

# ASX and Media Release

## Quarterly activities report June quarter 2013

### HIGHLIGHTS

- ❖ WPG completed the preliminary feasibility study (PFS) for the development of the Giffen Well iron ore project in South Australia. Although the PFS demonstrated a technically viable project with potentially reasonable returns, WPG elected not to exercise its right to acquire a 25% interest in the Giffen Well iron ore project and to form a joint venture, effectively withdrawing from the project.
- ❖ An exploration programme has commenced on the Company's 100%-owned Muckanippie, Robins Rise and Lake Woorong tenements located in the Gawler Craton in South Australia. The areas are prospective for iron oxide copper gold (IOCG), massive sulphide copper-gold-nickel, DSO haematite, banded iron formation (BIF) and gneiss hosted magnetite iron ore deposits.
- ❖ The Company is actively seeking to develop relationships with potential third party users of its strategically located land at Port Pirie, for storage and export of ore.
- ❖ In parallel with its activities in South Australia, the Company is undertaking a comprehensive review of mining investment opportunities, seeking to leverage off the Company's strong cash position and skill set. Several quality opportunities have been reviewed and more are expected to present in the near future.
- ❖ Overhead cost reductions of approximately \$1 million per annum have been implemented.
- ❖ WPG received a tax refund of \$700,000 during the quarter, being the final reconciliation with the ATO following the October 2011 sale of the Company's then iron ore assets for approximately \$320 million. As a result, at 30 June 2013 the Company had cash at bank of \$10.9 million, representing cash backing of 4.2 cents per share.

