WPG Resources Ltd

ABN 51 109 426 502

Half-Year Financial Report

31 DECEMBER 2011

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
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 2011.

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) (Retired effective 23 November 2011)

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 profit of $171,773,711 (2010 – loss of $1,614,200).

The principal continuing activity of the Group is exploration, evaluation and development of the Group's iron ore and coal projects located in South Australia. Despite effecting the sale of its iron ore subsidiaries during the period, the Company continues to pursue opportunities in the iron ore sector leading with a new iron ore project investment announced in January.

Development of the iron ore projects took a major step forward early in July 2011 when the South Australian State Government approved both the Program for Environmental Protection and Rehabilitation (PEPR) for the Peculiar Knob project and the DA for the iron ore receival storage and export facility to be built at Port Pirie. This precipitated the Group's purchase of land in Port Pirie and commencement of the development of this facility.

During August 2011 the Company announced the sale of its iron ore assets in South Australia to a subsidiary of OneSteel Limited for approx. $320 million and completed the sale in October 2011. The transaction resulted in the sale of its subsidiaries, Southern Iron Pty Ltd, Central Iron Pty Ltd and Coober Pedy Resources Pty Ltd, inclusive of Southern Iron's principal project assets, the Peculiar Knob mining lease and the Buzzard mineral claim and all of the approvals and tenements in the Coober Pedy area necessary to develop the Peculiar Knob project. Central Iron owns the Hawks Nest exploration licence, while Coober Pedy Resources owns the Mt Brady and Windy Valley tenements.

The bulk of the proceeds of the sale have been returned to shareholders by way of a capital return of $0.42 and a fully franked dividend $0.63 (together with a franking credit of $0.27 per share), resulting in a combined cash distribution of $1.05 per share. The total distribution was paid on 2 November 2011.

The sale did not include the Group's Port Pirie port assets or its South Australian coal assets. WPG retains ownership of a large industrial block in Port Pirie on which improvements such as fencing and significant rehabilitation works have been carried out. Since the sale, construction activities have ceased and the site placed on a care and maintenance basis. The Company is continuing with an approved environmental monitoring program on the site. Although development consent was for an iron ore facility, the site is equally suitable for other bulk commodities and a key strategic asset for the Group's other South Australian projects.

Activities with WPG's South Australian energy coal projects consisting of its Penrhyn coal deposits, its tenements at Perfection Well, Pidinga and Lochiel North, have advanced during the period. A systematic resource definition program at Penrhyn has resulted in a preliminary coal resource estimate for the Penrhyn deposit of 352.4 million tonnes (mt) (measured; 185.4 mt, Indicated: 250.5 mt, Inferred; 16.5 mt) which was substantially larger than previous guidance.

At Lochiel North south of Port Pirie in South Australia, initial exploration was completed with a single diamond drilling program involving a large diameter diamond core extraction and samples sent to the USA for testwork.

Limited exploration activity was undertaken at Pidinga while the application for the new tenement at Perfection Well is still being processed by DMITRE (formerly PIRSA).

During the period WPG continued to assess the potential for increasing the heating value of its coal to be used as coal energy in production which included on site due diligence by executives. Initial testing of WPG coal samples was conducted by US based Evergreen Energy Inc. (Evergreen) that holds the coal upgrading technology. It was intended that WPG's subsidiary Southern Coal Holdings Pty Ltd be jointly owned by WPG and Evergreen, but the joint venture was not been consummated as Evergreen was unable to deliver an effective and exclusive Australian licence to use its coal upgrading technology.

FINANCIAL

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

SUBSEQUENT EVENTS

In January 2012, the Group paid an access fee of $200,000 following the signing of binding Heads of Agreement with Brisbane based Maosen Australia Pty Ltd covering EL 3945 at Giffen Well granting exclusive access rights for exploration purposes and the right to earn up to 82% joint venture interest in the iron ore. WPG's interest in Giffen Well is held by its subsidiary Giffen Iron Pty Ltd that in addition to the access fee will allot $330,000 of WPG shares to the vendor when the last of the conditions (renewal of tenement, Defence and landowner access, Native Title (Exploration) Agreement) are satisfied.

