



# ASX and Media Release

## Chairman's address to 2015 AGM held today

Ladies and Gentlemen

Martin Jacobsen, our Managing Director, will give a presentation shortly that focusses on our two main gold project assets, Tarcoola and Tunkillia, and our exciting option to acquire the Challenger gold mine. I don't want to steal Martin's thunder but these three projects give us an unrivalled strategic position in South Australia's Gawler Craton, a heavily mineralised but underdeveloped geological domain which shows many characteristics similar to the Kalgoorlie region in Western Australia. In effect, we are putting together a regional gold play where knowledge gained in one area can be applied to another, and where we will derive synergies in terms of access to common infrastructure and personnel.

Firstly to Tarcoola. We completed a bankable feasibility study for this project earlier this year. This showed the project is technically feasible and financially viable under the conditions modelled. Tarcoola will be developed as an open pit mine with gold recovered by heap leaching. It is a relatively small project but its development and operation are affordable, even for a small company of our size. We have previously released mineral resource and ore reserve estimates, along with capital and operating cost estimates, and annual gold production forecasts. Martin will summarise these in his presentation.

Before we can develop the project we require the regulator to grant the mineral lease and approve our program for environment protection and rehabilitation. We have lodged our application for the former and the application for the latter is in the advanced draft stage. We expect the project to be fully permitted and shovel ready for development in the first half of next year.

Tunkillia is a little further back in the development pipeline than Tarcoola. It is a much larger tonnage deposit than Tarcoola, but its grade is lower. However it is of sufficient size to warrant a much larger scale of development than Tarcoola, but consequently with a higher capital cost. We see it as a project that we will develop when mining at Tarcoola starts to wind down.

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The main deposit at Tunkillia, known as the 223 deposit, was discovered by sampling the calcrete layer that lies almost ubiquitously just below the sand cover in this part of the Gawler area. There are a number of other calcrete anomalies in our tenements that have been poorly tested in the past, and we have commenced a program to better define some of these in more detail prior to drill testing them early next year. The results of this program are still being compiled and reviewed. A new discovery similar to the 223 deposit is the ultimate aim of this program.

I want to turn now to our option to acquire the Challenger gold mine. We have been pursuing this prize for well over a year. Our efforts culminated with our announcement a few weeks ago that we have entered into an option agreement with the mine's owner, Kingsgate Consolidated Limited, that gives us the exclusive right to buy the mine once our due diligence is completed. Terms of the acquisition have been disclosed previously and will be summarised by Martin shortly. But in brief, if we decide to go ahead, we will exercise the option on or about 10 December, will have acquisition documentation finalised and executed by all relevant parties by the end of the year, and will take possession of the site, which will then be on care and maintenance, at the end of February 2016. If we go ahead we will do so in a 50/50 joint venture with the Pybar Group, one of Australia's pre-eminent and extremely successful underground mining contractors. We are delighted to be associated with a group of Pybar's calibre, which has a strong balance sheet and employs some 800 persons throughout Australia.

Challenger is a remarkable orebody that has produced over 1 million ounces of gold since it was opened 13 years ago. It has produced an average of about 80,000 ounces per annum over that period. According to Kingsgate's disclosures, the resource base declined by 450,000 ounces to 190,000 ounces between June 2014 and June 2015, only part of which is due to depletion from mining activities. Our investment thesis is that some of the ounces which were written off can be written back if smaller scale mining methods and equipment can be utilised that reduces dilution, increases the head grade, and reduces the tonnage of non mineralised waste that needs to be hauled to the surface and put through the treatment plant. To date, our due diligence has not produced anything that suggests we should not proceed with the acquisition, but we and Pybar still have a lot of work to do before we finalise our decision.

Challenger was discovered by drill testing calcrete anomalies, the same technique I referred to previously when discussing Tunkillia. Interestingly, since we announced the option agreement, a number of other junior miners have announced that they have begun sampling and testing of calcretes in their own tenements near Challenger. If testing of these anomalies eventually leads to the delineation of a viable mining operation we would be very happy to process their ore through the Challenger mill under commercial arrangements to be agreed at the time.

Our analysis to date has focussed on re-opening Challenger, on a stand-alone basis. An exciting opportunity we are testing at the moment is the potential to develop Tarcoola not as a heap leach operation but as a satellite pit feeding ore to the Challenger mill for processing there. We think this would drastically reduce the capital costs for development of Tunkillia, even taking the costs of the construction of the low capacity haul road into account.

The haulage costs would add to the operating costs, though not prohibitively so. This would be more than offset by the higher gold recoveries expected in a CIP plant when compared with that which can be achieved by heap leaching. There is also the potential to increase the ore reserves at Tarcoola because only limited tonnages from the primary zone there are included in the current mining schedules. The primary zone does not perform as well to heap leaching as could reasonably be expected if it was processed by grinding and treatment in a CIP plant.

I turn now to our current capital raising. We announced yesterday that the closing date for our \$2.06 million entitlements offer will not be extended. Shareholders intending to take up their entitlements but who have not yet done so should move quite quickly now. The funds raised by this issue will be supplemented by a further amount of approximately \$1 million if we exercise the option to acquire Challenger because the Pybar group has agreed to subscribe for a placement of WPG shares.

Finally, and before I hand over to Martin, I would like to thank our board for its determination and hard work during the year, and the enthusiasm and persistence of our management team. I would also like to put on record the loyalty, patience and support of our shareholders, and the board thanks you for that.

Next year should be an exciting year for all of our stakeholders. If we can do what I hope we can at Challenger and Tarcoola we will be well on our way to deliver our aspirational statement of producing some 70,000 ounces of gold per annum on an annualised basis, at the 100% level, before this time next year. Add to that our aspirational statement to develop Tunkillia at about the same rate further down the track, I hope you will agree with me when I say the outlook for WPG is quite golden.