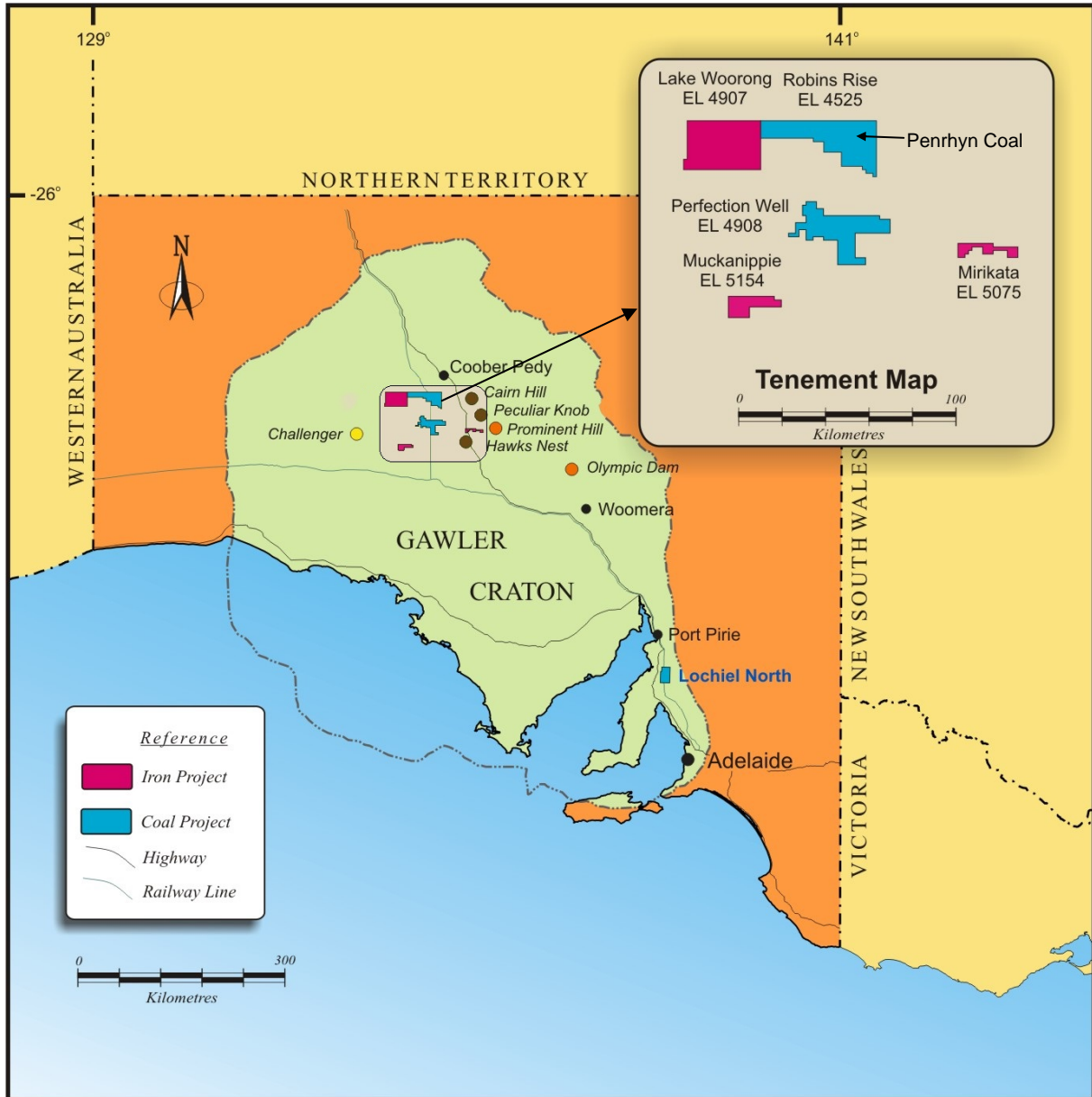
**31 July 2013**



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## SOUTH AUSTRALIAN PROJECT ASSETS

The locations of WPG's South Australian project assets are shown in the following map.



### Giffen Well

WPG completed and released the results of its PFS for the development of the Giffen Well iron ore project in South Australia on 8 March 2013. The integrated project comprising Giffen Well, Penrhyn coal and WPG's Port Pirie assets was designed to match the capacity of existing infrastructure, wherever possible.

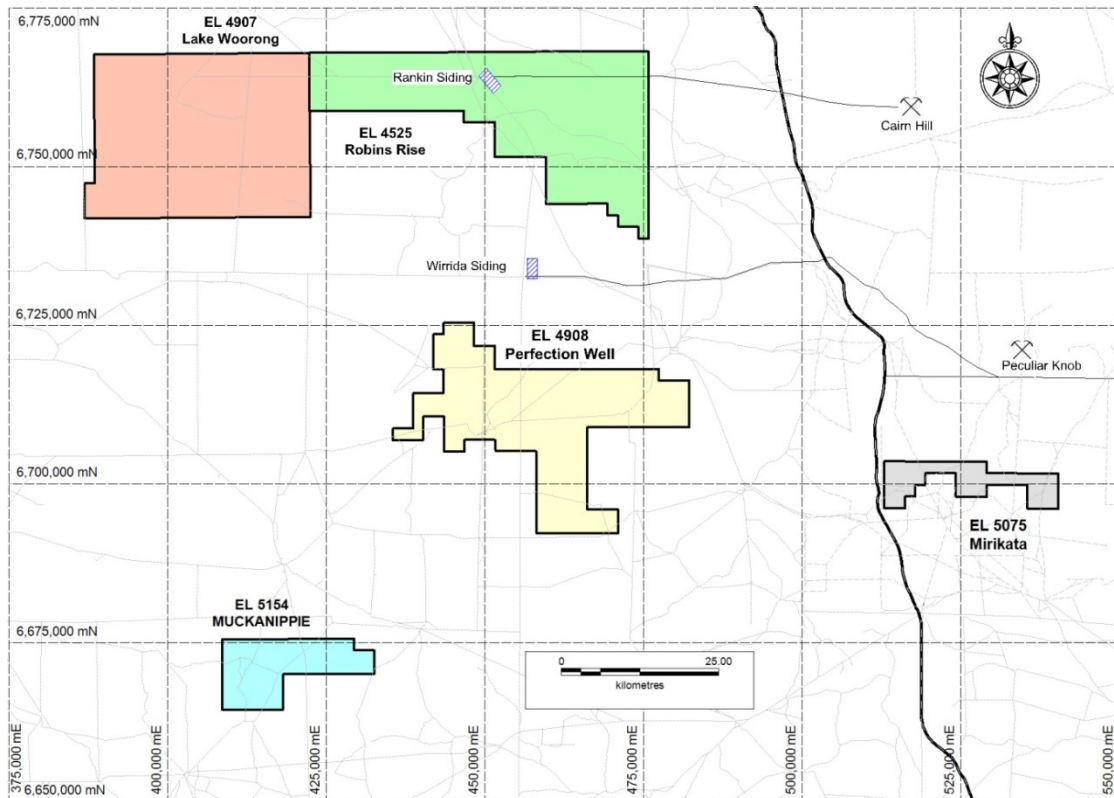
The Company's right to earn an 82% interest in the Giffen Well tenement and potentially a 100% interest, by meeting certain payments to the projects' owner and meeting ongoing expenditure commitments were summarised in WPG's ASX announcements of 24 January 2012, 15 November 2012 and 26 April 2013.

