



ASX and Media Release

Finance News Network interview with Bob Duffin

Mr Bob Duffin, Executive Chairman of WPG Resources Ltd (ASX:WPG) has been interviewed by Finance News Network.

Bob explains WPG's new projects in the Woomera Prohibited Area (WPA) of South Australia and the direction for the Company following the sale of its Peculiar Knob iron ore project to OneSteel.

Watch the interview on WPG's website: www.wpgresources.com.au/media.asp .

Transcription of Finance News Network Interview with WPG Resources Ltd (ASX:WPG) Executive Chairman, Bob Duffin

Lelde Smits: Hello, I'm Lelde Smits for the Finance News Network and joining me today from WPG Resources Limited (ASX:WPG) is Executive Chairman, Bob Duffin. Bob welcome back to FNN.

Bob Duffin: Thank you very much.

Lelde Smits: Since we last spoke, WPG sold its iron ore project Peculiar Knob to OneSteel (ASX:OST). Where is WPG focused now?

Bob Duffin: That sale for \$320 million was completed in November of last year and we paid \$1.05 per share to our shareholders, by way of a dividend and a return of capital. Subsequent to that sale we've sat down, we've analysed what it is we're good at and we've analysed where we want to be in 12 months' time.

Lelde Smits: And how are you progressing so far?

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ABN 51 109 426 502
Level 9, Kyle House
27-31 Macquarie Place
Sydney NSW 2000
Telephone (+612) 9251 1044
Facsimile (+612) 9247 3434
info@wpgresources.com.au
www.wpgresources.com.au

Bob Duffin: OK. Well one of the assets which we've acquired subsequent to the sale last year, is a property called Giffen Well. Giffen Well is 120 kilometres south of the town Coober Pedy and it is a known iron ore prospect. It was explored for iron ore 10 years or so ago. It's been owned by a Chinese company and because of its location within the Woomera Prohibited Area, really there's not been much work done on Giffen Well during this period, where iron ore prices have been booming. We've known a lot about it and we've been negotiating for some time to get hold of it. And in January of this year, we announced we'd done a deal with the company that owns Giffen Well. And we had all the regulatory approvals in place two months later, whereas the Chinese company was unable to achieve any of that over the last four years. We're currently drilling there and I'll talk to you about that a little bit later. We've also acquired some other tenements in South Australia and we're in the process of continuing to research opportunities that might appeal to us.

Lelde Smits: Let's get to your Giffen Well project in more detail then, what does it contain?

Bob Duffin: It's a known iron ore prospect and so there are over 50 drill holes into it, that have been drilled some time ago. It's a largely magnetite prospect but as magnetite prospects go, it's a very high grade one. There is also the potential for some direct shipping high grade hematite ore there, and we will be doing a pre-feasibility study on that project over the next 12 months.

Lelde Smits: And what's taking place at the moment?

Bob Duffin: As we speak, we are halfway through a drilling program. We've drilled about a dozen reverse circulation percussion holes, we've got another six or seven of those to go then there's two more deep diamond holes. So within the next three or four weeks, I expect that program of drilling to acquire data, will have been completed and that will be followed by all of the typical studies which go into a pre-feasibility study. And the objective is to have that study completed by this time next year.

Lelde Smits: So even at this early stage, can you put this project into context: How does it compare to Peculiar Knob in size and grade?

Bob Duffin: Peculiar Knob is a modest tonnage but very high grade DSO (direct shipping ore) deposit. It's more relevant to compare Giffen Well with one of our other projects which we sold – which we sold to OneSteel, which is called Hawks Nest. Hawks Nest was a 569 million tonne deposit at an average grade of 35 per cent Fe and I'm anticipating that Giffen Well, will probably get up there towards that in terms of tonnage. It will certainly be there in terms of grade.

Lelde Smits: To your potash project Pidinga, northwest of Ceduna: How did the project come about?

Bob Duffin: BHP Billiton Limited (ASX:BHP) made, at the end of the day, an unsuccessful takeover offer for the world's largest potash producer, a company called Potash Corporation (TSX/NYSE:POT) at Saskatchewan. Now, I knew very little about potash at that stage, but I thought that if BHP thought they should be into potash then maybe that's something we should be looking at. And we had some tenements at this property called Pidinga. So what we're going to do, right now we are doing an Aboriginal heritage clearance survey. But providing that shows that there are no problems, we will be anticipating a drilling program commencing within the next few weeks.

Lelde Smits: So what's the size of the project area, and how much do you know about the resource at this stage?

Bob Duffin: There is 500 square kilometres of tenements within this project area and what's been drilled in the past, is a very small part of that larger project area. So it's got a lot of potential. In terms of the resource, there was a - what they called in the old days, a reserved published part of that South Australian Government survey. But these days we have a different set of standards against which we report, in terms of resource and reserve. So I don't want to talk about tonnage, but certainly the grade of 7.5 per cent is well documented from past work.

Lelde Smits: So how will the product be transported?

Bob Duffin: Ore potash consumed in Australia is imported, so there is no domestic production. Most of the potash is used in the West Australian wheat belt and within the South Australian grain industry. Our project area is within 40 kilometres of the Cook siding on the Trans Australian railway line. So we can go either west into WA or east into South Australia. And if it turns out that an export market can be developed for this particular product, then we've always got our port asset at Port Pirie, which we were intending to use for the export of our ore from Peculiar Knob. But which is now not being used by us, although we still own that asset.

You see we're in a unique position in that right now, we've got a port asset but no resource to put through it, whereas a lot of companies are high-bound, if you like, by not having access to a port but do have a resource. What we're trying to do is leverage off that port asset.

Lelde Smits: Now I note Martin Jacobsen has just been appointed to the newly created position of CEO. What's behind the appointment and does this mean you'll be taking a step back?

Bob Duffin: Firstly in terms of myself, I'm the largest shareholder; I've got 10 per cent of the Company. So I'm perfectly motivated to continue with the work that I've been doing over the last few years, to deliver an outstanding return for shareholders. My personal interest and shareholders' interests are aligned. Turning now to Martin, Martin is a team builder, a project developer. He gets on extremely well, he understands the resource industry, he understands resource economics extremely well and it is time for Martin to occupy that top executive position within the Company.

Lelde Smits: So can you tell us about Martin and what the Board would like him and the team to achieve?

Bob Duffin: Well Martin has got maybe 30 years' experience in the resources sector, initially from South Africa working on the gold and platinum group minerals. More recently he has worked at the Emperor Mine - the goldmine in Fiji, goldmining companies in China and he's been with us for the last five years. In terms of the Board's expectation, Martin's role is to take our existing projects forward and I'm very confident that he'll be able to do that in an extremely capable way.

Lelde Smits: As we are looking ahead, where would you like to see WPG Resources six months from now?

Bob Duffin: Six months from now, I guess I would like to have a JORC compliant resource for Giffen Well magnetite deposit, possibly for a DSO deposit as well, but certainly for the magnetite deposit. I'd like to have a joint venture partner in place to fund all of our ongoing commitments at Giffen Well. At Pidinga, I would like to have a modest tonnage resource there and to have a metallurgical flow sheet developed for the treatment of that ore.

I would like to be able to advance our portfolio of coal projects to the point where we can take them forward through the feasibility study stage. And we are always on the lookout for other opportunities to which we can apply our skills, particularly in South Australia, but not only in South Australia.

Lelde Smits: Bob Duffin thanks for the update.

Bob Duffin: Thank you very much.

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Further Information

For further information please contact WPG's Executive Chairman Bob Duffin on 02 9247 3232 or Company Secretary Larissa Brown on 02 9251 1044.