

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

WPG Resources Ltd

ABN

51 109 426 502

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter 31 December 2010 \$A'000	Year to date (6 months) 31 December 2010 \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,179)   (480)	(2,877)   (1,062)
1.3 Dividends received		
1.4 Interest, rent and grants received	656	716
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - tenement & rental deposits received		10
<b>Net Operating Cash Flows</b>	<b>(2,003)</b>	<b>(3,213)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	  (34)	(250)  (48)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(34)</b>	<b>(298)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,037)</b>	<b>(3,511)</b>

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(2,037)	(3,511)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	84,519	84,519
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – share issue costs	(731)	(731)
	<b>Net financing cash flows</b>	83,788	83,788
	<b>Net increase (decrease) in cash held</b>	81,751	80,277
1.20	Cash at beginning of quarter/year to date *	13,548	15,022
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter (this Excludes WISCO \$500k JV deposit) *</b>	95,299	95,299

\* Excludes \$500,000 WISCO JV Deposit received in June 09 Qtr held in trust and conditionally refundable should the JV not proceed.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	253
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and Consultancy fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	20,000
4.3 Production	
4.4 Administration	1,000
<b>Total</b>	<b>22,000</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	623	409
5.2 Deposits at call	2,546	
5.3 Bank overdraft		
5.4 Other – fixed term bank deposits	92,130	13,139
<b>Total: cash at end of quarter (item 1.22) Note*</b>	<b>95,299</b>	<b>13,548</b>

Note \* Excludes \$500,000 WISCO JV Deposit received in June 09 Qtr held in trust and conditionally refundable should the JV not proceed.

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Peculiar Knob infrastructure MC 4241-4260	Tenure ceased and determined on grant of replacement EMLs (refer below)	100%	0%
6.2 Interests in mining tenements acquired or increased	Peculiar Knob infrastructure MPL 125-131	Application granted	100%	100%
	Peculiar Knob infrastructure EML 6363-6382	Application granted	100%	100%
	Pidinga EL4631	Application granted	100%	100%
	Lock ELA 7/11	Application lodged	0%	100%

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>+Ordinary securities</b>	246,014,340	246,014,340		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	124,322,765 Nil	124,322,765	\$0.68	
7.5 <b>+Convertible debt securities</b>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7 <b>Options *</b>			<i>Exercise price **</i> \$	<i>Expiry date</i>
	850,000	0	\$0.72	5 Mar 2011
	500,000	0	\$0.377	11 May 2011
	1,750,000	0	\$0.227	22 Nov 2011
	500,000	0	\$1.19	29 Nov 2011
	500,000	0	\$1.19	29 Nov 2011
	1,000,000	0	\$1.69	29 May 2012
	350,000	0	\$1.087	4 Jul 2012
	1,300,000	0	\$1.117	17 Sep 2012
	750,000	0	\$1.227	12 Nov 2012
	300,000	0	\$0.727	2 Sep 2013
<b>Rights</b>			\$	<i>Vesting date</i>
	2,258,590	0	\$0.00	1 July 2013
7.8 Issued during quarter	500,000	0	\$1.19	29 Nov 2011
	500,000	0	\$1.19	29 Nov 2011
	1,000,000	0	\$1.69	29 May 2012
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 <b>Debentures (totals only)</b>	Nil			
7.12 <b>Unsecured notes (totals only)</b>	Nil			

\* the issue of 14,758,826 warrants to or as directed by Deutsche Bank AG to subscribe for up to 14,758,826 WPG ordinary shares with a conversion price of \$1.24 per warrant was approved at a shareholder meeting held on 22 December 2010. The warrants will be issued within three months of 22 December 2010 or at such time as deemed appropriate by an ASX waiver (if applicable).

\*\* as a result of the \$9.5 million Rights Issue completed on 22 December 2010 and in accordance with ASX Listing Rule 6.22.2 the exercise price of WPG's existing options have been adjusted downwards by \$0.01.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Larissa Brown*  
(Company Secretary)

Date: 31 January 2011

Print name: Larissa Brown

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Tenement	Tenement Number	Interest	Joint Venture Details
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**SOUTH AUSTRALIA – IRON ORE TENEMENTS**

Peculiar Knob	ML 6314	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Peculiar Knob infrastructure	MPL 125 – 131	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Peculiar Knob infrastructure	EML 6363 – 6382	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Hawks Nest	EL 4248	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Kestrel	MC 3809	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Kestrel	RLA (replacing MC 3809)	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Buzzard	MC 3810	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Buzzard	RLA (replacing MC 3810)	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Mt Brady	EL 4422	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd
Windy Valley	EL 4423	100%	Interest held by wholly owned subsidiary Southern Iron Pty Ltd

**SOUTH AUSTRALIA – COAL TENEMENTS**

Penrhyn	EL 4525 ELA 339/09	100%	Wholly owned subsidiary Southern Coal Holdings Pty Ltd has exercised an option to acquire EL 4525 and ELA 339/09 which cover the Penrhyn coal deposit. Tenements held by a subsidiary of Stellar Resources Limited (ASX – SRZ). EL 4525 in process of being transferred.
Pidinga	EL 4631	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Talacootra	ELA 90/10	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd. Tenement offered and accepted.
Perfection Well	ELA 97/10	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd
Lochiel North	ELA 185/10	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd. Tenement offered and accepted.
Lock	ELA 7/11	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd

EL	=	Exploration Licence
ELA	=	Exploration Licence Application
MC	=	Mineral Claim
MCA	=	Mineral Claim Application
ML	=	Mineral (Mining) Lease
RL	=	Retention Lease
RLA	=	Retention Lease Application
MPLA	=	Miscellaneous Purposes Licence Application

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