



ASX and Media Release

WPG's Option to acquire the Challenger gold project

WPG Resources Ltd (ASX: WPG) refers to today's ASX announcement by Marmota Energy Limited (ASX: MEU) that appears to be an open offer to Kingsgate Consolidated Limited (ASX: KCN) and its shareholders to trump the option agreement announced by both WPG and Kingsgate on 30 October 2015 for the sale and purchase of the Challenger gold project in South Australia.

WPG's 30 October 2015 announcement outlined the terms of an option agreement executed by the parties under which WPG can acquire Kingsgate's subsidiary Challenger Gold Operations Pty Ltd (CGO), which owns the Challenger mine and its facilities, and a large package of exploration tenements in the Challenger area. If the option is exercised, WPG and Diversified Minerals Pty Ltd (DMPL), an entity within the PYBAR Group, will form a 50/50 joint venture to operate the project. In addition, DMPL will subscribe for between approximately 25 million and 37.5 million WPG shares at a price of 3.1 cents per share, which will raise from \$800,000 to \$1,200,000 for WPG. Pybar Mining Services Pty Ltd will be appointed preferred mining contractor, and WPG will be manager of the joint venture. WPG believes the PYBAR Group's balance sheet strength and its widely recognised skills in small scale underground mining operations, and WPG's management skills and track record in delivering value to shareholders, demonstrate that the acquisition can be completed satisfactorily and the mine successfully reopened, if the option is exercised.

The option agreement is binding on the parties.

WPG already owns mining and exploration project tenements in the Gawler Craton, the geological complex in which the Challenger deposit lies. WPG's existing project tenements in the Challenger area include Tarcoola and Tunkillia. Ore reserve estimates for Tarcoola, and mineral resource estimates for Tarcoola and Tunkillia, are set out in WPG's annual report to shareholders for 2015, which was released on 23 October 2015 and which is available to view at www.wpgresources.com.au and also at www.asx.com.au.

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As set in WPG's ASX announcement of 30 October 2015 and also in WPG's Prospectus that was released to the ASX on 2 November 2015, WPG is implementing a strategy for the development of a regional gold play in the Gawler Craton. Tarcoola and Tunkillia are the building blocks of this strategy. Challenger, if the acquisition option is exercised, will be another plank in its delivery.

WPG is well aware of a number of exploration targets within the greater Challenger region, which are held by other companies as well as by WPG and CGO. These include the early-stage calcrete anomaly at Westpoint Hill, which is highlighted in today's ASX announcement by Marmota. If the option to acquire Challenger is exercised, WPG would welcome approaches by other companies such as Marmota seeking access to the Challenger mill. Providing capacity is available, the WPG/DMPL joint venture would be prepared to consider toll treating or joint venture arrangements, on normal commercial terms to be negotiated at the time.

Further Information

For further information please contact WPG's Executive Chairman, Bob Duffin on (02) 9247 3232.