



WPG Resources Ltd

ABN 51 109 426 502

Half-Year Financial Report

31 DECEMBER 2015

CORPORATE DIRECTORY

WPG Resources Ltd

ABN 51 109 426 502

DIRECTORS

Robert H Duffin
Martin C Jacobsen
Gary J Jones
Leonard A Dean
Lim See Yong
Dennis R Mutton

SECRETARY

Larissa Brown

REGISTERED AND ADMINISTRATION OFFICE

Level 9, Kyle House
27-31 Macquarie Place
Sydney NSW 2000
PO Box N239, Grosvenor Place
NSW 1220 Australia
Telephone: +61 2 9251 1044
Facsimile: +61 2 9247 3434
E-mail: info@wpgresources.com.au
Website: www.wpgresources.com.au

SHARE REGISTRY

Boardroom Limited
Level 7, 207 Kent Street, Sydney, NSW, 2000
PO Box R67, Royal Exchange
Sydney, NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

AUDITORS

Grant Thornton Audit Pty Ltd

BANKERS

Westpac Banking Corporation

SECURITIES EXCHANGE LISTING

Listed on Australian Securities Exchange Limited
ASX Code: WPG

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert H Duffin, BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM (Executive Chairman)

Martin C Jacobsen, MSCC, MDP (Unisa) (Managing Director)

Gary J Jones, BSc, FAusIMM, MASEG (Technical Director)

Leonard A Dean, BSc (Metallurgy) (Non-Executive Director)

Lim See Yong, BBA (Singapore) (Non-Executive Director)

Dennis R Mutton, BSc (Hons), Grad Dip Mgt, FAIM, FAICD, JP (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

Summary

Challenger

- Exclusive option agreement entered into during October 2015 to acquire Challenger exercised in December 2015.
- WPG entered into a strategic 50/50 Joint Venture agreement with Diversified Minerals Pty Ltd (DMPL), an entity associated with the PYBAR Group (PYBAR) for the acquisition of the Challenger Gold mine and associated South Australian exploration tenements.
- WPG will be the manager of the Joint Venture and, subject to commercial terms, PYBAR will be awarded the underground mining contract at Challenger.
- WPG and DMPL have executed Binding Agreements to acquire the Challenger assets in February 2016.
- Completion of the acquisition is anticipated to occur on 15 March 2016.
- The Challenger Gold Mine will undergo a temporary suspension of activities during which time a number of essential maintenance tasks will be undertaken. The operation is anticipated to be re-started with first gold to be poured prior to 30 June 2016.
- The Joint Venture is currently finalising a Mine Plan for Challenger which is indicating that minimal capital expenditure will be required to re-start the mine.

Tarcoola

- The Tarcoola Gold Project feasibility study was completed in September 2015.
- An Ore Reserve estimate was announced during September 2015.
- The Native Title Mining Agreement was executed in December 2015 and subsequently registered with DSD
- The Tarcoola Mining Lease was granted on 8 March 2016.
- The Company is actively assessing the feasibility of processing Tarcoola ore through the Challenger processing plant which should substantially reduce capital required for the development of the Tarcoola project and improve project economics and risk.

Tunkillia

- Tunkillia exploration program approved by DSD commenced during October 2015 with calcrete sampling on a number of prospects identified for follow-up work.
- High priority drill targets identified with the view to adding to the existing resource inventory at Tunkillia. A drilling program is scheduled to commence in March 2016.

DIRECTORS' REPORT (CONTINUED)

Corporate

- Strategic investment in WPG was made by DMPL in December 2015: 25,806,452 ordinary shares were placed at an issue price of 3.1 cents per share raising \$800,000.
- WPG successfully raised a total of \$2.1m in November 2015 through the issue of 93,754,625 ordinary shares at an issue price of 2.2 cents per share under its 1:3 Entitlement Offer. A free option expiring 31 December 2016 with a 4 cent exercise price was granted with each share issued. These options have the potential to raise a further \$3.8 million if exercised.
- The surplus land at Port Pirie was sold for \$750,000 contributing additional funds for developing WPG gold projects
- R&D refund received during January 2016.

Operations in detail

The net result of operations after applicable income tax expense for the half-year was a loss of \$1,096,398 (2014 – loss of \$1,302,355).

