

ASX and Media Release

Quarterly activities report December quarter 2012

HIGHLIGHTS

- ❖ The Company's focus during the December quarter has concentrated on progressing the preliminary feasibility study (PFS) for the Giffen Well iron ore project in South Australia, which is expected to be completed mid-way through the current quarter.
- ❖ As currently envisaged, the integrated project will consist of an open pit iron ore mine and 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, development of local services and infrastructure, construction of a rail spur line that will connect to the Central Australian line near the Carnes siding, and the construction of rail receipt, storage and outloading facilities on the Company's land at Port Pirie.
- ❖ The project is underpinned by a total resource estimate of 689 million tonnes at an average grade of 30.9% Fe, with 62% of the resource tonnage estimate classified as Indicated. Metallurgical testwork has delivered excellent recoveries, with approximately 40% DTR mass recoveries and DTR concentrate grades of up to 68.5% Fe.
- ❖ Thirteen million tonnes per annum of magnetite iron will be mined to produce 5mta Fe concentrate with low levels of impurities. A haematite concentrate will also be produced in early years while the oxide zone is mined.
- ❖ Project viability is greatly enhanced by WPG's ability to integrate its own strategic assets at Penrhyn and Port Pirie into the overall operation.
- ❖ Key SA regulators have been kept updated on the project and the Giffen Well exploration licence has been renewed for a further three year period. Various permits to develop the storage and export facility at Port Pirie have been extended to 2015.

