

The all-in sustaining cost² (AISC) of gold produced during the half year was \$1,550 per ounce.

Outlook

Updated guidance for the combined Challenger and Tarcoola mining operations for the year to 30 June 2017 is in the range of 52,000 to 56,000 ounces.

A large proportion of Challenger's costs are fixed. In general, unit costs of production will fall as ounces produced increases. This, together with the current focus on addressing equipment availability and manning issues encountered at Challenger in the first half of the year means that the AISC is expected to fall in the second half year.

Studies are in progress designed to increase production. These studies are focussing initially on the treatment plant. Current indications are that its capacity can be increased from the current 600,000 tpa to 700,000 tpa with no material loss of gold recovery without further capital expenditure. The potential to increase the capacity to 800,000 tpa with some limited additional expenditure is also being examined.

Further Information

For further information please contact WPG's CEO Wayne Rossiter on (02) 9251 1044.

Forward-Looking Statements

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

¹ EBITDA is earnings before interest, tax, depreciation and amortisation. EBITDA is a financial metric which is not defined by the International Financial Reporting Standards ("IFRS") and is the profit adjusted for specific significant items. The reported EBITDA has not been reviewed by the auditor and has been extracted by WPG from the Company's financial statements.

² AISC in relation to underground mining costs includes all lateral development costs and fixed asset additions other than those costs associated with permanent infrastructure. AISC in relation to open pit mining activities excludes capitalised waste mining costs. AISC includes an appropriate allocation of head office costs.



WPG Resources Ltd

ABN 51 109 426 502

Half-Year Financial Report

31 DECEMBER 2016

CORPORATE DIRECTORY

WPG Resources Ltd

ABN 51 109 426 502

DIRECTORS

Robert H Duffin
Gary J Jones
Lim See Yong
Dennis R Mutton
Helen Wiseman
Cornel Parshotam (Alternate Director)

SECRETARY

Larissa Brown

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AUDITORS

Grant Thornton Audit Pty Ltd

BANKERS

Westpac Banking Corporation

SECURITIES EXCHANGE LISTING

Listed on Australian Securities Exchange Limited
ASX Code: WPG

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2016.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert H Duffin (Executive Chairman)	BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM	
Martin C Jacobsen (Managing Director)	MSCC, MDP (Unisa)	Resigned 16 December 2016
Gary J Jones (Technical Director) *	BSc, FAusIMM, MASEG	
Leonard A Dean (Non-Executive Director)	BSc (Metallurgy)	Retired 30 November 2016
Lim See Yong (Non-Executive Director)	BBA (Singapore)	
Dennis R Mutton (Non-Executive Director)	BSc (Hons), Grad Dip Mgt, FAIM, FAICD, JP	
Helen Wiseman ** (Non-Executive Director)	BSc (Hons), CA, GAICD, MIOD	Appointed 20 October 2016
Cornel Parshotam (Alternate Director)	Dip Mining, GCC	Appointed 1 March 2017

* Gary Jones became a Non-Executive Director on 1 December 2016.

** Helen Wiseman was appointed as Lead Independent Director on 1 March 2017.

REVIEW AND RESULTS OF OPERATIONS

Operations in detail

The Group recorded an operating profit before depreciation and amortisation charges of \$2,463,216 (2015 – profit of \$26,659).

After depreciation and amortisation charges of \$4,698,050 (2015 – \$8,304) the Group recorded an operating gross loss of \$2,234,834 (2015 – gross profit of \$18,355).

The net result of operations after applicable income tax expense for the half-year was a loss of \$4,145,045 (2015 – loss of \$1,096,398).

The principal continuing activities of the Group are mining, exploration, evaluation and development of its precious metal, base metal, iron ore and coal projects located in South Australia as well as the pursuit of new mining opportunities in any jurisdiction.

Throughout the half-year, the Challenger gold mine was in production. The Group also commenced mining at the Tarcoola gold mine, and continued with the exploration of its third major gold project in South Australia, Tunkillia.

WPG holds tenure over 7,207 square kilometres in the Gawler Craton, South Australia.

