

AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

WPG Resources Ltd (WPG)

October 2016

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

IIR takes great pride in the quality and independence of our analysis, underpinned by high caliber staff and a transparent, proven and rigorous research methodology.

INDEPENDENCE OF RESEARCH ANALYSTS

Research analysts are not directly supervised by personnel from other areas of the Firm whose interests or functions may conflict with those of the research analysts. The evaluation and appraisal of research analysts for purposes of career advancement, remuneration and promotion is structured so that non-research personnel do not exert inappropriate influence over analysts.

Supervision and reporting lines: Analysts who publish research reports are supervised by, and report to, Research Management. Research analysts do not report to, and are not supervised by, any sales personnel nor do they have dealings with Sales personnel

Evaluation and remuneration: The remuneration of research analysts is determined on the basis of a number of factors, including quality, accuracy and value of research, productivity, experience, individual reputation, and evaluations by investor clients.

INDEPENDENCE – ACTIVITIES OF ANALYSTS

IIR restricts research analysts from performing roles that could prejudice, or appear to prejudice, the independence of their research.

Pitches: Research analysts are not permitted to participate in sales pitches for corporate mandates on behalf of a Broker and are not permitted to prepare or review materials for those pitches. Pitch materials by investor clients may not contain the promise of research coverage by IIR.

No promotion of issuers' transactions: Research analysts may not be involved in promotional or marketing activities of an issuer of a relevant investment that would reasonably be construed as representing the issuer. For this reason, analysts are not permitted to attend "road show" presentations by issuers that are corporate clients of the Firm relating to offerings of securities or any other investment banking transaction from that our clients may undertake from time to time. Analysts may, however, observe road shows remotely, without asking questions, by video link or telephone in order to help ensure that they have access to the same information as their investor clients.

Widely-attended conferences: Analysts are permitted to attend and speak at widely-attended conferences at which our firm has been invited to present our views. These widely-attended conferences may include investor presentations by corporate clients of the Firm.

Other permitted activities: Analysts may be consulted by Firm sales personnel on matters such as market and industry trends, conditions and developments and the structuring, pricing and expected market reception of securities offerings or other market operations. Analysts may also carry out preliminary due diligence and vetting of issuers that may be prospective research clients of ours.

INDUCEMENTS AND INAPPROPRIATE INFLUENCES

IIR prohibits research analysts from soliciting or receiving any inducement in respect of their publication of research and restricts certain communications between research analysts and personnel from other business areas within the Firm including management, which might be perceived to result in inappropriate influence on analysts' views.

Remuneration and other benefits: IIR procedures prohibit analysts from accepting any remuneration or other benefit from an issuer or any other party in respect of the publication of research and from offering or accepting any inducement (including the selective disclosure by an issuer of material information not generally available) for the publication of favourable research. These restrictions do not preclude the acceptance of reasonable hospitality in accordance with the Firm's general policies on entertainment, gifts and corporate hospitality.

DISCLAIMER

This publication has been prepared by Independent Investment Research (Aust) Pty Limited trading as Independent Investment Research ("IIR") (ABN 11 152 172 079), an corporate authorised representative of Australian Financial Services Licensee (AFSL no. 410381). IIR has been commissioned to prepare this independent research report (the "Report") and will receive fees for its preparation. Each company specified in the Report (the "Participants") has provided IIR with information about its current activities. While the information contained in this publication has been prepared with all reasonable care from sources that IIR believes are reliable, no responsibility or liability is accepted by IIR for any errors, omissions or misstatements however caused. In the event that updated or additional information is issued by the "Participants", subsequent to this publication, IIR is under no obligation to provide further research unless commissioned to do so. Any opinions, forecasts or recommendations reflects the judgment and assumptions of IIR as at the date of publication and may change without notice. IIR and each Participant in the Report, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This publication is not and should not be construed as, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information only. Neither IIR nor the Participants are aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives, financial situation or particular needs before acting on such opinions or recommendations. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. This document does not constitute an offer of services in jurisdictions where IIR or its affiliates do not have the necessary licenses. IIR and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. IIR and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

IIR, its officers, employees and its related bodies corporate have not and will not receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any statements and/or recommendation (if any), contained in this Report. IIR discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may affect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any).

However, under no circumstances has IIR been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report. The information contained in this publication must be read in conjunction with the Legal Notice that can be located at <http://www.independentresearch.com.au/Public/Disclaimer.aspx>.

THIS IS A COMMISSIONED RESEARCH REPORT.

The research process includes the following protocols to ensure independence is maintained at all times:

- 1) The research process has complete editorial independence from the company and this included in the contract with the company;
- 2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.

Contents

Ramping Up Production.....	1
Key Points.....	1
Valuation Summary.....	2
Earnings Forecast.....	2
SWOT Analysis	4
Strengths	4
Weaknesses.....	4
Opportunities	4
Threats	4
Overview	5
Strategy.....	5
Financial Position.....	5
Project overview	5
Valuation.....	13
Capital Structure	15
Risks.....	15
Board and Management.....	16



Note: This report is based on information as at October 2016

Investment Profile	
Share Price as at 14 October 2016	\$0.082
Issued Capital:	
Ordinary Shares (M)	686.2m
Options (M)	64.9m
Incentive Rights	19.1m
Fully Diluted (M)	770.2m
Market Capitalisation (M)	\$56.3m
12 month L/H (\$)	\$0.022/\$0.110

Board and Management	
Directors	
Mr Bob Duffin: Executive Chairman	
Mr Martin Jacobsen: MD & CEO	
Mr Gary Jones: Technical Director	
Mr Len Dean: Non-Executive Director	
Mr Lim See Yong: Non-Executive Director	
Mr Dennis Mutton: Non-Executive Director	

Major Shareholders	
Mr Bob Duffin	7.22%
Jalinson's Pty Ltd	6.50%
Citicorp Nominees Pty Ltd	5.41%
Top 20	42.61%
Board and Management	10.61%



The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

Senior Analyst – Mark Gordon

RAMPING UP PRODUCTION

WPG Resources (“WPG” or “the Company”) has recently re-commenced production at its 100% owned Challenger Gold Mine (“Challenger”) in the Gawler Craton of South Australia – the planned operation includes sourcing ore from both Challenger and the Tarcoola Gold Project (“Tarcoola”, located 165km away by road) and producing >60,000oz of gold in the first year of operation. Challenger was a bottom-of-the-market acquisition from Kingsgate Consolidated, with an original acquisition price of A\$1 million. It has historically produced 1.1Moz, has 277koz of gold in resources, and was a natural fit with the previously acquired 98koz Tarcoola deposit which was originally planned as a standalone heap leach operation.

KEY POINTS

Ramping up Production: With mining and milling again underway at Challenger, and mining due to commence at Tarcoola, with all things going to plan our modelling indicates that WPG is set to produce >60,000oz of gold in FY2017, rising to ~67,000oz in FY2018, with cash costs in the order of A\$1,220/oz and total costs of A\$1,400/oz for a 3 1/2 year operation.

A new set of eyes: Challenger has historically lived up to its name in being a high cost and challenging operation, however a new set of eyes commonly can result in a meaningful turnaround at an operation – a case in point is Northern Star’s Paulsens Mine in Western Australia – WPG is looking at ways to improve the economics through cutting costs and decreasing dilution amongst others.

Experienced mining contractors: The appointment of Pybar Mining Services Pty Ltd (“Pybar”), a well-regarded mining contractor experienced in narrow vein underground operations should help in achieving the desired operational efficiencies.

Tarcoola synergies: Being able to treat the 71,000oz reserve at Tarcoola through Challenger is also a positive for the overall operation – it will allow the mill to be filled with the resultant efficiency improvements without ramping up mining at Challenger above that which may be optimal, and also significantly lowers the capital cost for Tarcoola, which was originally planned and permitted as a standalone heap leach operation.

Resource expansions: Challenger currently has 217koz in Measured and Indicated resources (including 78.3koz in Reserves) which should be sufficient to support a 3 1/2 year underground operation, however there is good potential to extend this to at least five years through upgrading of the 55koz in inferred resources, extending known mineralised shoots and finding new ones – the Company will be undertaking an aggressive exploration campaign once they have a healthy treasury.

Tunkillia potential: The Company’s third key asset, Tunkillia, has the potential to be developed into a standalone operation with the discovery of additional ore to add to its current 558koz resource – the project is located in a highly prospective area with a number of targets that require follow up work and that have good potential to deliver the resources necessary to justify development.