30 January 2013



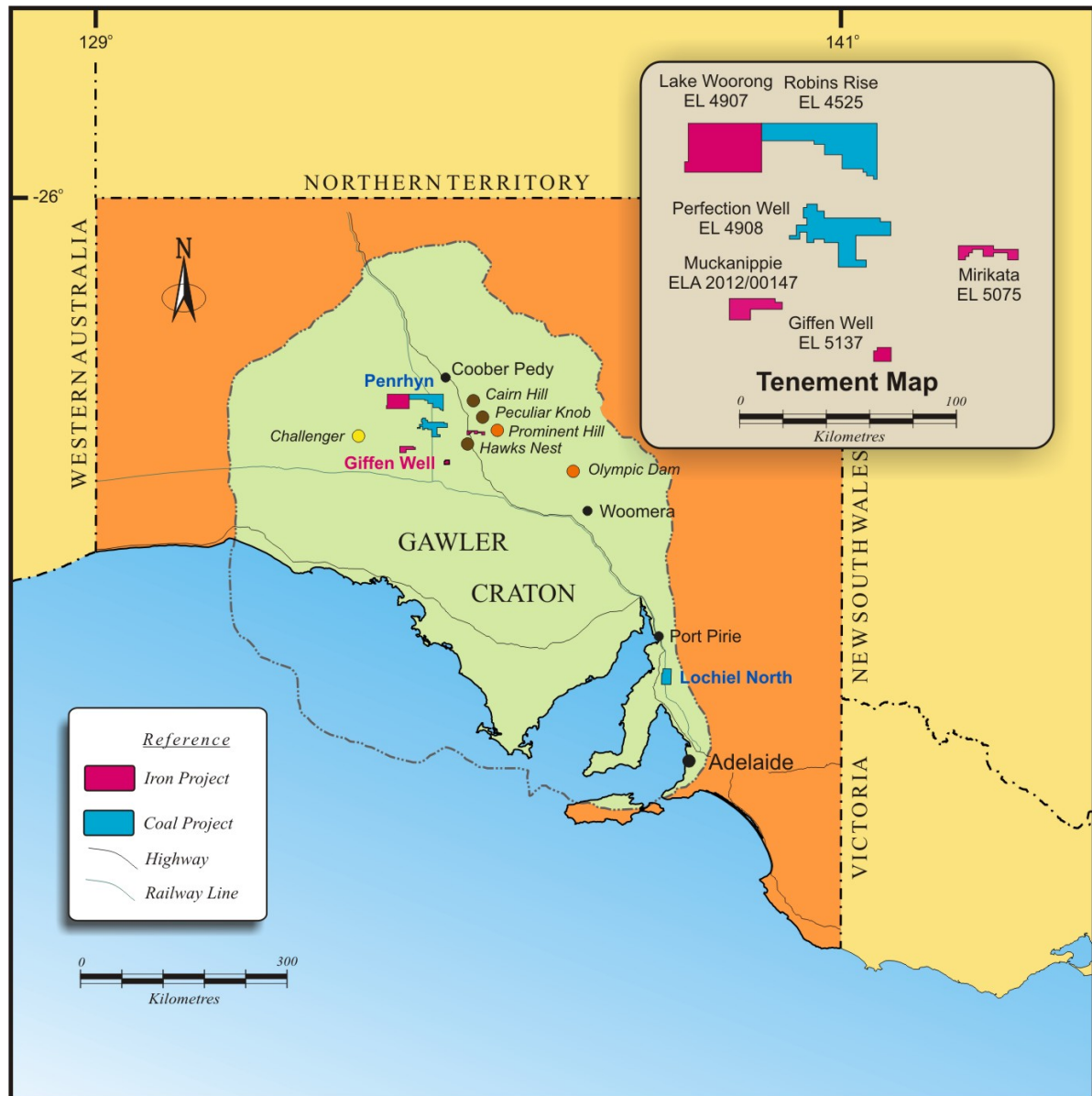
ABN 51 109 426 502

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

SOUTH AUSTRALIAN PROJECT ASSETS

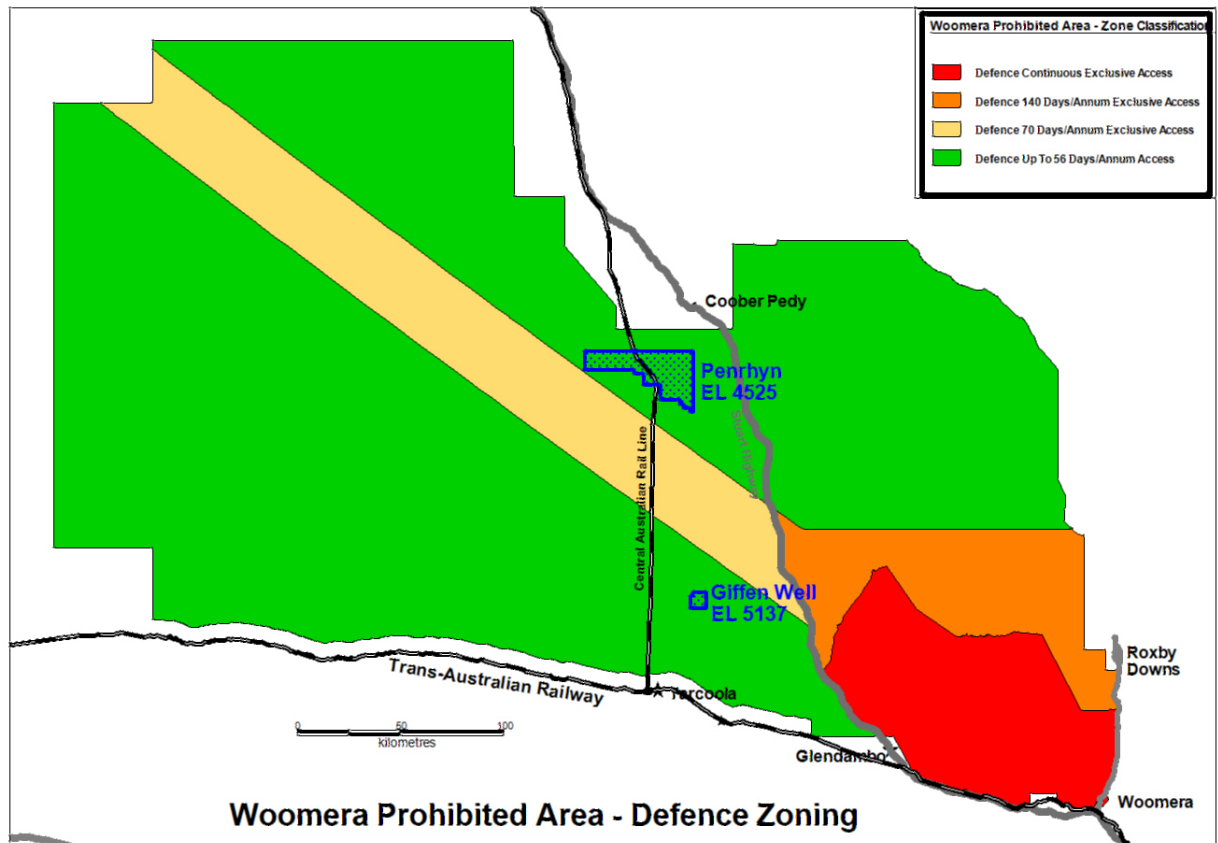
The locations of WPG's South Australian project assets are shown in the following map. This map shows the Company's granted tenements, including the Giffen Well farm-in project area and tenements under offer or application.



