

# ASX and Media Release

## Exercise of the Option to acquire the Challenger Gold Mine

### Highlights

- WPG Resources Ltd (ASX: WPG and WPGO) and Diversified Minerals Pty Ltd (DMPL), an entity related to the PYBAR Group (PYBAR), have jointly exercised the option to acquire the Challenger gold mine and associated exploration assets in South Australia from Kingsgate Consolidated Limited (KCN);
- WPG and DMPL will enter into a 50/50 JV with WPG appointed as manager and PYBAR Mining Services Pty Ltd as preferred mining contractor, to operate the mining project; and
- DMPL has agreed to subscribe for a strategic investment in WPG by way of a placement of 25,806,452 shares at 3.1 cents per share that will raise \$800,000.

WPG is pleased to announce that the option to acquire the Challenger gold mine and South Australian exploration assets from Kingsgate Consolidated Limited has been exercised. The option was first announced on 30 October 2015.

Following a 6 week due diligence period, WPG and DMPL have jointly exercised the option. WPG and DMPL will now enter into a 50/50 joint venture in relation to these assets with WPG as joint venture manager.

The acquisition will be effected by WPG acquiring all of the issued capital of Kingsgate's subsidiary, Challenger Gold Operations Pty Ltd (CGO). The purchase price is \$1 million payable as to \$25,000 on signing the option agreement (which amount has been paid), \$75,000 on execution of final transaction documents, and \$900,000 in a staged manner after milling operations recommence. In addition, a royalty is payable on potential future production from the new Challenger South South West (CSSW) discovery.

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Assets to be acquired include the mine itself, all rehabilitation bonds lodged with the South Australian government by CGO, along with other assets and infrastructure including the existing CIL plant, camp, infrastructure and airstrip.

The joint venture will be established between related parties of WPG and DMPL.

Kingsgate will continue to operate the Challenger gold mine under an agreed plan until approximately 28 February 2016 when the mine will be placed on care and maintenance with no residual employee or contractor liabilities.

WPG and DMPL intend to re-open Challenger after development of a revised mining plan based on extraction of known resources focussed initially on the Challenger West mineralised zone. Preparation of this new mine plan is well advanced.

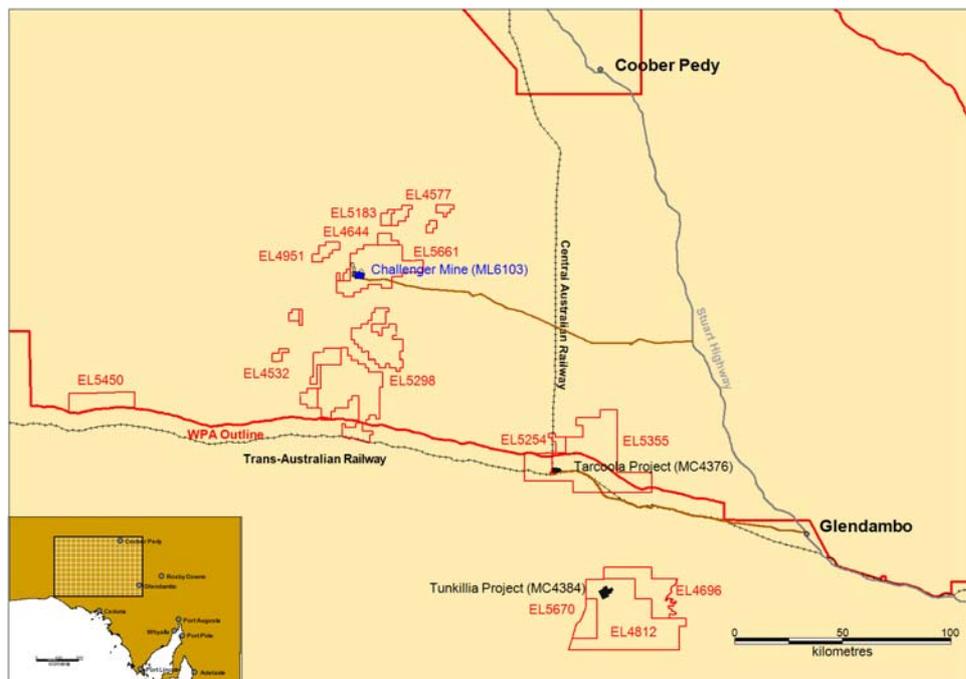


Figure 1 – Location of the Challenger gold project and tenements

DMPL has also agreed to subscribe for a placement of 25,806,452 fully paid ordinary WPG shares at 3.1 cents per share that will raise \$800,000. The share issue is expected to occur next week. Shareholder approval is not required.

Commenting on the execution of the option, the establishment of the joint venture and the strategic placement to the PYBAR Group, WPG's Executive Chairman Bob Duffin said "We are delighted to be associated with an organisation of PYBAR's calibre. We are really looking forward to bringing Challenger back into production, and to benefitting from the potential synergies that are presented by the proximity of the Challenger mill and infrastructure to our 100% owned Tarcoola gold project."

## Further Information

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