Regional prospectivity: WPG has regional exploration ground both in JV and solely held; previous and ongoing work on this ground has demonstrated the prospectivity for further discoveries.

Challenger as a processing hub: In being the only gold mill in the region, Challenger is well placed to act as a processing hub for new discoveries both by WPG and other companies – this will include mineralisation that would not support a standalone development, however will be economic by virtue of being able to be trucked and treated at an existing mill.

Strong management and technical team with skin in the game: The Company’s personnel including board, management and technical team have extensive technical and financial experience in the resources sector; in addition they have significant shareholdings in the Company, thus aligning their interests with those of other shareholders.

History of returns to shareholders: Since listing, WPG has raised A\$140 million and returned A\$270 million to shareholders; this was largely related to the 2011, A\$320 million sale of the Peculiar Knob Iron Ore Project to OneSteel, after which the Company paid a tax-effective dividend and return of capital to shareholders, with payments also including A\$60 million to the ATO for franking credits.

News flow: Key news flow will now be related to the performance of operations, both at Challenger and Tarcoola.

VALUATION SUMMARY

We have a midpoint valuation of A\$86 million, or A\$0.114 per share for WPG based on a gold price of US\$1,250/oz and an AUD:USD exchange rate of 0.75, with this diluted for the in-money listed options. This is at a premium of ~40% to the current price, and we would expect this to be realised with ongoing demonstrated successful operations, and we also see upside to this.

WPG VALUATION (A\$)					
Item	Value	Multiple - Lower	Multiple - Upper	Valuation - Lower	Valuation - Upper
NAV	\$94m	1.0	1.5	\$74m	\$111m
2017 EBITDA	\$18m	3.5	5.0	\$49m	\$69m
2017 Production	61 koz	\$1,500 /oz	\$2,000 /oz	\$91m	\$121m
			Average	\$71m	\$100m
			Average/Share	\$0.095	\$0.134

EARNINGS FORECAST

EARNINGS FORECAST					
Y/E June	2016A	2017E	2018E	2019E	2020E
Revenue (A\$M)	1.7	101.1	114.8	114.8	57.9
EBITDA (A\$M)	-3.8	13.9	14.0	37.8	21.1
Reported NPAT (A\$M)	-8.3	7.3	5.6	22.4	7.1
Reported EPS (A\$)	n/a	0.011	0.008	0.033	0.010
PER	n/a	7.34	9.61	2.39	7.51
CFPS	0.004	0.006	0.009	0.041	0.022
Cash Flow Multiple	17.91	13.16	8.92	1.92	3.52
Return on Equity (%)	n/a	23%	15%	38%	11%
Return on Assets (%)	n/a	16%	11%	28%	9%
NPAT/Sales (%)	n/a	7%	5%	19%	12%
EBITDA/Sales (%)	n/a	14%	12%	33%	36%

PRODUCTION FORECAST					
Y/E June	2016A	2017E	2018E	2019E	2020E
Challenger Ore Mined	0.01 mt	0.43 mt	0.35 mt	0.35 mt	0.18 mt
Challenger Stockpiles	0.05 mt	0.07 mt	0.00 mt	0.00 mt	0.00 mt
Tarcoola Ore Mined	0.00 mt	0.09 mt	0.50 mt	0.12 mt	0.00 mt
Tarcoola Waste Mined	0.00 mt	4.23 mt	3.92 mt	0.19 mt	0.00 mt
Tarcoola Ore Milled	0.00 mt	0.09 mt	0.25 mt	0.25 mt	0.12 mt
Total Ore Milled	0.06 mt	0.59 mt	0.60 mt	0.60 mt	0.30 mt
Head Grade	1.78 g/t	3.39 g/t	3.76 g/t	3.76 g/t	3.76 g/t
Mill Recovery	93%	95%	95%	95%	95%
Challenger Gold	3.4 koz	52.5 koz	45.4 koz	45.4 koz	23.0 koz
Challenger Silver	0.0 koz	3.9 koz	3.7 koz	3.7 koz	1.8 koz
Tarcoola Gold	0.0 koz	8.1 koz	23.4 koz	23.4 koz	11.7 koz
Total Gold	3.4 koz	60.6 koz	68.8 koz	68.8 koz	34.7 koz

PROFIT & LOSS (A\$M)					
Y/E June	2016A	2017E	2018E	2019E	2020E
Sales Revenue	1.7	101.1	114.8	114.8	57.9
Operating Costs	-3.6	-85.7	-99.3	-75.5	-35.3
Other Costs	-1.8	-1.5	-1.5	-1.5	-1.5
EBITDA	-3.8	13.9	14.0	37.8	21.1
Depreciation/Amortisation	0.0	-6.6	-8.5	-10.9	-10.9
Impairment	-2.4	0.0	0.0	0.0	0.0
Gain/Loss on Sale	-1.9	0.0	0.0	0.0	0.0
Other Costs	-0.2	0.0	0.0	0.0	0.0
EBIT	-8.3	7.2	5.5	26.9	10.1
Interest	0.0	0.0	0.0	0.0	0.0
Pre-Tax Profit	-8.3	7.2	5.5	26.9	10.1
Tax expense	0.0	0.0	0.0	-4.5	-3.1
Net Profit After Tax	-8.3	7.2	5.5	22.4	7.1
Abnormals	0.0	0.0	0.0	0.0	0.0
Reported NPAT	-8.3	7.2	5.5	22.4	7.1

CASH FLOW (A\$M)					
Y/E June	2016A	2017E	2018E	2019E	2020E
Receipts from customers	1.5	101.1	114.8	114.8	57.9
Payments to suppliers	-3.0	-87.2	-100.8	-77.0	-36.8
Net interest	0.1	0.0	0.0	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0	-4.5
Other	0.3	0.0	0.0	0.0	0.0
Operating Activities	-1.2	13.9	14.1	37.9	16.7
Capital Expenditure	0.0	-4.4	0.0	0.0	0.0
Mine Exploration & Development	-1.6	-11.4	-7.5	-7.4	0.0
Asset Sales/Acquisitions	0.6	-9.8	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Investment Activities	-1.1	-25.5	-7.5	-7.4	0.0
Share Issues /options	5.7	16.9	0.0	0.0	0.0
Share Issue Costs	-0.2	-0.8	0.0	0.0	0.0
Debt Drawdown/ (Repaid)	0.0	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Financing Activities	5.6	16.1	0.0	0.0	0.0
Net Cash	3.3	4.5	6.6	30.5	16.7
Cash at beginning	1.3	4.6	9.1	15.6	46.1
Cash at end	4.6	9.1	15.6	46.1	62.8

BALANCE SHEET (A\$M)					
Y/E June	2016A	2017E	2018E	2019E	2020E
Cash	4.6	9.1	15.6	46.1	62.8
Trade and other Receivables	1.2	7.8	8.8	8.8	4.4
Inventories	3.2	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0
Current Assets	9.1	16.8	24.5	55.0	67.3
Non Cash Financial Assets	1.6	2.7	2.7	2.7	2.7
Development, Exploration PPE Assets	7.5	26.4	25.4	21.9	10.9
Non-current Assets	9.1	29.1	28.1	24.5	13.6
Total Assets	18.2	45.9	52.6	79.5	80.9
Trade and other Payables	5.5	10.0	11.6	8.9	4.2
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Short-term Provisions	1.4	0.3	0.3	0.3	0.3
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Long-term Provisions	4.9	4.9	3.8	3.8	3.8
Other	0.0	0.0	0.0	0.0	0.0
Total Liabilities	11.8	15.2	15.6	12.9	8.3
Net Assets	6.4	30.7	36.9	66.6	72.6
Share Capital	31.3	49.0	49.0	49.0	49.0
Reserves	0.5	0.5	0.5	0.5	0.5
Retained Earnings	-25.4	-18.2	-12.6	9.7	16.8
Shareholders' Equity	6.4	31.3	36.8	59.2	66.3
Minorities	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total Equity	6.4	31.3	36.8	59.2	66.3
Shares on Issue (M)	447.3	758.7	763.6	770.2	770.2
Options Outstanding (M)	106.8	11.5	6.6	0.0	0.0
Fully Diluted (M)	554.2	770.2	770.2	770.2	770.2

SWOT ANALYSIS

STRENGTHS

- ◆ **Operational synergies:** A key strength is the synergy between Tarcoola and Challenger, which will lead to a more efficient use of the Challenger mill and has dramatically cut the capital cost for Tarcoola.
- ◆ **Potential at Tunkillia:** Dependent upon exploration success, Tunkillia has the potential to become the Company's third operation.
- ◆ **Only plant in the district:** Should other discoveries be made in the region, and depending upon grade and distance from the mill, Challenger provides an ideal central processing hub.
- ◆ **Experienced people with skin in the game:** Company personnel have significant experience in the resources game, as well as significant shareholdings.

