

# ASX and Media Release

## Challenger mine performance since restart

**We are pleased to announce that the restart of the Challenger gold mine has been successfully executed with the mine and mill now achieving design rate.**

WPG Resources Ltd (ASX:WPG, WPGO) in its capacity as Manager of the Challenger Joint Venture (WPG 50%, Diversified Minerals Pty Ltd 50%) provides the following information on the performance of the Challenger mine since it was restarted under its new ownership in late May 2016.

Site operations recommenced on 16 May with crushing of low grade stockpiled ore which was left by the mine's previous owner. Milling of this material commenced on 22 May. The first gold bar produced under the mine's new ownership was poured from treatment of this material on 31 May. Milling of this material and production of gold has continued since then.

Partial mobilisation of the underground mining contractor's people and equipment commenced in late May and underground activities commenced on 26 May with the first stope ore being delivered to the ROM pad on 30 May. Limited underground mining activities continued until mid-June. Good production levels were achieved by early July. A second development jumbo drill rig arrived on site in mid-July and that has increased development capability and will allow additional faces to be opened up to give greater flexibility in stope scheduling.

WPG has previously provided an aspirational production target for Challenger of an annualised 50,000 ounces of recovered gold per annum from the mining and treatment of 360,000 tpa of ore at the 100% level. In addition ore from WPG's 100% owned Tarcoola project will be treated at the rate of 240,000 tonnes per annum or 20,000 tonnes per month when it comes on stream soon after the PEPR is approved by the regulator towards the end of the September quarter. A further 20,000 ounces per annum will be recovered from Tarcoola on an annualised basis. Until Tarcoola is commissioned, this extra 20,000 tonnes per month will be obtained from the low grade Challenger stockpile. Until the ramp-up periods are completed Challenger underground ore and Tarcoola open pit ore will be supplemented by blending with low grade stockpiled ore at Challenger.

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Progress to achieving these targets is set out in the three charts below. The data has been presented in a weekly format. The charts are for the week ending yesterday, Sunday, 24 July.

### Treatment plant performance

Tonnes treated on a weekly basis since the restart is shown in Figure 1. The target of 600,000 tpa is equivalent to 11,500 tonnes per week, shown by the blue dotted line. The mill is meeting this target.

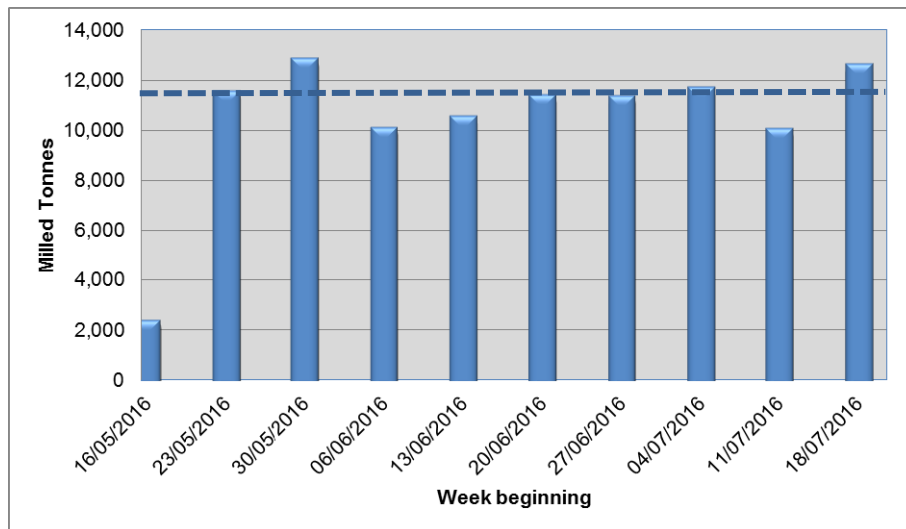


Figure 1 – Weekly tonnes milled since restart

Mill recoveries averaged 92% when treating low grade stockpiled ore only but as higher grade underground ore became available as the ramp-up period progressed recoveries have increased to an average of 95%. This is in line with the mine's historical performance.

### Mining of ore

The targeted mining rate of 360,000 tpa is equivalent to approximately 7,000 tonnes per week. The weekly mined ore tonnage since restart is shown in Figure 2. The blue line shows the weekly target.

