



# WPG Resources Ltd

ABN 51 109 426 502

## Half-Year Financial Report

31 DECEMBER 2010

# CORPORATE DIRECTORY

## WPG Resources Ltd

ABN 51 109 426 502

### DIRECTORS

Robert H Duffin  
Heath L Roberts  
Gary J Jones  
Leonard A Dean  
Lim See Yong  
Robert L Richardson  
Dennis Mutton

### SECRETARY

Larissa Brown

### REGISTERED AND ADMINISTRATION OFFICE

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### SHARE REGISTRY

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### AUDITORS

BDO Audit (NSW-VIC) Pty Ltd

### BANKERS

Westpac Banking Corporation

### STOCK EXCHANGE LISTING

Listed on Australian Stock Exchange Limited  
ASX Code: WPG

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# DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

## 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, BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM, CP (Executive Chairman)

Heath L Roberts, Dip. Law (SAB), Grad Dip Leg. P (UTS) (Executive Director)

Gary J Jones, BSc, MAusIMM, MASEG (Director, Technical)

Leonard A Dean, B Sc. (Metallurgy), (Non-Executive Director)

Lim See Yong, BBA (Singapore), (Non-Executive Director)

Robert L Richardson, BSc, BE (Hons), MAusIMM, MASEG (Non-Executive Director)

Dennis Mutton, BSc(Hons), Grad Dip Mgt, FAIM , MAICD, JP, (Non Executive Director)

## REVIEW AND RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half-year was a loss of \$ 1,614,200 (2009 –\$1,086,088).

The principal continuing activity of the Company is exploration, evaluation and development of the Company's iron ore and coal projects located in South Australia.

During the half-year the Company took the decision to put the Peculiar Knob direct shipping iron ore project south east of Coober Pedy into production following significant advancement of permitting licences and completion of the bankable feasibility study. The decision is subject to the provision of funding and receipt of the few outstanding approvals that are still required. To part fund the development of the Peculiar Knob project, \$85 million in new equity was raised during December 2010 by a combination of placements to professional and sophisticated investors and a rights issue to all shareholders.

The balance of the development finance is to be under a US\$120 million funding package comprising senior secured notes of US\$70 million with detachable warrants and a senior secured prepayment of iron ore in the amount of US\$50 million. Since mandating Deutsche Bank in October 2010 to provide this funding, the Company has signed commitment letters with them pursuant to which the bank has agreed to provide the funding conditional on a number of approvals. They include completion of satisfactory due diligence, obtaining PIRSA approval of the Company's Mining and Rehabilitation Plan, and securing development approval to build an iron ore receipt, storage and out-loading facility at Port Pirie in South Australia.

Subject to finalising the above requisites, the Peculiar Knob project is almost ready for development following receipt of key permits including the granting of the mining lease, the execution of the native title mining agreement, execution of various mining access agreements with the department of defence, signing approvals to build infrastructure on all third party exploration licences and the granting of extractive mineral leases associated with the licences for haul road, accommodation village, rail loader and the crusher site.

Project development activities are underway with the award of design and construction contracts of the Port Pirie shiploader, as well as the ore storage and handling facilities.

The Company has been actively negotiating with the Department of Defence to allow mining activities to co-exist with the Defence activities in the Woomera Prohibited Area. Mid 2010, WPG made a public submission to the Hawke Committee that was appointed by the Commonwealth Government to review the future use of the Woomera Prohibited Area. An Interim Report suggests that WPG's planned activities are not situated where most of the Department of Defence infrastructure lies. While no technical work was undertaken on the Company's magnetite project in South Australia in the period, it is prepared to commit significant resources to the further exploration and development of the highly prospective Hawks Nest region but requires clarification of the Commonwealth's attitude towards mining in this area.

Of the two exploration tenements at Mt Brady and Windy Valley, the focus has been on detailed ground magnetic and gravity surveying at the Mt Brady prospect where preliminary testing suggest a strong magnetic anomaly that could be caused by carbonitites that are often associated with the development of rare earth mineralisation. Energy coal exploration activities continued to advance during the period where the tenements are either granted or under application. A drilling program has been designed for the Penrhyn coal tenement areas.

