

2014  
FINANCIAL REPORT



**WPG Resources Ltd**

**ABN 51 109 426 502**

# Directors' Report

Your Directors present their report on the consolidated entity, consisting of WPG Resources Ltd (WPG or the Company) and the entities it controlled (Group) at the end of, or during the financial year ended 30 June 2014.

## DIRECTORS

The following persons held office as Directors at the date of this report and throughout the financial year, unless otherwise stated:

Name, Position and Qualifications	Directorships of Other Listed Companies	Appointment Date	Resignation Date
<b>Robert H Duffin</b> , Executive Chairman BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM	Ferrowest Ltd from 27 July 2006 – 8 September 2011		
<b>Martin C Jacobsen</b> , Managing Director * MSCC, MDP (Unisa)		16 October 2013	
<b>Gary J Jones</b> , Technical Director BSc (Auckland), FAusIMM, MASEG			
<b>Leonard A Dean</b> , Non-Executive Director BSc (Metallurgy)	Gladiator Resources Limited from 30 August 2010 – 17 December 2012		
<b>Lim See Yong</b> , Non-Executive Director BBA (Singapore)			
<b>Dennis R Mutton</b> , Non-Executive Director BSc (Hons), Grad Dip Mgt, FAIM, JP, FAICD			
<b>Heath L Roberts</b> , Executive Director ** Dip Law (SAB), Grad Dip Legal Practice (UTS)			7 August 2013

\* Mr Jacobsen joined the Company in August 2007 as Chief Operating Officer, continues as Chief Executive Officer and was appointed to the Board on 16 October 2013.

\*\* Mr Roberts, a Director since 2004, resigned from the Board on 7 August 2013.

No other Directors resigned during or since the end of the financial year. A biography and statutory disclosures regarding each Director are provided in the Directors and Management section of this report.

## Meetings of Directors

Attendances at the Company's Board and Committee meetings held during the year are summarised as follows:

Director	Board	Audit & Risk	Corporate Governance & Nomination	Remuneration
	Total meetings – 9	Total Meetings – 2	Total meetings – 1	Total meetings – 2
RH Duffin	9 of 9	N/A	N/A	N/A
M C Jacobsen*	6 of 6	N/A	N/A	N/A
GJ Jones	9 of 9	N/A	N/A	N/A
LA Dean	8 of 9	2 of 2	1 of 1	2 of 2
Lim SY	9 of 9	2 of 2	1 of 1	2 of 2
DR Mutton	9 of 9	2 of 2	1 of 1	2 of 2
HL Roberts**	1 of 1	N/A	N/A	N/A

\* Mr Jacobsen was appointed to the Board on 16 October 2013.

\*\* Mr Roberts resigned from the Board on 7 August 2013.

## Directors' Interests in Shares, Options and Rights

Directors' interests in shares and rights as at the date of this report are set out below:

Director	No. Shares	No. Options	No. Rights *
RH Duffin	24,163,997	-	-
GJ Jones	520,000	-	1,542,531
MC Jacobsen	400,000	-	5,364,845
LA Dean	900,000	-	-
Lim SY	-	-	-
DR Mutton	41,000	-	-

\* 2,447,317 of these rights are subject to shareholder approval at the 26 November 2014 Annual General Meeting.

## PRINCIPAL ACTIVITIES

The principal continuing activity of the Group is exploration, evaluation and development of its base and precious metal,

iron ore and coal projects located in South Australia as well as the pursuit of new investments which during the year resulted in the purchase of two gold assets in South Australia.

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Further details are provided in the Review of Operations.

## RESULTS

The net result of operations after applicable income tax expense was a loss of \$3,435,462 (2013 – loss of \$5,060,420) which includes the write-off of exploration and evaluation expenditure incurred of \$150,407 (2013 – \$4,099,703) and project evaluation expenditure incurred of \$1,778,755 (2013 – \$Nil).

## REVIEW OF OPERATIONS

In parallel with exploration and drilling programs on its various South Australian tenements, WPG, during the year in review, actively sought mineral/mining investment opportunities, covering a wide range of commodities and mining sectors, both in Australia and overseas.

Our emphasis on project evaluation was on advanced exploration to PFS/BFS stage assets, where WPG could add value by completing permitting and de-risking projects prior to any commercial development decisions. We also actively sought projects that were affordable and in commodities which had the potential to deliver value increments in near-term time frames.

During the year, the Group thoroughly reviewed more than 50 projects and companies which culminated in the acquisition of Tunkillia Gold Pty Ltd and its interests in the Tarcoola and Tunkillia gold projects in May 2014. Completion of the acquisition followed extensive due diligence inclusive of the assessment of the feasibility and scoping studies previously undertaken on both projects.

WPG continues to monitor opportunities for other potential value accretive acquisition projects.

### Acquisition of Tunkillia Gold Pty Ltd

The Company acquired 100% of the issued capital in Tunkillia Gold Pty Ltd, from Mungana Goldmines Ltd (Mungana) (ASX: MUX) on 29 May 2014. Tunkillia Gold Pty Ltd holds a 100% interest in the Tarcoola Gold Project, a 70% interest in Tunkillia Gold Project Joint Venture (Helix Resources Ltd 30%) and 100% in the Cooritta Hill tenement.

All these projects are located in the Gawler Craton, around 450 kilometres north-west of Port Augusta in South Australia. WPG has extensive operational and permitting expertise in this jurisdiction.

The tenements cover an area of 2,836 km<sup>2</sup> and are prospective for gold, copper, uranium, silver and iron. WPG holds rights to all minerals in the Tunkillia tenements and at Tarcoola only with respect to gold, silver and copper other than in a defined area around the Tarcoola gold projects where rights to all minerals are held.

In excess of \$20 million has been spent by other parties on exploration, resource definition drilling, and permitting at the Tarcoola and Tunkillia projects and both projects are considered to be prospective for new discoveries.

Consideration paid was \$1.5 million in cash and 7.5 million fully paid ordinary shares in WPG (subject to a 12 month

voluntary escrow). This represents a low acquisition cost of less than \$2.50 per ounce of attributable gold in resource

An additional amount of up to \$1.0 million may be payable upon the achievement of certain future milestones. WPG will also guarantee some historical obligations linked to the Tarcoola gold project. Further a net smelter royalty is payable on gold and silver produced on Mineral Claim 4347 within the Tunkillia gold project based on a sliding scale gold price capped at 1.75%.

### Tarcoola Gold Project (100% WPG)

Tarcoola is an historic gold mining area with gold located in multiple reef structures with supergene enrichment in the weathered profile. Total recorded production to December 1986 was 2,387 kg (77,000 oz) of gold from 63,703 tonnes of ore at an average recovered grade of 37.5 g/t Au, with the vast majority of this having been mined early in the last century.

Feasibility and scoping studies have been undertaken at Tarcoola, where a total resource estimated to be 973,000 tonnes averaging 3.12 g/t Au containing 97,000oz Au has been identified in the two main deposits – Perseverance and Last Resource. Another known prospect at Tarcoola, Wondergraph, provides additional upside potential.

