



# ASX and Media Release

## Chairman's address to 2016 AGM

Ladies and Gentlemen

Welcome to the 2016 Annual General Meeting of WPG Resources Limited. This is our twelfth AGM as a listed public company and the first since we completed our successful move from iron ore into gold.

I have already introduced the board and senior executives to you.

Len Dean will retire from the Board later today. Len became a Director of WPG in 2007 and through his experience in his 40 year career in the resources sector, with particular emphasis in the global iron ore industry, has provided a highly valuable contribution to the Company, in particular during the growth of and subsequent successful sale of Southern Iron and the Company's iron ore assets in 2011. His in-depth understanding of the resources sector has provided essential input to the Company's success over the past 9 years. We will miss Len's wise counsel.

One door closes and another opens.

I previously introduced our new board member Helen Wiseman to you. Helen has a terrific CV and we are all looking forward to her contribution to the Company's growth. She is a Chartered Accountant by training and former partner at KPMG. She has over 20 years' experience working in professional services firms advising a broad range of corporate clients in the mining, oil and gas, energy, manufacturing and government sectors. Helen is an experienced company director and was appointed to the Board just last month after Len advised his intention to retire.

Until Helen joined us our all-male board consisted of six directors, four of whom had technical backgrounds in the mining sector. Helen's appointment reflects our deliberate strategy of board renewal, generational change, and diversity. I expect further board changes as part of this policy in the coming months and years.

I would also like to pay tribute to the effort of all our executive team whose skills took us to the successful acquisition and re-opening of Challenger and the start-up of mining at Tarcoola, both of which have happened since our last AGM.

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ABN 51 109 426 502  
Level 9, Kyle House  
27-31 Macquarie Place  
Sydney NSW 2000  
Telephone (+612) 9251 1044  
Facsimile (+612) 9247 3434  
info@wpgresources.com.au  
www.wpgresources.com.au

Martin Jacobsen, our Managing Director, will give a presentation shortly that focusses on our three gold projects, Challenger, Tarcoola and Tunkillia. I don't want to steal Martin's thunder but these three projects give us an unrivalled strategic position in South Australia's Gawler Craton, a heavily mineralised but underdeveloped geological domain which shows many characteristics similar to the Kalgoorlie region in Western Australia. In effect, we have put together a regional gold play where knowledge gained in one area can be applied to another, and where we will derive synergies in terms of access to common infrastructure and personnel. Our Challenger treatment plant is the only one within a 200 kilometre radius, and we will make this available to other companies on commercial terms in the event that they make gold discoveries, subject of course to our own requirements taking priority.

Focussing for the moment on Challenger, when we set this mine up earlier this year we deliberately designed contracts to have a larger fixed vs variable cost structure than applies in other similar underground mines. This means that the project's financial results are more heavily leveraged to the gold grade of ore mined than might be the case under conventional contracts. We released an aspirational target for Challenger early this year of 50,000 ounces for FY 2017 and as will be shown by Martin, we are well on track to achieve that. However our intention was to under promise and over deliver and we hoped to get much more than 50,000 ounces. Unfortunately grades to date have been down a little on plan and accordingly unit costs have been higher than hoped for. Martin's presentation summarises the all in sustaining costs for the June and September quarters. The trend is downwards but the costs are still too high. We are expecting costs to fall in the current quarter. November's production is shaping up to be a little over 5,000 ounces which will be a record for the mine under its new ownership and this should result in a better result for the December quarter.

Turning now to Tarcoola, we are now well into the construction and development phase for this new mine, and Martin's presentation includes some recent photos of some of the exciting work we are doing there. We expect to be delivering ore from Tarcoola for treatment at Challenger in December. After the ramp-up, which will be achieved progressively over the next six months, we expect to be producing gold from Tarcoola at the rate of 20,000 ounces per annum. Tarcoola's unit costs are expected to be lower than Challenger's on a stand alone basis, so there will be a further improvement in our overall cost structure once Tarcoola is in steady-state production.

We are all a little frustrated that we have not been as active on our third gold project, Tunkillia, as we had hoped. This is a much larger resource than either Challenger or Tarcoola. When cashflow from Challenger and Tarcoola has built up to the point where we have a reasonable buffer, we will refresh the feasibility study already in place for this project, as well as devote more funding towards exploration.

We have completed four capital raisings since our last AGM. Each of the equity issues was done at a higher price than the previous one. Our November 2015 rights issue included an issue of listed options that expire at the end of next month. Many of these options have already been exercised. I am the largest holder of listed options, and absent a collapse in our share price over the next month it is my present intention to exercise all of my options. Our senior executives have told me they intend to do the same.

In summary, this year has been an exciting year for WPG, and next year should be even better. We are already well on our way to deliver on our aspirational statement of producing some 70,000 ounces of gold per annum on an annualised basis. If you add to that our aspirational statement to develop Tunkillia at about the same rate as the combined Challenger and Tarcoola projects further down the track, I hope you will agree with me when I say that WPG has entered a golden era.

Finally, and before I hand over to Martin, I would as usual like to thank our board for its determination and hard work during the year, and the enthusiasm and persistence of our management team. Last year when I addressed you WPG had 10 employees and we now have 82, and contractors we have engaged provide employment to a further 165 people. I would like to welcome those new members of our team, and hope that we can provide a safe, stimulating and satisfying working environment for you.

I would also like to put on record the loyalty, patience and support of our shareholders, and the board thanks you for that.

### ***Forward-Looking Statements***

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning WPG's planned production projections 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.