## *DIRECTORS' REPORT (CONTINUED)*

### **FINANCIAL**

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

### **SUBSEQUENT EVENTS**

Since the end of the half-year the Company has continued to progress its Peculiar Knob project by placing various contracts including the design component of the Port Pirie ore storage facility for a value of approximately \$3.2 million. A contract to design, construct, deliver and commission a 50m radial ship-loader was signed in January 2011 with B&W Mechanical of the UK and has an approximate commitment of \$2.0 million. In February, the Company entered into an agreement for the supply and installation of the accommodation camp, for a total of approximately \$13.0 million to be paid monthly based on progress. (The contract may be cancelled by the Company at any time upon payment for work completed at that time.)

In February, the company invested \$2.0 million in Evergreen Energy Inc., a green energy technology solutions company listed on the New York Stock Exchange.

Other than these events, the Directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half year.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The independence declaration of our auditor is on page 11 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

15 March 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2010

		Consolidated Entity	
	Note	2010	2009
		\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS	4	533	114
ASX and ASIC fees		(122)	(57)
Contract administration services		(719)	(280)
Corporate advisory services		(194)	(24)
Depreciation and amortisation expense		(14)	(20)
Directors' fees		(61)	(268)
Employment costs		(117)	(185)
Exploration and evaluation expenditure written-off		-	(179)
Insurance		(19)	-
Legal fees		(406)	-
Office costs		(39)	(47)
Operating lease rental expense		(95)	(81)
Public relations		(74)	(40)
Registry costs		(23)	-
Share based payments		(166)	(15)
Superannuation expense		(13)	-
Travel and accommodation		(163)	-
Impairment loss on investment		(107)	-
Other expenses from ordinary activities		(118)	(74)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(1,917)</b>	<b>(1,156)</b>
Income tax benefit		334	24
<b>LOSS AFTER INCOME TAX FROM CONTINUING OPERATIONS</b>		<b>(1,583)</b>	<b>(1,132)</b>
<b>OTHER COMPREHESIVE INCOME</b>			
Change in fair value on available-for-sale financial assets		(44)	66
Income tax benefit (expense) on other comprehensive income		13	(20)
<b>Other Comprehensive income for the half-year net of tax</b>		<b>(31)</b>	<b>46</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF WPG RESOURCES LTD</b>		<b>(1,614)</b>	<b>(1,086)</b>
Basic loss per share (¢ per share)		1.2	1.1
Diluted loss per share (¢ per share)		1.2	1.1

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Consolidated Entity	
Note	31 Dec 2010 \$'000	30 Jun 10 \$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	95,800	15,522
Trade and other receivables	721	461
Other financial assets	7	10
<b>TOTAL CURRENT ASSETS</b>	<b>96,528</b>	<b>15,993</b>
<b>NON-CURRENT ASSETS</b>		
Available-for-sale financial assets	200	345
Other financial assets	90	90
Plant, equipment and leasehold improvements	84	39
Deferred exploration and evaluation expenditure	5 20,841	18,966
Deferred port evaluation expenditure	5 1,859	254
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23,074</b>	<b>19,694</b>
<b>TOTAL ASSETS</b>	<b>119,602</b>	<b>35,687</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	6,963	1,197
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,963</b>	<b>1,197</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	1,630	1,642
Provisions	10	10
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,640</b>	<b>1,652</b>
<b>TOTAL LIABILITIES</b>	<b>8,603</b>	<b>2,849</b>
<b>NET ASSETS</b>	<b>110,999</b>	<b>32,838</b>
<b>EQUITY</b>		
Contributed equity	6 119,596	40,071
Reserves	4,317	4,098
Accumulated losses	(12,914)	(11,331)
<b>TOTAL EQUITY</b>	<b>110,999</b>	<b>32,838</b>