The principal continuing activity of the Group is exploration, evaluation and development of its base and precious metal, iron ore, coal and gold projects in South Australia with a focus on developing the gold projects into 2016 production.

Following achieving 100% ownership of both the Tarcoola and Tunkillia Gold Projects the Company continued to advance its strategic move into gold with the acquisition of the nearby Challenger Gold Project. Upon completion of this acquisition WPG will increase its tenure from 2,811kms to 4,961kms in the Gawler Craton, South Australia.

Challenger Gold Project

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. WPG and Diversified Minerals Pty Ltd (DMPL), an entity associated the PYBAR Group (PYBAR), entered into a 50/50 Joint Venture to develop these assets, with WPG as joint venture manager. PYBAR is one of Australia's pre-eminent and extremely successful underground mining contractors, and subject to commercial terms, PYBAR will be awarded the underground mining contract at Challenger.

Following a 6 week due diligence period, WPG and DMPL jointly exercised the option. Subsequent to the 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.

The acquisition will be effected by WPG acquiring all of the issued capital of Kingsgate's subsidiary, Challenger Gold Operations Pty Ltd (CGO) for \$1 million. The purchase price will be paid in four quarterly instalments with the first due within 30 days of the recommencement of milling operations at Challenger. The first payment will be offset by payments totalling \$100,000 already paid (\$25,000 in December 2015 on signing the option agreement and \$75,000 in February 2016 following the execution of the SPA). In addition, a royalty is payable on potential future production from the new Challenger South South West (CSSW) discovery, if and when this structure is mined. No royalty is payable from other mineralised areas including those expected to be exploited under the Joint Venture mine plan.

Assets to be acquired include the mine itself, all bonds totalling \$2.7 million, along with other assets and infrastructure including the existing CIL plant, camp, infrastructure and airstrip.

During February 2016 Binding Agreements were executed with Completion to occur on 15 March 2016 when Kingsgate will finalise all mining and processing activities and place the mine into temporary suspension.

A number of essential maintenance tasks will be undertaken during this period of temporary suspension and WPG and DMPL intend to re-open Challenger after development of a revised mining plan based on extraction of known resources focused initially on the Challenger West mineralised zone. Preparation of this new mine plan is well advanced and operations are expected to be re-started with first gold to be poured prior to 30 June 2016.

DIRECTORS' REPORT (CONTINUED)

Tarcoola Project

Tarcoola is an historic mining area and records indicate extraction of over 77,000oz of gold at 35g/t, principally from high grade narrow vein underground stopping operations. The two main deposits in the area, Perseverance and Last Resource, contain a resource estimate of 973,000 tonnes averaging 3.12 g/t Au containing 97,000oz Au, and are now the focus of WPG's project development. In addition to this area, there are numerous other identified areas of mineralisation including the Wondergraph prospect, which provide potential upside to the project.

The feasibility study completed in September 2015 indicates that the Tarcoola gold project can be developed into a mining operation producing approximately 20,000oz of gold per year from an approximate 350,000 annual production rate. Mining would be a conventional open pit operation with associated heap leach processing. Initial mine life would be three to four years. Metallurgical tests have confirmed the project's suitability to recovery of gold by heap leaching with excellent recoveries. The Company has acquired a number of properties in the Tarcoola township in anticipation of development of the mine.

In September 2015 WPG released an Ore Reserve estimate for the Tarcoola gold project. The total Ore Reserve estimate of 900,000 tonnes at an average grade of 2.6 g/t gold containing 74,000 ounces (as reported in its ASX announcements dated 22 and 23 September 2015), is derived from the resource model, details of which were disclosed by WPG in its announcement of 3 April 2014. Ore Reserves are derived from Indicated Mineral Resources and do not include any Inferred resources.

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 December 2015 and subsequently registered by DSD.

A Mining Lease was granted for the Tarcoola Gold Project on 8 March 2016.

WPG is currently evaluating the feasibility of processing Tarcoola ore through the Challenger processing plant which should substantially reduce capital required for the development of the Tarcoola project and improve project economics and risk. It is anticipated that this will also enhance the Challenger economics through plant scale efficiencies. WPG anticipates first gold production from Tarcoola in the second half of 2016 and with the strengthening Australian dollar gold price the Tarcoola gold project will generate strong cash flows to support our other business activities.