WPG incorporated a new US subsidiary, New World Coal Management Inc. in December 2011 and since the reporting date that company has employed a small number of key technical and management personnel terminated by Evergreen Energy Inc. in which WPG has a small shareholding. On 24 January 2012, Evergreen Energy Inc. that holds the coal upgrading technology filed for bankruptcy protection under Chapter 7 of the United States Bankruptcy Code. A bankruptcy trustee has been appointed to liquidate the assets. WPG is presently reviewing its options for acquiring / using the coal upgrading technology.

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

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration of our auditor is on page 16 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

12 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2011

	Note	Consolidated Entity 2011 $'000	2010 $'000
REVENUE FROM CONTINUING OPERATIONS	4	3,016	521
Other income		31	-
ASX and ASIC fees		(79)	(122)
Contract administration services		(537)	(719)
Corporate advisory services		(309)	(194)
Depreciation and amortisation expense		(26)	(14)
Directors' fees		(85)	(61)
Employment costs		(235)	(117)
Exploration and evaluation expenditure written off		(1,865)	-
Insurance		(53)	(19)
Legal fees		(87)	(406)
Office costs		(31)	(39)
Operating lease rental expense		(67)	(95)
Public relations		(60)	(74)
Registry costs		(32)	(23)
Share based payments	5	(3,536)	(166)
Superannuation expense		(55)	(13)
Travel and accommodation		(61)	(163)
Fair value adjustment on financial assets at fair value through profit or loss		(1,710)	-
Impairment loss on available for sale financial assets		(1,274)	(107)
Impairment loss on Port Pirie property	6	(1,607)	-
Other expenses from ordinary activities		(333)	(118)
LOSS BEFORE INCOME TAX EXPENSE		(8,995)	(1,929)
Income tax benefit		513	-
LOSS AFTER INCOME TAX FROM CONTINUING OPERATIONS		(8,482)	(1,929)
Profit after tax from discontinued operations sold during the period		180,273	346
NET PROFIT / (LOSS) FOR HALF YEAR		171,791	(1,583)
OTHER COMPREHESIVE LOSS			
Change in fair value on available-for-sale financial assets		(25)	(44)
Income tax benefit on other comprehensive income		8	13
OTHER COMPREHENSIVE LOSS FOR THE HALF YEAR NET OF TAX		(17)	(31)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF WPG RESOURCES LTD		171,774	(1,614)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2011

	Consolidated Entity	
	2011	2010
	$'000	$'000
Loss per share from continuing operations attributable to the owners of WPG Resources Ltd		
Basic earnings / (loss) per share (¢ per share)	(3.4)	(1.5)
Diluted earnings / (loss) per share (¢ per share)	(3.3)	(1.5)
Earnings per share from discontinued operations attributable to the owners of WPG Resources Ltd		
Basic earnings / (loss) per share (¢ per share)	71.4	0.3
Diluted earnings / (loss) per share (¢ per share)	71.0	0.3
Earnings per share from profit / (loss) attributable to the owners of WPG Resources Ltd		
Basic earnings / (loss) per share (¢ per share)	68.0	(1.2)
Diluted earnings / (loss) per share (¢ per share)	67.7	(1.2)

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 2011

		Consolidated Entity	
	Note	31 Dec 2011 $'000	30 Jun 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents		86,950	66,914
Trade and other receivables		1,925	1,537
Other financial assets		77	8,000
TOTAL CURRENT ASSETS		88,952	76,451
NON-CURRENT ASSETS			
Available-for-sale financial assets		236	1,536
Financial assets at fair value through profit or loss		88	1,798
Other financial assets		15	92
Property, plant, equipment and leasehold improvements	6	1,566	138
Exploration and evaluation expenditure	7	2,165	11,925
Peculiar Knob mining development expenditure	8	-	12,007
Port development expenditure	9	-	1,724
Development capital expenditure	10	-	13,421
TOTAL NON-CURRENT ASSETS		4,070	42,641
TOTAL ASSETS		93,022	119,092
CURRENT LIABILITIES			
Trade and other payables		584	5,201
Current tax liabilities	13	71,944	-
TOTAL CURRENT LIABILITIES		72,528	5,201
NON-CURRENT LIABILITIES			
Deferred tax liability		49	2,199
Provisions		10	10
TOTAL NON-CURRENT LIABILITIES		59	2,209
TOTAL LIABILITIES		72,587	7,410
NET ASSETS		20,435	111,682
EQUITY			
Contributed equity	11	16,331	120,434
Reserves		8,374	4,855
Accumulated losses		(4,270)	(13,607)
TOTAL EQUITY		20,435	111,682

