-style-type: none"> <li>○ Fall in gold price, although a sustained fall to well below the current price can be endured.</li> </ul> </li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>○ Lower than expected gold process recovery, although it would have to be less than 86% which is lower than any of the available test work has shown.</li> </ul> <p>WPG ran sensitivity analyses including gold price and process recovery to assess the project's ability to withstand adverse variations from the base case. Management systems are in place to mitigate risk on the permitting and operational risks.</p> <ul style="list-style-type: none"> <li>● A Mineral Lease (ML 6455) was granted on 9 March 2016.</li> <li>● The Program for Environment Protection and Rehabilitation (PEPR) was submitted to DSD on 29 July 2016. Approval is anticipated before the end of September 2016.</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>● Probable Ore Reserves are derived from Indicated Mineral Resources. The Ore Reserves do not include any Inferred Resources.</li> <li>● In the opinion of the Competent Person for the Ore Reserves, John Wyche, the Ore Reserves which are reported against a A\$1,700/oz gold price are acceptable because this price is within the range of US\$ gold prices and A\$/US\$ exchange rates that could be reasonably expected over the life of the project.</li> <li>● Pit optimisation runs showed that the same pit would be mined at lower gold prices so the definition of Ore Reserves only relates to the application of gold price to the Indicated Resources within the pit.</li> <li>● All tonnes derived from Indicated Resources are reported as Probable Ore Reserves. No modifying factors with sufficient materiality and likelihood to downgrade the Probable Ore classification were identified.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>● No audits of the Ore Reserves have been undertaken.</li> </ul>
<i>Discussion of relative accuracy/confidence</i>	<ul style="list-style-type: none"> <li>● This Ore Reserves estimate is derived from an MIK resource model based on exploration drilling only.</li> <li>● Given the use of the lowest MIK grade increment for defining Ore and the further addition of mining dilution it is expected that the Ore Reserves will be a reasonable global estimate of tonnes and gold grade.</li> <li>● As an MIK estimate the resource model may not provide a consistently good local estimate of the location and grade of tonnes to be mined on each bench. This level of local confidence will only be achieved when grade control sampling is conducted during operations.</li> <li>● It is expected there will be a good reconciliation on tonnes and gold grade mined between Ore Reserves and the operational grade control model on a bench by bench or month by month basis.</li> </ul>