

ASX and Media Release

Quarterly activities report December quarter 2015

HIGHLIGHTS

Tarcoola gold project (WPG 100%)

- ❖ Mineral Lease grant anticipated in coming weeks
- ❖ NTMA terms agreed, executed and registered

Tunkillia gold project (WPG 100%)

- ❖ Drilling of high priority targets identified from calcrete sampling program to commence during Q1 2016

Challenger acquisition

- ❖ Exclusive option agreement to acquire Challenger exercised
- ❖ Joint Venture entered into with DMPL, an associate of PYBAR Mining Services
- ❖ Strategic Investment in WPG made by JV partner

Corporate

- ❖ All resolutions put to Annual General Meeting passed
- ❖ Entitlement Offer successfully completed
- ❖ R&D refund received

29 January 2016

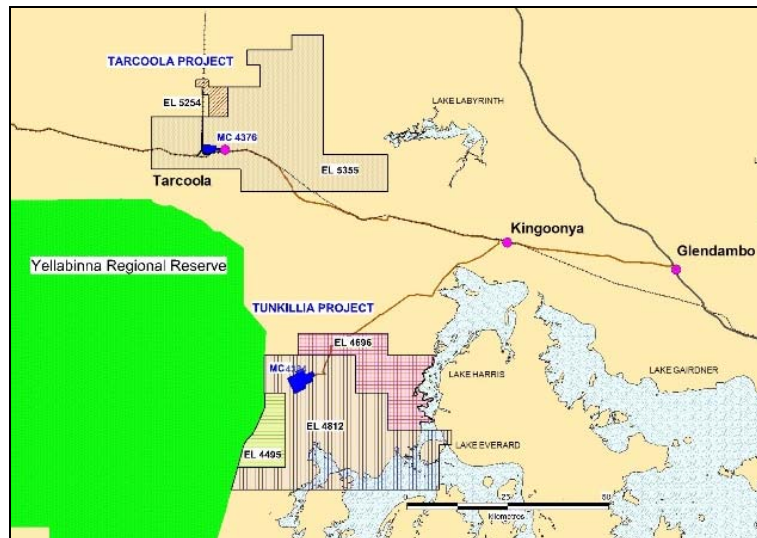


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SOUTH AUSTRALIAN GOLD PROJECTS

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

Mineral Lease

Following the grant to Tarcoola Gold Pty Ltd of Mineral Claim 4376 over 725 hectares for the Tarcoola gold project, the Company finalised and lodged its Mineral Lease Proposal (MLP) for the project with DSD on 8 August 2015. The MLP was formally advertised in accordance with DSD procedure, issued to a range of stakeholders, including relevant government departments and was open for public submissions until 8 October 2015.

Following the end of the quarter, DSD provided the Company with draft terms and conditions of the Mineral Lease and WPG is currently reviewing these conditions. It is anticipated that the Mineral Lease will be granted within the coming weeks.

NTMA

The Tarcoola gold project is located on Crown Reserve land and Native Title is held by the Antakirinja Matu-Yankunytjatjara people represented by the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC). A Native Title Mining Agreement was successfully negotiated with AMYAC and executed by all parties during the quarter and subsequently registered by DSD.

PEPR

WPG is well advanced with documentation for the Program for Environment Protection and Rehabilitation (PEPR) which will be lodged after the ML is granted. Once these submissions are approved WPG will be in a position to commit to project development at Tarcoola, subject to financing.

WPG will continue to work closely with DSD and other stakeholders throughout the PEPR approval process to facilitate the completion of the approvals process by mid-2016, with mine construction and production targeted to commence soon thereafter.

Exploration

WPG has 100% of all minerals over an area of 1,183km² on EL 5355 and is reviewing exploration targets with potential for further discoveries.

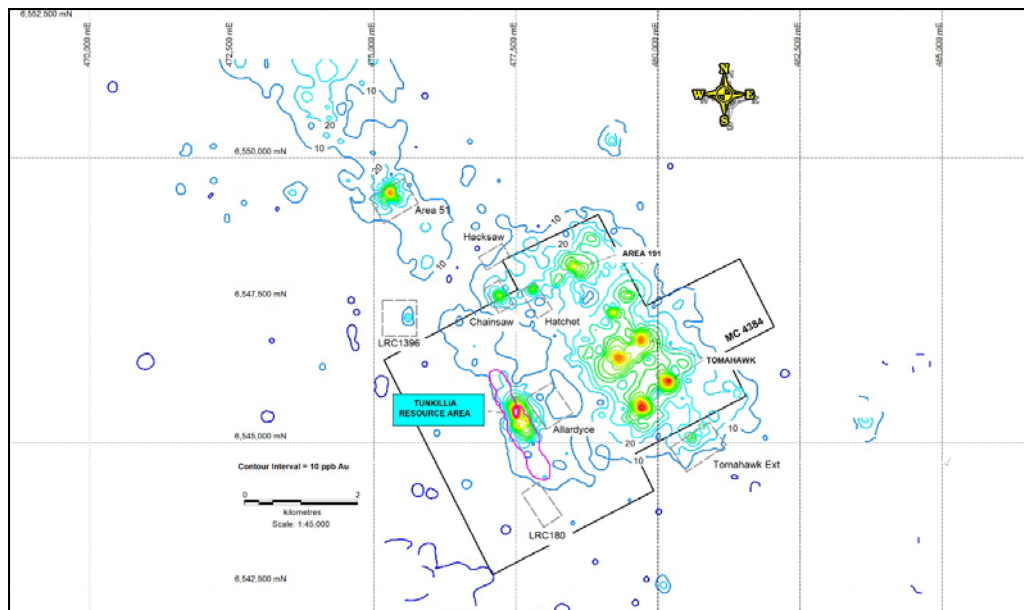
TUNKILLIA

Exploration

During the quarter the Company focused on the preparation of an exploration program to increase the size of the Tunkillia deposit.

