



WPG Resources Ltd

ABN 51 109 426 502

PO Box N239, Grosvenor Place NSW 1220, Australia

Level 9, Kyle House, 27-31 Macquarie Place, Sydney, NSW 2000, Australia

Telephone: (+612) 9251 1044

Facsimile: (+612) 9247 3434

Email: info@wpgresources.com.au

Web: www.wpgresources.com.au

Company Announcements

ASX Limited

Exchange Centre

20 Bridge Street

Sydney NSW 2000

15 May 2018

Dear Ms Wigneswaran,

Appendix 5B Query

I refer to your letter of 11 May 2018 and provide the following responses to each of the questions and requests for information included therein:

1. The Entity's net cash flow is expected to be positive for Q4 FY18.

The Entity's forecast cash flow improvement in Q4 is a result of an expected increase in gold production from both the Challenger and Tarcoola mining operations. More details of this are provided below.

The Entity's Appendix 5B released on 30 April 2018 showed the expected cash outflow in Q4 FY18 to be \$32.8m, and that cash at bank on 31 March 2018 was \$4.8m.

As set out in the Entity's Q3 Quarterly Activities Report, gold recovered to the end of the period was 36,513 ounces. The same Report provided full year guidance of 58,000 to 60,000 ounces. This means that the Entity expects to produce a minimum of 21,487 ounces in Q4.

Gold produced in April was 5,426 ounces, the second highest monthly production since mining commenced under WPG's ownership two years ago. The budget for May 2018 is 6,500 ounces, and production month to date is ahead of budget. The budget for June is 9,317 ounces.

If production for the rest of May remains ahead of budget and June's production is in line with budget then production for Q4 will exceed 21,500 ounces. Assuming an average realised gold price of \$1,700/oz (based on a mix of the Entity's hedged price and spot prices) and production of 21,500 ounces, the Entity expects revenue of approximately \$36.6m for Q4.

Provided that the budget for Q4 is met, the expected Q4 revenue of \$36.6m will comfortably exceed the expected cash outflow of \$32.8m shown above.

The cash at bank on 31 March 2018 of \$4.8 provides a buffer in the event that actual production for the remainder of May and all of June are below budget.

2. The Entity is in talks with a number of parties regarding additional external funding. The Entity is not in a position to comment further on these at this stage.
3. At this point in time, the Entity believes that it is in a position to continue its operations, for the reasons outlined in responses 1 and 2 above.
4. The Entity is not aware of any further information that may be relevant to the ASX forming an opinion of the Entity in regard to Listing Rule 12.2.
5. The Entity confirms that it is in compliance with Listing Rule 3.1.
6. The Entity confirms that the responses requested by the ASX and provided above, have been made by an officer of the Entity with delegated authority from the Board to respond to the ASX on disclosure matters.

Yours faithfully,



.....
Ian K White
Company Secretary

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.



11 May 2018

Mr Ian White

Company Secretary
WPG Resources Ltd
Level 9, Kyle House
27-31 Macquarie Place
Sydney NSW 2000

By email

Dear Mr White

WPG Resources Ltd (the “Entity”): Appendix 5B Query

I refer to the Entity’s Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 30 April 2018 (the “Appendix 5B”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$14,282,000;
- cash at the end of the quarter of \$4,744,000; and
- estimated cash outflows for the next quarter of \$32,796,000.

It is possible to conclude, based on the information in the Appendix 5B that if the Entity were to continue to expend cash at the rate indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Entity to respond separately to each of the following questions and requests for information:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that the Entity is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEST on Wednesday 16 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Entity's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Lux Wigneswaran

Principal Adviser, Listings Compliance (Sydney)