Notwithstanding the technical viability of the integrated project, WPG management endeavoured to renegotiate the terms of the transaction in order to better reflect the value bought to the integrated project by WPG's assets. These efforts were unsuccessful and the Board of WPG was unwilling to proceed with the transaction on its then current terms. As a result, WPG's rights to acquire an interest in the Giffen Well tenement expired on 6 May 2013.

WPG retains its Penrhyn coal resource and Port Pirie land and continues to actively seek to develop relationships with potential third party users of its strategically located land at Port Pirie, for storage and export of ore.

## Muckanippie, Robins Rise and Lake Woorong Projects

During the quarter WPG commenced a program of exploration on its Muckanippie, Robins Rise and Lake Woorong Projects. The project tenements are shown in the figure below.



The projects are located within the Gawler Craton, which is host to several large producing mines and emerging mineral deposits including Olympic Dam, Prominent Hill, Challenger, Carapateena and Hillside. Several important iron ore deposits also occur in the Northern Gawler Craton including Cairn Hill, Giffen Well and Snaefell together with the Peculiar Knob and Hawks Nest deposits that were sold by WPG in 2011 for approximately \$320 million.

The projects are considered to have excellent potential for the discovery of several types of mineral occurrences including iron oxide copper gold (IOCG), massive sulphide copper-gold-nickel, DSO haematite, banded iron formation (BIF) and

gneiss hosted magnetite iron ore deposits. A review of previous company exploration data has defined a total of 14 targets for follow-up exploration.

Land access issues (including Native Title (heritage) clearances, landholder access negotiations and Department of Defence clearance) have been addressed and a programme of geophysics and site reconnaissance has commenced. The results of this initial exploration work will direct future exploration.

## **Coal Projects – Penrhyn, Lochiel North and Perfection Well**

No coal exploration work was undertaken on these project areas during the quarter.

## **CORPORATE**

In parallel with its activities in South Australia, the Company is undertaking a comprehensive review of mining investment opportunities, seeking to leverage off the Company's strong cash position and skill set. Several quality opportunities, both within Australia and internationally, have been reviewed and more are expected to present in the near future. A number of projects have been identified as potential investment opportunities, and discussions are ongoing, with interested parties in this respect.

The Company will continue to assess opportunities as they are identified.

The Company is focussing on advanced stage exploration to PFS/BFS stage assets, where the Company can add value by completing permitting and de-risking projects prior commercial development decisions.

During the quarter, overhead cost reductions of approximately \$1 million per annum were implemented. Most Directors and staff have reduced time, although in a balanced manner in order to ensure that the Company maintains its momentum and ability to review and act on investment opportunities that are identified. As part of this restructure WPG has reduced the size of the executive team and in addition to his other duties Mr Wayne Rossiter has taken on the role of Chief Financial Officer, formerly performed by Mr Greg Harding. WPG would like to thank Mr Greg Harding for his contribution and wish him well in the future.

WPG received a tax refund of \$700,000 during the quarter, being the final reconciliation with the ATO following the October 2011 sale of the Company's then iron ore assets for approximately \$320 million. As a result, at 30 June 2013 the Company had cash at bank of \$10.9 million, representing cash backing of 4.2 cents per share. The Company is extremely well placed to weather the malaise in the resource sector and in fact to take advantage of that environment through the considered review and acquisition of underpriced assets.