Tunkillia Project

The Tunkillia 223 deposit lies in the north western part of the Tunkillia tenement block. WPG recast the resource estimate using a 0.5 g/t cut-off grade in the oxide zone, and a 1.0 g/t cut-off grade in the primary zone, resulting in a revised resource estimate of 12.32 million tonnes at 1.41g/t for 558,500 contained ounces (as reported in WPG's ASX announcement dated 4 February 2015).

Pre-feasibility work undertaken by previous owners was based on a 2 million tonnes per annum throughput producing approximately 350,000 ounces of gold over a life of 5.5 years (as reported by Mungana Goldmines in its March 2013 Quarterly Report dated 29 April 2013 and available to view at www.asx.com.au). The development economics at Tunkillia will be enhanced through the extension of the mine life by adding to the mine or near mine resource inventory along with the strong Australian dollar gold price.

A review of previous exploration data has identified over 30 high priority exploration targets of which 14 are within 5 km of the 223 deposit which makes them suitable to provide potential satellite feed for a centralised processing plant. A drilling program on priority prospects within the Tunkillia exploration tenements was submitted to DSD and an exploration program approved. The exploration program commenced during October 2015 with calcrete sampling on a number of prospects identified for priority follow-up work. Follow-up and in-fill calcrete sampling was completed on 8 of the priority prospects.

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

DIRECTORS' REPORT (CONTINUED)

Muckanippie, Robins Rise and Lake Woorong Projects

With WPG's current focus on fast tracking its gold projects, the Company's efforts were diverted for the period from its other South Australian project assets. There was no substantive work undertaken on these tenements during the period.

Port Pirie Property

During the period, the Port Pirie land inclusive of rehabilitation and other improvements was sold for \$750,000 as the port facility was no longer required. A large number of railway sleepers which were stored on the Port Pirie land were sold in a separate transaction for \$123,500 in April 2015.

Financial position

As at 31 December 2015 the Company had cash at bank and term deposits greater than 90 days of \$3.1 million, representing cash backing of 0.8 cents per share. A total of \$2,862,602 was raised through a 1:3 Entitlement Offer with the issue of 93,754,625 ordinary shares and attaching options for \$2,062,602 and the subscription by Diversified Minerals Pty Ltd (Challenger Gold joint venture partner) of 25,806,452 ordinary shares for \$800,000. The company also benefited by the \$279,000 received under the R&D tax concession scheme. This ensures WPG is well placed to fund its present gold project development plans and to continue to undertake reviews of acquisition opportunities.

FINANCIAL

The results of operations are shown above and in the accompanying financial statements.

SUBSEQUENT EVENTS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring since the end of the half year other than outlined below.

On 22 February 2016 WPG announced that the share purchase agreement (SPA) to acquire the Challenger gold mine and South Australian exploration assets from Kingsgate Consolidated Limited (KCN) was executed by KCN and the Challenger Joint Venture (CJV). Completion will occur on 15 March 2016 when the mine will be placed on care and maintenance with no residual employee or contractor liabilities. Kingsgate will continue to operate the Challenger gold mine under an agreed plan until completion of the acquisition.

On 8 March 2016, the terms and conditions of the Tarcoola Mineral Lease were finalised and the Minister granted ML 6455 over MC 4376.

The Company received \$279,000 under the R&D tax concession scheme in January 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration of our auditor is on page 15 and forms part of this report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



R H DUFFIN
Executive Chairman

Sydney

11 March 2016

DIRECTORS' REPORT (CONTINUED)

Competent Persons Statements

The information in this report that relates to the Tarcoola gold project Ore Reserves is based on information compiled by Mr John Wyche. John Wyche is employed full-time by Australian Mine Design and Development Pty Ltd, an independent consultant mining engineering company which completed the mine design and ore reserve estimate for inclusion in the Feasibility Study. Mr Wyche is a member of the Australasian Institute of Mining and Metallurgy and has 33 years of experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Tarcoola resource estimate was prepared by Simon Tear of H & S Consultants who is a member of the Australasian Institute of Mining and Metallurgy. Simon Tear is a Director of H&S Consultants, an independent consulting company who prepared the information for Mungana Goldmines Ltd. Simon Tear has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 & Guidelines). Simon Tear 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.

The information in this report that relates to Mineral Resources for the Tunkillia gold project review is based on information compiled by Mr Simon Tear who is a member of the Australasian Institute of Mining and Metallurgy. Simon Tear is a Director of H&S Consultants, an independent consulting company who prepared the information for WPG. Simon Tear has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 & Guidelines). Simon Tear 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.