A total of 628 drill holes for 53,191 metres have been used in the Tarcoola resource estimate. This includes 29 diamond drill holes for 4,240 metres, 20 RCD holes for 4,220 metres, 534 RC holes for 42,590 metres and 45 percussion holes for 2,140 metres.

WPG has completed a review of data since the acquisition had confirmed that the Tarcoola gold project could be successfully developed into a mining operation producing approximately 20,000oz of gold per year. Mining would be a conventional open pit operation with associated heap leach processing. Initial mine life would be four to five years. Subject to completion of a definitive feasibility study and regulatory approvals, mining operations could commence by the end of 2015.

### Tunkillia Gold Project (70% WPG)

The Tunkillia gold project is a joint venture in which WPG holds a 70% interest with the remaining interest of 30% held by Helix Resources Ltd (ASX: HLX). WPG is the manager of the joint venture. In addition WPG holds a 100% interest in the adjacent EL4696 "Cooritta Hill".

Mineralisation was first discovered by Helix in late 1996 during a drilling program to test an extensive surface geochemical anomaly defined from calcrete sampling. The orebody is located beneath a leached kaolinitic profile 40-50 metres in depth in which gold mineralisation is typically depleted. A number of untested geochemical targets have already been identified for follow up work in the Tunkillia area.

Feasibility and scoping studies have been undertaken at Tunkillia where a total resource estimate of 26.3 million tonnes averaging 1.04g/t Au containing 878,000 ounces of

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gold and 2.5 million ounces of silver at the 100% level was identified. These studies have contemplated a medium size open pit with a six year mine life utilising conventional CIL processing. A Mining Lease Application (MLA) was lodged with the South Australian Department of State Development (DSD – formerly DMITRE) by Mungana on 23 April 2014. This MLA continues to be assessed and will soon be put out for public comment.

Preparatory work towards a review and verification of the mineral resource estimate by WPG for the Tunkillia gold deposit is well advanced. A series of oriented geological cross sections covering the 6,200 metres systematically drilled strike have been compiled, constructed and digitised.

Resource outlines using a combination of geology and gold assay values are being manually defined for each section and also digitised. Wireframe models will be constructed from these outlines to confirm the previous resource estimate.

Further work on the regional Tunkillia exploration targets is currently being prioritised.

## **Muckanippie, Robins Rise and Lake Woorong**

A geophysical exploration program on the Muckanippie, Lake Woorong and Robins Rise tenements in the Northern Gawler Crater region south of Coober Pedy in South Australia was completed in July 2013. This program identified a number of priority targets on anomalies considered prospective for the discovery of direct shipping iron ore, gold and nickel sulphide deposits. Prospect targets within the Muckanippie EL are considered to have excellent potential discovery of a massive sulphide nickel deposit while the Robins Rise and Lake Woorong tenements are highly prospective for the DSO haematite deposits analogous to the Peculiar Knob and Hawks Nest deposits that were developed and sold by WPG in 2011.

In May 2014 WPG completed an aircore drilling program on the Muckanippie tenement. The drilling program on the Nardoo South prospect included a total of 59 drill holes for 2,569m yielded significant assay results with broad zones of anomalous nickel mineralisation within the regolith profile indicating individual assays of up to 0.12% Ni.

Anomalous gold assays at the Duke prospect in drill holes intersected 2 metres at 0.54g/t gold from a hole depth of 32 metres and intersected 1 metre at 0.08g/t gold in the bottom of hole interval of 42-43 metres.

Aircore drilling planned at three targets within the Lake Woorong and Robins Rise tenements where the anomalies are situated on the Coober Pedy Ridge, a geological domain considered to be highly prospective for DSO haematite deposits, was delayed due to inclement weather.

## **Lochiel North, Perfection Well and Mirikata**

Minimal exploration activity occurred on these tenements during the year. The Penrhyn coal project located at Perfection Well hosts a 352Mt JORC 2012 compliant

resource and has excellent access to the Central Australian Rail Line. The Lochiel North lignite deposit is located in the St. Vincents Basin and has excellent access to infrastructure including rail. It hosts a JORC 2012 compliant 270Mt resource.

During the period the company elected to relinquish the Mirikata exploration license.

## **Port Pirie Land**

WPG holds a strategically located parcel of land adjacent to Berth 8 at Port Pirie, South Australia. This is a large industrial block with direct rail access, which was purchased to facilitate the receipt, storage and load-out of iron ore but the site is considered equally appropriate for a range of other bulk commodities.

The land and improvements are being maintained to appropriate standards to ensure it can be capitalised upon for new projects which the Company continues to evaluate.

## **Board Appointment**

In October 2013 WPG's Chief Executive Officer, Martin Jacobsen, was appointed Managing Director. Martin was an integral part of the leadership team that successfully secured WPG's iron ore asset sale in 2011, and identified, assessed and acquired the Company's new gold projects.

His appointment reflects his strong contribution to the Company and his leadership of the WPG team assures a firm continuity of the Company's fundamental management strengths. He brings to the Board extensive executive, technical and operational experience in the resources sector both in Australia and internationally.

## **Corporate Structure**

WPG is a public company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the ASX and trades under the code "WPG". WPG group companies are set out in Note 20 to the Financial Statements.

## **Employees and Service Providers**

As at 30 June 2014 the Company had 11 full time and part time personnel.

## **Gender Diversity**

While the Company seeks to ensure that selection and recruitment decisions are based on merit, it recognises that greater innovation and improved engagement are achieved through having a diverse workforce. The Board aims to attract and maintain a Board and employee base which has an appropriate mix of skills, experience and expertise by recruiting from a diverse pool of qualified candidates.

The Company is committed to developing and maintaining an inclusive work environment accessible to all and actively promotes a corporate culture which embraces diversity.

# Directors' Report

One female, the Group Company Secretary, reports directly to the Executive Chairman.

## Proportion of women employees

	30 June 2014		30 June 2013	
Women employees in the whole organisation	3/11	27%	3/12	25%
Women on the Board	0/6	0%	0/6	0%
Senior Executives	1/5	20%	1/6	17%

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this report.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this report there were no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations of the Group;
- the results of those operations; or
- the state of affairs of the Group.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

### Tarcoola and Tunkillia Project Development

A thorough review of the Tarcoola gold project data has resulted in WPG launching its fast track program with regulatory approvals, including preparation and lodgement of a Tarcoola Mining Lease Application, and a program of metallurgical drilling. The mining operation, anticipated to produce approximately 20,000oz of gold per year, will be a conventional open pit operation with associated heap leach processing, with an initial mine life of four to five years.

The Company also intends to progress the Tunkillia Mining Lease Application, optimise the Tunkillia mineral resource to increase the gold grade and reassess the project treatment options for optimal economic returns.

To advance these recent project acquisitions, additional exploration activities will be undertaken over next financial year to expand resource volumes on each project to improve their respective project economics. This is to be achieved through the following priorities:

- ❖ review of identified regional prospects;
- ❖ prioritise and develop exploration targets; and
- ❖ identify high grade pods suitable for early development.

### South Australian Exploration Program

The Company plans to continue with the exploration program already underway for Muckanippie (EL 5154), Robins Rise (EL 4525) and Lake Woorong (EL 4907) tenements with the aim of identifying targets for further follow-up drilling. The next phase of drilling will provide information necessary to evaluate the resource potential.