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 2010

	Attributable to the owners of				
	WPG Resources Ltd				
	Contributed Equity \$	Accumulated Losses \$	Options Reserves \$	AFS Reserve \$	Total Equity \$
AT 1 JULY 2009	24,961	(8,982)	3,867	-	19,846
Total comprehensive loss for the half-year					
Loss for the period	-	(1,132)	-	-	(1,132)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	46	46
Total comprehensive loss for the half-year	-	(1,132)	-	46	(1,086)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	2,961	-	-	-	2,961
Share based payments expense	-	-	15	-	15
	2,961	-	15	-	2,976
AT 31 DECEMBER 2009	27,922	(10,114)	3,882	46	21,736
Total comprehensive loss for the half-year					
Loss for the period	-	(1,217)	-	-	(1,217)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	(15)	(15)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	12,149	-	-	-	12,149
Share based payments expense	-	-	185	-	185
	12,149	-	185	-	12,334
AT 30 JUNE 2010	40,071	(11,331)	4,067	31	32,838
Total comprehensive loss for the half-year					
Loss for the period	-	(1,583)	-	-	(1,583)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	(31)	(31)
Total comprehensive loss for the half-year	-	(1,583)	-	(31)	(1,614)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	79,525	-	-	-	79,525
Share based payments expense	-	-	250	-	250
	79,525	-	250	-	79,775
AT 31 DECEMBER 2010	119,596	(12,914)	4,317	-	110,999

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 2010

	Consolidated Entity	
	2010	2009
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	16	16
Payment to suppliers and employees	(2,020)	(1,072)
R&D tax claim proceeds	334	-
Interest received	499	79
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(1,171)</b>	<b>(977)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(58)	(3)
Expenditure on mining interests (exploration)	(1,565)	(807)
Port evaluation expenditure	(998)	-
Tenement and rental security deposits	10	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2,611)</b>	<b>(810)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	84,540	3,012
Equity raising expenses	(480)	(151)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>84,060</b>	<b>2,861</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>80,278</b>	<b>1,074</b>
Cash and cash equivalents at beginning of period	15,522	5,266
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>95,800</b>	<b>6,340</b>

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



# Notes to the Financial Statements

*For the half-year ended 31 December 2010*

## 1. CORPORATE INFORMATION

These financial statements of WPG Resources Ltd (the Company or WPG) for the half-year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 2 March 2011. WPG Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Stock 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 2010.

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 2010 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 2010 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

These half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010. Consistent with that report is the inclusion of "Available-for-sale financial assets" which comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment.

### (c) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 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 key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are set out below.

## Notes to the Half-Year Financial Statements (continued)

### Proposed joint venture

On 18 September 2009 the Group received a letter from the Department of Defence ('Defence') indicating that it will not support the proposed Hawks Nest joint venture with WISCO. The Commonwealth has since commissioned a 'Whole of Government Review' of the use of the WPA, with the objective of identifying protocols for multiple use. That review process was headed up by Professor Alan Hawke, and the committee was referred to as 'the Hawke Committee'. WPG is heavily involved in negotiations with Defence and other parties related to the issue and lodged a formal submission to the Hawke Committee in August 2010. The Hawke Committee submitted and made public an interim report which suggested that WPG's planned activities are not situated where most of the Department of Defence infrastructure lies. In December 2010 the Hawke Committee submitted its final report to Government. Since that date, Defence has again extended WPG's access to the Hawks Nest area for exploration purposes, until 31 August 2011. However until the issues are clarified, there is considerable uncertainty regarding the likelihood of the WISCO joint venture proceeding and/or any future mining operation at Hawks Nest being agreed to by Defence.

The Hawks Nest area of interest consists of two main project areas, the magnetite project (which is the subject of the proposed joint venture with WISCO) and the Buzzard DSO project. These areas are carried at a value of \$287,896 and \$4,673,835 respectively. The total of \$4,961,731 is included within the total balance of deferred exploration and evaluation of \$20,841,341 contained in Note 5. Despite the initial decision by Defence, the asset has not been impaired as the Group has challenged the decision and believe the asset has commercial value.

### 3. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker. The chief operating decision makers comprises of the executive management committee (comprising of the Executive Chairman, Executive Director, Technical Director, COO and CFO).

The executive management committee have determined that there are currently no operating segments and no discrete information is provided to them and therefore no segment information has there been disclosed. The executive management committee receive consolidated financial information for the Group.

As an exploration and evaluation group the executive management committee monitors segment performance based on non financial measures such as exploration results as well expenditure rather than EBITDA as would a production company.

The Group is currently not selling products and as such no information has been provided on a product basis for 2010 or 2009. The Group currently has no sales revenue and no customers. As such no information has been disclosed for sales revenue on a geographic basis, nor are there any major customers that comprise more than 10% of the Group's revenue. All the Group's non-current assets are based in Australia.