The sections in this report that relate to Exploration Results for the Tunkillia gold project were based on information acquired from Mungana Goldmines (ASX:MUX) and compiled by Mr Gary Jones, a Member of the Australasian Institute of Mining and Metallurgy. He is Technical Director of WPG Resources Limited and a full time employee of Geonz Associates Limited. He has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 & Guidelines). 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

		Consolidated Entity	
	Note	2015 \$'000	2014 \$'000
REVENUE FROM CONTINUING OPERATIONS	4	26	89
Other income		-	1
ASX and ASIC fees		(54)	(28)
Contract administration services		(130)	(214)
Corporate advisory services		(24)	(11)
Deferred acquisition price expense		19	-
Depreciation and amortisation expense		(8)	(10)
Directors' fees		(44)	(102)
Employment costs		(98)	(149)
Exploration costs written off		(3)	-
Project evaluation costs written off		(250)	(203)
Insurance		(41)	(46)
Legal fees		(19)	(20)
Loss on sale of assets		(39)	-
Office costs		(29)	(30)
Operating lease rental expense		(100)	(98)
Public relations		(6)	(42)
Registry costs		(49)	(17)
Share based payments	5	(99)	(100)
Superannuation expense		(44)	(57)
Travel and accommodation		(12)	(45)
Fair value adjustment on financial assets at fair value through profit or loss		(15)	(95)
Other expenses		(77)	(125)
LOSS BEFORE INCOME TAX EXPENSE		(1,096)	(1,302)
Income tax benefit		-	-
LOSS FROM CONTINUING OPERATIONS		(1,096)	(1,302)
OTHER COMPREHENSIVE INCOME			
Change in fair value on available-for-sale financial assets		-	-
Income tax (expense) / benefit on other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF WPG RESOURCES LTD		(1,096)	(1,302)
Basic loss per share (¢ per share)		(0.38)	(0.48)
Diluted loss per share (¢ per share)		(0.38)	(0.48)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		Consolidated Entity	
	Note	31 Dec 2015 \$'000	30 Jun 2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents		1,669	1,340
Term deposits greater than 90 days		1,400	-
Trade and other receivables		65	114
Available for sale financial assets	7	74	88
		<u>3,208</u>	<u>1,542</u>
Assets classified as held for sale	6	-	750
TOTAL CURRENT ASSETS		<u>3,208</u>	<u>2,292</u>
NON-CURRENT ASSETS			
Other financial assets		264	224
Exploration and evaluation expenditure	8	8,021	7,384
Property, plant, equipment and leasehold improvements	9	47	59
		<u>8,332</u>	<u>7,667</u>
TOTAL NON-CURRENT ASSETS		<u>8,332</u>	<u>7,667</u>
TOTAL ASSETS		<u>11,540</u>	<u>9,959</u>
CURRENT LIABILITIES			
Trade and other payables		354	627
TOTAL CURRENT LIABILITIES		<u>354</u>	<u>627</u>
NON-CURRENT LIABILITIES			
Provisions		423	434
TOTAL NON-CURRENT LIABILITIES		<u>423</u>	<u>434</u>
TOTAL LIABILITIES		<u>777</u>	<u>1,061</u>
NET ASSETS		<u>10,763</u>	<u>8,898</u>
EQUITY			
Contributed equity	10	28,633	25,628
Reserves		355	399
Accumulated losses		(18,225)	(17,129)
TOTAL EQUITY		<u>10,763</u>	<u>8,898</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Attributable to the owners of WPG Resources Ltd				
	Contributed Equity \$'000	Accumulated Losses \$'000	Options Reserve \$'000	AFS Reserve \$'000	Total Equity \$'000
AT 1 JULY 2014	25,232	(13,801)	213	-	11,644
Total comprehensive income for the half-year					
Loss for the period	-	(1,302)	-	-	(1,302)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	(1,302)	-	-	(1,302)
Transactions with owners in their capacity as owners					
Issue of new shares	16	-	(16)	-	-
Share based payments expense	-	-	100	-	100
	16	-	84	-	100
AT 31 DECEMBER 2014	25,248	(15,103)	297	-	10,442
Total comprehensive loss for the half-year					
Loss for the period	-	(2,026)	-	-	(2,026)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	-	-
Transactions with owners in their capacity as owners					
Issue of new shares	380	-	-	-	380
Share based payments expense	-	-	102	-	102
	380	-	102	-	482
AT 30 JUNE 2015	25,628	(17,129)	399	-	8,898
Total comprehensive loss for the half-year					
Loss for the period	-	(1,096)	-	-	(1,096)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	(1,096)	-	-	(1,096)
Transactions with owners in their capacity as owners					
Issue of new shares	3,005	-	(143)	-	2,862
Share based payments expense	-	-	99	-	99
	3,005	-	(44)	-	2,961
AT 31 DECEMBER 2015	28,633	(18,225)	355	-	10,763