## Evaluation of Investment Opportunities

The Company will continue to actively review mining investment opportunities, covering a wide range of commodities and mining sectors both in Australia and overseas, with its favoured commodities and opportunity focus including gold, zinc and copper as well as iron ore and coal, with a view to building a wider base of assets for commercial development.

## ENVIRONMENTAL PERFORMANCE

The Group's exploration and development activities are conducted in accordance with environmental regulations under both Commonwealth and State legislation.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Details of the Group's environmental performance are provided in "Sustainability, Environmental Performance and Community Relations".

## RIGHTS

During the year ended 30 June 2014, 170,050 shares were issued by virtue of the vesting of rights.

Since year end to the date of this report 377,492 ordinary shares were issued by virtue of the vesting of rights. An additional 529,924 rights were cancelled.

As at the date of this report the following Incentive Rights are outstanding:

Incentive Rights	Vesting date
3,536,907	1 July 2015
5,511,083	1 July 2016
5,307,301*	1 July 2017

\* 2,447,317 of these incentive rights are granted to executive directors and are subject to shareholder approval at the 26 November 2014 Annual General Meeting.

## DIVIDENDS

No dividends were paid or proposed during the year.

## REMUNERATION REPORT – AUDITED

### Policy on Remuneration

#### Directors' Benefits and Emoluments

Directors' remuneration levels, including participation in the Company's Incentive Rights Plan, are structured to provide reasonable compensation consistent with the Company's financial resources and the size and scale of the Company's operations.

#### Remuneration of the Board and Senior Management

The Board, on advice from the Remuneration Committee, determine the remuneration packages for Executive and Non-Executive Directors and for senior management.

## Directors' Report

Decisions taken by the Remuneration Committee and the Board are based on a range of factors, including advice from an independent remuneration consultant.

In establishing and implementing fair remuneration arrangements, the Remuneration Committee and the Board has sought to align remuneration on a market basis with peer companies. The Company has adopted this approach rather than apply particular performance criteria to each relevant individual, which for a company at WPG's stage of operations, remain impractical to determine.

The Incentive Rights Plan (the Plan) for the benefit of Executive Directors and senior management was implemented in the 2011 financial year. A detailed summary of the Plan is set out below.

There is no retirement scheme for Directors.

### Independent Assessment of Directors Benefits and Emoluments

In accordance with previous resolutions of the Remuneration Committee and the Board, the Company appointed the Godfrey Remuneration Group as its independent external remuneration consultant to provide remuneration recommendations and advice to the Remuneration Committee relating to key management personnel of WPG in the 2014 financial year.

The Board is satisfied that the recommendations and advice provided by Godfrey Remuneration Group were free from undue influence of key management personnel. Godfrey Remuneration Group provide key management personnel remuneration recommendations to the Non-Executive Directors only so that neither key management personnel nor the external remuneration consultants are conflicted in the remuneration recommendations or advice they provide.

An amount of \$3,520 was paid during the year to the external remuneration consultant.

### Key Management Personnel and Details of Remuneration

The following tables outline persons who were key management personnel of the Company and the nature and amount of the elements of the remuneration of those persons for the year ended 30 June 2014.

Key Management Personnel in office during the year were:

Name	Position held	Date appointed	Date resigned
RH Duffin	Executive Chairman	-	-
MC Jacobsen	Managing Director	16 October 2013	-
HL Roberts	Executive Director	-	7 August 2013
GJ Jones	Technical Director	-	-
LA Dean	Non-executive Director	-	-
Lim SY	Non-executive Director	-	-
DR Mutton	Non-executive Director	-	-
W Rossiter	Chief Financial Officer	-	-
L Brown	Group Company Secretary	-	-
R Fang	Bus Development Manager	-	1 August 2014

		Short-term employee benefits				Post-employment benefits	Share-based payments		Total	% of remuneration that is performance based	% of value of remuneration that consists of options
		Cash salary and fees	Current year bonus	Prior year bonus	Non-monetary benefits	Super-annuation	Incentive rights	Options			
		\$	\$	\$	\$	\$	\$	\$	\$	%	%
<i>Directors</i>											
RH Duffin	2014	120,000	-	-	-	-	-	-	120,000	0%	0%
	2013	135,000	-	-	-	-	-	-	135,000	0%	0%
MC Jacobsen *	2014	404,587	-	-	-	37,424	47,369	-	489,380	9.7%	0%
	2013	406,587	-	-	-	36,593	24,826	-	468,006	5.3%	0%
GJ Jones	2014	185,895	-	-	-	-	15,967	-	201,862	7.9%	0%
	2013	280,500	-	-	-	-	10,336	-	290,836	3.6%	0%
LA Dean	2014	64,220	-	-	-	5,941	-	-	70,161	0%	0%
	2013	64,220	-	-	-	5,780	-	-	70,000	0%	0%
Lim SY	2014	70,175	-	-	-	-	-	-	70,175	0%	0%
	2013	70,000	-	-	-	-	-	-	70,000	0%	0%
DR Mutton	2014	40,161	-	-	-	30,000	-	-	70,161	0%	0%
	2013	49,445	-	-	-	20,555	-	-	70,000	0%	0%
HL Roberts **	2014	77,623	-	-	-	-	-	-	77,623	0%	0%
	2013	292,000	-	-	-	-	9,863	-	301,863	3.3%	0%

\* Appointed as Managing Director on 16 October 2013

\*\* Resigned 7 August 2013



## Directors' Report

		Short-term employee benefits				Post-employment benefits	Share-based payments		Total	% of remuneration that is performance based	% of value of remuneration that consists of options
		Cash salary and fees	Current year bonus	Prior year bonus	Non-monetary benefits	Super-annuation	Incentive rights	Options			
		\$	\$	\$	\$	\$	\$	\$	\$	%	%
<i>Other key management personnel</i>											
W Rossiter	2014	227,829	-	-	-	21,074	17,378	-	266,281	6.5%	0%
	2013	274,393	-	-	-	24,696	10,066	-	309,155	3.3%	0%
L Brown	2014	197,248	-	-	-	18,245	13,856	-	229,349	6.0%	0%
	2013	199,248	-	-	-	17,932	7,262	-	224,442	3.2%	0%
R Fang *	2014	159,000	-	-	-	-	10,248	-	169,248	6.1%	0%
	2013	159,000	-	-	-	-	5,371	-	164,371	3.3%	0%
Total compensation	2014	1,546,738	-	-	-	112,684	104,818	-	1,764,240	5.9%	0%
	2013	1,930,393	-	-	-	105,556	67,724	-	2,103,673	3.2%	0%

\* Left the Company on 1 August 2014

### Share-based Payment and Bonuses

#### Incentive Rights Plan (the Plan)

The Company believes that encouraging its employees to become shareholders is the best way of aligning their interests with those of its shareholders.

The Plan, approved by shareholders on 31 August 2010, has become the principal tool for the reward and administration of incentive entitlements to all eligible employees and Executive Directors. The Plan represents a major simplification and standardisation of the Company's incentives system.

The Plan assists in the attraction, retention and motivation of the Company's Directors, officers, employees and senior consultants. The Plan does so in a manner that is compliant with relevant tax legislation and in a less dilutory fashion than the Share Option Plan.