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 2011

	Attributable to the owners of WPG Resources Ltd				
	Contributed Equity $'000	Accumulated Losses $'000	Options Reserves $'000	AFS Reserve $'000	Total Equity $'000
AT 1 JULY 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
Total comprehensive loss for the half-year					
Loss for the period	-	(693)	-	-	(693)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	70	70
Total comprehensive loss for the half-year	-	(693)	-	70	(623)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	838	-	-	-	838
Share based payments expense	-	-	468	-	468
	838	-	468	-	1,306
AT 30 JUNE 2011	120,434	(13,607)	4,785	70	111,682
Total comprehensive loss for the half-year					
Profit for the period	-	171,791	-	-	171,791
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	(17)	(17)
Total comprehensive loss for the half-year	-	171,791	-	(17)	171,774
Transactions with owners in their capacity as owners					
Issue of new shares net of share capital return	(104,103)	-	-	-	(104,103)
Dividends	-	(162,454)	-	-	(162,454)
Share based payments expense	-	-	3,536	-	3,536
	(104,103)	(162,454)	3,536	-	(263,021)
AT 31 DECEMBER 2011	16,331	(4,270)	8,321	53	20,435

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 2011

	Consolidated Entity	
	2011	2010
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	46	16
Payment to suppliers and employees	(4,694)	(2,020)
R&D tax claim proceeds	315	334
Supplier deposit commitment	(3,724)	-
Interest received	2,608	499
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(5,449)	(1,171)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,250)	(58)
Expenditure on mining interests (development)	(1,859)	-
Expenditure on mining interests (exploration)	(956)	(1,565)
Port evaluation and development expenditure	-	(998)
Development capital expenditure	(10,474)	-
Tenement and rental security deposits	-	10
Proceeds from sale of subsidiaries	317,227	-
Transaction costs relating to disposal of cash generating unit	(8,960)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	291,728	(2,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,200	84,540
Equity raising expenses	-	(480)
Payment of dividends	(162,266)	-
Repayment of share capital	(108,177)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	(266,243)	84,060
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,036	80,278
Cash and cash equivalents at beginning of period	66,914	15,522
CASH AND CASH EQUIVALENTS AT END OF PERIOD	86,950	95,800

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

1. CORPORATE INFORMATION

These financial statements of WPG Resources Ltd (the Company or WPG) for the half-year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 9 March 2012. 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 2011.

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 2011 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 2011 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 2011.

(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.

An internal assessment of the carrying value of the Port Pirie evaluation and development expenditure was carried out by the Company resulting in the land acquisition and improvement costs totalling $2,597,000 being reclassified as Port Pirie Property and other evaluation expenditure of $1,865,000 being written off during the period. Due to the sale of the iron ore assets the development of the port facility has been deferred. As there is no immediate commercial use of the facility, all property costs in excess of the realisable land value of $990,000 have subsequently been expensed as an impairment loss. The amount of the impairment recorded through the profit and loss is $1,607,000.

The treatment of GST on the Ancillary Assets and certain costs forming part of the sale to OneSteel has not yet been confirmed. A private ruling will be sought from the ATO on this matter. At reporting date, directors have considered the maximum potential impact and have applied their best estimate of GST recoverable and payable in respect of the sale.

3. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments 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 receives 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 2011 or 2010. 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	
4. REVENUE	31 Dec 2011 $’000	31 Dec 2010 $’000
FROM CONTINUING OPERATIONS		
Interest received	3,001	505
Rent received	15	16
	3,016	521
FROM DISCONTINUED OPERATIONS (Note 12)		
Interest received	-	12

5. SHARE BASED PAYMENTS

Current period expense for share based payments granted in prior periods	241	166
Accelerated expense for early vesting share based payments	3,295	-
	3,536	166

On 1 July 2011, 3,081,933 incentive rights were issued to key management and personnel. The value of these rights upon granting was $2,572,744.