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11	13
Payment to suppliers and employees	(1,012)	(1,073)
Interest received	12	76
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(989)	(984)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(19)
Proceeds from the sale of property	711	-
Investment in available for sale financial assets	-	6
Investment in term deposits greater than 90 days	(1,400)	-
Acquisition option agreement deposit	(25)	-
Tenement security deposits	(15)	(150)
Expenditure on mining interests (exploration)	(816)	(828)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,545)	(991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,863	-
Payment of dividends	-	(6)
Repayment of share capital	-	(4)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	2,863	(10)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	329	(1,985)
Cash and cash equivalents at beginning of period	1,340	5,463
CASH AND CASH EQUIVALENTS AT END OF PERIOD *	1,669	3,478

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

* Cash and Cash equivalents at the end of the period do not include \$1.4 million in Term Deposits with maturity greater than 90 days

Notes to the Half-Year Financial Statements

1. CORPORATE INFORMATION

These financial statements of WPG Resources Ltd (the Company or WPG) for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 9 March 2016. WPG Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These half-year financial statements do not include all notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements.

These half-year financial statements should be read in conjunction with the annual financial statements of WPG for the year ended 30 June 2015.

It is also recommended that these half-year financial statements be considered together with any public announcements made by WPG during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ending 31 December 2015 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The historical cost basis has been used except for available-for-sale financial assets which have been measured at fair value.

For the purpose of preparing these half-year financial statements, the half-year has been treated as a discrete report period.

(b) Significant Accounting Policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in WPG's last annual financial statements for the year ended 30 June 2015.

(c) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to rounding of amounts in the financial report. Amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(d) Significant Accounting Judgments, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2015.

3. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker. The chief operating decision makers comprises of the executive management committee (comprising of the Executive Chairman, Managing Director, Technical Director, and CFO).

The executive management committee has determined that there are currently no operating segments and no discrete information is provided to them and therefore no segment information has been disclosed. The executive management committee receives consolidated financial information for the Group.

As an exploration and evaluation group, the executive management committee monitors segment performance based on non-financial measures such as exploration results as well expenditure rather than EBITDA as would a production company.

The Group is currently not selling products and as such no information has been provided on a product basis for 2015 or 2014. The Group currently has no sales revenue and no customers. As such no information has been disclosed for sales revenue on a geographic basis, nor are there any major customers that comprise more than 10% of the Group's revenue. All the Group's non-current assets are based in Australia.

Notes to the Half-Year Financial Statements

4. REVENUE	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
From Continuing Operations		
Interest received	13	76
Rent received	13	13
	<u>26</u>	<u>89</u>

5. SHARE BASED PAYMENTS

Current period expense for share based payments granted in the current period and in prior periods

	<u>99</u>	<u>100</u>
	<u>99</u>	<u>100</u>

On 1 July 2015, 6,620,123 (1 July 2014 – 5,704,801) incentive rights were issued to key management and directors and the shareholders have subsequently approved the grant of the executive directors' incentive rights. The value of these rights upon granting was \$225,804 (2014 - \$233,896) and a pro-rata amount has been expensed.

6. ASSETS CLASSIFIED AS HELD FOR SALE	Consolidated	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Port Pirie property		
Expenditure reclassified from Property, Plant and Equipment	-	750
Carrying amount at end of period	<u>-</u>	<u>750</u>

The industrial property at Port Pirie comprising land and improvements on 4.5 hectares is surplus to WPG's need and was sold in the period.

7. AVAILABLE FOR SALE FINANCIAL INSTRUMENTS

Listed company securities

Current

Equity Securities – Level 1	<u>74</u>	<u>88</u>
	<u>74</u>	<u>88</u>

The listed securities have been placed on the market for sale following a decision to divest them.