WEAKNESSES

- ◆ **High cost operation:** Challenger is a relatively high cost operation, and thus is sensitive to changes in operating costs and gold prices; however the combination of Tarcoola and Challenger reduces the overall cost, thus making the combined operation less sensitive to these factors.
- ◆ **Short mine life:** Current resources are sufficient for a three to four year mine life, with the resource upside potential to realistically, considering the depth, extend it to five years – this is relatively short and to keep momentum going and the market interested the Company will need exploration success, and/or source new growth assets.

OPPORTUNITIES

- ◆ **Turnaround opportunity:** Challenger makes an ideal turnaround opportunity, with new owners commonly being able to make positive changes to existing operations that have languished in the past - the Company is looking at ways to improve operations, including increasing grade and ounces through the mill - Challenger is very sensitive to grade and any improvement here will substantially affect the bottom line.
- ◆ **Exploration success:** There is good potential for exploration success at all of the Company's properties, however saying that exploration for Challenger-style mineralisation is hard work.
- ◆ **Acquisitions and earn-ins:** All going to plan, the Company will be generating significant cash over the next few years, this places it in an ideal position to consider acquisitions that will have the potential to provide growth down the track.

THREATS

- ◆ **Gold prices and exchange rates:** Adverse movements in these factors are key threats to the operation, given the high operating costs of Challenger.
- ◆ **Operating costs:** As for the above, however unlike prices and exchange rates these can be actively managed to suit circumstances.
- ◆ **Geology:** Challenger has thrown a few curve balls in the past, and in 2012/2013 did provide some serious challenges for Kingsgate which were however overcome.

OVERVIEW

STRATEGY

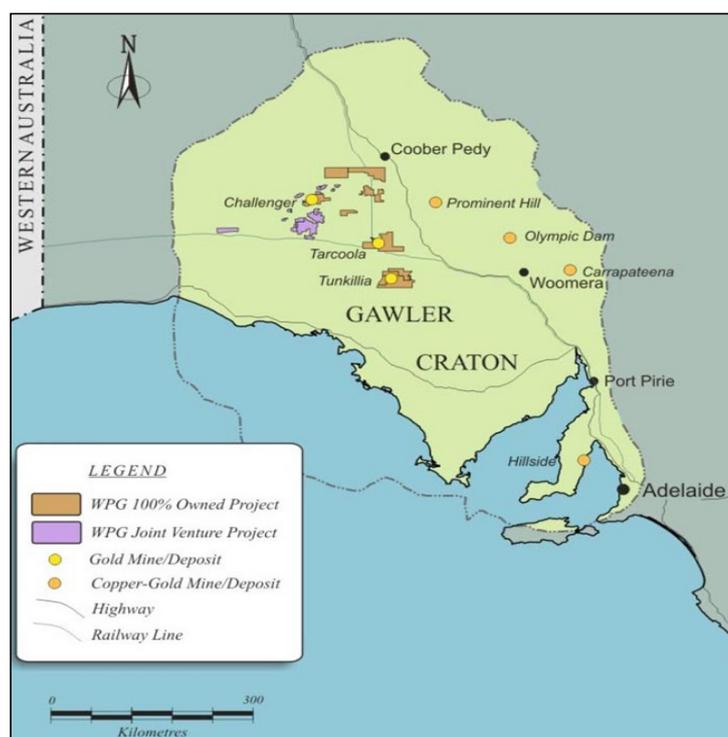
- ◆ With the acquisitions of the Challenger, Tarcoola and Tunkillia gold assets, WPG is positioning itself to produce 70,000oz of gold per year from Challenger and Tarcoola, and then to use the Challenger mill as a central processing hub (including toll treating) for any new discoveries in the region – the Company has exploration JV interests with Tyranna Resources (ASX; TYX, “Tyranna”) as well as 100% held exploration properties.
- ◆ Plans are to mill ~600,000tpa at Challenger, with ~360,000tpa coming from the Challenger underground and ~240,000tpa of ore being trucked from Tarcoola, a distance of 165km; the Company has also been treating low grade (1.3g/t) stockpiles to “fill the mill” until Tarcoola comes on stream, which is expected in the next few months – the Company already has a mining lease (“ML”) in place, and is now waiting final approval of the Programme for Environmental Protection and Rehabilitation (“PEPR”).
- ◆ The joint operation of Challenger and Tarcoola brings significant synergies – although an original Feasibility Study for Tarcoola showed that a heap leach operation was viable, being able to treat ore at Challenger significantly reduces the capital cost, increases recoveries and reduces Challenger mill unit operating costs.
- ◆ All going to plan, the operation will provide a healthy cash flow, and leave the Company well-funded to pursue other growth opportunities.

FINANCIAL POSITION

- ◆ As of June 30, 2016 the Company had \$4.61 million in cash and no debt.
- ◆ The Company raised \$13.5 million before costs through an oversubscribed placement (\$7.35 million) and fully underwritten rights issue (\$6.12 million) in July 2016 – both were at a price of \$0.065, with funds used for the purchase of Diversified Minerals’ Pty Ltd (“DMPL”, a subsidiary of Pybar) 50% share of Challenger and costs associated with the start-up of Tarcoola.
- ◆ Over the twelve months to June 30, 2016 WPG raised \$5.719 million before costs in two capital raisings, received \$751,000 on the sale of a block of land in Port Pirie and received \$1.515 million from Challenger gold sales.
- ◆ Over the same period the Company spent \$4.429 million on exploration, development and production and \$1.531 million on administration.

PROJECT OVERVIEW

Figure 1: Location plan of WPG projects



Source: WPG

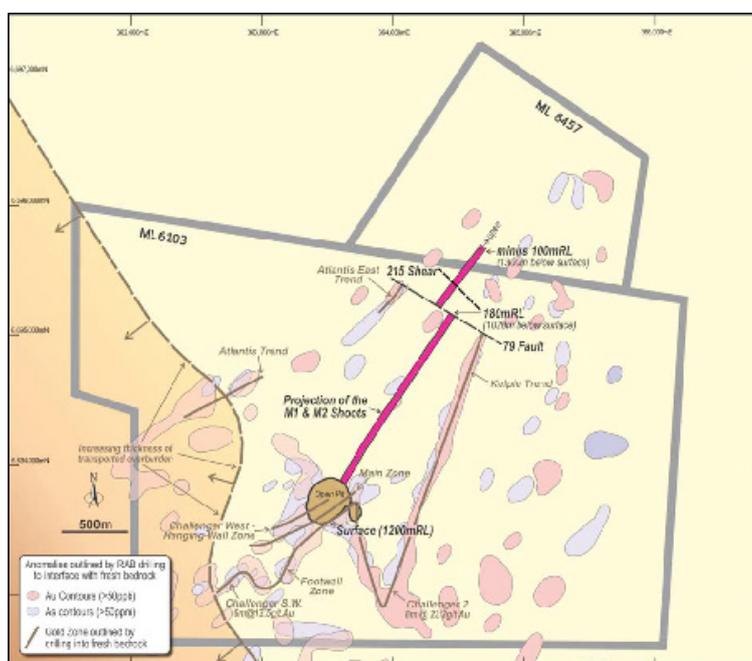
- ◆ WPG is concentrating activities on its South Australian gold assets, including the operating Challenger Gold Mine, the Tarcoola and Tunkillia development projects and exploration acreage, all located within the Gawler Craton northwest of Adelaide.
- ◆ The key gold projects are all held 100% by WPG, with exploration assets being held both 100% and also within a JV with Tyranna, with Tyranna holding ~66% and acting as operator and manager of the JV.

