

# ASX and Media Release

## Quarterly activities report June quarter 2015

### HIGHLIGHTS

#### Tarcoola gold project (WPG 100%)

- ❖ Mineral Claim 4376 granted
- ❖ Feasibility study close to completion
- ❖ Excellent indicative recoveries from heap leach processing
- ❖ Preparation of a Mineral Lease Proposal well advanced

#### Tunkillia gold project (WPG 100%)

- ❖ Mineral Claim 4384 granted
- ❖ Drilling program being prepared for submission to DSD
- ❖ Mineral Lease Proposal advancing

#### Corporate

- ❖ Contracts exchanged for sale of Port Pirie land for \$750,000
- ❖ Financing strategies for development of both Tarcoola and Tunkillia gold projects being pursued

31 July 2015

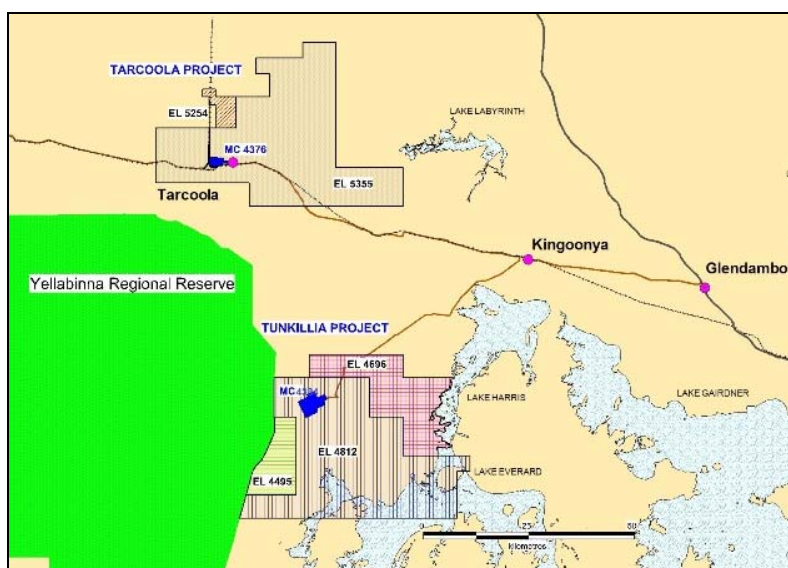


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## SOUTH AUSTRALIAN GOLD PROJECTS

WPG Resources Ltd (ASX: WPG) holds its key South Australian gold prospects through two wholly-owned subsidiaries – Tarcoola Gold Pty Ltd and Tunkillia Gold Pty Ltd.

The location of the Company’s gold projects is shown below.



Location of Tunkillia and Tarcoola Exploration Tenements

### TARCOOLA

#### Feasibility Study

During the quarter, the feasibility study for the development of the Tarcoola gold heap leach project was advanced with completion of the study awaiting final post-test analysis and reporting of column leach metallurgical testwork. Upon receipt of this metallurgical report process plant design and cost estimates will be finalised allowing the pit optimisation schedule to be determined and an ore reserve estimate to be prepared.

For the main proposed Perseverance pit, preliminary recovery estimates following completion of the 70-day column testwork suggest recoveries of 85% to 95% for oxide material and 65% to 75% for the transitional and primary material. Results for the smaller satellite deposit, Last Resource, range from 58% to 75%. The Last Resource pit will mine mainly primary material. These higher than anticipated recoveries will result in higher gold production over the life of the Tarcoola project than those reported in WPG’s 9 July 2015 ASX announcement entitled “Tarcoola gold project feasibility study nears completion”. These outstanding results will be subject to final review before being incorporated into the final feasibility study.

The feasibility study is being prepared by WPG with technical and engineering inputs from a number of professionally independent consulting companies, each expert in their own field. The feasibility study is considering mining production rates between 250,000 and 350,000 tonnes per annum, mining ore from a single large and a smaller satellite open pit and using a proven heap leach processing approach to the recovery of gold.

The project is expected to produce a total of more than 57,000 ounces of gold with some silver credits over its three to four year life. Preliminary estimates indicate initial capital expenditure of approximately A\$17 million and an average all in sustaining cost of approximately A\$1,020 per ounce of gold recovered. These cost estimates assume new equipment is purchased and that mining operations are carried out according to a conventional schedule of rates contract.

The total resource estimate at Tarcoola is 973,000 tonnes at 3.12 g/t Au containing 97,000oz Au. (see the Appendix for further details).

### Development timetable

The schedule to commence operations is contingent upon the timing of project approvals from DSD process and financing being secured for the project.

The timeline objectives are:

Schedule	Project task
Q3 2015	Completion of feasibility study Grant of Mineral Lease
Q4 2015	Submission of PEPR Engagement of contractors for mining, processing and infrastructure
Q1 2016	Approval of PEPR EPA approvals
Q2 2016	Commencement of operations contingent on financing

### Permitting

Following grant to Tarcoola Gold Pty Ltd of Mineral Claim 4376 over 725 hectares for the Tarcoola gold project, the Company has been advancing preparation of a Mineral Lease Proposal (MLP) for the project. The MLP has been submitted to DSD for comment and WPG and DSD have been working closely during the quarter to finalise the proposal. It is anticipated that the MLP will be lodged in August 2015.