Under the Plan, eligible employees and Executive Directors may be granted rights to shares in the capital of the Company upon the satisfaction of specified performance criteria (Performance Rights) and specified periods of tenure (Retention Rights) over a vesting period of 3 years, or on shorter periods in some cases.

The Performance Rights and Retention Rights (Rights) will not vest unless the vesting conditions imposed by the Board have been satisfied.

Rights cannot vest nor can shares be issued in relation to vested Rights during any period when such recipients would be excluded from acquiring shares under the Company's Securities Trading and Trading Windows Policy.

#### Performance and Retention Incentives

A Long-Term Incentive (LTI) reward will be made in the form of Rights to shares which will have a vesting period of 3 years. The number of Rights that ultimately vest (that is, convert to shares) will be based on the Company's performance over the same 3 years. These rewards take the form of Performance Rights and Retention Rights (refer below).

An LTI reward will be made by way of the grant of "Performance Rights" as soon as practicable after each

financial year end. The number of Performance Rights to be granted annually to each eligible employee or Executive Director is calculated by the following formula:

$$\text{Participant's Base Package} \times \text{Target Performance LTI\%} \div \text{Adjusted Right Value}$$

The performance measurement period is three years, and performance is based on average absolute Total Shareholder Return (TSR) and the relative TSR of sixty ASX listed companies. The sixty listed companies for the purposes of the calculation are peer companies nominated by Godfrey Remuneration Group, and those companies have a spread of size and level of operations such as to represent, in the Board's view, an appropriate benchmark group.

An LTI reward will also be made by way of grant of "Retention Rights", which will be issued to eligible employees and Executive Directors pursuant to the terms of the Plan upon or as soon as practicable after commencement of employment and annually thereafter. These Retention Rights are granted annually and on a pro rata basis to the employees' period of tenure, with the full amount vesting if the employee were to remain employed by the Company for 3 years.

The number of Retention Rights to be granted annually to each eligible employee or Executive Director is calculated by the following formula:

$$\text{Participant's Base Package} \times \text{Target Retention LTI\%} \div \text{Right Value}$$

Target Performance and Retention LTI% figures are developed from broad market data provided by Godfrey Remuneration Group.

**Right value** is determined by the following formula:

$$\text{Share Price} - (\text{Annual Dividend} \times \text{Minimum Vesting Period})$$

**Adjusted Right Value** is determined by the following formula, with **Probability of Vesting** set at 50% in line with broad market data:

$$\text{Right Value} \times \text{Probability of Vesting}$$

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## Summary of the Plan

### *Purpose of the Plan*

The purpose of the Plan is to provide an incentive for eligible employees and Executive Directors by enabling them to participate in the future growth of the Company and upon becoming shareholders to participate in the Company's profits and development. Under the Plan, eligible employees and Executive Directors may be granted rights to shares in the capital of the Company upon the satisfaction of specified performance criteria and specified periods of tenure. The provision of this incentive is expected to result in future benefits to the shareholders and employees of the Company that result from:

- ❖ attracting, motivating and retaining key employees by providing balanced, competitive remuneration packaging;
- ❖ assisting eligible employees and Executive Directors to become shareholders in the Company, ensuring that they have commonly shared goals related to producing relatively high returns for shareholders; and
- ❖ less dilution to the Company than the issue of options under the Share Option Plan.

### *Offer of Rights*

When eligible employees and Executive Directors satisfy specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer to the employee of Rights. The offer will specify the number of Rights being offered and the conditions that must be met by the employee before the Rights will vest.

### *Number of Rights Offered*

The number of Rights that will be offered to an employee pursuant to an offer is entirely within the discretion of the Board. Each Right will, upon vesting, entitle the holder to one (1) share in the capital of the Company.

### *Vesting Conditions*

The measurement and vesting period for both Performance Rights and Retention Rights is 3 years. The Board has the discretion to vary this vesting and measurement period, in a range of circumstances including bonus issues, rights issues and capital reorganisations.

Performance Rights – the number of Performance Rights granted is based on the formula outlined above. The number Performance Rights that vest is based on the performance of the Company relative to the average absolute TSR and the relative TSR of sixty ASX listed companies over the three year vesting period. Performance Rights are granted annually and on a pro-rata basis to the employee's period of tenure.

Retention Rights – the number of Retention Rights granted is based on the formula outlined above. Vesting of all Retention Rights will occur if the employee remains employed by the Company for three years. Retention

Rights are granted annually and on a pro rata basis to the employee's period of tenure.

The Rights will not vest unless the vesting conditions imposed by the Board have been satisfied.

Rights cannot vest nor can shares be issued in relation to vested Rights during any period when such recipients would be excluded from acquiring shares under the Company's Securities Trading and Trading Windows Policy.

### *Exercise Price*

Employee participants in the Plan will not be required to make any payment in return for a grant of Rights nor for the issue or transfer of shares upon the vesting of Rights.

### *Lapse of Rights*

Rights that have not vested will lapse:

- ❖ at the end of the Measurement Period for Retention Rights;
- ❖ at the end of the Measurement Period for Performance Rights when some, but not all, of them do not vest;
- ❖ following one re-testing of Performance Rights if they fail to vest;
- ❖ if the Rights are transferred without the Board's consent;
- ❖ if the employee ceases his or her employment or employment relationship with a Group company; or
- ❖ under any circumstances specified by the Board in the offer of Rights.

### *Shares Allotted Upon Exercise of Rights*

The Company will issue or transfer fully paid, ordinary shares to the employee as soon as practicable after the vesting of Rights. The shares allotted under the Plan will be of the same class and will rank equally with shares in the Company at the date of issue.

### *Transfer of Rights*

A Right is not transferable without the consent of the Board.

### *Takeover, Scheme or Arrangement*

In the event of a change-in-control including a takeover:

- ❖ unvested Performance Rights will vest in the proportion that the Company's share price has grown since the date of grant of the Performance Rights or such greater proportion as determined in the discretion of the Board. Maximum vesting is 100%; and
- ❖ unvested Retention Rights will not be affected;

### *Bonus Issues, Rights Issues and Capital Reconstruction*

In order to prevent a reduction of the number of shares to which the Rights relate in the event of bonus issues or pro rata rights issues, the Plan rules provides for an adjustment of the number of Rights in accordance with ASX Listing Rule 6.22.2.



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In the case of a capital reconstruction the number of Rights may be adjusted at the discretion of the Board.

### Participation in New Issues

There are no participating rights or entitlements inherent in the Rights and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Rights. In addition, holders of Rights will not be entitled to vote or receive dividends as a result of their holding of Rights.

### Ban on Hedging Performance Risk

The Board has a hedging risk policy. Under Section 206J of the Corporations Amendment Act 2011 for Rights issued on or after 1 July 2011, Key Management Personnel and their closely related parties must not enter into arrangements which would have the effect of limiting their exposure relating to Rights which have not vested.

