

ASX and Media Release

WPG moves to acquire advanced gold projects in South Australia

Successful South Australian explorer and developer WPG Resources Ltd (ASX: WPG) has taken a strong position in the gold sector with the potential acquisition of two strategic projects in the Gawler Craton.

WPG has entered into a binding Term Sheet with Mungana Goldmines Limited (ASX: MUX) to purchase Mungana's Tarcoola and Tunkillia gold projects which are located around 450 kilometres north-west of Port Augusta in South Australia. Mungana's largest shareholder is Mungana Pty Ltd (In Liquidation), a 100% owned subsidiary of Kagara Ltd (In Liquidation) which holds approximately 59% of Mungana's voting shares.

HIGHLIGHTS

- Existing substantial in-ground gold inventory of 976,000 ounces of gold resource at the 100% level, or 730,000 ounces attributable, with silver credits, and additional exploration potential
- WPG up-front acquisition price approximately \$2.40 per attributable ounce of gold, payable largely in cash and partly in WPG shares
- In excess of \$20 million spent by other parties in exploration and permitting activities to this stage
- Scoping and pre-feasibility studies completed in 2012 and 2013
- Studies suggest deposits can be mined by conventional open pit operations
- Technical work to date indicates both deposits are amenable to CIL/CIP processing
- The mining lease application for the Tunkillia gold project, the larger project, is well advanced
- Projects a good fit for WPG's intimate knowledge and experience of working within South Australia's mining regime.

3 April 2014

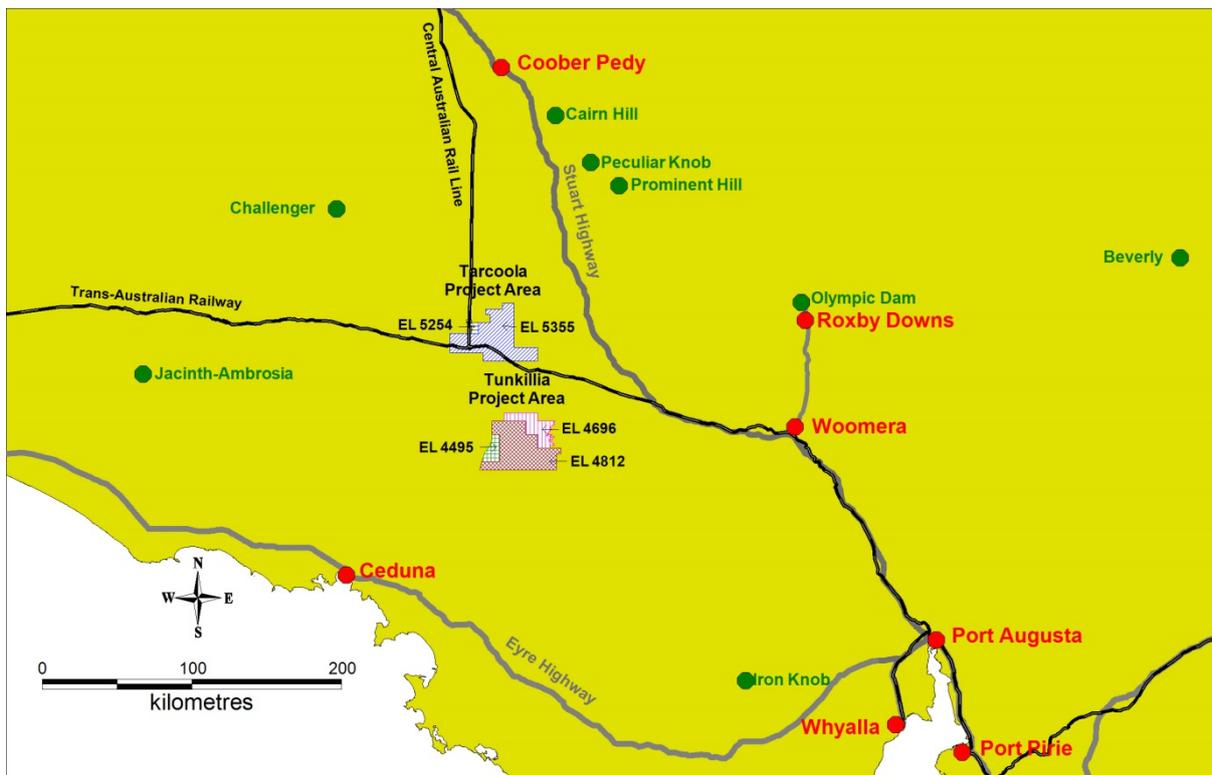


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WPG already has a portfolio of exploration projects in South Australia and is noted for its success in developing its Peculiar Knob iron ore project North-East of Port Augusta which sold for around \$320 million two years ago.

WPG's move back into gold will come through the purchase of all of the issued capital of Mungana's 100% owned subsidiary Tunkillia Gold Pty Ltd, which holds Mungana's interests in the Tunkillia gold project (Mungana around 72%, Helix Resources Ltd (ASX: HLX) around 28%) and the Tarcoola gold project (100%).