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 the Company'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.

Giffen Well

The Giffen Well iron ore deposit and the Penrhyn black coal deposit are both located in the low-impact Green Zone of the Woomera Prohibited Area, as shown in the following diagram.



The Giffen Well resource estimate summarised in the table below.

Category	Million Tonnes	Fe%	SiO ₂ %	P%	Al ₂ O ₃ %	S%
OXIDE						
Indicated	65.8	33.0	33.6	0.04	2.5	0.05
Inferred	41.4	34.5	35.4	0.04	2.7	0.03
Total	107.2	33.6	34.3	0.04	2.5	0.04
BIF						
Indicated	361.9	31.6	38.4	0.07	1.7	0.64
Inferred	220.0	30.0	41.4	0.07	2.0	0.55
Total	581.9	31.0	39.5	0.07	1.8	0.61
TOTAL RESOURCE ESTIMATE						
Indicated	427.7	31.8	37.6	0.06	1.8	0.54
Inferred	261.4	30.7	40.4	0.07	2.1	0.47
Total	689.1	31.4	38.7	0.07	1.9	0.52

The resource estimates for the Penrhyn coal project are summarised in the following table.

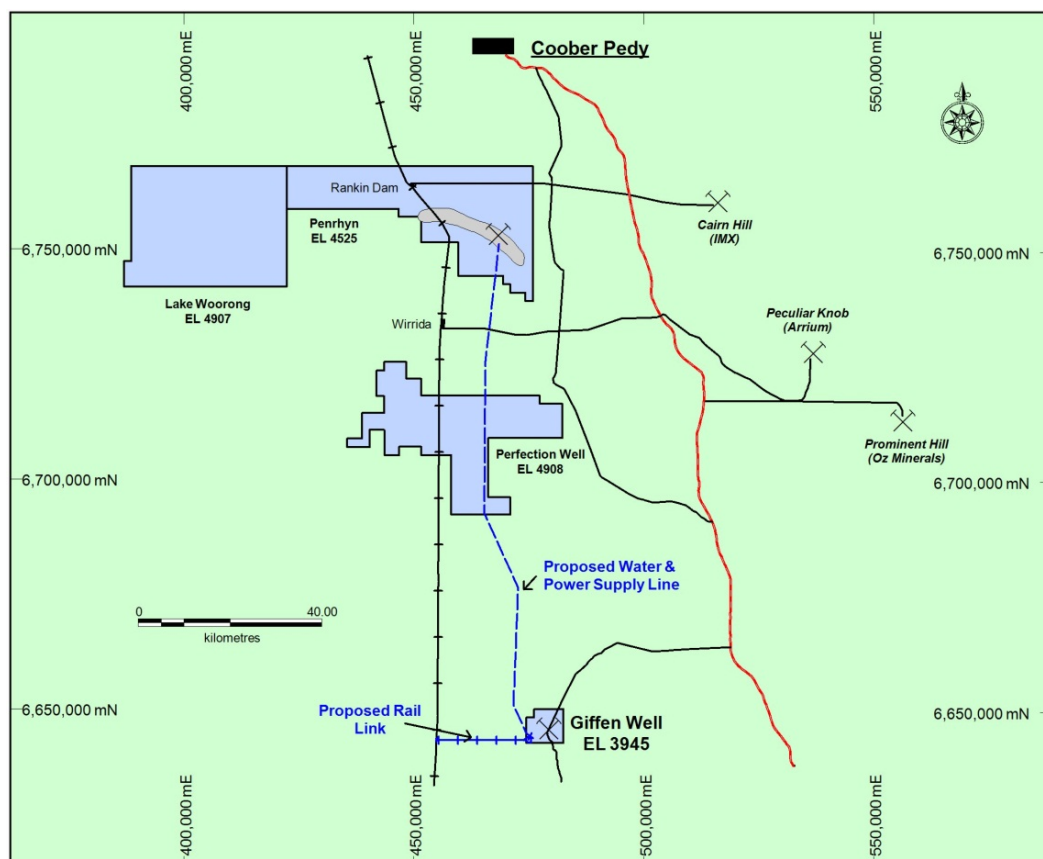
Resource Category	Tonnage (mt)
Measured resource	185.4
Indicated resource	150.5
Inferred resource	16.5
Total resources	352.4