### Rights Granted as Remuneration

Details of the terms and conditions of rights granted to Key Management Personnel as compensation during the reporting period are as follows:

Name	Issue date	No. rights granted	Fair value \$	Vested during year	Lapsed during year	Estimated minimum value \$	Estimated maximum value \$	Vesting date
RH Duffin	-	-	-	-	-	0.00	-	-
M Jacobsen	1 July 2013	2,113,418	67,629	-	-	0.00	67,629	1 July 2016
GJ Jones	1 July 2013	527,922	16,893	-	-	0.00	16,893	1 July 2016
HL Roberts*	1 July 2013	671,694	21,494	-	(671,694)	0.00	-	-
W Rossiter	1 July 2013	685,494	21,936	-	-	0.00	21,936	1 July 2016
L Brown	1 July 2013	618,210	19,783	-	-	0.00	19,783	1 July 2016
R Fang **	1 July 2013	457,188	14,630	-	-	0.00	14,630	1 July 2016
<b>Total</b>		<b>5,073,926</b>	<b>162,365</b>	-	<b>(671,694)</b>	<b>0.00</b>	<b>140,871</b>	

\* Resigned 7 August 2013

\*\* Left the Company on 1 August 2014

Interests and movement in rights under the Incentive Rights Plan as at 30 June 2014:

### Rights held by Directors and other Key Management Personnel

	At 30 June 2013	Granted	Vested during period	Lapsed during period	At 30 June 2014
HL Roberts *	510,150	671,694	-	1,184,844	-
GJ Jones	534,609	527,922	-	-	1,062,531
M Jacobsen	1,284,110	2,113,418	-	-	3,397,528
W Rossiter	520,632	685,494	-	-	1,206,126
L Brown	375,624	618,210	-	-	993,834
R Fang **	277,787	457,188	-	-	734,975
<b>Total</b>	<b>3,502,912</b>	<b>5,073,926</b>	-	<b>1,181,844</b>	<b>7,394,994</b>

\* Resigned as a Director on 7 August 2013

\*\* Left the Company on 1 August 2014

Services provided by Directors' related entities were under normal commercial terms and conditions. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

# Directors' Report

Interests and movements in the shares of the Company held by Directors and their Directors' related entities and Key Management Personnel as at 30 June 2014:

## Shareholdings

Fully paid ordinary shares	At 30 June 2013	Acquired during period	Disposed during period / other *	At 30 June 2014
RH Duffin	24,163,997	-	-	24,163,997
HL Roberts *	1,468,285	-	(1,468,285)	-
GJ Jones	520,000	-	-	520,000
LA Dean	250,000	650,000	-	900,000
Lim See Yong	-	-	-	-
DR Mutton	41,000	-	-	41,000
M Jacobsen	400,000	-	-	400,000
W Rossiter	923,545	300,000	-	1,223,545
L Brown	85,000	-	-	85,000
<b>Total</b>	<b>27,851,827</b>	<b>950,000</b>	<b>(1,468,285)</b>	<b>27,333,542</b>

\* Resigned as a Director on 7 August 2013

## Directors' Contracts

Messrs Duffin, Jacobsen and Jones are engaged by the Company on terms agreed and approved by the Board on recommendation of the Remuneration Committee. Details of those arrangements are set out below. In each case, the services of Messrs Duffin and Jones is provided through a services contract between the Company and a corporate entity associated with either Messrs Duffin or Jones, as the case requires. Mr. Jacobsen is engaged under an employment agreement.

Executive Chairman – Bob Duffin		Executive Director – Gary Jones	
Contract term:	Rolling 12 months	Contract term:	Rolling 12 months
Remuneration:	\$120,000 pa for the year ended 30 June 2015	Remuneration:	\$192,000 pa for the year ended 30 June 2015
Rights:	-	Rights:	Cumulative Rights issued as of 30 June 2014 are 1,062,531 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base remuneration	Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base remuneration
Managing Director – Martin Jacobsen			
Employed:	Commenced 31 August 2007		
Remuneration:	\$472,156 pa for the year ended 30 June 2015		
Rights:	Cumulative Rights issued as of 30 June 2014 are 3,397,528 Rights		
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary		

## Key Management Personnel (KMP) Contracts

Chief Financial Officer – Wayne Rossiter		Group Company Secretary – Larissa Brown	
Employed:	Commenced 1 July 2011	Employed:	Commenced 1 December 2009 (previously contractor)
Remuneration:	\$318,454 pa for the year ended 30 June 2015	Remuneration:	\$226,032 pa for the year ended 30 June 2015
Rights:	Cumulative Rights issued as of 30 June 2014 are 1,206,126 Rights	Rights:	Cumulative Rights issued as of 30 June 2014 are 993,834 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary	Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

Service contracts or employment agreements have been entered into by the Company with all Key Management Personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria (if applicable) and entitlements to options under the Share Option Plan and/or rights under the Incentive Rights Plan. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels will be reviewed generally each year on advice from an Independent Remuneration Consultant to align with peer company remuneration levels, changes in job responsibilities and market compensation expectations.

Directors and KMPs are entitled to rights under the Incentive Rights Plan which are issued from time to time.

## END OF AUDITED REMUNERATION REPORT

# Directors' Report

## RIGHTS GRANTED AS REMUNERATION FOLLOWING THE REPORTING PERIOD

Details of the terms and conditions of rights granted to key management personnel and executives as compensation following the reporting period are as follows:

Name	Issue date	No. rights granted *	Fair value \$	Vested after year end	Lapsed after year end	Estimated minimum value \$	Estimated maximum value \$	Vesting date
RH Duffin	-	-	-	-	-	0.00	-	-
GJ Jones	1 July 2014	480,000	19,680	-	-	0.00	19,680	1 July 2017
M Jacobsen	1 July 2014	1,967,317	80,660	-	-	0.00	80,660	1 July 2017
W Rossiter	1 July 2014	796,134	32,641	-	-	0.00	32,641	1 July 2017
L Brown	1 July 2014	565,080	23,168	-	-	0.00	23,168	1 July 2017
R Fang **	1 July 2014	397,500	16,297	132,500	265,000	0.00	0	1 July 2017
<b>Total</b>		<b>4,206,031</b>	<b>172,446</b>	<b>132,500</b>	<b>265,000</b>	<b>0.00</b>	<b>156,149</b>	

\* 2,447,317 of these incentive rights are subject to shareholder approval at the 26 November 2014 Annual General Meeting.

\*\* Left the Company on 1 August 2014

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

### Indemnification

The Company has entered into Deeds of Indemnity Insurance and Access with its Directors and Officers indemnifying those Directors and Officers, and agreeing to provide funding arrangements for costs and expenses incurred in defending any legal proceedings arising as a consequence of their acting as a Director or Officer of WPG. The Company also provides an indemnity to an officer of the company engaged to provide personal services on a contractual basis.

### Insurance Premiums

During the financial year the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

## PROCEEDINGS

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

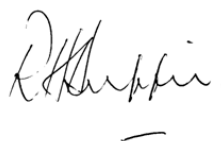
No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

## AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

No non-audit services were provided by the Company's auditor, Grant Thornton Audit Pty Ltd during the current financial year. The Directors received a declaration of independence from the auditors of the Company. It is located on page 11 and forms part of this report.

Signed this 1st day of September 2014 in accordance with a resolution of the Directors.