Challenger Gold Mine

Background

- ◆ Challenger is located some 730km northwest of Adelaide, within the Woomera Prohibited Area.
- ◆ WPG originally acquired Challenger in a 50:50 JV with DMPL, with the acquisition completed in March, 2016.
- ◆ The consideration for the assets, which included all plant (including a 650,000tpa CIP plant) and equipment, an operating mine and cash backed rehabilitation bonds totalling A\$2.6 million was A\$1 million.
- ◆ The Company has subsequently acquired DMPL's 50% stake for A\$9 million plus 25 million unlisted options with an exercise price of A\$0.11, expiring on September 30, 2018.
- ◆ Challenger, which has operated since 2002 firstly by Dominion Mining (2002 – 2011) and then by Kingsgate Consolidated (ASX: KCN) following the takeover of Dominion has produced some 1.1Moz of gold from 6.7Mt of ore in both open cut and underground operations.
- ◆ After suspending operations in March, the workforce was redeployed in May with the first gold being poured on May 31, 2016 – Challenger is currently producing from both underground ore and low grade surface stockpiles, with milling being carried out at a targeted annualised rate of 600,000tpa.
- ◆ Challenger is located on two ML's – the original ML6103, and the recently granted ML6457 which covers down plunge extents of the mineralisation outside of ML6103; the lease package also includes miscellaneous purpose leases ("MPL") 63, 65 and 66.

Figure 2: Challenger plan view



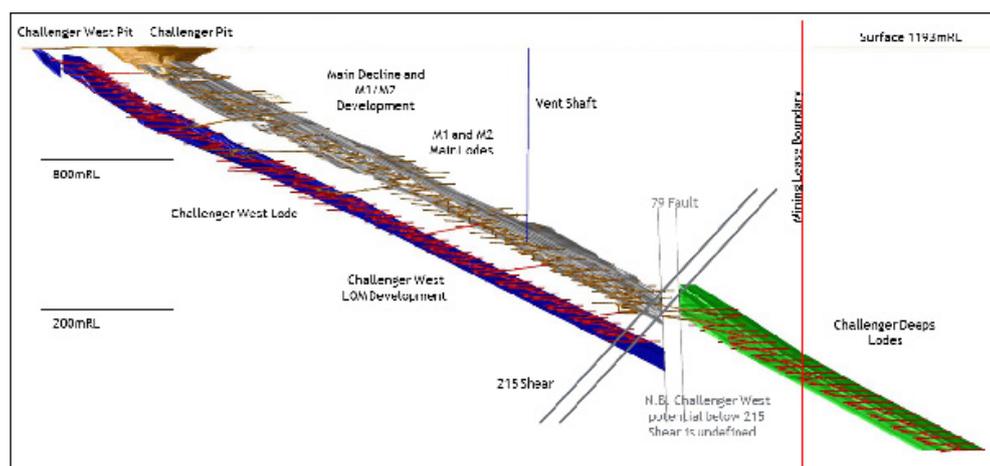
Source: WPG

Geology and Mineralisation

- ◆ Challenger is located within the Mulgathing Complex of the Gawler Craton, with country rocks being Archaean to Mid-Proterozoic gneisses that underwent initial granulite facies metamorphism overprinted by a later retrograde amphibolite grade event.

- ◆ Mineralisation is hosted in pygmatically folded veins forming shoots plunging at 30° to 029° AMG – the shoots are within the Challenger Structure, a laterally extensive shear zone.
- ◆ Veins hosting the mineralisation include quartz and polysilicate veins, with silicate minerals including cordierite, quartz and feldspar, and sulphides including arsenopyrite, pyrrhotite and tellurides.
- ◆ Although narrow (generally between 0.5m and 2m in width), mineralisation is characterised by very high grades, with historic intercepts into the 100's of g/t gold.
- ◆ Production to date has largely been from three main lodes – the M1/M2 and Challenger West lodes, however underground drilling has also intersected mineralisation in the Challenger SSW lode
- ◆ The lodes are cut off by two structures, the 79 Fault and 215 Shear at around 1,000m below surface – the M1/M2 lodes have been defined below these structures, however not so for the Challenger West lode – this presents resource upside potential.

Figure 3: Challenger long section showing key lodes and planned LoM development.



Source: WPG

Resource and Reserves

- ◆ WPG has recently restated the resources and reserves for Challenger, with these presented in the following tables.

Table 1: Challenger Mineral Resource Estimate

Challenger Mineral Resource Estimate			
Category	Tonnage (000 t)	Grade (g/t Gold)	Contained Gold (000 oz)
U/G - Measured	147	6.98	33.5
U/G - Indicated	527	10.8	183.5
U/G - Inferred	149	11.62	55
Sub Total	823	10.27	272
Stockpiles Measured	122	1.3	5
Total	945	9.11	277

Source: WPG

- ◆ Resources are mainly from M2 (158koz) and Challenger West (88koz), with lesser input from the M1 Shadow Zone (23koz), Aminus (1koz) and the SEZ open cut (2koz).
- ◆ Resources for Challenger West are all above the 215 Shear: those for M2 include Challenger Deeps mineralisation.
- ◆ Underground resources are based on a 5g/t gold cut-off grade.
- ◆ WPG's estimates reinstate resources previously removed by Kingsgate – these include the M2 Deeps below the 215 Shear which Kingsgate had originally included in their 2014 estimate, but removed in 2015 due to their not anticipating mining in this area.
- ◆ The Ore Reserves estimates are largely for Challenger West (63.2koz), with M2 contributing 13.9koz.
- ◆ All reserves are above the 215 Shear – future work will include converting the M2 resources below the shear to reserves.

- ◆ Reserves, which are derived from Measured and Indicated Resources, are based on a minimum mining width of 1.5m, 40% dilution and a maximum stope extraction factor of 90%

Table 2: Challenger Ore Reserve Estimate

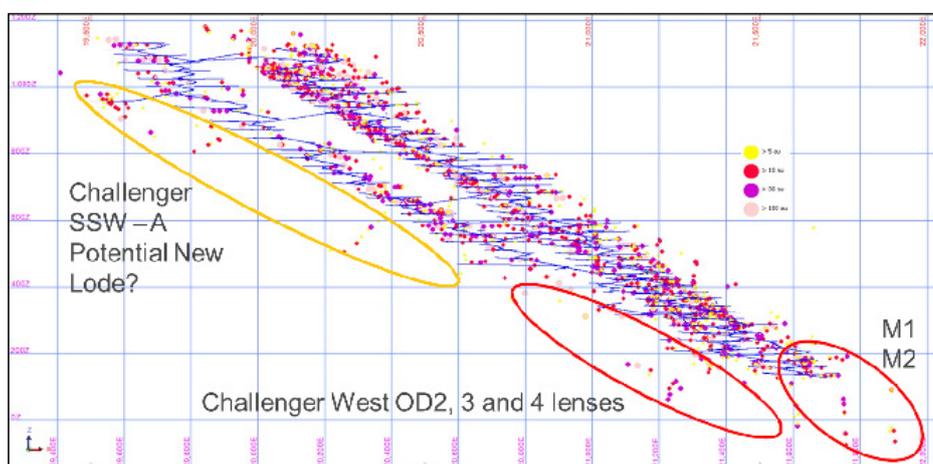
Challenger Ore Reserve Estimate			
Category	Tonnage (000 t)	Grade (g/t Gold)	Contained Gold (000 oz)
Underground Reserves			
Proved	102.9	5.71	18.9
Probable	333	5.55	59.4
Total	435.9	5.59	78.3
Stockpile Reserves			
Proved	121.9	1.3	5.1
Probable	-	-	-
Total	121.9	1.3	5.1
Total Reserves			
Proved	224.8	3.32	24
Probable	333	5.55	59.4
Grand Total	557.8	4.65	83.4

Source: WPG

Resource Upside

- ◆ There is significant potential for near mine resource expansions, including through extensions of the known lodes, and definition of the recent Challenger SSW lode discovery which has now been intersected by an exploration drive with development on the structure.
- ◆ Drilling at Challenger SSW has intersected high grade, albeit narrow intersections, with these including 1m @ 42.38g/t Au and 0.2m @ 368.48g/t Au.

Figure 4: Challenger drill targets



Source: WPG

Site Operations

- ◆ Underground mining, which commenced in 2004 after two years of open cut mining, has been carried out by top down uphill retreat stoping, operated from 20m sub-levels to a depth of ~1,020m below surface.
- ◆ The main access is from a portal near the base of the open pit, with the main Jumbuck Decline being 5m x 5m in size, increasing to 5.3m x 5.8m at depth to facilitate ventilation.
- ◆ Historically approximately 75% of the mill feed was from stope ore and 25% from development ore, which, due to dilution grades at between 1.5g/t and 3.0g/t.
- ◆ Stopes are accessed by drives, which vary in size from 4.5m x 4.0m to 5.0m x orebody width.
- ◆ A 4.5m diameter, 730m depth vent shaft was sunk in 2010.

