

# ASX and Media Release

## Giffen Well \$3 million PFS tracking on target for completion this quarter

WPG Resources Ltd (ASX:WPG) today confirmed that its \$3 million prefeasibility study (PFS) for the development of the Giffen Well iron ore project in South Australia is progressing according to plan, and is expected to be completed during this current quarter.

The viability of the project is greatly enhanced by WPG's ability to take advantage of its own strategic assets in energy and port access to create an economical, integrated project.

The project will consist of an open pit iron ore mine and magnetite concentrator at Giffen Well, an open pit coal mine and power station at Penrhyn that will supply low cost energy to the iron ore operation, local services and infrastructure, a rail spur line that will connect to the Central Australian line near the Carnes siding, and the construction of rail receipt, storage and unloading facilities on the Company's land at Port Pirie.

WPG has the right to earn an 82% interest in the Giffen Well tenement and potentially a 100% interest, by meeting the commitments that were summarised in WPG's ASX announcements of 24 January 2012 and 15 November 2012. Penrhyn and the land and other assets at Port Pirie are owned 100% by WPG.

The integrated project has been designed to meet the capacity of existing infrastructure, wherever possible. This will keep a cap on capital expenditure and will help make the project's development more affordable.

Thirteen million tonnes per annum of magnetite iron ore will be mined to produce 5 mtpa of 68.5% Fe concentrate with low levels of impurities. The plant will also produce a haematite concentrate in early years while the oxide zone is mined.

The colliery will produce 400,000 tpa of sub-bituminous black coal that will be fed to a 90-100 MW mine mouth power station that will produce low cost electric power for use at Giffen Well.

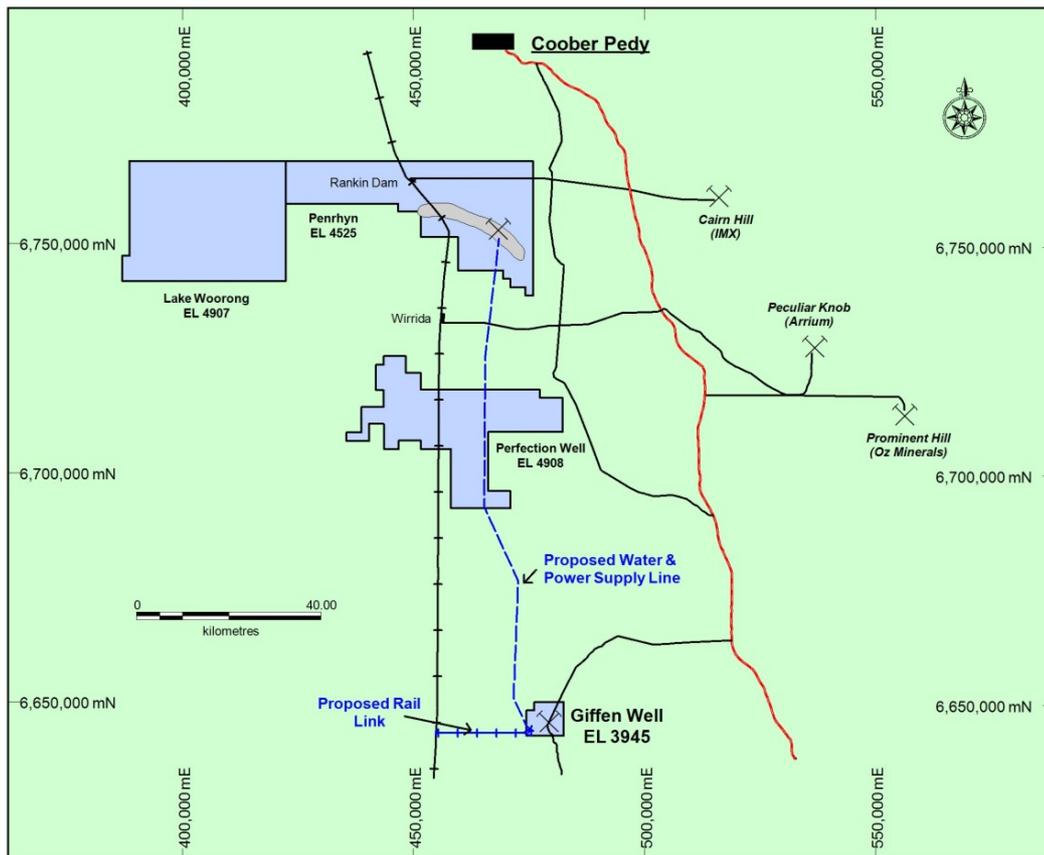
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There is scope to sell power to other users, possibly including the town of Coober Pedy where energy prices are extremely high. Process water will be obtained from dewatering of the Penrhyn pit. Concentrate will be railed to Port Pirie for transshipment to Capesize vessels anchored in deep water in Spencer Gulf.

Proposed activities near Coober Pedy are shown in the drawing below. WPG's tenement interests are shown in blue.



Resource estimates for Giffen Well were set out in WPG's ASX announcement of 4 October 2012 and for Penrhyn in WPG's ASX announcement of 7 July 2011. The metallurgical characteristics of Giffen Well iron ore were summarised in WPG's ASX announcement of 29 October 2012. WPG is not aware of any new information or data that materially affects the information included in the relevant market announcements set out above and, in the case of estimates of Mineral Resources, confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Current resource estimates at Giffen Well can support a 30 year project life.

Commenting on the PFS, Bob Duffin, WPG's Executive Chairman said he was pleased with the results of the PFS work so far. "There is little doubt that the project is technically feasible", he said. "We are now focussing on optimising the cost estimates. I'm confident that the operating costs will be broadly in line with our published estimates for Peculiar Knob, which we sold as part of a package of assets to OneSteel Limited (now Arrium) for approximately \$320 million in 2011, and which is now in production".

“We have further work to do on the capital cost, but we expect this to be in the order of \$300 million per annual tonne of iron ore concentrate. There is scope to make major reductions in the capital expenditure budget by outsourcing the power station and Port Pirie facilities to service providers, but our base case assumes all fixed assets are funded and operated by WPG”.

“These estimates will be fine-tuned as the PFS approaches completion later this quarter”, he said.

Bob Duffin also said that unit revenues from Giffen Well would be higher than for Peculiar Knob, because of the higher Fe grade and lower levels of impurities.

In December 2012 the South Australian government, which has been kept apprised of WPG’s plans, renewed the term of the Giffen Well tenement for a further period of three years. The government has also renewed the period for which WPG’s rights to complete development of its Port Pirie assets applies, which now extends to August 2015.

**Further Information**

*For further information please contact WPG’s Executive Chairman Bob Duffin, on (02) 9247 3232 or 0412 234 684.*