



# ASX and Media Release

## CGO and Byrnecut work together to deliver an optimised mining strategy at Challenger

### HIGHLIGHTS

- **Optimisation study to de-emphasise high cost remnant mining in older parts of mine**
- **Focus now on accessing Challenger Deeps as quickly as possible**
- **Changed strategy anticipates lower production in short term which will be offset by more sustainable production from the Deeps**

As set out our ASX announcement of 27 December 2017, Challenger Gold Operations Pty Ltd (CGO), a wholly owned subsidiary of WPG Resources Ltd (ASX: WPG), has secured a loan facility from the Byrnecut Group to be applied mainly at the Challenger mine. The full amount of the \$20m loan has now been received and funds will begin to be deployed progressively over the next few months.

WPG, Byrnecut and Byrnecut's mining consulting arm Mining Plus have worked together during December to optimise the longer term production strategy at Challenger. This optimisation study, which won't be finalised until February 2018, will de-emphasise short term production from high cost remnant mining in the older parts of the mine, and focus more on developing into the virgin Challenger Deeps area, where stoping will commence in February 2018.

Due to maintenance issues in the mill and some under-performing stopes in the mine, along with the refocussed strategy of accessing the Deeps as quickly as possible, production for the December 2017 quarter will be lower than the previously released guideline. WPG now expects the combined production from Challenger and Tarcoola for the December quarter to be approximately 11,000 ounces. Guidance for the combined Challenger and Tarcoola mining operations for the 2018 financial year is now 60,000 ounces.

**29 December 2017**



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

WPG's CEO, Wayne Rossiter, said "Although we now expect gold production to be lower than previous guidance, we believe that short term pain will lead to longer term gain. This short term reduction in gold production, coupled with an increased focus on developing additional stopes in the Challenger Deeps area, will provide greater flexibility in production opportunities going forward. Accessing the Deeps area was a key objective when WPG bought the mine almost two years ago, and at last this objective is within sight."

## Further Information

For further information please contact:

*Wayne Rossiter*  
CEO  
WPG Resources Ltd  
0420 959 304

*Duncan Gordon*  
Executive Director  
Adelaide Equity Partners Ltd  
0404 006 444

## Forward-Looking Statements

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