- ◆ The plant includes a standard crushing and grinding circuit, a gravity circuit and a CIP circuit with gold bullion produced on site – in 2010 the mill was increased in capacity from 430,000tpa to 650,000tpa with the addition of a secondary ball mill and thickener.
- ◆ The plant has over the last few years achieved recoveries of >95%.
- ◆ Power is provided by two on site power stations, with a total of thirteen 700kW diesel generators providing a peak capacity of 5MW, and water is provided from two aquifers, with a reverse osmosis plant on site to produce potable water.
- ◆ The site is fly-in/fly-out (“FIFO”), with a 200 bed accommodation village.

Recent and Planned Operations by WPG

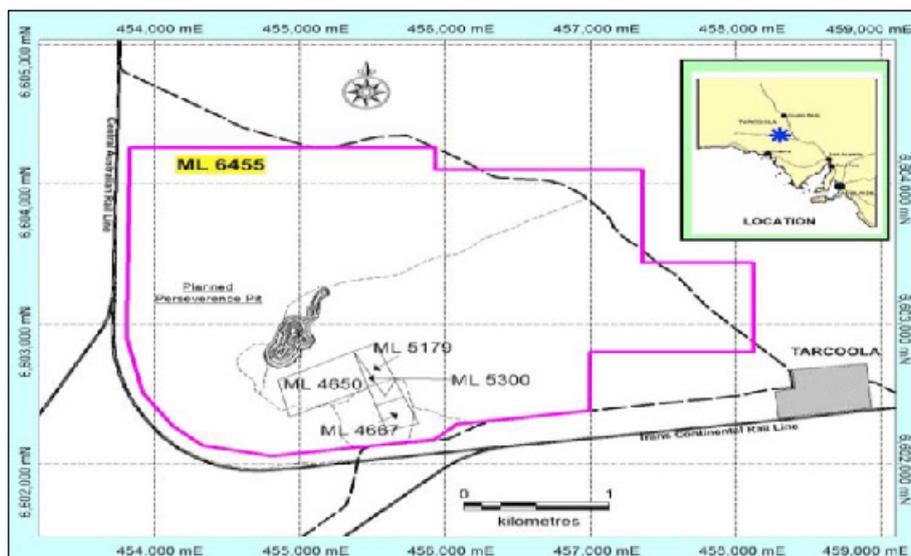
- ◆ The most recent update of the Company’s activities was in an ASX release of July 25, 2016.
- ◆ In this release the Company stated that the ramp up after restarting the mine had gone to plan, with the mill operating at the planned capacity of 600,000tpa, mining had successfully reached an annualised rate of 360,000tpa and gold production on target at ~50,000ozpa.
- ◆ At the time of the update Challenger had shipped 4,562oz and sold 3,794oz for proceeds of A\$6.7 million.
- ◆ Restart costs were in the order of A\$4 million.
- ◆ The Company has an initial three year mine plan based on existing resources, with the bulk of ore over the next 12 months to be sourced from Challenger West, with some remnant material to be mined from M1 below the 215 Shear.
- ◆ It is believed that there is the potential to increase the mine life to up to five years through further resource definition.
- ◆ The Company has been augmenting mine ore with surface stockpile material to keep the mill filled until Tarcoola comes on stream - it is planned for Tarcoola to provide ~240,000tpa for 3 ½ years, which will result in the production of ~20,000ozpa of gold at a head grade of 3.1g/t gold.
- ◆ The Company is also looking at modifying the underground mining operations to reduce dilution – these modifications include:
 - Reducing the size of development drives, and,
 - Reducing overbreak in stoping areas
- ◆ Plans are to commence an aggressive exploration programme once it has built up reasonable cash reserves (enough to cover ~6-8 weeks of fixed costs without any production).

Tarcoola Gold Project

Background

- ◆ Tarcoola is located in Central South Australia adjacent to the junction of the Trans-Australian and Central Australian railway lines, some 600km northwest of Adelaide and 165km by road from Challenger.
- ◆ WPG initially acquired 100% of the Tarcoola (along with 75% of the Tunkillia project) from Mungana Goldmines Limited (“Mungana”, subsequently taken over) in May, 2014 – this was done through the acquisition of Mungana’s then totally owned subsidiary Tunkillia Gold Pty. Ltd.
- ◆ The upfront cost was A\$1.5 million and 7.5 million shares in WPG for both Tarcoola and Tunkillia, with a net smelter return royalty of between 1% and 1.5% based on the gold price for Tunkillia only and staged payments totalling A\$0.5 million for Tarcoola and A\$0.5 million for Tunkillia based on resource and development milestones.
- ◆ Tarcoola is a historic mining area, originally discovered in 1893, however mining didn’t commence until 1901, with ~77,000oz of gold being produced at an average grade of ~37.5g/t from a number of small workings from then until 1954.
- ◆ The 100% held project includes five MLs and two ELs for an area of 1,212km² – this includes the recently granted ML6455 which replaced mineral claim MC4384.

Figure 5: Tarcoola ML6466 and site layout



Source: WPG

Geology and Mineralisation

- ◆ Gold mineralisation at Tarcoola is hosted in structurally controlled quartz veins within the Paleoproterozoic Paxton Granite and Tarcoola Formation, part of the Gawler Craton - mineralisation is interpreted as being associated with the later intrusion of narrow dykes of the 1,580Ma Lady Jane Diorite, part of the broader Hiltaba Suite.
- ◆ The geology is structurally complex, with both steeply dipping veins of various orientations and shallowly dipping veins being present, with some areas also being stockwork in style.
- ◆ Mineralisation is associated with sulphides in the primary zone.

Resources and Reserves

- ◆ Resources and reserves are shown in the following table – resources are as estimated by Mungana in 2013, with reserves as being released to the market in September 1, 2016, which superseded those estimated in September 2015.
- ◆ The restatement of the reserves followed the acquisition of Challenger and the change in the upcoming Tarcoola operation from heap leach to trucking ore for treatment at Challenger.

Table 3: Tarcoola Mineral Resource Estimate

Tarcoola Mineral Resource Estimate			
Category	Tonnage (000 t)	Grade (g/t Gold)	Contained Gold (000 oz)
Measured	-	-	-
Indicated	919	3.14	92.68
Inferred	55	2.77	4.86
Total	973	3.12	97.54

Source: WPG

Table 4: Tarcoola Ore Reserve Estimate

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

Source: WPG

Recent and Planned Operations by WPG

- ◆ Following the acquisition of Challenger, WPG updated an earlier Feasibility Study on a heap leach operation to one where ore will be trucked to Challenger for treating.
- ◆ The study envisages a two year mining operation from the Perseverance pit (with a life of mine strip ratio of 10.74:1), with ore being stockpiled and trucked to Challenger over a 3 ½ year period at an average rate of 20,000tpm.

The study resulted in the following outcomes:

Table 5: Tarcoola DFS summary outcomes

DFS Summary Results	
Annualised Production (Average)	~20,000 ounces
Capital Expenditure	A\$4.0 million
Average All-in Sustaining Costs (A\$/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 NPV7.5	A\$39.6 million
Contained gold in Ore Reserve	71,000 ounces

Source: WPG

- ◆ WPG has purchased, and is renovating a number of buildings in Tarcoola to use in the operations – this includes the old hospital that will be used as accommodation for site workers.
- ◆ Staff have recently been appointed in anticipation of the approval of the PEPR, which will be the trigger to commence operations.