Prior to the sale of Iron Ore assets to OneSteel in the current period, the board of directors resolved that all outstanding staff share incentive rights would vest upon completion of the sale agreement. The shareholders approved the grant of the executive directors’ incentive rights. These events caused a significant expense to be recognised in the period.

At 31 December 2011, no incentive rights were on issue.

6. PROPERTY, PLANT, EQUIPMENT AND LEASHOLD IMPROVEMENTS	Consolidated 31 Dec 2011 $'000	Consolidated 30 Jun 2011 $'000
Port Pirie Property – at director's valuation	990	-
Accumulated amortisation	-	-
	990	-
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	-	-
Expenditure reclassified from Port Development Expenditure (Note 9)	1,179	-
Expenditure reclassified from Development Capital Expenditure (Note 10)	1,418	-
Impairment loss expensed to profit and loss	(1,607)	
Carrying amount at end of period	990	-
Plant and equipment – at cost	692	231
Accumulated depreciation	(121)	(102)
	571	129
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	129	30
Additions	185	122
Expenditure reclassified from Development Capital Expenditure (Note 10)	457	-
Disposals	(179)	-
Depreciation expense	(21)	(23)
Carrying amount at end of period	571	129
Leasehold improvements – at cost	38	38
Accumulated amortisation	(33)	(29)
	5	9
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	9	9
Additions	-	9
Amortisation expense	(4)	(9)
Carrying amount at end of period	5	9
Carrying amount of property, plant, equipment and leasehold improvements at end of the period	1,566	138

	Consolidated	
7. EXPLORATION AND EVALUATION EXPENDITURE	31 Dec 2011 $'000	30 Jun 2011 $'000
Exploration expenditure		
Costs brought forward	11,925	18,966
Costs incurred during the period	894	1,169
Expenditure reclassified to mine development	-	(8,207)
Subsidiary sold during the period	(10,654)	-
Expenditure written off during the period	-	(3)
Costs carried forward	2,165	11,925

8. PECULIAR KNOB MINING DEVELOPMENT EXPENDITURE

Development expenditure		
Costs brought forward	12,007	-
Costs incurred during the period	1,025	3,800
Expenditure transferred from exploration phase	-	8,207
Subsidiary sold during the period	(13,032)	-
Costs carried forward	-	12,007

9. PORT DEVELOPMENT EXPENDITURE

Port evaluation expenditure		
Costs brought forward	1,724	254
Costs incurred during the period	1,189	1,470
Expenditure written off during the period	(1,734)	-
Expenditure reclassified as port property during the period (Note 6)	(1,179)	-
Costs carried forward	-	1,724

10. DEVELOPMENT CAPITAL EXPENDITURE

Development capital expenditure		
Costs brought forward	13,421	-
Costs incurred during the period	9,787	13,421
Subsidiary sold during the period	(14,048)	-
Ancillary assets sold during the period	(7,154)	-
Expenditure written off during the period	(131)	-
Expenditure reclassified as port property during the period (Note 6)	(1,418)	-
Expenditure reclassified as plant & equipment during the period (Note 6)	(457)	-
Costs carried forward	-	13,421

	Consolidated	
	31 Dec 2011 $'000	30 Jun 2011 $'000
11. CONTRIBUTED EQUITY		
Share capital		
246,014,340 ordinary shares fully paid (30 June 2010: 121,691,767)	120,434	40,071
Shares issued during the period	-	85,397
Exercise of options	4,200	-
Repayment of share capital	(108,303)	-
Share Issue Costs	-	(5,034)
257,864,413 ordinary shares fully paid (30 June 2011: 246,014,340)	16,331	120,434
12. DIVIDENDS		
Ordinary Shares		
Dividends paid during the half year	162,454	-