DIRECTORS' REPORT (CONTINUED)

HIGHLIGHTS

Challenger gold mine (WPG 100% since August 2016, 50% for July 2016)

- Successful mine commissioning completed in late July
- Increased ownership of mine to 100% effective 1 August 2016
- Fine gold production of 24,567 ounces (at the 100% level)
- Exploration program momentum building up with significant results achieved
- Increased reserves as announced in October 2016

Tarcoola gold mine (WPG 100%)

- Definitive Feasibility Study and updated Ore Reserve completed on Challenger processing option
- Program for Environment Protection and Rehabilitation (PEPR) approved and mine closure and environmental bond posted
- Key technical staff appointed
- Mining activities commenced late November 2016 within 2 weeks of "Decision to Mine"
- 8,825 tonnes of ore stockpiled at end of December 2016
- Waste removal substantially underway with a total 167,806 bcm of waste material mined
- Ore haulage to Challenger commenced in January 2017
- Near mine exploration targeting strategy developed and being implemented

Western Gawler Craton joint venture (WPG approximately 34%)

- WGCJV dispute resolved with new Challenger Mineral Lease (which provides clear access to Challenger Deeps) now uncontested
- New gold only JV to be formed and to replace existing JV agreement
- Interesting exploration results announced by JV manager and maiden resource announced in February 2017

Tunkillia gold project (WPG 100%)

- Advanced data compilation completed
- Funding options being reviewed
- Further exploration program to commence in 2017

Corporate

- Placement and Entitlement Offer completed in August 2016
- Listed options converted and unexercised options taken up and exercised by the underwriter in December 2016
- Board renewal process progressing

DIRECTORS' REPORT (CONTINUED)

OPERATING RESULTS AT A GLANCE

Sales and Processing (Challenger Processing Hub)	Units	For the Half Year To 31 December 2016
Total Ore Processed	Tonnes	309,305
Grade Processed	g/t Au	2.61
Recovery	%	94.7
Gold Recovered	Ounces	24,567
All-in Sustaining Cost*	\$/Ounce	1,550
Gold Sold	Ounces	24,243
Average Gold Price Received	\$/Ounce	1,689
Sales Revenue Realised**	A\$000's	40,979

Challenger Gold Mine Operations Summary	Units	For the Half Year To 31 December 2016
Underground Capital Development	m	543
Total Underground Development	m	2,435
Underground Ore Mined	Tonnes	226,133
Underground Ore Grade***	g/t Au	3.06
Surface Stockpiles Treated****	Tonnes	78,221

Tarcoola Gold Mine Operations Summary	Units	For the Half Year To 31 December 2016
Open Pit Waste Mined	bcm	167,809
Open Pit Ore Mined	Tonnes	8,825
Grade	g/t Au	2.71
Ore Hauled to Processing Facility	Tonnes	-
ROM Stockpile	Tonnes	8,825

Notes: * AISC in relation to underground mining costs include all lateral development and fixed asset additions other than those associated with permanent infrastructure. AISC in relation to open cut mining activities excludes capitalised waste mining costs. AISC includes an appropriate allocation of head office costs.

** Production, sales and revenue information is provided for the Challenger gold mine at 100% (WPG 50% 1 July to 31 July, 100% from 1 August). Current year sales and revenue attributable to the joint venture partner up to 31 July 2016 are 1,891 oz for revenue of \$3,354k.

*** Includes stoping ore, development ore and low grade development ore.

**** Low grade stockpiled material acquired with the Challenger gold mine.

DIRECTORS' REPORT (CONTINUED)

CHALLENGER GOLD MINE

Acquisition

WPG acquired the Challenger gold mine and associated infrastructure and exploration assets in March 2016 at which time it entered into a 50/50 joint venture over these projects with Diversified Minerals Pty Ltd (DMPL). The acquisition price was \$1 million to be paid in four equal quarterly instalments commencing on 30 June 2016. As today's date a balance of \$250,000 remains outstanding.

Effective from 1 August 2016, WPG increased its ownership of the Challenger gold mine and associated exploration assets to 100% by buying out the joint venture interest held by DMPL. This strategic buy-out gave WPG control of the Challenger processing hub which will be used to treat ore from the Tarcoola gold mine other satellite gold discoveries in the region where alternative viable treatment options are not available. The purchase price was \$9 million in cash plus the issue of 25 million WPG options. The unlisted vendor options expire on 30 September 2018 and have an exercise price of \$0.11 per option.

Operations

The Challenger mine recommenced operations in late May 2016 and commissioning continued through to late July 2016. The first gold was poured at the end of May 2016. The mine continued to ramp up to full production with mined tonnage steadily improving with the mine and mill reaching planned tonnage throughput rates by the end of July 2016. From the end of July 2016 the Challenger mine has continued operations at full tonnage production rates.

Total ore mined from underground for the half year was 226,133 tonnes @ 3.06g/t Au (54,770 tonnes from development and 171,363 tonnes from stoping). Underground ore feed to the mill was supplemented by 78,221 tonnes of low grade surface stockpile material.

The Challenger mill has been operated at its current capacity with underground ore supplemented with 78,221 tonnes of low grade surface stockpile material which was acquired with the mine. This is consistent with WPG strategy of initially supplementing mill feed with this stockpiled material with this to be replaced by higher grade ore delivered to Challenger from the Tarcoola gold mine.