Tunkillia Gold Project

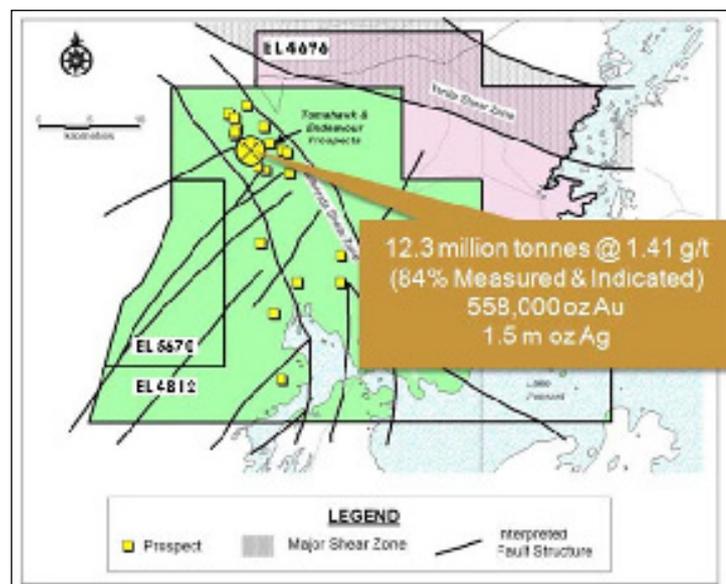
Background

- ◆ The Tunkillia Project, located some 70km south of Tarcoola includes one mineral claim and three granted EL's held 100% by WPG.
- ◆ The initial 70% of Tunkillia was acquired from Mungana as part of the Tarcoola acquisition with terms as described in the Tarcoola section, with the remaining 30% acquired from Helix in November 2014, under the following terms:
 - Initial payment of \$500,000 cash and 10 million ordinary shares in WPG,
 - A similar payment on commencement of mine construction, and,
 - A 1% NSR payable on 30% of the production at Tunkillia, and 100% from any production from other areas within the tenements.

Geology and Mineralisation

- ◆ Mineralisation is hosted within quartz/sulphide veins in intensely sheared granitoids of the Tunkillia Suite – vein orientations are variable, however the host structure trends northwest and dips steeply to the west – the tenement package is located over the major Yarlbrinda and Yerda shears, which are considered analogous to the major Kalgoorlie shear zone system.
- ◆ The main “223 Deposit” was originally found through calcrete sampling, with a number of other poorly tested calcrete anomalies that require follow-up located in the structural corridors.

Figure 6: Tunkillia project tenement showing targets and resource



Source: WPG

Resources

- ◆ Original resources of 26.3Mt @ 1.04g/t Au for 878koz contained gold were estimated by Tunkillia Gold Pty Ltd – these were re-estimated by WPG in 2015 using a higher cut-off grade as presented in the table below.

Table 6: Tunkillia Mineral Resource Estimate

Tunkillia Mineral Resource Estimate						
Zone	Resource Category	Million Tonnes	Gold (g/t)	Silver (g/t)	Gold ('000oz)	Silver ('000oz)
Oxide Zone	Measured	1.26	1.38	2.4	56	96
	Indicated	2.94	1.04	1.9	98	179
	Inferred	0.44	0.82	1.5	11	20
	Total	4.64	1.11	2	165	295
Primary Zone	Measured	1.84	1.87	5.9	111	347
	Indicated	4.3	1.46	4.3	202	592
	Inferred	1.54	1.63	5	81	249
	Total	7.68	1.59	4.8	393	1,187
Oxide and Primary Zones	Measured	3.1	1.68	4.4	167	443
	Indicated	7.24	1.29	3.3	300	771
	Inferred	1.98	1.45	4.2	92	269
	Total	12.32	1.41	3.7	558	1,482

Source: WPG

Recent and Planned Operations by WPG

- ◆ WPG's strategy is to identify additional resources nearby to support the construction of a central mill – although there is currently a resource base of 558koz of gold, the Company considers that doubling the resource at existing grades or finding additional smaller higher grade resources would warrant a standalone operation.

- ◆ The previous owners completed a Scoping Study and PFS on the 223 Deposit, with this indicating that project economics, although being positive in the studies would be significantly enhanced through a larger resource.
- ◆ The grade of the deposit and distance from Challenger preclude trucking ore for treatment at Challenger.
- ◆ As such WPG is actively exploring the tenement, with recent drilling at the Area 51 prospect delivering encouraging results, including 14m @ 0.86g/t Au and 4.9g/t Ag; and 36m @ 0.82g/t Au and 2.3g/t Ag.

Western Gawler Craton Joint Venture

- ◆ WPG is in a JV with Tyranna over a 2,150km² package of tenements in the region around Challenger – Tyranna is operator and manager, and currently has a ~66% interest in the tenements which it is actively exploring.
- ◆ Following the resolution of a recent dispute regarding ML6457 at Challenger, Tyranna has the rights to explore for all minerals (previously they had the gold rights only), and WPG will be transferring title to a subsidiary of Tyranna.
- ◆ The tenements contain a number of prospects, including Golf Bore, 40km northwest of Challenger, which has an inferred resource of 3.2Mt @ 1.0g/t Au for 102,000oz contained gold.

VALUATION

- ◆ We have completed a blended valuation for WPG – this includes an average of:
 - A valuation based on ranges of NAV multiples,
 - A valuation based on ranges of EBITDA multiples, and,
 - A valuation based on ranges of annual production multiples.
- ◆ In arriving at the valuation multiples below we have considered those for current producers of a similar size to WPG.
- ◆ The valuation per share is fully diluted for the in-money listed options expiring in December 2016.
- ◆ The valuation is based on a flat gold price of US\$1,250/oz and an AUD:USD exchange rate of 0.75.

Table 7: WPG valuation

WPG Valuation (A\$)					
Item	Value	Multiple - Lower	Multiple - Upper	Valuation - Lower	Valuation - Upper
NAV	\$94m	1.0	1.5	\$74m	\$111m
2017 EBITDA	\$18m	3.5	5.0	\$49m	\$69m
2017 Production	61 koz	\$1,500 /oz	\$2,000 /oz	\$91m	\$121m
			Average	\$71m	\$100m
			Average/Share	\$0.095	\$0.134

Source: IIR Analysis

- ◆ Our NAV is given in the table below.

Table 8: NAV details

Net Asset Value (A\$)					
Asset	Unrisked A\$ m	Risk Factor	Risked A\$ m	Risked per share	Notes
Challenger/Tarcoola	\$47.2m	100%	\$47.2m	\$0.06	5% DR, pre-tax
Gawler Exploration	\$5.0m	100%	\$5.0m	\$0.01	
Tunkillia	\$12.0m	100%	\$12.0m	\$0.02	
Cash	\$4.6m	100%	\$4.6m	\$0.01	30/06/2016
Capital Raisings	\$13.5m	100%	\$13.5m	\$0.02	Q1, FY2016
Options	\$3.4m	100%	\$3.4m	\$0.00	100% conversion
Head Office	-\$5.6m	100%	-\$5.6m	-\$0.01	5% DR, \$1.5mpa
Tax	-\$6.4m	100%	-\$6.4m	-\$0.01	5% DR
Total	\$73.7m	100%	\$73.7m	\$0.10	

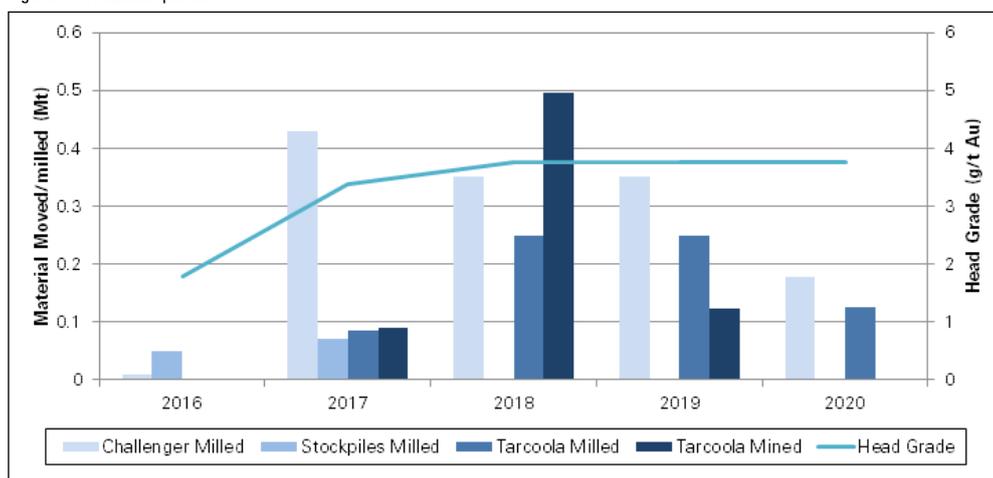
Source: IIR Analysis

- ◆ The Challenger/Tarcoola operations valuation is pre-tax and pre-funding – we have applied these factors, including the recent capital raising at the corporate level hence the separate lines in the table – DCF modelling parameters are detailed later.
- ◆ The value for option conversion is based on options outstanding as at June 30, 2016.
- ◆ Gawler exploration refers to regional exploration assets, including the interest in the WGCJV
- ◆ We have valued Tunkillia by applying a premium to the deemed value of the acquisition of Helix's stake – actual and deferred payments (excluding royalties) at the time totalled ~A\$1.8 million for 30% of the project, valuing 100% at A\$6 million.
- ◆ Since the acquisition the XGD gold index has increased 2.3 fold – we have applied a multiplier of 2x to the deemed value to arrive at A\$12 million.