Follow-up and in-fill calcrete sampling was completed on 8 of the previously identified 14 prospects that were selected for priority exploration from a major review of historical data compiled by previous explorers that generated 33 targets within the Tunkillia exploration tenements, all located within close proximity to the existing Tunkillia 223 deposit.

The results of the sampling received in December 2015, better defined these anomalies and two high priority targets were identified at the Area 51 and Tomahawk Extended prospects. RC drilling of these two targets will commence during the first quarter of 2016. A smaller and lower tenor gold in calcrete anomaly has been outlined at the Hatchet prospect, which may be drilled later.



Tunkillia Project Regional Calcrete Anomalies & Location of Prospects Sampled During the Follow-up Program

CHALLENGER

Option to Acquire

On 30 October 2015, WPG entered into an exclusive Option Agreement to acquire the Challenger Gold Mine and South Australian exploration assets from Kingsgate Consolidated Limited.

Diversified Minerals Pty Ltd (DMPL), an entity within the PYBAR Group (PYBAR), agreed to enter into a 50/50 joint venture over these assets with WPG as manager. PYBAR is one of Australia's pre-eminent and extremely successful underground mining contractors.

Following a 6 week due diligence period, WPG and DMPL jointly exercised the option and subsequently entered into a 50/50 joint venture with WPG as joint venture manager for the Challenger Gold operation.

Strategic Investment

Following exercise of the option to acquire Challenger, DMPL subscribed for a placement of 25,806,452 fully paid ordinary WPG shares at 3.1 cents per share to raise \$800,000.

Acquisition Process

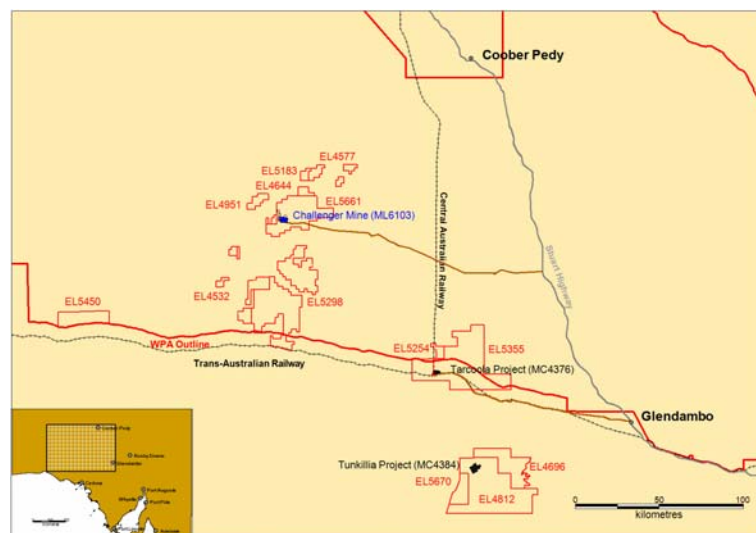
The acquisition of the Challenger Gold Mine will be effected by WPG acquiring all of the issued capital of Kingsgate’s subsidiary, Challenger Gold Operations Pty Ltd (CGO). Assets to be acquired include the mine itself, all rehabilitation bonds lodged with the South Australian government by CGO, along with other assets and infrastructure including the existing CIL plant, camp, infrastructure and airstrip.

The 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.

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

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.

Reopening Challenger will also present potential synergies by the proximity of the Challenger mill and infrastructure to the Tarcoola gold project.



Location of the Challenger gold project and tenements

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

ENTITLEMENT OFFER

On 2 November 2015 the Company launched a 1:3 Entitlement Offer to existing shareholders. The Offer closed on 27 November as scheduled and was heavily oversubscribed. Applications for approximately \$2.68 million were received from approximately 700 shareholders.

Following a scale-back, a total of 93,754,625 shares and 93,754,625 attaching \$0.04 exercise price listed options were allotted and trading commenced on 7 December. Approximately \$2.06 million was raised (before costs) from the Offer.

R&D REFUND

On 20 January 2016 the Company announced that it had received \$282,000 from the Federal Government's Research and Development Tax Concession Scheme relating to costs incurred by WPG during the 2014-2015 financial year on research and development activities undertaken at Tarcoola.

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. With the acquisition of Challenger at the end of February 2016 and as the Tarcoola gold project moves closer to production, these financing options will be refined to determine the best outcome.

FINANCIAL POSITION

As at 31 December 2015 the Company had cash at bank of \$3.1 million.

Further Information

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