Milled tonnes for the half year were 309,305 @ 2.61 g/t Au which includes dilution from this low grade stockpile. Average recovery was 94.7%, with 24,567 ounces of gold recovered and 24,243 ounces (attributable 22,676 ounces) of fine gold sold during the period. The milestone production of the first tonne of gold was announced in February 2017 which included the first gold produced from the Tarcoola gold mine.

Total revenue from bullion sales was \$40.9 million (attributable \$37.7 million) at an average gold price of \$1,689 per ounce.

All-In-Sustaining Costs (AISC) in the half year were \$1,550 per ounce recovered. During the ramp-up phase higher AISCs were anticipated due to the combination of the need to sequentially mine lower grade stopes left by the former owner, processing of lower grade development ore mined to gain access to future mining areas, along with the processing of the low grade ore stockpile prior to higher grade Tarcoola ore been available for processing. Lower than planned development rates achieved at the mine have unfortunately resulted in some stoping areas not being available for mining as scheduled and lower grade material, not within the resource envelope, has been mined to replace mill feed. This has been exacerbated by equipment availability and manpower issues from time to time. Although total ounces produced during the half year was on plan, this came at the expense of increased tonnage of lower grade material treated. This has resulted in a lower than anticipated overall head grade which has negatively impacted the AISC. A program to rectify this development deficiency is underway.

DIRECTORS' REPORT (CONTINUED)

Mineral Resources and Ore Reserve Estimate

In October 2016 WPG released a Mineral Resource and Ore Reserve estimate. The 30 June 2016 Mineral Resource estimate was a total of 838,000 tonnes at an average grade of 9.76 g/t Au containing 263,000 ounces of gold. The 30 June 2016 Ore Reserves estimate was 558,000 tonnes at an average grade of 4.98 g/t Au containing 89,000 ounces of gold.

WPG confirms that it is not aware of any new information or data that materially affects the information included in the 25 October 2016 market announcement and above in relation to the mineral resource estimate and ore reserve estimate, and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the mineral resource and ore reserve estimates in the 25 October 2016 market announcement continue to apply and have not materially changed except to the extent of production.

TARCOOLA GOLD MINE

The Tarcoola gold mine was originally proposed as a standalone heap leach mine. Following the acquisition of the Challenger gold mine WPG identified the opportunity to significantly enhance the value of the Tarcoola gold mine by eliminating the requirement to treat the ore at Tarcoola but to rather process the ore through the Challenger processing hub. Following the buy-out of the joint venture interest at Challenger WPG announced the results of its updated Definitive Feasibility Study for the development of the Tarcoola gold project and processing of the ore at Challenger.

In anticipation of an approval to mine, WPG acquired and converted the vacant Tarcoola Hospital into dormitory-style accommodation. Proceeds from the purchase of the hospital were donated by the vendor to the Royal Flying Doctor Service. In addition key contracts were negotiated and in-place in anticipation of receipt of regulatory approvals.

In November 2016, WPG announced that the Board of Directors had made a Decision to Mine at Tarcoola. This decision followed approval of the Program for Environment Protection and Rehabilitation (PEPR) and lodgement and registration of the mine closure rehabilitation bond of \$1.76 million.

WPG progressed the project's immediate development with the commencement of fly-in fly-out (FIFO) services deploying staff and contractors to site, marking the official start of mine development at Tarcoola. Within two weeks of the Decision to Mine, mining commenced. The mine was officially opened on 13 December 2016.

Planned upgrades to the haul road and the traffic management plan were completed and haulage of ore to the Challenger processing hub commenced in January 2017.

This was a remarkable outcome in that WPG took an undeveloped site in a remote location and brought a mine into production in just 4 weeks. All major regulatory approvals were received by mid-November, key contracts were let and development of the project on the ground commenced immediately on the receipt of all relevant approvals. The project was fast tracked with all supporting infrastructure being established, and first ore mined from the pit in mid-December.

As of 31 December 2016 a total of 171,523 bcm was mined from the pit, including 8,825 tonnes of ore at a grade estimate of 2.71 g/t which was stockpiled at Tarcoola. First gold was poured in February 2017.

Mineral Resource and Ore Reserve Estimate

On 1 September 2016 WPG revised its estimate of Ore Reserves for Tarcoola to 710,000 tonnes at an average grade of 3.1 g/t Au containing 71,000 ounces as at 29 August 2016.

WPG confirms that it is not aware of any new information or data that materially affects the information included in the 1 September 2016 market announcement and above in relation to the ore reserve estimate, and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the ore reserve estimate in the 1 September 2016 market announcement continue to apply and have not materially changed except to the extent of production since.