Challenger/Tarcoola Operation NPV

- ◆ We have modelled a 3 1/2 year, 600,000tpa operation at Challenger/Tarcoola commencing in July 2016 based on current reserves and indicated/measured resources (no inferred resources are used) – production had ramped up to this rate at the start of our model.
- ◆ A discount rate of 5% has been used, and we have fully depreciated capital costs (including capitalised development which totals A\$27 million) over a period of five years.
- ◆ The June 30, 2016 tax credit of A\$7.4 million has been included in our calculations.
- ◆ We have kept the mill filled, originally with ore from Challenger underground and the low grade stockpiles, then with Challenger underground and Tarcoola.
- ◆ The Challenger/Tarcoola split is nominally 360,000tpa Challenger/240,000tpa Tarcoola – our modelling results in Tarcoola being slightly higher given the ramp up in production, and hence 710,000t not being spread evenly over 24 months.
- ◆ We also have higher modelled throughput from Challenger in 2017 on the assumption that 600,000t is put through the mill (given remaining low grade stockpiles of 70,000t assumed as at June 30, 2016 and the lower Tarcoola tonnages due to the ramp-up).
- ◆ Challenger material includes 75% stoping ore at a LoM head grade of 4.80g/t Au and 25% development ore at a head grade of 1.90g/t Au (for a total Challenger grade of 4.1g/t Au), with Tarcoola having a head grade of 3.1g/t Au.
- ◆ The modelled production profile is shown in the graph below.

Figure 7: Production profile



Source: IIR analysis

- ◆ For Tarcoola we have generally used costs as presented in the Feasibility Study, and for Challenger have used Company guidance as well as considering past operational costs – we consider these to be reasonable, and our modelling has resulted in the LoM costs per ounce as presented in the table below.
- ◆ However, for Tarcoola processing and maintenance we have used the full estimated cost of A\$30/tonne milled – the Feasibility Study had used a marginal cost given that a high proportion of the mill costs are fixed.
- ◆ The costs for Challenger are similar to those achieved by Kingsgate in 2012 and 2015 (the intervening years saw some issues that blew out costs).
- ◆ The mining and geology costs include expensed development.

Table 9: Challenger/Tarcoola cost breakdown

Cost Breakdown (A\$)			
Item	\$/Oz Challenger	\$/oz Tarcoola	\$oz Combined
Mining and Geology	\$805 /oz	\$411 /oz	\$692 /oz
Processing	\$253 /oz	\$320 /oz	\$272 /oz
G & A	\$203 /oz	\$97 /oz	\$173 /oz
Ore Transport	\$0 /oz	\$221 /oz	\$63 /oz
Direct Operating Costs	\$1,260 /oz	\$1,049 /oz	\$1,200 /oz
D & A	\$9 /oz	\$44 /oz	\$19 /oz
U/G Cap Development	\$127 /oz	\$0 /oz	\$90 /oz
Refining & Royalties	\$66 /oz	\$79 /oz	\$69 /oz
Total Cost	\$1,461 /oz	\$1,172 /oz	\$1,379 /oz

Source: IIR analysis

Sensitivity Analysis

- ◆ Our sensitivity analysis indicates that the valuation is most sensitive to changes in the gold price, Challenger operating costs and Challenger underground grade.
- ◆ This demonstrates the significant uplift in the valuation that can be expected should grades through the mill increase.

Table 10: Valuation midpoint sensitivity

Company vale sensitivity (A\$)					
	Gold Price	Challenger Opex	Tarcoola Opex	Capex	U/G Grade
-20%	\$29m	\$116m	\$95m	\$88m	\$39m
-15%	\$44m	\$109m	\$92m	\$88m	\$51m
-10%	\$59m	\$101m	\$90m	\$87m	\$64m
-5%	\$73m	\$93m	\$88m	\$86m	\$75m
0%	\$86m	\$86m	\$86m	\$86m	\$86m
5%	\$99m	\$78m	\$83m	\$85m	\$97m
10%	\$111m	\$70m	\$81m	\$84m	\$108m
15%	\$124m	\$62m	\$79m	\$84m	\$119m
20%	\$137m	\$53m	\$77m	\$83m	\$129m

Source: IIR analysis

CAPITAL STRUCTURE

- ◆ WPG currently has 686 million shares and 19.1 million performance rights on issue.
- ◆ The Company also has 64.9 million in the money listed options on issue, with an exercise price of \$A0.038 and an expiry date of December 31, 2016 – these have been progressively exercised, with the potential to bring in a further A\$2.46 million in cash.
- ◆ The top shareholder at 7.2% is the Executive Chairman, Mr Bob Duffin, with company insiders holding 10.6% of the stock
- ◆ The Company has 2,774 shareholders, with the top 20 holding 36%.

RISKS

- ◆ **Operations:** This is a key risk at Challenger, given that it is an underground mine and has at times in the past had unexpected difficulties – however this is partially mitigated with new sets of eyes coming onto the scene, as well as retaining a large number of experienced personnel. The appointment of Pybar, experienced narrow vein miners is also positive.
- ◆ **New development:** This risk applies at Tarcoola, however given that this will comprise only an open pit this is largely mitigated – issues could arise however, given the complex nature of the mineralisation, with reconciliation of modelled and recovered grades – this however could go either way.

- ◆ **Metallurgy:** Given the well understood Challenger operations this is not a significant risk; although again there is the possibility that Tarcoola may not behave as expected, however metallurgical testwork has shown excellent cyanidation recoveries for Tarcoola ore.
- ◆ **Exploration:** There is always risk in exploration activities, and at Challenger there will be risk in discovering and defining new resources to extend the mine life, although work to date does show the potential; a similar risk applies at Tunkillia to expand the resource to support a standalone operation. The highest exploration risk is on the regional properties; however this has no direct impact on WPG at the moment.
- ◆ **Prices and Exchange Rates:** Given the high operating cost nature of Challenger, the operation is very sensitive to changes in the gold price, however this is not so much an issue at Tarcoola
- ◆ **Cost:** Similarly to above, Challenger will be sensitive to changes in operating costs.
- ◆ **Funding:** Should operations go to plan, no further funding will be required, however there is commonly the risk of cost over-runs and production not going to plan thus this is a consideration – this however is partially mitigated by the a further ~A\$2.5 million due on option conversion.

BOARD AND MANAGEMENT

- ◆ **Mr Bob Duffin – Executive Chairman:** Bob Duffin is a company director with over 40 years' experience in resource exploration, project assessment, mining investment analysis and company management. Bob has held senior positions in the exploration divisions of Peko Wallsend Ltd and MIM Holdings Ltd, then two of Australia's largest mining companies, and is a former managing director of Austirex International Ltd, an international resource exploration consulting and contracting firm. He has lived and worked in mining communities, including periods in Kalgoorlie in Western Australia and Mount Isa in Queensland, where he worked on exploration programs for a number of commodities, including gold, copper, uranium, base metals and iron ore. He has also worked with three stockbroking firms and was head of research at one of Australia's leading resource sector brokers in the 1980's. Bob is a former Non-Executive Director of a number of companies, including Centennial Coal, Midwest Corporation, Ferrowest, Burmine, Austmin Gold, Mt Lyell, the UK resources investment company Europa Minerals Group, and Mancala, a mining contractor. Bob has been a Director of WPG since 2004.
- ◆ **Mr Martin Jacobsen – MD and CEO:** Martin Jacobsen joined WPG from his previous position as Vice President, Operations, with Golden China Resources Limited, a gold mining and exploration company with project assets in China. Prior to that he was Technical Director with Emperor Mines Limited and had earlier held senior management positions in gold, chrome and platinum mining operations in South Africa. He has been project manager for a number of projects in a wide range of commodities and mine types. Martin's principal function with WPG is to manage all phases of WPG's mining and exploration projects. He was appointed Managing Director in October 2013.
- ◆ **Mr Gary Jones – Technical Director:** Gary Jones is a geologist with over 45 years professional experience in mineral exploration and resource and reserve estimation for various type of mineral deposits including porphyry copper-gold and epithermal gold. He is Managing Director of Geonz Associates Ltd, a leading New Zealand firm of consulting geologists, and has been an independent consultant to the mining industry for the past 29 years during which time assignments have been completed in many parts of the world including Australia, Indonesia, North and South America, Canada and New Zealand. Prior to setting up his own consultancy Gary worked as an exploration geologist for Geopeko for 15 years in various parts of Australia including 12 years in central New South Wales where he established and managed a new exploration operation for Geopeko. During this time he supervised numerous base and precious metal projects throughout the Lachlan Fold Belt and parts of the New England region and is credited with the discovery of the Northparkes porphyry copper-gold deposits. Following the initial discoveries at Goonumbla, Gary also had a major input into the pegging of a large block of exploration licences in the Lake Cowal region. He planned and supervised the initial regional exploration programs that ultimately led to the discovery of the 4.4 million ounce Cowal porphyry gold deposit. Early in his career Gary worked on iron ore exploration and mining activities in the Northern Territory. Gary has been a Director of WPG since 2004.