WPG's wholly owned subsidiary Tarcoola Gold Pty Ltd acquired EL 5355, in which its 100% owned Tarcoola gold project is situated, during the quarter. The Sale Agreement and Instrument of Transfer have been lodged with the Department of State Development (DSD) for processing and Ministerial Approval.

With the acquisition of EL 5355, WPG now has 100% of all minerals over the broader tenement, an area of 1,183km<sup>2</sup>. The Company can now advance new exploration with excellent potential for extensions and further discoveries.

### **Purchase of land and buildings at Tarcoola**

On 1 July 2015 the Company announced it had established a local base at Tarcoola with the acquisition of two land and building packages which will be used by field personnel as the Company progresses the Tarcoola gold project towards development. The houses are located in the Tarcoola township, which lies only 3.5km from the project site. The purchase price of each house and land package was \$8,500.

Both these houses are serviceable and the Company intends to use the houses as a base for members of its own team and contractors until a permanent camp supporting mining activities are established.

## **TUNKILLIA**

### **Exploration**

During the Quarter the Company has focused on optimisation of potential development scenarios and the preparation of an exploration program program to increase the size of the Tunkillia deposit.

A drilling program on priority prospects within the Tunkillia exploration tenements is now being prepared and will be submitted to DSD.

A review of historical data has identified 33 immediate exploration targets with 14 prospects identified for priority follow-up work. These priority prospects are all located within close proximity to the Tunkillia "223" gold deposit which makes them suitable to provide potential satellite feed for a centralised processing plant.

## Permitting

On 1 June 2015 Mineral Claim 4384 over 2,251 hectares for the Tunkillia gold project was granted to Tunkillia Gold Pty Ltd clearing the way for lodgement of a Mineral Lease Proposal (MLP) for the project.

## OTHER SOUTH AUSTRALIAN PROJECT ASSETS

### MUCKANIPPIE, ROBINS RISE, LAKE WOORONG AND PERFECTION WELL

With WPG's current focus on fast tracking its gold projects, the Company's efforts were diverted for the Quarter from its other South Australian project assets.

There was no substantive work undertaken on these tenements during the Quarter.



Location map of WPG tenements

## **CORPORATE**

### **PORT PIRIE LAND ASSET**

On 30 July 2015 the Company announced it has entered into an agreement to sell its large and strategically located block of land in Port Pirie for \$750,000. Contracts for sale have been exchanged and settlement is anticipated in September 2015 subject to completion of due diligence by the purchaser and satisfaction of conditions precedent.

This means WPG will be well funded to complete the feasibility study for the Tarcoola gold project and take the project through approvals and permitting. It will also allow sufficient funds to undertake initial exploration activities on high priority targets at Tunkillia.

In a separate transaction, WPG has sold a large number of railway sleepers stored on the Port Pirie land for an amount of \$123,500.

### **R&D REFUND**

On 9 July 2015 the Company announced that it had received \$279,000 from the Federal Government's Research and Development Tax Concession Scheme relating to costs incurred by WPG during the 2013-2014 financial year on research and development activities undertaken on the Muckanippie tenement. An application for an R&D refund for the 2014-2015 financial year is in preparation.

### **INCENTIVE RIGHTS VESTING**

On 2 July 2015 WPG announced that 1,972,462 fully paid ordinary shares were issued to employees and consultants under the terms of WPG's Incentive Rights Plan. Two out of the three tranches of incentive rights granted in 2012 (retention and relative performance) fully vested on satisfaction of vesting conditions. WPG's relative position in a group of 60 ASX listed materials industry group companies shifted upwards between 1 July 2012 and 1 July 2015, outperforming 77% of the comparator companies.

### **PROJECT FINANCE**

WPG is pursuing a range of financing strategies for development of both Tarcoola and Tunkillia gold projects and receives continuing interest from several potential project financiers who have approached the Company in relation to this.



## **FINANCIAL POSITION**

As at 30 June 2015 the Company had cash at bank of \$1.34 million, with receivables of \$0.75 million from the sale of its Port Pirie land due in September, bringing a total funding position of \$2.09 million.

The sale of the Port Pirie land and railway sleepers mean that WPG is able to redeploy \$0.873 million freed up for development of Tarcoola and exploration at Tunkillia.

## **Further Information**

*For further information please contact WPG's Managing Director & CEO, Martin Jacobsen or Chief Financial Officer, Wayne Rossiter on (02) 9251 1044.*

## **Competent Person**

The reviews of exploration activities and results contained in this report are based on information compiled by Mr Gary Jones, a Fellow of the Australasian Institute of Mining and Metallurgy. He is Technical Director of WPG Resources Ltd and a full time employee of Geonz Associates Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Gary Jones has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## Appendix

### Tarcoola resource estimate – WPG 3 April 2014 announcement

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

Category	Tonnage (000)	Grade (g/t Au)	Gold 000 oz
Measured	-	-	-
Indicated	919	3.14	92.68
Inferred	55	2.77	4.86
<b>Total</b>	<b>973</b>	<b>3.12</b>	<b>97.54</b>

Totals are subject to rounding errors

The information in the above table is extracted from the report by Mungana Goldmines Limited entitled “December 2012 Quarterly Report” released on 24 January 2013 and is available to view on [www.asx.com.au](http://www.asx.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.