DIRECTORS' REPORT (CONTINUED)

NEAR MINE EXPLORATION AT CHALLENGER

Throughout the half year, resource definition and near mine exploration opportunities were pursued through an ongoing program of underground diamond drilling to identify new minable resources that can be accessed from existing underground development.

Near mine exploration targets include Challenger West, Challenger South South West (CSSW), Aminus, Enterprise, Challenger NW and M3/SEZ, Challenger Deeps and Challenger North West. Drilling during the half-year has indicated that the CSSW structure plunges in parallel with the main Challenger ore lodes. Drilling in the M3 structure, which has only been sporadically mined in the past, has yielded highly encouraging results and mining activities in this new area, not currently included in the resource or reserve estimate, is anticipated to commence prior to 30 June 2017.

Drilling is planned on multiple near mine exploration targets over the next six months. The diamond drilling program will be split into two sections – development drilling and near mine exploration drilling. Development drilling involves further drilling into Challenger West, Aminus and remnant opportunities in the historic M1 and M2 lodes. Near mine exploration drilling will target M3 and CSSW, with the goal of increasing the Challenger resource for 2017.

A systematic program for drilling the M1 and M2 lodes, below the 215 shear, is also planned and scheduled to commence in April 2017 once suitable ventilation modification are completed. This drilling will also target Challenger West which has never previously been drilled below the 215 shear. Results from this drilling will be used to plan initial mining in the “Challenger Deeps”.

NEAR MINE EXPLORATION AT TARCOOLA

During the half year, historical near mine exploration data was reviewed and an orientation soil sampling survey completed at the Wondergraph and Warrigal Prospects. Indications are that fine fraction sampling is the most sensitive for gold and Fire Assay is the preferred lab analysis method for gold detection and these methods will be used for a larger soil sampling program planned at Warrigal in the first half of calendar 2017. Historical induced polarisation (IP) geophysical data will also be reprocessed, with the objective of identifying mineralisation trends or prospective zones for drill testing.

A small Reverse Circulation program is also planned for the Wondergraph Prospect with the ambition to define another resource at Tarcoola.

WESTERN GAWLER CRATON JV (WGCJV)

As of 31 December the interests of the parties to the WGCJV were approximately WPG 34%, and Tyranna Resources Ltd 66%. As of the date of this report the WPG interest is approximately 28%. Parts of the project area are also subject to a 10% carried interest held by a private company.

A dispute over ownership of the gold rights in the northern section of EL 5661 (and therefore ML 6457) was resolved during the half year. Tyranna agreed to drop its claim over the northern part of EL 5661 and in return, WPG agreed that ownership of the other tenements subject to the WGCJV will be transferred to Tyranna under a new joint venture arrangement. This new joint venture is over gold rights in the WGCJV area only and Tyranna will hold rights to other minerals (subject to other third party rights). The interests of the two parties in the new joint venture *ab initio* will be exactly the same as under the old joint venture, and there will be no change to the dilution provisions. As with the old joint venture, Tyranna will be manager of the new joint venture.

The new agreement will allow WPG to continue with its exploration and development of the down-plunge extensions to the Challenger lodes in Challenger Deeps, secure now in the knowledge that it has 100% rights to this area.

Tyranna's recent exploration on the WGCJV tenements has focussed on the Golf Bore, Greenwood, Mainwood and Campfire Bore prospects. The next phase of drilling is initially targeting the Typhoon, Monsoon and Black Night prospects which are areas of known gold mineralisation. WPG encourages its WGCJV partner to continue exploring in the WGCJV project area for potential eventual treatment of ore through the Challenger processing hub.

DIRECTORS' REPORT (CONTINUED)

TUNKILLIA EXPLORATION

WPG is reviewing exploration targets with potential for further discoveries. An advanced data analysis of historic drilling at the 223 Deposit was conducted during the half year. This data will be analysed with 3D software with the aim of defining the structure of the gold hosting quartz lodes to generate higher grade gold target zones beneath the already defined mineralisation. Regional target generation on the broader Yarlbirinda Shear Zone away from the 223 deposit has also been conducted and appropriate geophysical techniques to assist this are being reviewed.

No formal work has commenced on the Definitive Feasibility Study however it is envisaged that in-house resources will be deployed later in the year.

During the half year a number of funding opportunities for Tunkillia were investigated and will be further evaluated in conjunction with advancing the Definitive Feasibility Study.

MUCKANIPPIE, ROBINS RISE, LAKE WOORONG AND PERFECTION WELL EXPLORATION

With WPG's current focus on fast tracking its gold projects, the Company's efforts were diverted from its other South Australian project assets. There was no substantive work undertaken on these tenements during the half year, however, a review of these projects and previously proposed programs is underway, in the effort to generate a priority ranking and new targets.