- ◆ **Mr Len Dean – Non-Executive Director:** Len Dean has had a 40 year career in the resources sector, with particular emphasis in the global iron ore industry. He spent 36 years with BHP, finishing in 2000 as Vice President, Coal and Iron Ore Marketing. During his period with BHP he was General Manager, Marketing for BHP Iron Ore in Perth for 8 years, he managed iron ore mining operations at BHP’s Yampi Sound mine, and he lived and worked at BHP’s (now OneSteel’s) Whyalla works for 3 years. He was Managing Director of Sesa Goa Limited, India’s largest private sector exporter of iron ore, from 2003 to 2006. More recently, he has been an iron ore consultant with a wide client base including Orinoco Iron (Venezuela), Mitsui Iron Ore Development, CVRD (Brazil) and Mineral Enterprises Limited (India). Len has been a Director of WPG since 2007. On October 14, 2016 it was announced that Mr Dean will be retiring from the Board effective from the closure of the Company’s Annual General Meeting on November 30, 2016.
- ◆ **Mr Denis Mutton – Non-Executive Director:** Dennis Mutton is a management consultant specialising in natural resource management, primary industries and resources, regional growth initiatives and business-government relations. From 1997 to 2002 he was Chief Executive of the South Australian Department of Primary Industries and Resources. He has a portfolio of directorships including Chair of Bio Innovation SA and Chair of CRC Pork Ltd. He is a former Director of Mines, former Chair of the Natural Resources Management Council, and a former Director of the Australian Rural Leadership Foundation. Dennis lives in Adelaide. He was a Director of WPG from 2007 – 2008, and has been a Director since 2010.
- ◆ **Mr Lin See Yong – Non-Executive Director:** Lim See Yong is General Manager and Director of Xin Sheng International Private Limited, a trading company related to Tangshan Xingye Industrial and Trade Group Corporation, an investor in raw materials for the steel industry. He spent 11 years with NatSteel Trade International, a Singapore mill that produces bars and wire rods from scrap. He was NatSteel’s chief representative in China for 7 years from 1995. From 2002 to 2006 he was in charge of selling iron ore and steel products to China, and exporting semi and finished steel products to South East Asian markets. See Yong lives in Singapore. He has been a Director of WPG since 2007.

DISCLAIMER

(a) Disclaimer

The information, reports, financial models, forecasts, strategies, audio broadcasts and other media (referred to as "Content" throughout this Legal Notice), provided on this web site has been prepared and issued by Altavista Research Pty Ltd trading as Independent Investment Research "IIR," Independent Investment Research Holdings Pty Ltd (ACN 155 226 074), as authorised to publish research under an Australian Financial Securities Licence (AFSL No 420170) which allows Independent Investment Research to offer financial service advice to retail and wholesale clients. Users of this web site should not act on any Content without first seeking professional advice. Whilst the Content contained on this web site has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by Independent Investment Research, for any errors or omissions or misstatements however caused. Any opinions, forecasts or recommendations reflect our judgement and assumptions at the date of publication or broadcast and may change without notice. Content on this web site is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. We are not aware that any user intends to rely on the Content provided or of the manner in which a user intends to use it. In preparing our Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user.

Access by any user to this website does not create a client relationship between Independent Investment Research and the user. Users seeking to invest must obtain individual financial advice to determine whether recommendations are appropriate to their investment objectives, personal financial situation or particular needs, before acting on any recommendations. Any Content is not for public circulation or reproduction, whether in whole or in part and is not to be disclosed to any person other than the intended user, without the prior written consent of Independent Investment Research.

(b) Disclosure of Interest

General

Independent Investment Research, its officers, employees, consultants and its related bodies corporate have not and will not receive, whether directly or indirectly: any commission; fee; benefit; or advantage, whether pecuniary or otherwise, in connection with making any recommendation contained on this web site. Independent Investment Research, discloses that from time to time, it or its officers, employees and its related bodies corporate: may have an interest in the securities, directly or indirectly, which are the subject of these recommendations; may buy or sell securities in the companies mentioned in the Content; may effect transactions which may not be consistent with the recommendations in the Content; may have directorships in the companies mentioned in the Content; and/or perform paid services for the companies that are the subject of such recommendations.

However, under no circumstances, has Independent Investment Research been influenced, either directly or indirectly, in making any recommendations contained on this web site.

Corporate Research

Independent Investment Research has or may have, received a fee either directly by a company itself or by a third party, to provide coverage and/or corporate research (the "Fee"). Where a Fee has been received, Independent Investment Research does not publish:

Buy / Hold / Sell recommendations for the security or managed investment schemes.

(c) Copyright Protection

All Content at this web site is protected by copyright. Apart from any use permitted under the Copyright Act (Cth) 1968, you must not copy, frame, modify, transmit or distribute the material at this web site, without seeking the prior written consent of the copyright owner. Content on this web site is owned by the business Independent Investment Research. Users are prohibited from copying, distributing, transmitting, displaying, publishing, selling, licensing, creating derivative works or using any content on the web site for commercial or public purposes

Copyright 2010 Independent Investment Research. All rights reserved.

(d) Trade Marks

The trade marks and logos displayed on this web site belong to Independent Investment Research or other parties. Such trade marks include registered trade marks and trade marks pending registration. Users are prohibited from using any of these trade marks, without seeking the prior written consent of IIR or such third party, which may own the trade mark content on this web site.

(e) Limitation of Liability

To the fullest extent permitted by the law, Independent Investment Research and any of its officers, employees, agents, consultants or related bodies corporate disclaim any liability, whether based in contract, tort, strict liability or otherwise, for any direct, indirect, incidental, consequential or special damages arising out of or in any way connected with the use of any Content made available on this web site by any person or entity.

(f) No Warranties

Independent Investment Research does not make any claims, promises, guarantees, representations or warranties regarding the accuracy, completeness or fitness for purpose of the Content made available on this web site. All information on this web site is provided to you on an as is basis, without warranty of any kind either express or implied. To the extent that research can be provided by third parties, Independent Investment Research makes no warranty or representation as to the accuracy or completeness of such information displayed on this site, and accepts no liability for errors or omissions arising from such third party information. To the fullest extent permitted by law, under no circumstances will Independent Investment Research be liable for any loss or damage caused by users reliance upon information obtained through this web site. It is the responsibility of the user to evaluate the accuracy, completeness or usefulness of any information, opinion, general advice or other content made available through this web site. Furthermore, Independent Investment Research does not warrant or represent that this web site is error free or free from viruses or defects. A user must do all that is necessary (including using virus checking software) to satisfy itself that accessing this website will not adversely affect its system.

For further information, please contact IIR at: client.services@independentresearch.com.au



Independent Investment Research (Aust.) Pty Limited

SYDNEY OFFICE

Level 1, 350 George Street
Sydney NSW 2000
Phone: +61 2 8001 6693
Main Fax: +61 2 8072 2170
ABN 11 152 172 079

MELBOURNE OFFICE

Level 7, 20–22 Albert Road
South Melbourne VIC 3205
Phone: +61 3 8678 1766
Main Fax: +61 3 8678 1826

DENVER OFFICE

355 S Teller Street
Suite 200
Lakewood 80226
Denver Colorado USA
Phone: +1 161 412 444 724

MAILING ADDRESS

PO Box H297 Australia Square
NSW 1215