The locations of the two projects are shown on the map below.



WPG's Executive Chairman Bob Duffin said: "The Tarcoola and Tunkillia gold projects are the types of opportunities we have been seeking for more than two years".

"They fit neatly in our sweet spot – existing resources with additional exploration potential, where value can be added by our management team with further exploration aimed at extending the resource base, obtaining all necessary approvals for project development, the completion of bankable feasibility studies, and eventually the arranging of project development capital".

"Although WPG is best known as an iron ore company, we floated in 2005 on a package of gold and copper assets and all of our key executives have had prior experience with base and precious metals", he said.

"This has enabled us to both set our benchmarks high in our approach to seeking new opportunities and also to implement an exhaustive appraisal program over a wide range of projects and commodities."

“This program is still continuing. In addition to our return to the gold sector with these South Australian projects, we also now place zinc and copper together with gold at the top of WPG’s list of favoured commodities and opportunity focus.”

The resource estimates for the two projects are set out below.

The Tunkillia gold project – The resource estimate is as follows:

Category	Million Tonnes	Gold g/t	Silver g/t	Gold 000 oz	Silver 000oz
Measured	4.9	1.33	3.7	209	585
Indicated	16.1	0.97	2.7	504	1,397
Inferred	5.3	0.98	3.1	165	518
Total	26.3	1.04	3.0	878	2,500

The information in the above table is extracted from the report entitled “September 2012 Quarterly Report” dated 29 October 2012 and is available to view at www.munganagoldmines.com.au. The information pertaining to the Tunkillia gold project resource estimate was prepared and first disclosed by Mungana under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Tarcoola gold project – The resource estimate is as follows:

Category	Thousand Tonnes	Gold g/t	Gold 000 oz
Measured			
Indicated	919	3.14	92.68
Inferred	55	2.77	4.86
Total	973	3.12	97.54

The information in the above table is extracted from the report entitled “December 2012 Quarterly Report” released on 24 January 2013 and is available to view at www.munganagoldmines.com.au. The information pertaining to the Tarcoola gold project resource estimate was prepared and first disclosed by Mungana under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

WPG confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements as indicated above and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

WPG confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

KEY TERMS OF THE TRANSACTION

Under the binding Term Sheet with Mungana, WPG has agreed to pay a deposit of \$150,000 which is non-refundable unless certain material adverse matters eventuate.

Following payment of the deposit there is a period of 4 weeks for WPG to undertake due diligence on Tunkillia Gold Pty Ltd (the Subsidiary), the Tarcoola gold project and Tunkillia gold project.

If WPG decides to complete the acquisition:

- WPG will pay Mungana upon completion of the sale of the Subsidiary; a further \$1.35 million in cash and 7.5 million fully paid ordinary shares in WPG (which will be subject to voluntary escrow for 12 months);
- As a result of acquiring the Subsidiary, WPG will assume all historical obligations linked to the Tarcoola gold project; and
- WPG will pay Mungana a net smelter return royalty for gold and silver produced from the Mineral Claim (MC 4347) area within the Tunkillia gold project based on the following sliding scale:
 - Gold Price per ounce < US\$1,750 1.00% NSR
 - Gold Price per ounce US\$1,750 to US\$2,000 1.25% NSR
 - Gold Price per ounce US\$2,000 or higher 1.50% NSR
- WPG will pay additional consideration of up to \$1.25 million in a number of stages, upon the achievement of certain milestones, as follows:

Amount	Trigger Event
\$250,000 (in cash or WPG shares, at WPG's election)	The date on which there is established pursuant to the JORC Code a probable ore reserve of 100,000oz or more of gold within the Exclusive Area in addition to the JORC compliant resource identified within the Exclusive Area at the Commencement Date
\$500,000 (in cash)	The earlier of the commencement of mine construction and mining operations in any part of the Exclusive Area.
\$500,000 (in cash or WPG shares, at WPG's election)	The earlier of the commencement of mine construction and mining operations on MC 4347 or the area of any tenement succeeding or replacing MC 4347 which overlaps MC 4347.

Term Sheet Conditions

The completion of the sale and purchase of the Subsidiary is subject to a number of conditions precedent being met, including:

- WPG electing to exercise the option to acquire the Subsidiary;
- Mungana obtaining shareholder approval (if any are required) and meeting all other requirements necessary to complete the sale; and
- WPG taking over guarantees provided by Mungana (and Mungana being released from such guarantees) in respect of the Tunkillia gold project and Tarcoola gold project under third party agreements.

If WPG elects to exercise the option to purchase the Subsidiary, the timing and completion of the sale will depend on the satisfaction of the remaining conditions precedent, which in some cases are not within WPG's control.

If the conditions precedent are not satisfied within approximately six weeks, either party may terminate the transaction.

Further Information

For further information please contact WPG's Executive Chairman Bob Duffin on 02 9247 3232 or 0412 234 684.