SHARES AND OPTIONS

In July and August 2016, a total of \$13.7 million was raised through a placement and underwritten 1 for 6 Entitlement Offer to fund the acquisition of DMPL's interest in the CJs and to provide finance for developing Tarcoola and for general working capital purposes.

In November 2016, WPG completed a placement of 4,819,277 shares to Low Impact Diamond Drilling Service Pty Ltd (LIDDS) as a legacy obligation of the Tarcoola gold project and were allotted on taking the Decision to Mine.

During the half year, approximately \$3.2 million was raised through exercise of 83.9 million of the Company's existing quoted exercise price options. Following the July 2016 Entitlement Offer, the option exercise price was recalculated from \$0.04 to \$0.038. The unexercised options expired on 31 December 2016 and were subsequently taken up by the underwriter and \$181,443 was raised through the issue to the underwriter of 4,774,813 shares on exercise of the remaining options.

In October 2016, 37,500,000 unlisted Vendor and Broker options (exercise price \$0.11, expiry 30 September 2018) were issued. 25 million Vendor options were issued as part of the acquisition of its former joint venture partner Diversified Minerals Pty Ltd (DMPL) 50% interest in the Challenger mining and exploration joint ventures (CJs), to increase its interest to 100% of the Challenger gold operations and 12.5 million Broker options were issued as part of the underwriting fee for the 1 for 6 Entitlement Offer.

FINANCIAL POSITION

As at 31 December 2016 the Company had cash at bank of \$9.7 million and gold bullion at realisable value of \$2.7 million representing cash backing of \$0.02 per share.

The results of operations are shown above and in the accompanying financial statements.

HEDGING

At the end of December 2016 the Company sold forward 5,000 ounces of gold. The Company intends to enter into further hedging arrangements going forward.

DIRECTORS' REPORT (CONTINUED)

SUBSEQUENT EVENTS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring since the end of the half year other than outlined below.

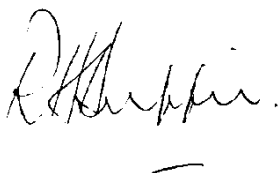
On 10 January 2017 WPG announced that the unexercised \$0.038 options which expired on 31 December 2016 were taken up by the underwriter, Jetan Pty Ltd. \$181,443 was raised through the issue to the underwriter of 4,774,813 shares on exercise of the remaining options.

On 23 January 2017 WPG announced that planned upgrades to the Tarcoola to Challenger haul road and the traffic management plan were completed and Tarcoola ore began being trucked to Challenger for treatment through the Challenger CIP plant. First gold was poured in February 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration of our auditor is on page 22 and forms part of this report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



R H Duffin

Executive Chairman

Sydney

13 March 2017

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.

DIRECTORS' REPORT (CONTINUED)

Competent Person Statements

CHALLENGER

Mineral Resources

The information that relates to Mineral Resources contained in this report is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Hampton.

Stuart Hampton is a Member of the Australasian Institute of Mining and Metallurgy. He is an independent contract geologist who previously compiled information concerning the Exploration Results, Mineral Resources and Ore Reserve estimates for the Challenger gold mine and worked at Challenger for 11 years. He qualifies 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) and has sufficient experience relevant to the style of mineralisation being reported herein. Stuart Hampton 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.

Ore Reserves

The information that relates to Ore Reserves contained in this report is based on, and fairly represents, information and supporting documentation prepared by Mr Luke Phelps.

Luke Phelps is a Member of the Australasian Institute of Mining and Metallurgy. He is a full time employee of Challenger Gold Operations Pty Ltd, a wholly owned subsidiary of WPG Resources Ltd, who previously compiled information concerning the Ore Reserve estimates for the Challenger gold mine and has worked at Challenger for over 6 years. He qualifies 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) and has sufficient experience relevant to the style of mineralisation being reported herein. Luke Phelps 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.

TARCOOLA

Ore Reserves

The information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation compiled by Mr John Wyche. John Wyche is employed full-time by Australian Mine Design and Development Pty Ltd, an independent consultant mining engineering company which completed the mine design and ore reserve estimate for inclusion in the Feasibility Study.