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

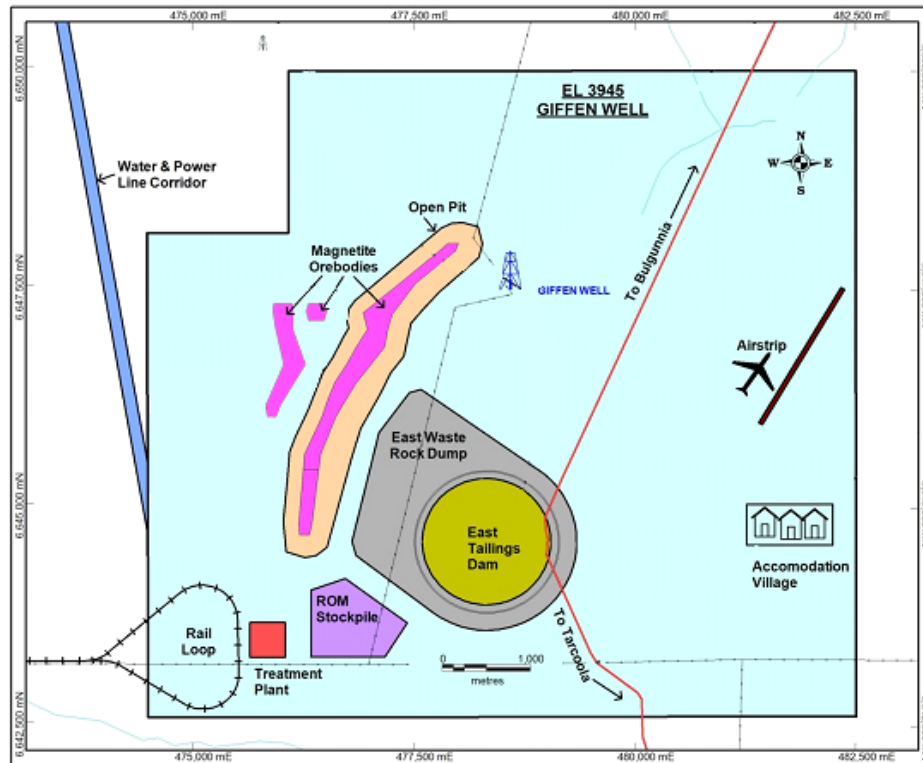
Detailed Davis Tube metallurgical testwork has been completed on Giffen Well drill samples. The results of this testwork were set out in WPG's ASX announcement of 29 October 2012. In brief, this work showed it should be possible to produce a concentrate containing approximately 68.5% Fe, 3.9% SiO₂, 0.2% Al₂O₃, 0.01% P and 0.06% S.

Giffen Well and Penrhyn form an integrated project designed to match the capacity of existing infrastructure, wherever possible.

As contemplated in the PFS, activities near Coober Pedy are shown in the drawing below. WPG's tenement interests are shown in blue.