	Consolidated	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
<b>4. REVENUE FROM ORDINARY ACTIVITIES</b>		
Interest received – other persons/corporations	517	84
Rent received	16	16
Gain on disposal of EL 4512	-	5
Change in fair value of available-for-sale options	-	9
	<u>533</u>	<u>114</u>

*Notes to the Half-Year Financial Statements (continued)*

5. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	31 Dec 2010	30 Jun 2010
	\$'000	\$'000
<b>Exploration Expenditure</b>		
Costs brought forward	18,966	16,685
Costs incurred during the period	1,875	2,700
Expenditure written off on disposal of EL s	-	(299)
Expenditure written off during the period	-	(120)
Costs carried forward	<u>20,841</u>	<u>18,966</u>
<b>Port Evaluation Expenditure</b>		
Costs brought forward	254	-
Costs incurred during the period	1,605	644
Expenditure written off during the period	-	(390)
Costs carried forward	<u>1,859</u>	<u>254</u>
	<b>Consolidated</b>	
	31 Dec 2010	30 Jun 2010
	\$'000	\$'000
<b>6. CONTRIBUTED EQUITY</b>		
<b>Share capital</b>		
121,691,767 ordinary shares fully paid (30 June 2009: 93,615,686)	40,071	27,922
Shares issued during the period	84,540	14,973
Exercise of options	-	-
Share Issue Costs	(5,015)	(2,824)
246,014,340 ordinary shares fully paid (30 June 2010: 105,391,767)	<u>119,596</u>	<u>40,071</u>

**7. SUBSEQUENT EVENTS**

Since the end of the half-year the Company has continued to progress its Peculiar Knob project by placing various contracts including the design component of the Port Pirie ore storage facility for a value of approximately \$3.2 million. A contract to design, construct, deliver and commission a 50m radial ship-loader was signed in January 2011 with B&W Mechanical of the UK and has an approximate commitment of \$2.0 million. In February, the Company entered into an agreement for the supply and installation of the accommodation camp, for a total of approximately \$13.0 million to be paid monthly based on progress. (The contract may be cancelled by the Company at any time upon payment for work completed at that time.)

In February, the company invested \$2.0 million in Evergreen Energy Inc., a green energy technology solutions company listed on the New York Stock Exchange.

Other than these events, the Directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half year.

# DIRECTORS' DECLARATION

The directors of WPG Resources Ltd, declare that:

1. the financial statements comprising the Consolidated Statement of 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 2010 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:

A handwritten signature in black ink, appearing to read 'R H Duffin', is written over a horizontal line. A vertical yellow line is positioned to the right of the signature.

R H DUFFIN  
Chairman of Directors  
Sydney, 15 March 2011

**DECLARATION OF INDEPENDENCE BY MELISSA ALEXANDER TO THE DIRECTORS OF  
WPG RESOURCES LIMITED**

As lead auditor for the review of WPG Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of WPG Resources Limited and the entities it controlled during the period.

Melissa Alexander

Director



BDO Audit (NSW-VIC) Pty Ltd

Sydney, 15<sup>th</sup> March 2011



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of WPG Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WPG Resources Limited, which comprises the statement of financial position as at 31 December 2010, and 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 a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 the disclosing entity 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 control 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 half-year financial report based on our review. We conducted our review in accordance with 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 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 2010 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.

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 have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of WPG Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## 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 2010 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*.

## Material Uncertainty Regarding the Proposed Joint Venture with WISCO

Without qualification to our conclusion above, we draw attention to Note 2(d) to the financial report. There is material uncertainty regarding future mining operations at Hawks Nest. If the Consolidated Entity is unable to obtain future permission from the Government to mine at Hawks Nest, within the Woomera Protected Area, deferred exploration and evaluation expenditure capitalised of \$4,961,731 will be impaired and will require write off to the Consolidated Statement of Comprehensive Income.



BDO Audit (NSW-VIC) Pty Ltd



Melissa Alexander

Director

Sydney, 15<sup>th</sup> March, 2011



## WPG Resources Ltd

ABN 51 109 426 502

ASX CODE: WPG

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