John Wyche is a member of the Australasian Institute of Mining and Metallurgy and has 33 years of experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. John Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Note	Consolidated Entity	
		2016 \$'000	2015 \$'000
Revenue			
Revenue from continuing operations	4	37,626	-
Other income	4	71	26
Total Revenue		37,697	26
Production Costs (including depreciation and amortisation)	4	(39,932)	(8)
Gross Loss		(2,235)	18
Expenses			
Administrative expenses		(1,238)	(577)
Occupancy costs		(196)	(170)
Exploration and evaluation expenditure impaired		-	(253)
Share based payments		(334)	(99)
Other expenses		(142)	(15)
Total Expenses		(1,910)	(1,114)
Loss Before Tax		(4,145)	(1,096)
Income tax benefit		-	-
Loss After Tax from Continuing Operations		(4,145)	(1,096)
Other Comprehensive Income		-	-
Other Comprehensive Income Net of Tax		-	-
Total Comprehensive Income Attributable to Owners		(4,145)	(1,096)
Earnings Per Share from Profit / (Loss) Attributable to the Owners of WPG Resources Ltd			
Basic earnings / loss per share (¢ per share)		(0.65)	(0.38)
Diluted earnings / loss per share (¢ per share)		(0.65)	(0.38)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Consolidated Entity	
		31 Dec 2016 \$'000	30 Jun 2016 \$'000
Current Assets			
Cash and cash equivalents	5	9,709	4,613
Trade and other receivables	6	3,456	1,203
Inventories	7	5,573	3,243
Other		172	74
Total Current Assets		18,910	9,133
Non-Current Assets			
Other financial assets		2,416	1,605
Property, plant and equipment	8	13,509	396
Development assets	9	7,184	821
Exploration and evaluation expenditure	10	3,510	6,246
Total Non-Current Assets		26,619	9,068
Total Assets		45,529	18,201
Current Liabilities			
Trade and other payables	11	16,189	5,474
Provisions	12	1,250	1,423
Total Current Liabilities		17,439	6,897
Non-Current Liabilities			
Provisions	12	8,790	4,930
Total Non-Current Liabilities		8,790	4,930
Total Liabilities		26,229	11,827
Net Assets		19,300	6,374
Equity			
Contributed equity	13	47,808	31,330
Reserves	14	1,048	455
Accumulated losses		(29,556)	(25,411)
Total Equity		19,300	6,374

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Consolidated			
	Contributed Equity \$'000	Accumulated Losses \$'000	Share Based Payment Reserve \$'000	Total Equity \$'000
At 1 July 2016	31,330	(25,411)	455	6,374
Total Comprehensive Income for the Half-Year				
Loss for the period	-	(4,145)	-	(4,145)
	-	(4,145)	-	(4,145)
Transactions with Owners in their Capacity as Owners				
Issue of new shares	16,412	-	-	16,412
Vested options transferred to share capital	166	-	(166)	-
Share based payments expense	-	-	759	759
	16,478	-	593	17,071
AT 31 December 2016	47,808	(29,556)	1,048	19,300
AT 1 July 2015	25,628	(17,129)	399	8,898
Total Comprehensive Income for the Half-Year				
Loss for the period	-	(1,096)	-	(1,096)
	-	(1,096)	-	(1,096)
Transactions with Owners in their Capacity as Owners				
Issue of new shares, net of share issue costs	2,862	-	-	2,862
Vested options transferred to share capital	143	-	(143)	-
Share based payments expense	-	-	99	99
	3,005	-	(44)	2,961
AT 31 December 2015	28,633	(18,225)	355	10,763

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2016

		Consolidated Entity	
Note		2016	2015
		\$'000	\$'000
Cash Flows from Operating Activities			
	Receipts from customers	36,646	11
	Payments to suppliers and employees	(29,179)	(1,012)
	Interest received	34	12
	Cash In/(Out)flows from Operating Activities	7,501	(989)
Cash Flows from Investing Activities			
	Payment for property, plant and equipment	(2,152)	-
	Receipts from sale of property, plant and equipment	-	711
	Payments for development expenditure on mining interests	(4,690)	-
	Payments for exploration expenditure	(1,055)	(816)
	Payment of tenement security deposits	(551)	(40)
	Payments for term deposits	-	(1,400)
16	Payment for acquisition of DMPL's 50% JV interest	(9,625)	-
	Payments for investment in financial assets	(299)	-
	Net Cash Outflows from Investing Activities	(18,372)	(1,545)
Cash Flows from Financing Activities			
	Receipts for issue of shares / exercise of options	15,967	2,863
	Net Cash Inflows from Financing Activities	15,967	2,863
	Net Increase in Cash and Cash Equivalents	5,096	329
	Cash and cash equivalents at beginning of period	4,613	1,340
	Cash and Cash Equivalents at End of Period	9,709	1,669

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1. Corporate Information

These financial statements of WPG Resources Ltd (the Company or WPG) for the half-year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 13 March 2016. WPG Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. Summary of Significant Accounting Policies

These half-year financial statements do not include all notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements.

These half-year financial statements should be read in conjunction with the annual financial statements of WPG for the year ended 30 June 2016.