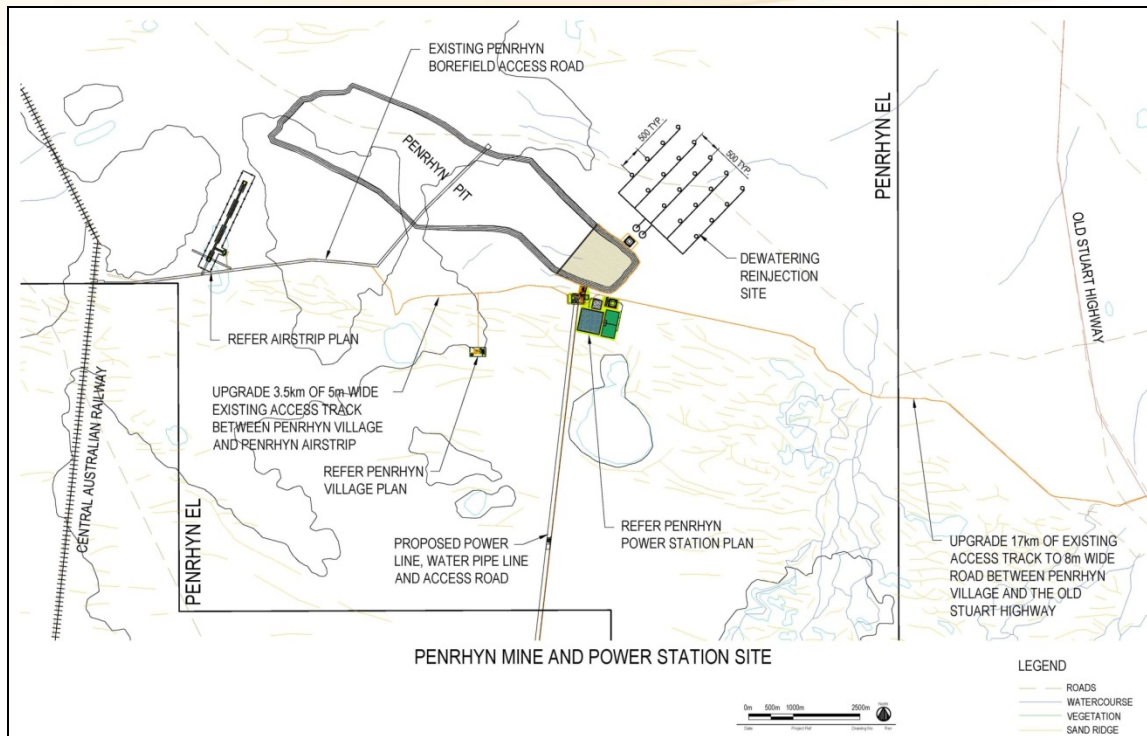
Thirteen million tonnes per annum of magnetite iron ore will be mined to produce 5 mtpa of 68.5% Fe concentrate with low levels of impurities. The plant has also been designed to produce a haematite concentrate in early years while the oxide zone is mined. The proposed site layout at Giffen Well is shown in the drawing below.



The proposed treatment plant is shown schematically in the following drawing.



The colliery will produce 400,000 tpa of sub-bituminous black coal that will be fed to a 90 MW mine mouth power station that will produce low cost electric power for use at Giffen Well. The proposed site layout for Penrhyn is shown in the following diagram.



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. WPG owns a strategically located parcel of land adjoining the port facilities at Port Pirie, South Australia. This parcel of land is well serviced, with direct rail access to Giffen Well and Penrhyn. The perimeter of the land is shown bounded yellow in the following image.



Through the quarter WPG continued a range of baseline environmental monitoring consistent with conditions of the Development Approval for the site and secured an extension of time to develop the intended export facility to August 2015.

Pidinga and Talacootra Projects

Inability to obtain a mutually acceptable access agreement with the Native Title claimants, along with an increased focus on the Giffen Well Project program resulted in the voluntary relinquishment of the tenements.