Listed equity securities are measured and recognised at fair value determined by reference to closing prices on the relevant securities exchange on which it is listed. The table above classifies financial instruments recognised in the statement of financial position of the group according to the hierarchy stipulated in AASB 7 as follows: *Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).*

Notes to the Half-Year Financial Statements

8. EXPLORATION AND EVALUATION EXPENDITURE	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Exploration expenditure		
Costs brought forward	7,384	4,841
Costs incurred during the period	637	1,586
100% JV interest acquired	-	958
Exploration expenditure impaired during the period	-	(1)
Costs carried forward	<u>8,021</u>	<u>7,384</u>
9. PROPERTY, PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Property – at cost	17	17
Accumulated amortisation	-	-
	<u>17</u>	<u>17</u>
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	17	990
Additions	-	17
Impairment loss expensed to profit and loss	-	(240)
Asset reclassified as Asset Held For Sale	-	(750)
Carrying amount at end of period	<u>17</u>	<u>17</u>
Plant and equipment – at cost	292	292
Accumulated depreciation	(262)	(250)
	<u>30</u>	<u>42</u>
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	42	350
Additions	-	19
Disposals	-	-
Asset reclassified as Asset Held For Sale	-	(299)
Depreciation expense	(12)	(28)
Carrying amount at end of period	<u>30</u>	<u>42</u>
Carrying amount of property, plant, equipment and leasehold improvements at end of the period	<u>47</u>	<u>59</u>

Notes to the Half-Year Financial Statements

10. CONTRIBUTED EQUITY	Consolidated	
	31 Dec 2015	31 Dec 2015
	\$'000	\$'000
Share capital		
278,994,920 ordinary shares fully paid (30 June 2014: 268,617,428)	33,487	33,091
Shares issued in the period	2,863	380
Reclassification of reserves	142	16
	<u>36,492</u>	<u>33,487</u>
400,826,414 ordinary shares fully paid (30 June 2015: 278,994,920)		
Share issue costs	<u>(7,859)</u>	<u>(7,859)</u>
	<u>28,633</u>	<u>25,628</u>

11. SUBSEQUENT EVENTS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring since the end of the half year other than outlined below.

On 22 February 2016 WPG announced that the share purchase agreement (SPA) to acquire the Challenger gold mine and South Australian exploration assets from Kingsgate Consolidated Limited (KCN) was executed by KCN and the Challenger Joint Venture (CJV). Completion will occur on 15 March 2016 when the mine will be placed on care and maintenance with no residual employee or contractor liabilities. Kingsgate will continue to operate the Challenger gold mine under an agreed plan until completion of the acquisition.

On 8 March 2016, the terms and conditions of the Tarcoola Mineral Lease were finalised and the Minister granted ML 6455 over MC 4376.

The Company received \$279,000 under the R&D tax concession scheme in January 2016.

DIRECTORS' DECLARATION

The directors of WPG Resources Ltd declare that:

1. the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



R H DUFFIN
Chairman of Directors

Sydney 11 March 2016

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.granthornton.com.au

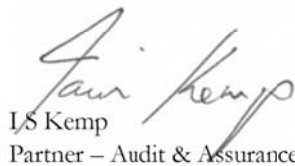
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WPG RESOURCES LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of WPG Resources Ltd for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I/S Kemp
Partner – Audit & Assurance

Adelaide, 11 March 2016

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Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
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W www.granthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WPG RESOURCES LTD

We have reviewed the accompanying half-year financial report of WPG Resources Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of WPG Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of WPG Resources Ltd,

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ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

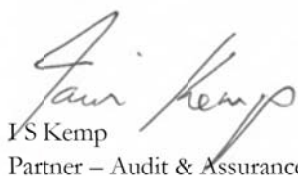
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WPG Resources Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.S. Kemp
Partner – Audit & Assurance

Adelaide, 11 March 2016



WPG Resources Ltd

ABN 51 109 426 502

ASX CODE: WPG

PO Box N239, Grosvenor Place, NSW, 1220, Australia
Level 9, Kyle House, 27-31 Macquarie Place, Sydney, NSW, Australia
Telephone: +61 2 9251 1044 Facsimile: +61 2 9247 3434
Email: info@wpgresources.com.au Website: www.wpgresources.com.au