It is also recommended that these half-year financial statements be considered together with any public announcements made by WPG during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ending 31 December 2016 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The historical cost basis has been used except for available-for-sale financial assets which have been measured at fair value.

For the purpose of preparing these half-year financial statements, the half-year has been treated as a discrete report period.

(b) Significant Accounting Policies

The half-year financial statements have been prepared in accordance with the accounting policies adopted in WPG's last annual financial statements for the year ended 30 June 2016 other than noted below.

Property, plant, equipment and leasehold improvements

The processing plant at Challenger Gold Mine is depreciated based on a unit-of-production method which results in a depreciation charge proportional to the depletion of the estimated total production over its life. Where there is a change in the estimated total production the depreciation rate is adjusted prospectively in the reporting period in which the change occurs.

(c) Rounding of Amounts

The Company is of a kind referred to in Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to rounding of amounts in the financial report. Amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(d) Significant Accounting Judgments, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2016.

There are numerous uncertainties inherent in estimating Mineral Resources and Ore Reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production rates and costs, diluted mining grades or recovery rates may change the economic status of Reserves and may, ultimately, result in the Reserves being restated. Such changes may impact asset carrying values, depreciation and amortisation rates, deferred development costs and provisions for restoration.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

3. Segment Information

Management has determined the operating segment based on internal reports about components of the group that are regularly reviewed by the CEO in order to make strategic decisions. Reportable operating segments are production, exploration and other costs with a main focus on gold.

The CEO monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the CEO are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the group.

	Exploration \$'000	Production \$'000	Unallocated \$'000	Consolidated \$'000
31 December 2016				
Bullion revenue	-	37,626	-	37,626
Other income	-	13	58	71
Cost of production	-	(35,234)	-	(35,234)
Depreciation	-	(4,692)	(6)	(4,698)
Other expenses	-	(47)	(1,863)	(1,910)
Segment Profit/Loss Before Tax	-	(2,334)	(1,811)	(4,145)
Segment assets	93	19,557	25,879	45,529
Segment liabilities	(2,542)	(21,391)	(2,296)	(26,229)
30 June 2016				
Revenue	-	1,515	176	1,691
Cost of production	-	(3,642)	-	(3,642)
Exploration and evaluation impaired	(2,372)	-	-	(2,372)
Other expenses	-	-	(3,959)	(3,959)
Segment Profit/Loss Before Tax	(2,372)	(2,127)	(3,783)	(8,282)
Segment assets	6,246	7,443	4,512	18,201
Segment liabilities	(127)	(9,096)	(2,604)	(11,827)

Segments Assets by Geographical Location

Segment assets of WPG are geographically located in Australia.

4. Revenue and Expenses

Revenue from Continuing Operations

Revenue from gold sales	37,626	-
Interest received – other persons / corporations	67	13
Rent received	4	13

Total Revenue

Consolidated	
31 Dec 2016	31 Dec 2015
\$'000	\$'000
37,697	26

Production Costs

Mining and milling costs	(27,875)	-
Mine administration and royalty costs	(5,721)	-
Inventory movement	(1,638)	-
Depreciation and amortisation	(4,698)	(8)

Total Production Costs

(39,932)	(8)
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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
5. Cash and Cash Equivalents		
Cash at bank	9,709	2,895
Money market securities – term deposits	-	1,718
Cash and Cash Equivalents	9,709	4,613
6. Trade and Other Receivables		
Current		
Trade receivables	981	375
GST and diesel fuel rebate receivable	2,432	412
Other receivables	43	396
Trade and Other Receivables	3,456	1,203
7. Inventories		
Store and consumables	2,115	950
Run of mine ore	344	982
Gold doré	2,703	1,066
Gold in circuit	411	245
Inventories	5,573	3,243
8. Property, Plant, Equipment		
Land and Buildings		
At cost	17	17
Carrying Amount at End of Period	17	17
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous period:		
Carrying amount at beginning of period	17	17
Additions	-	-
Depreciation expense	-	-
Carrying Amount at End of Period	17	17
Plant and Equipment		
Plant and equipment at cost	14,745	693
Accumulated depreciation	(1,253)	(314)
Carrying Amount at End of Period	13,492	379
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial period:		
Carrying amount at beginning of period	379	42
Acquisitions	10,939	354
Additions	3,113	11
Depreciation expense	(939)	(27)
Carrying Amount at End of Period	13,492	379
Carrying Amount of Property, Plant, Equipment at End of Period	13,509	396