**RH Duffin**  
Executive Chairman

Level 17, 383 Kent Street  
Sydney NSW 2000

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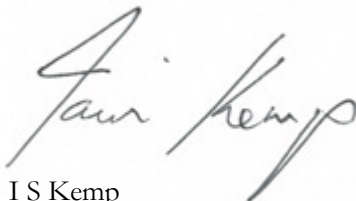
### **Auditor's Independence Declaration To the Directors of WPG Resources Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WPG Resources Ltd for the year ended 30 June 2014, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner - Audit & Assurance

Sydney, 1 September 2014

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# Corporate Governance Statement

The Board of Directors of WPG Resources Ltd:

- Is responsible for corporate governance and strives for high standards in this regard.
- Monitors the Company's business and affairs on behalf of the shareholders by whom they are elected and to whom they are accountable.
- Draws on relevant best practice principles in the *Corporate Governance Principles and Recommendations (2nd edition)* issued by the ASX Corporate Governance Council (Council) in August 2007 and subsequent updates and these are revised on an ongoing basis.

The Company strives to achieve the best practice principles proposed by the Council and in many cases the Company has adopted the Council's recommendations and is achieving the standard. In a limited number of circumstances the Company does not meet the standards set out in the recommendations, largely due to adoption of a recommendation being considered by the Board to be not practicable for a company of WPG's size. Regular reviews of corporate governance are conducted to identify and implement new arrangements to enable adoption of recommendations not yet implemented.

The following paragraphs set out the Company's position relative to each of the 8 principles contained in the ASX Corporate Governance Council's report, the extent to which it has followed the recommendations, identifying any recommendations that have not been followed and reasons for not doing so.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Board and Board Charter

The Company had a Board of six Directors at the beginning of the financial year (three Executive Directors and three Non-Executive Directors). In August 2013, following the resignation of Heath Roberts, the Company had five Directors (two Executive Directors and three Non-Executive Directors). In October 2013, the Company's CEO Martin Jacobsen was appointed Managing Director. From 16 October 2013 to the end of the financial year the Company had six Directors (three Executive Directors and three Non-Executive Directors).

The Company has a formal Board Charter which sets out the functions and responsibilities of the Board and those delegated to management. A formal Delegation of Authority Policy has been adopted and is operated by WPG's small senior management team. At all times the Board and management recognise the overriding responsibility to act honestly, fairly and diligently and in accordance with the law as set out in the Company's Code of Conduct and Ethics, summarised below. The Board Charter and Delegation of Authority Policy are subject to regular review by the Board. The Board Charter is available on the Company's website.

## Performance Evaluations

Informal performance evaluations of senior management, Directors, the Board and Board committees by the Board take place periodically. The Board, with the assistance of the Corporate Governance & Nomination Committee, regularly monitors its performance and the performance of the Directors and Board Committees throughout the year.

A formal questionnaire completed by each of the Directors is also used to review the Board's performance. This internal review is led by the Chairman and the outcomes are discussed and considered by all Directors.

The satisfaction of specified performance criteria for executive Directors and senior management under the Company's Incentive Rights Plan is, in part, measured against peer company performance bringing genuine objectivity to the performance evaluation process. As the Company grows, further formalised processes for evaluating performance will be implemented.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

### Directors

The Executive Chairman's role is exercised separately from the Chief Executive Officer. Biographies for Mr Bob Duffin (Executive Chairman) and Mr Martin Jacobsen (Chief Executive Officer) are provided in the Directors and Management section of the 2014 Annual Report.

The majority of Directors are not independent. Three of the Directors, including the Chairman, are Executive Directors (Messrs Duffin, Jacobsen and Jones). The three Non-Executive Directors (Messrs Dean, Lim and Mutton) are independent.

The Board is of the view that, given the Company's current position and focus, there is an adequate and broad mix of skills represented on the Board and that the experience of each of the Directors enables them to be aware of and capable of acting in an independent manner and in the best interests of the shareholders.

### Board Committees

The Company has an Audit & Risk Committee, Remuneration Committee and Corporate Governance & Nomination Committee.

Each committee comprises the three Non-Executive Directors of the Company (Messrs Dean, Lim and Mutton), all of whom are independent. Formal, written charters have been adopted for each of the committees.

### Board Membership

The Board, with the assistance of the Corporate Governance and Nomination Committee regularly reviews its membership to ensure that it has the appropriate mix of skills and experience required to meet the needs of the Company, monitors the performance of the board, its committees and directors through an ongoing and informal evaluation process. A formal review of its performance is also conducted. A questionnaire completed by each of the



# Corporate Governance Statement

Directors is used to review the Board's performance. This internal review is led by the Chairman and the outcomes are discussed and considered by all Directors in order to identify any areas which could enhance the Board's performance.

When the Board identifies the requirement for new membership through a Board position becoming vacant or to broaden the mix of available skills, decisions are based on the mix of skills and diversity the Board wishes to achieve. Any new Board member will be recruited from a diverse range of suitably qualified candidates.

## Election and Re-election of Directors

In accordance with the ASX Listing Rules and the Company's Constitution, no Director may retain office without re-election beyond the third annual general meeting since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election, however the Board informally reviews the performance of a retiring Director before giving a recommendation on whether a retiring Director should be nominated and recommended for re-election.

The Company's Constitution also requires that Directors who have been appointed by the Board must retire and stand for re-election at the next annual general meeting following their appointment.

## Independent Professional Advice

Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

## PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

### Company Policies

The Company has a formal Code of Conduct & Ethics. Directors, officers, employees and key contractors/consultants (WPG Representatives) are required conduct themselves with the highest ethical standards. All WPG Representatives will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Code is distributed to all WPG Representatives and compliance is reviewed regularly.

The Company has a policy concerning trading in its securities by WPG Representatives which sets out information and guidelines that must be complied with when trading in WPG Company securities. The Company's Securities Trading and Trading Windows Policy has been made public and is available on the Company's website.

The Company has an Environmental Policy. All WPG Representatives proactively manage activities and adopt techniques which minimise the Company's environmental impacts at every stage and location of its operations. The Company recognises its responsibility to manage with high professional standards the environmental impacts

associated with its operations as it pursues its objective of generating value for shareholders, employees and local communities.

The Company has developed and adopted a number of policies and procedures, which are regularly reviewed by the Board of Directors for adequacy and compliance, to lead the direction of ethical and responsible decision making. The policies are listed at the end of the Corporate Governance Statement and on the Company's website.

## Diversity

Set out in the Directors Report and below are the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

	30 June 2014		30 June 2013	
Women employees in the whole organisation	3/11	27%	3/12	25%
Women on the Board	0/6	0%	0/6	0%
Senior Executives	1/5	20%	1/6	17%

The Company is committed to developing and maintaining an inclusive work environment accessible to all and actively promotes a corporate culture which embraces diversity. A formal Diversity Policy has been adopted, and other policies implemented by the Company include in them the Company's commitment to maintaining an inclusive work environment. The Diversity Policy does not include measurable objectives for achieving gender diversity. The Company's personnel form a stable key group who are not likely to change significantly in the short term. When the employee base of the Company increases, measurable objectives for gender diversity will be established.