## **Further Information**

*For further information please contact WPG's Executive Chairman, Bob Duffin on (02) 9247 3232 or Chief Executive Officer, Martin Jacobsen on (02) 9251 1044.*



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

WPG Resources Ltd

ABN

51 109 426 502

Quarter ended ("current quarter")

30 June 2013

### Consolidated statement of cash flows

	Current quarter 30 June 2013	Year to date (12 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(412)	(2,763)
(b) development		
(c) production	(547)	(2,450)
(d) administration		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	157	688
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		(938)
1.7 Other – tenement deposits paid		
Other – GST paid not yet refunded	703	703
<b>Net Operating Cash Flows</b>	<b>(99)</b>	<b>(4,780)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments	(106)	(106)
(c) other fixed assets		(26)
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 – Purchase Land	0	
<b>Net investing cash flows</b>	<b>(106)</b>	<b>(132)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(205)</b>	<b>(4,912)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(205)	(4,912)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid	(9)	(52)
	Return of Capital paid	(7)	(35)
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	(16)	(87)
	<b>Net increase (decrease) in cash held</b>	(221)	(4,999)
1.20	Cash at beginning of quarter/year to date	11,162	15,940
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	10,941	10,941

**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	279
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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**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	

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	456
4.2	Development	
4.3	Dividends and Return of Capital unrepresented in previous quarters	166
4.4	Administration Taxation payment	721
<b>Total</b>		<b>1,343</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	62	99
5.2	Deposits at call	721	1,361
5.3	Bank overdraft	0	0
5.4	Other – fixed term bank deposits	10,158	9,702
<b>Total: cash at end of quarter (item 1.22)</b>		<b>10,941</b>	<b>11,162</b>

### 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	EL 3945 Giffen Well Wholly owned subsidiary Giffen Iron Pty Ltd's right to earn up to an 82% interest in iron mineralisation lapsed.	0%	0%
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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	Nil			
(b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>+Ordinary securities</b>	260,947,378	260,947,378		
7.4 Changes during quarter				
(a) Increases through issues *	Nil			
(b) Decreases through returns of capital, buy-backs	Nil			
7.5 <b>+Convertible debt securities (description)</b>	Nil			
7.6 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through securities matured, converted	Nil			
7.7 <b>Rights</b>				<i>Vesting date</i>
	4,598,165**	0		<i>1 July 2015</i>
7.8 Rights granted during quarter ***	Nil			
7.9 Options exercised during quarter	Nil			
Rights vested during quarter	Nil			
7.10 Options expired during quarter	Nil			
7.11 <b>Debentures (totals only)</b>	Nil			
7.12 <b>Unsecured notes (totals only)</b>	Nil			

\* During July 2013 the Company issued 170,050 fully paid ordinary shares on the vesting of existing incentive rights.

\*\* During July 2013 the Company issued 170,050 fully paid ordinary shares on the vesting of existing incentive rights, the number of existing rights was reduced by this number.

\*\*\* During July 2013 the Company granted 5,338,751 incentive rights to senior executives. The Company will also grant 1,199,616 incentive rights to Executive Directors subject to shareholder approval at the next General Meeting.



## 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Larissa Brown* Date: 31 July 2013  
(Company secretary)

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Schedule of tenements as at 31 July 2013**

Tenement	Tenement Number	Interest	Holder / Joint Venture Details
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**SOUTH AUSTRALIA – IRON ORE/BASE METALS/GOLD TENEMENTS**

Lake Woorong	EL 4907	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Mirikata	EL 5075	100%	Interest held by WPG Resources Ltd.
Muckanippie	EL 5154	100%	Interest held by WPG Resources Ltd.

**SOUTH AUSTRALIA – COAL TENEMENTS**

Penrhyn	EL 4525	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Perfection Well	EL 4908	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Lochiel North	EL 4670	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.

EL = Exploration Licence  
ELA = Exploration Licence Application