



# ASX and Media Release

## Chairman's address to WPG's 13 October 2016 General Meeting

Ladies and Gentlemen

Welcome to this General Meeting of Members of WPG Resources Ltd.

The principal purpose of today's meeting is to consider and if thought fit approve the four resolutions which are set out in the Notice of Meeting which has been provided to all shareholders. These resolutions are simple, are largely procedural, and we will move on to consider them shortly.

Members will remember that we held another General Meeting just three months ago at which all resolutions were passed. At that meeting I did not give an update as to how the company was travelling, and I sensed at the time that this disappointed some shareholders who turned up on the day. WPG's quarterly report for the September quarter must be released before 31 October and we are targeting next week for its release. The quarterly report and the accompanying Appendix 5B will provide the information that shareholders are seeking, but I will provide a brief update today.

During the quarter, the Company acquired its joint venture partner's interest in Challenger, doubled its interest in the Western Gawler Craton exploration joint venture, finalised a feasibility study for development of Tarcoola as a simple open pit from which ore will be trucked to Challenger for processing and lodged the PEPR for Tarcoola which is the last significant regulatory approval required for the commencement of mining operations at Tarcoola. We also completed a \$13.5 million capital raising, to which was added almost \$1m through the early exercise of some of our December 2016 listed options. The bulk of the capital raising was spent on the acquisition of the joint venture partner's interest in Challenger, with the remainder to be used for part funding of the capital costs for the development of Tarcoola, working capital and the payment of fees.

**13 October 2016**



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Challenger produced a total of 12,138 ounces of gold in the quarter, with silver credits, which is in line with our projections of 50,000 ounces for FY 2017. WPG's share of this gold is approximately 9,897 ounces (50% of July's production, and 100% since then), at an All-In Sustaining Cost of \$1,493 per ounce. Costs during the quarter were impacted by some one-off charges associated with the restart of the mine and slightly lower than budgeted production in September. Our cash balance at 30 September was \$12.1 million. The current quarter has started well, with tonnes crushed and head grade both above budget, and ore tonnage trammed to date is well above budget.

Turning now to Tarcoola, we had expected the regulator would have approved the PEPR by now. However some last minute issues came up in relation to third party infrastructure (which have now been resolved), and waste rock dump design and the latter in particular has delayed the final approval. Although these delays are frustrating, we still believe the approval is imminent. In anticipation of this, we have appointed Henry Andryszczak as mine manager, recruited two geologists and an additional mining engineer, all of whom will have started working with us by next week, have awarded several key contracts including the FIFO, camp services and fuel supply contracts, and have appointed preferred tenderer status for the mining and haulage contracts.

We have purchased the old Tarcoola hospital and are well into its refurbishment as an accommodation facility for mine workers in accordance with an approved development application. The accommodation at the hospital is in addition to the two houses we purchased in Tarcoola some time ago.

Providing the regulator approves the PEPR soon, we anticipate moving dirt at Tarcoola before mid-November. The first ore from Tarcoola will be delivered to the Challenger mill in December.

We reached agreement with our joint venture partner in the Western Gawler Craton joint venture to resolve the dispute between us in relation to the ownership of certain tenements near Challenger during the quarter. This resolution gives us the confidence to aggressively explore and develop new ore zones in the down dip extension of the Challenger lodes known as Challenger Deeps.

In parallel with this we are drill testing the newly discovered Challenger South South West structure from coddys developed on several levels underground. Although it is early days and no new JORC-compliant resource estimate has been defined yet by this work, the results to date are encouraging. The WGCJV, in which we have a minority interest but are not managing, is actively drilling on joint venture ground as we speak. We encourage our partner and all other tenement holders in the prospective but under explored Challenger region to ramp-up their exploration programs because we will be in the box seat to negotiate toll treatment arrangements that are favourable to us in the event of a discovery. The nearest gold treatment plant to Challenger is at Prominent Hill, which is 200 kilometres away.

Finally, I am a little disappointed that we have not done as much work on our third major project, Tunkillia, as I had hoped. This is an excellent pre-development project with a substantial JORC compliant resource. We have appointed one of our more senior geologists as project manager to do further work on Tunkillia, including updating and upgrading the PFS that was completed some years ago. One of the options under consideration is to relocate the Challenger treatment plant and key infrastructure to Tunkillia at some future stage.

## Further Information

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

## Competent Person

The exploration activities and results contained in this report are based on information compiled by Mr Kurt Cramer.

Kurt Cramer is a Member of the Australasian Institute of Mining and Metallurgy. He is a Senior Project Geologist and Mining Engineer and a full time employee of WPG Resources Ltd. He 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). Kurt Cramer 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.