While the Company seeks to ensure that selection and recruitment decisions are based on merit, it recognises that greater innovation and improved engagement are achieved through having a diverse workforce. The Board aims to attract and maintain a Board and employee base which has an appropriate mix of skills, experience and expertise by recruiting from a diverse pool of qualified candidates. Any new personnel will be selected from a broad range of candidates.

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Company has an Audit & Risk Committee. The Audit & Risk Committee has a formal, written charter which is available on the Company's website.

### Audit & Risk Committee

The Audit & Risk Committee consists of the three Non-Executive Directors, Messrs Dean, Lim and Mutton, all of whom are independent, and is chaired by Mr Mutton, an independent director who is not the chair of the Board. The qualifications of each member are set out in the Directors Report. These Directors are considered to have applicable expertise and skills for this Committee.

# Corporate Governance Statement

The Audit & Risk Committee reports to the Board after each committee meeting. There are usually two meetings of the Audit & Risk Committee each year although the committee will meet more regularly to discuss risk factors, related to both projects and broader corporate risk, as necessary.

## External Auditor

In conjunction with the Board, the Audit & Risk Committee meets with and reviews the performance of the external auditors (including scope and quality of the audit). The selection and appointment of external auditors must be approved by shareholders at an AGM. The size, profile, experience and cost structure of external audit firms must be considered commensurate with the requirements of a listed company of the size of WPG. The Audit & Risk Committee and the auditor make a recommendation to the Board on external auditor engagement partner rotation.

## System of Internal Control

The Audit & Risk Committee assesses the performance and objectivity of the Company's internal control systems and regularly reviews its procedures within its broader risk management framework.

## Confirming Financial Reports

Senior management confirms that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. The Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the Company's annual financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards. The Board of Directors approves the financial reports.

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

### Disclosure

The Company, its Directors, Officers and consultants are highly cognisant of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company continually uses strong informal systems to achieve this objective, underpinned by experienced individuals.

The Company has a Disclosure and Communications Policy which sets out its commitment to complying with its disclosure obligations and maintaining public confidence through timely disclosure of information which affects investment decisions. WPG representatives must immediately notify the nominated Disclosure Officers as soon as they become aware of material information concerning the business of WPG that a reasonable person would expect to have a material effect on the price or value of WPG's securities. This information will be considered for release to the market by the Disclosure Officers who will coordinate the preparation and release of

information to ASX and shareholders. Where time permits, the Board will review and approve the form of disclosure of major company announcements or decisions.

While the Company will not generally comment on market rumours or speculation, they will respond if ASX considers that there is or is likely to be a false market in WPG's securities.

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

### Communicating With Shareholders

The Company's Disclosure and Communications Policy sets out the ways in which the Company promotes effective communication with shareholders. The Company promotes its website and the electronic distribution of data to shareholders as the favoured course of communication.

All significant information disclosed to the ASX is posted on the Company's website soon after it is released by the ASX. The Company provides information updates to investors by email.

### Answering Questions from Shareholders

The Company actively answers questions and communications from shareholders, where appropriate, in a concise and timely fashion. To the extent possible, the Company facilitates the orderly handling of shareholders' procedural inquiries through introduction to appropriate contacts at service providers, such as the Company's share registry, Boardroom Pty Ltd.

The Company has requested its external auditor attend all general meetings. This has been supported by the Company's audit director at Grant Thornton. The Company's external auditor attends all annual general meetings and is available at that time to answer questions from shareholders. In some cases, questions are better presented in writing in advance and in that case such an approach is facilitated.

### Analyst Briefings

When analysts are briefed on aspects of the Group's operations, the material used in the presentation is (or has previously been) released to the ASX and posted on the Company's website. Where appropriate, the Company keeps a summary record of these briefings and the issues discussed. The Company is vigilant in ensuring that non-public, price sensitive information is not discussed on these occasions. Any non-public, price sensitive information that may have been inadvertently disclosed will be immediately released to the market.

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

### Risk Management Policy and Procedures

Risk management arrangements are the responsibility of the Board of Directors, the Audit & Risk Committee and senior management collectively. The Company has a Risk Management Policy for the oversight and management of material business risks. The Board

# Corporate Governance Statement

determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Risk factors are discussed regularly at Board meetings. The Audit & Risk Committee meets regularly to discuss risk factors, related to both projects and broader corporate risk. Senior Management meets regularly to discuss risk factors.

The Company has developed a risk assessment process which identifies and measures risks that might impact upon the achievement of the Company's goals and objectives, formulates risk management strategies to manage identified risks and monitors the environment for emerging factors and trends that affect these risks.

The Company's risk management systems and internal compliance and controls are monitored and assessed regularly to ensure they are of a high standard of performance and improvements in their effectiveness implemented as required.

## Work Health and Safety (WHS)

The Company is committed to a healthy and safe working environment and the welfare of all workers and any person entering any of its workplaces. WPG has a formal Work Health and Safety policy and comprehensive procedural manual, which is provided and agreed to in writing by all WPG representatives and is subject to regular reviews.

## Officer Due Diligence

The Company conducts regular reviews of its WHS due diligence obligations. The Company has developed an Officers due diligence safety governance plan which shows comprehensively how officers meet their due diligence obligations. The safety governance plan is followed and regularly analysed for effectiveness.

## Financial Reporting Risks

The Board has received the declarations required to be made to the Directors from the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### Remuneration Committee

The Company has a Remuneration Committee, which has a formal, written charter. The Committee is comprised of the three non-executive Directors, Messrs Dean, Lim and Mutton, all independent directors, and is chaired by Mr Dean.

The Committee meets as and when required, to review performance matters and remuneration. The qualifications of each member are set out in the Directors Report.

The Remuneration Committee reviews and make recommendations to the Board on the Company's remuneration, recruitment, retention and termination

policies and procedures for senior executives, senior executives' remuneration and incentives, superannuation arrangements, the remuneration framework for Directors and the outcomes of discussions with the Company's external remuneration consultant. Directors believe that the size and nature of the Company makes individual salary and consultant negotiations more appropriate than formal remuneration policies. These negotiations are designed to attract, retain and motivate high calibre executives by providing remuneration packages which include market competitive fixed annual rewards and long term incentives of retention and performance rights. The Incentive Rights Plan is summarised in the Directors Report.

### Executive Remuneration

The Remuneration Committee has received independent external advice and market comparisons in establishing the 2014/2015 financial year fixed annual reward (FAR) packages for Directors and senior executives. In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, and each member of key management personnel of the Company.

The Company has granted rights pursuant to the Incentive Rights Plan to Executive Directors and senior executives for the 2014/2015 financial year and these are disclosed in the Directors Report. The rights to Executive Director are subject to shareholder approval.

### Non-Executive Directors' Remuneration

Non-Executive Directors are remunerated by way of fees. Non-Executive Directors do not participate in the Company's Incentive Rights Plan, and do not receive options, bonus payments or retirement benefits other than superannuation.