Penrhyn, Lochiel North and Perfection Well Coal Projects

Planning of a program of reserve and geotechnical drilling on the south-eastern portion of the Penrhyn coal deposit was carried out as part of the Giffen Well PFS. Literature research and digital data compilation of past exploration results was commenced in the Perfection Well tenement. A renewal application for the Lochiel North tenement has been lodged.

Mirikata and Muckanippie Projects

The Mirikata exploration licence was granted during the quarter and an exploration licence has been offered and accepted at Muckanippie. Both areas are prospective for iron ore and IOCG/U mineralisation.

Further Information

For further information please contact WPG's Executive Chairman, Bob Duffin on (02) 9247 3232 or Chief Executive Officer, Martin Jacobsen on (02) 9251 1044.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

WPG Resources Ltd

ABN

51 109 426 502

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter 31 December 2012	Year to date (6 months)
		\$A'ooo	\$A'ooo
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(981)	(1,499)
	(b) development		
	(c) production		
	(d) administration	(616)	(1,368)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	259	383
1.5	Interest and other costs of finance paid	-	
1.6	Income taxes paid		
1.7	Other – tenement deposits paid		
	Other – GST paid not yet refunded		
Net Operating Cash Flows		(1,338)	(2,484)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(20)	(26)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other – Purchase Land	-	
Net investing cash flows		(20)	(26)
1.13	Total operating and investing cash flows (carried forward)	(1,358)	(2,510)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,358)	(2,510)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid	(2)	(28)
	Return of Capital paid	(1)	(18)
1.19	Other (provide details if material)	0	
	Net financing cash flows	(3)	(46)
	Net increase (decrease) in cash held	(1,361)	(2,556)
1.20	Cash at beginning of quarter/year to date	14,745	15,940
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	13,384	13,384

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	247
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and Consultancy fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities		
3.2 Credit standby arrangements		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	489
4.2 Development	-
4.3 Dividends and Return of Capital unrepresented in previous quarters	208
4.4 Administration	794
Taxation payment	977
Total	2,468

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	86	90
5.2	Deposits at call	585	866
5.3	Bank overdraft		
5.4	Other – fixed term bank deposits	12,713	13,789
Total: cash at end of quarter (item 1.22)		13,384	14,745

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Pidinga EL 4631	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd lapsed during the quarter	100%	0%
6.2	Interests in mining tenements acquired or increased	Mirikata EL 5075	Tenement application granted, interest held by WPG Resources Ltd	100%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities	Nil			
7.2 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	260,947,378	260,947,378 *		
7.4 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through returns of capital, buy-backs	Nil			
7.5 +Convertible debt securities (description)	Nil			
7.6 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through securities matured, converted	Nil			
7.7 Rights				<i>Vesting date</i>
	4,598,165	0		<i>1 July 2015</i>
7.8 Rights granted during quarter				
7.9 Options exercised during quarter	Nil			
Rights vested during quarter	Nil			
7.10 Options expired during quarter	209,000			
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

* 3,082,960 of the shares on issue are subject to voluntary escrow for 12 months from 27 March 2012.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Larissa Brown* Date: 30 January 2013
(Company secretary)

Print name: Larissa Brown

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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+ See chapter 19 for defined terms.

Schedule of tenements as at 30 January 2013

Tenement	Tenement Number	Interest	Holder / Joint Venture Details
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SOUTH AUSTRALIA – IRON ORE/BASE METALS/GOLD TENEMENTS

Giffen Well	EL 3945	0%	Wholly owned subsidiary Giffen Iron Pty Ltd can earn up to an 82% interest. Rights apply to iron mineralisation.
Lake Woorong	EL 4907	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Mirikata	EL 5075	100%	Interest held by WPG Resources Ltd.
Muckanippie	EL 5154	100%	Interest held by WPG Resources Ltd.

SOUTH AUSTRALIA – COAL TENEMENTS

Penrhyn	EL 4525	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Perfection Well	EL 4908	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.
Lochiel North	EL 4670	100%	Interest held by wholly owned subsidiary Southern Coal Holdings Pty Ltd.

EL = Exploration Licence
 ELA = Exploration Licence Application