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
9. Development Assets		
Challenger		
At cost	5,104	841
Accumulated amortisation	(3,779)	(20)
Carrying Amount at End of Period	1,325	821
Reconciliation of Carrying Amount of Development Assets at Beginning and End of Current and Previous Period:		
Carrying amount at beginning of period	821	-
Additions	2,886	389
Acquisitions of DMPL's 50% JV interest	1,377	452
Amortisation	(3,759)	(20)
Carrying Amount at End of Period	1,325	821
Tarcoola		
At cost	5,859	-
Accumulated amortisation	-	-
Carrying Amount at End of Period	5,859	-
Reconciliation of Carrying Amount of Development Assets at Beginning and End of Current and Previous Period:		
Carrying amount at beginning of period	-	-
Additions	2,035	-
Transfer from Exploration and Evaluation Expenditure	3,824	-
Amortisation	-	-
Carrying Amount at End of Period	5,859	-
Carrying Amount of Development Assets at End of Period	7,184	821
10. Exploration and Evaluation Expenditure		
Costs brought forward	6,246	7,384
Costs incurred during the period	1,088	1,234
Transfer to development assets	(3,824)	-
Exploration expenditure written off during the period	-	(2,372)
Exploration and Evaluation Expenditure	3,510	6,246
Exploration Expenditure Costs Carried Forward are made up of:		
Expenditure on joint venture areas	-	-
Expenditure on non-joint venture areas	3,510	6,246
Carrying Amount at End of Period	3,510	6,246

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
11. Payables		
Current		
Trade creditors and accruals	14,639	4,501
Acquisition cost payable for the acquisition of Challenger Gold Operations Pty Ltd	250	750
Other creditors	1,256	179
Unpaid dividends and return of capital	44	44
Payables	16,189	5,474
12. Provisions		
Current		
Annual leave	750	273
Deferred acquisition cost	500	1,150
Current Provisions	1,250	1,423
Non-current		
Rehabilitation and restoration costs	7,535	3,767
Premises make good	10	10
Other creditors	106	
Deferred acquisition cost	1,075	1,041
Long service leave	64	112
Non-current Provisions	8,790	4,930
13. Contributed Equity		
Share Capital		
As at 1 July 2016	31,330	33,487
Shares issued during the period	14,070	5,515
Issued on exercise of options	3,226	203
Issued on exercise of incentive rights	166	143
Share issue costs	(984)	(8,018)
Contributed Equity	47,808	31,330
	Consolidated	
	2016 No.	2015 No.
Movements in Ordinary Share Capital		
As at 1 July	447,340,108	278,994,920
Shares issued during the year	215,120,241	161,003,355
Issued on exercise of options	83,906,935	5,072,877
Incentive rights exercised	4,815,900	2,268,956
At End of Reporting Period	751,183,184	447,340,108

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

16. Acquisition of Challenger Gold Operations Pty Ltd

Effective from 1 August 2016, WPG completed the acquisition of its former joint venture partner Diversified Minerals Pty Ltd (DMPL) 50% interest in the Challenger mining and exploration joint ventures (CJVs), to increase its interest to 100% of the Challenger gold operations.

The purchase price was \$9 million and the issue of 25 million WPG options to DMPL. The unlisted vendor options will expire on 30 September 2018 and the exercise price is \$0.11 per option exercised. The issue of vendor options was approved at a general meeting of shareholders held on 13 October 2016.

The acquisition doubled WPG's share of production as well as WPG's attributable share of gold contained in Challenger's resources and reserves.

The fair value of the assets and liabilities acquired as at the date of acquisition and used for provisional accounting were as follows:

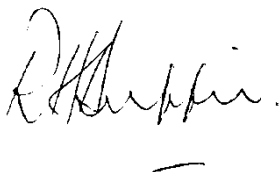
	50% acquisition \$'000
Assets	
Cash	733
Cash bonds	635
GST receivable	659
Diesel fuel rebate receivable	470
Run of mine inventory	731
Gold-In-Circuit	404
Finished goods	1,597
Stores	1,014
Prepayments	40
Plant and equipment	350
Mine development	1,377
Total Assets	8,010
Liabilities	
Trade creditors	4,417
Accruals	311
Provisions	365
Rehabilitation provision	3,767
Total Liabilities	8,860
Net Assets / (Liabilities) Acquired at WDV	(850)
Cash Flow	
Payment for DMPL's 50% joint venture interest	(9,000)
Payment of deferred acquisition costs	(750)
Proceeds for amounts receivable from DMPL	125
Net Cash Flow	(9,625)

DIRECTORS' DECLARATION

The Directors of WPG Resources Ltd declare that:

1. the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



R H Duffin
Chairman of Directors

Sydney

13 March 2017



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WPG RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of WPG Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WPG RESOURCES LIMITED

We have reviewed the accompanying half-year financial report of WPG Resources Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of WPG Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WPG Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WPG Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2017



WPG Resources Ltd

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