13. DISCONTINUED OPERATIONS

On 22 August 2011, the Company announced its intention to dispose of the iron ore assets to OneSteel Limited. The sale was subsequently approved by shareholders on 4 October 2011. This discontinuing operation resulted in the sale of the iron ore subsidiaries namely Southern Iron Pty Ltd, Central Iron Pty Ltd and Coober Pedy Pty Ltd. All 3 subsidiaries were disposed of to OneSteel Limited effective 6 October 2011

Financial information relating to the iron ore assets from 1 July 2011 to 6 October 2011 (date of disposal), and for the half-year ended 31 December 2010 is set out below:

	1 July 2011 to 6 October 2011 $'000	Half Year Ended 31 December 2010 $'000
Financial Performance		
Revenue	-	12
Total expenses	(1,383)	-
Gross profit	(1,383)	12
Income tax benefit (expense)	319	334
Net profit attributable to discontinued operations	(1,064)	346
Gain on sale of iron ore assets	253,281	-
Income tax expense	(71,944)	-
Gain on sale of subsidiaries after income tax	181,337	-
Profit from discontinued operation	180,273	346

Information relating to the financial position of the iron ore subsidiaries on disposal date (6 October 2011) and at the end of the previous annual reporting period is as set out below:

	Disposal Date 6 October 2011 $'000	From annual financial statements 30 June 2011 $'000
Carrying amounts of assets and liabilities		
Cash	-	67
Property, plant and equipment	171	11
Trade and other receivables	333	580
Other financial assets	11,224	8,000
Exploration and development expenditure	23,686	22,654
Development capital expenditure	21,202	10,446
Total assets	56,616	41,758
Trade creditors	-	3,039
Deferred tax liability	1,630	1,630
Total liabilities	1,630	4,669
Net assets	54,986	37,089

Cash flow information for the period ended 6 October 2011 and the half-year ended 31 December 2010

	Period from 1 July 2011 to 6 October 2011 (Disposal date) $'000	From half-year financial statements Six months ended 31 December 2010 $'000
Net cash outflow from operating activities	(7,080)	346
Net cash inflow from investing activities	296,319	(1,198)
Net cash inflow from financing activities	-	-
Net decrease in cash generated by the iron ore subsidiaries	289,239	(852)

Detail of the sale of the iron ore subsidiaries are as follows:

	$'000
Consideration received	317,227
Sale transaction costs	(8,960)
Carrying amount of net assets sold	(54,986)
Gain on sale before income tax	253,281
Income tax expense	(71,944)
Gain on sale after income tax	181,337

All of the contingencies listed in the 30 June 2011 financial report were extinguished upon the sale of the iron assets to OneSteel. There were no contingent liabilities at reporting date.

14. SUBSEQUENT EVENTS

In January 2012, the Group paid an access fee of $200,000 following the signing of binding Heads of Agreement with Brisbane based Maosen Australia Pty Ltd covering EL 3945 at Giffen Well granting exclusive access rights for exploration purposes and the right to earn up to 82% joint venture interest in the iron ore. WPG's interest in Giffen Well is held by its subsidiary Giffen Iron Pty Ltd that in addition to the access fee will allot $330,000 of WPG shares to the vendor when the last of the conditions (renewal of tenement, Defence and landowner access, Native Title (Exploration) Agreement) are satisfied.

WPG incorporated a new US subsidiary, New World Coal Management Inc. in December 2011 and since the reporting date that company has employed a small number of key technical and management personnel terminated by Evergreen Energy Inc. in which WPG has a small shareholding. On 24 January 2012, Evergreen Energy Inc. that holds the coal upgrading technology filed for bankruptcy protection under Chapter 7 of the United States Bankruptcy Code. A bankruptcy trustee has been appointed to liquidate the assets. WPG is presently reviewing its options for acquiring / using the coal upgrading technology.

Other than these events, the Directors are not aware of any other significant changes in the state of affairs of the Group 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 2011 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 12 March 2012

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Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
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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 2011, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

Melissa Alexander

Melissa Alexander
Director

BDO Audit (NSW-VIC) Pty Ltd

Sydney, 12th March 2012

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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 2011, 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 internal 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 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 2011 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 2011 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*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Melissa Alexander

Melissa Alexander
Director

Sydney, 12th March 2012

WPG Resources Ltd

ABN 51 109 426 502

ASX CODE: WPG

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