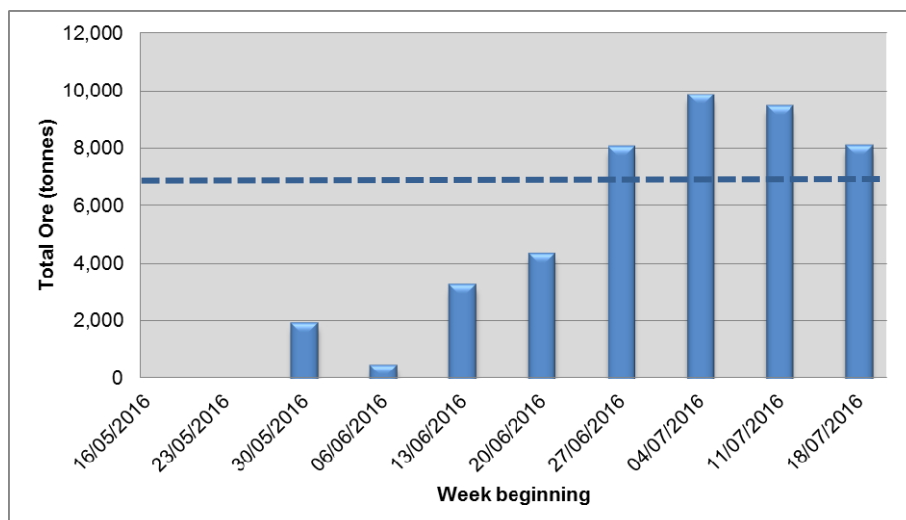


Figure 2 – Weekly ore mined since restart

The chart shows that the ore mining rate target was achieved after a ramp-up period of about six weeks.

### Gold contained in ore mined

The targeted 50,000 ounces of gold recovered per annum is equivalent to just under 1,000 ounces per week. It is not simple to show this graphically based on mill production because of the need to build up gold in circuit and ore stockpiles during the ramp-up phase. But taking into account metallurgical recoveries a rate of just over 1,000 ounces per week of gold in ore mined is required. The mine's performance since restart is shown in Figure 3. The blue line shows the weekly target.

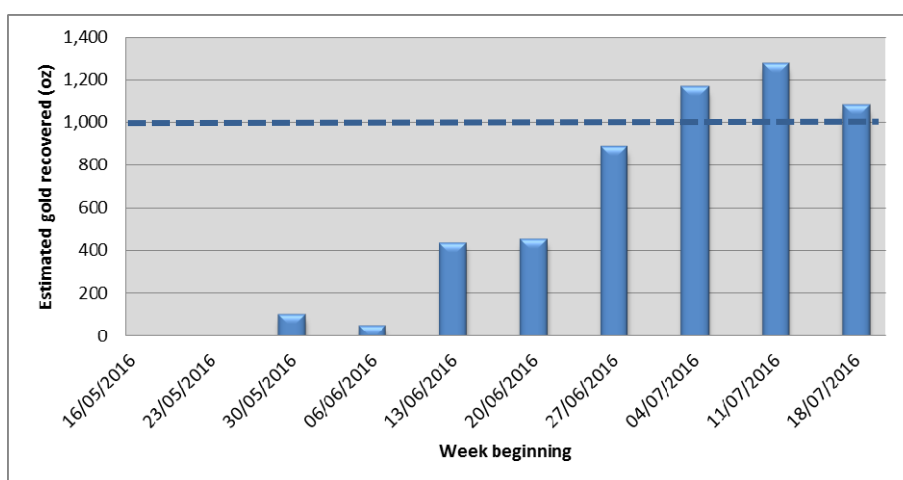


Figure 3 – Gold in ore mined since restart

The chart shows that the gold contained in ore mined hit the target after a ramp-up period of about seven weeks.

### Record production achieved last week

The mine's good production performance shown in the above three charts is highly encouraging. A record of almost 250 ounces was mined and hauled to the surface one day last week.

### Restart costs

Estimated restart costs at the 100% level to the end of June totalled approximately \$3.7 million. Limited restart costs were incurred in early July. The restart period is now essentially completed.

### Gold production and sales

Gold shipments to date total 4,562 oz for the project. Gold sales to date total 3,794 oz for gross revenue of \$6.7 million at an average realised gold price of A\$1,776/oz Au. Gold production continued to increase throughout July and planned output rates have now been achieved.

## **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.

## **Further Information**

*For further information please contact WPG's Managing Director & CEO, Martin Jacobsen or CFO Wayne Rossiter on (02) 9251 1044.*