



ASX and Media Release

Finance News Network interview with Bob Duffin

Mr Bob Duffin, Executive Chairman of WPG Resources Ltd (ASX:WPG) has been interviewed by Finance News Network.

Bob discusses the results of the preliminary feasibility study for the Giffen Well Iron Ore Project, the integration of Giffen Well and the Company's Penrhyn coal and Port Pirie assets, and WPG's plans for the future.

Watch the interview on WPG's website: www.wpgresources.com.au/media.asp.

Transcription of Finance News Network Interview with WPG Resources Ltd (ASX:WPG) Executive Chairman, Bob Duffin

Lelde Smits: Hello I'm Lelde Smits for the Finance News Network and joining me from WPG Resources Ltd (ASX:WPG) is Executive Chairman, Bob Duffin. Bob welcome back to FNN.

Bob Duffin: Good to be with you again Lelde.

Lelde Smits: WPG Resources has just released the results of your \$3 million preliminary feasibility study, for your Giffen Well Iron Ore Project in South Australia. Bob, what were the main findings?

Bob Duffin: Well Lelde, we've completed the feasibility study or the preliminary feasibility study on time and on budget, as I said last time we spoke. The main findings of the project are that the integrated approach, which consists of the iron ore mine and processing plant at Giffen Well, the coalmine and power station at Penrhyn and the use of our port facilities at Port Pirie, provides a unique solution to the problem of developing a low cost magnetite project in Australia.

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ABN 51 109 426 502
Level 9, Kyle House
27-31 Macquarie Place
Sydney NSW 2000
Telephone (+612) 9251 1044
Facsimile (+612) 9247 3434
info@wpgresources.com.au
www.wpgresources.com.au

Lelde Smits: Based on the current findings, what is the expected annual production rate?

Bob Duffin: We're anticipating mining 13 million tonnes per annum of iron ore, to produce a saleable product of five million tonnes per annum, of high grade magnetite concentrate from 2017.

Lelde Smits: And what is the size of the current resource and potential for expansion?

Bob Duffin: The resource is just under 700 million tonnes at almost 32 per cent iron. That iron grade is extremely high by South Australian standards in particular. And mining it at 13 million tonnes per annum for 30 years, which is the life of the project, means that we're mining just over half of the currently known resource. So there's good potential to increase the life of the project or alternatively, to increase the annual production once we get into operation.

Lelde Smits: So what's the base case scenario for the project?

Bob Duffin: We'll be producing five million tonnes per annum of high grade magnetite concentrate for export through Port Pirie. We'll be mining just under 500,000 tonnes per annum of coal at Penrhyn and delivering power from the Penrhyn power station, together with water for the project from dewatering of the Penrhyn pit. All of that material will be exported through Port Pirie where we already have our facilities. And I can't emphasise too much, just how important that asset is that we have at Port Pirie, in terms of bringing this project into production at reasonable cost.

Lelde Smits: Looking closer at those financials, how do the capital requirements for the Giffen Well project compare to other greenfield magnetite projects around Australia?

Bob Duffin: The PFS showed that the capital cost estimate was approximately \$1.5 billion. For 5 million tonnes per annum, that's an annual rate of approximately \$300 per annual tonne. That's kind of within the ballpark of most iron ore projects that are being developed from a greenfield stage, at the moment.

Lelde Smits: And what are the projected operating costs for the Giffen Well project. And how do they compare to your Peculiar Knob project, which WPG Resources sold in 2011?

Bob Duffin: We most recently published a cost estimate for Peculiar Knob of \$72 per tonne to FOB (free on board) for Giffen Well; the cost estimate is just over \$71 per tonne. So it's about the same as Peculiar Knob and as you say, Peculiar Knob was a project which we sold for \$320 million in November of 2011.

Lelde Smits: Last time we spoke, you mentioned you were in talks with foreign industry players regarding the development of the project. How are the talks progressing?

Bob Duffin: Talks are progressing extremely well. Now that the PFS is out in the public domain, those talks will move towards conclusion hopefully over the next few weeks.

Lelde Smits: And Bob, could you talk us through your anticipated funding structure for the year ahead?

Bob Duffin: Within six weeks or so, we're required to make a \$5 million payment to the vendor, that's the exercise of an option. And then for the expenditure of another \$5 or \$6 million, we will get to majority ownership of the Giffen Well project. And we'll get to the 82 per cent ownership that we've talked about through the expenditure of a total of \$14 million.

Lelde Smits: OK so now the prefeasibility study is complete, when do you expect to progress to the final feasibility study?

Bob Duffin: Hopefully we will start in about six or eight weeks' time. That'll be a two year project, although there is some potential for concertinaing that timeframe and then there'll be two year construction period. So hopefully we'll be in production by 2017.

Lelde Smits: Finally Bob, what time lines have you put on progressing the Giffen Well project to production. And what's next on the priority list?

Bob Duffin: Clearly the top priority at the moment is to introduce a foreign partner to help with the costs for project feasibility study in development. And we're looking to do that within the next few weeks or months.

Lelde Smits: Bob Duffin, thank you for the update to WPG Resources.

Bob Duffin: Thanks Lelde.

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Further Information

For further information please contact WPG's Executive Chairman Bob Duffin on 02 9247 3232 or Company Secretary Larissa Brown on 02 9251 1044.