### Approved Company documents

Available on Company website:

- Board Charter
- Audit & Risk Committee Charter
- Securities Trading and Trading Windows Policy

Summary in Corporate Governance Statement or Annual Report:

- Remuneration Committee Charter
- Corporate Governance & Nomination Committee Charter
- Delegation of Authority
- Code of Conduct & Ethics
- Diversity Policy
- Environmental Policy
- Incentive Rights Plan
- Communications & Disclosure Policy
- Risk Management Policy
- Work Health and Safety Policy and Comprehensive Procedural Manual
- Officers Due Diligence Safety Governance Plan

# Directors and Management

**“THE COMMITMENT, SKILLS AND CORE VALUES OF OUR TEAM PROVIDE AN OUTSTANDING CONSTANT DRIVING FORCE TO ASSURE WPG’S ONGOING PERFORMANCE”**



## **ROBERT H DUFFIN – EXECUTIVE CHAIRMAN**

BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM

Bob Duffin is a company director with over 40 years' experience in resource exploration, project assessment, mining investment analysis, and company management.

Bob has held senior positions in the exploration divisions of Peko Wallsend and MIM Holdings, then two of Australia's largest mining companies, and is a former Managing Director of Austrex International, an international resource exploration consulting and contracting firm. He has lived and worked in mining communities, including periods in Kalgoorlie in Western Australia and Mount Isa in Queensland, where he worked on exploration programs for a number of commodities, including gold, copper, uranium, base metals and iron ore. He has also worked with three stockbroking firms and was head of

research at one of Australia's leading resource sector brokers in the 1980s.

Bob is a former Non-Executive Director of a number of companies, including Centennial Coal, Midwest Corporation, Ferrowest, Burmine, Austmin Gold, Mt Lyell, the UK resources investment company Europa Minerals Group, and Mancala, a mining contractor.



## **MARTIN JACOBSEN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

MSCC, MDP (Unisa)

Martin Jacobsen joined WPG from his previous position as Vice President, Operations, with Golden China Resources Limited, a gold mining and exploration company with project assets in China. Prior to that he was Technical Director with Emperor Mines Limited and had earlier held senior management positions in gold, chrome and platinum mining operations in South Africa. He has been project manager for a number of projects in a wide range of commodities and mine types. Martin manages new project acquisition and development, and was appointed the Company's CEO in April 2012. He joined the Board on 16 October 2013.



## **GARY J JONES – TECHNICAL DIRECTOR**

BSc, FAusIMM, MSEG

Gary Jones is a geologist with over 45 years' professional experience in mineral exploration and resource and reserve estimation for various type of mineral deposits including porphyry copper-gold and epithermal gold. He is Managing Director of Geonz Associates Ltd, a leading New Zealand firm of consulting geologists, and has been an independent consultant to the mining industry for the past 29 years during which time assignments have been completed in many parts of the world including Australia, Indonesia, North and South America, Canada and New Zealand.

Prior to setting up his own consultancy Gary worked as an exploration geologist for Geopeko for 15 years in various parts of Australia including 12 years in central New South

Wales where he established and managed a new exploration operation for Geopeko. During this time he supervised numerous base and precious metal projects throughout the Lachlan Fold Belt and parts of the New England region and is credited with the discovery of the Northparkes porphyry copper-gold deposits. Following the initial discoveries at Goonumbla, Gary also had a major input into the pegging of a large block of exploration licences in the Lake Cowal region. He planned and supervised the initial regional exploration programs that ultimately led to the discovery of the 4.4 million ounce Cowal porphyry gold deposit. Early in his career Gary worked on iron ore exploration and mining activities in the Northern Territory.



## Directors And Management



### **LIM SEE YONG – NON-EXECUTIVE DIRECTOR**

BBA (Singapore)

Lim See Yong is General Manager and Director of Xin Sheng International Private Limited, a trading company related to Tangshan Xingye Industrial and Trade Group Corporation, an investor in raw materials for the steel industry. He spent 11 years with NatSteel Trade International, a Singapore mill that produces bars and wire rods from scrap. He was NatSteel's chief representative in China for 7 years from 1995. From 2002 to 2006 he was in charge of selling iron ore and steel products to China, and exporting semi and finished steel products to South East Asian markets. See Yong lives in Singapore.



### **LEN A DEAN – NON-EXECUTIVE DIRECTOR**

BSc (Met)

Len Dean has had a 40 year career in the resources sector, with particular emphasis in the global iron ore industry. He spent 36 years with BHP, finishing in 2000 as Vice President, Coal and Iron Ore Marketing. During his period with BHP he was General Manager, Marketing for BHP Iron Ore in Perth for 8 years, he managed iron ore mining operations at BHP's Yampi Sound mine, and he lived and worked at BHP's (now Arrium's) Whyalla works for 4 years. He was Managing Director of Sesa Goa Limited, India's largest private sector exporter of iron ore, from 2003 to 2006. More recently, he has been an iron ore consultant with a wide client base including Orinoco Iron (Venezuela), Mitsui Iron Ore Development, CVRD (Brazil) and Mineral Enterprises Limited (India).



### **DENNIS R MUTTON – NON-EXECUTIVE DIRECTOR**

BSc (Hons), Grad Dip Mgt, JP, FAIM, FAICD

Dennis Mutton is a management consultant specialising in natural resource management, primary industries and resources, regional growth initiatives and business-government relations. From 1997 to 2002 he was Chief Executive of the South Australian Department of Primary Industries and Resources. He has a portfolio of directorships including Chair of Bio Innovation SA and Chair of CRC Pork Ltd. He is a former Director of Mines, former Chair of the Natural Resources Management Council, and a former Director of the Australian Rural Leadership Foundation. Dennis lives in Adelaide.



### **LARISSA BROWN – GROUP COMPANY SECRETARY**

BA, Dip Ed, Grad Dip ACG, AGIS

Larissa Brown has over 10 years' experience in the administration of resource and resource technology companies. Larissa has significant experience in corporate and regulatory management, ASIC and ASX corporate compliance, share registry management, shareholder communications and annual report preparation. Larissa is a Chartered Secretary and was appointed Group Company Secretary on 6 August 2009.



# Directors And Management



**WAYNE ROSSITER – CHIEF FINANCIAL OFFICER**

BE (Mining), CA, MAppFin, MAusIMM, GMAICD

Wayne is both a mining engineer and a chartered accountant. Wayne has held senior finance and management roles in resource and energy companies including Clean Global Energy Limited, Core Mining Limited, Sino Gold Mining Limited, Cockatoo Coal Limited, Roc Oil Limited and Novus Petroleum Limited. Wayne has knowledge and experience in transitioning companies from the exploration stage through to development and into production. His range of experience includes underground coal gasification, coal seam gas, coal, conventional oil and gas, precious metals, gold and iron ore with global experience covering Australia, Africa, China, Indonesia, the USA, the UK, the former Soviet Republic of Georgia and the Middle East.

AGIS	Associate Governance Institute of Australia	GMAICD	Graduate Member Australian Institute of Company Directors
BA	Bachelor of Arts	Grad Dip ACG	Graduate Diploma in Applied Corporate Governance
BBA	Bachelor of Business Administration	Grad Dip Mgt	Graduate Diploma in Management
BE	Bachelor of Engineering	JP	Justice of the Peace
BSc	Bachelor of Science	MAppFin	Master of Applied Finance
CA	Associate Institute of Chartered Accountants in Australia	MAusIMM	Member Australasian Institute of Mining and Metallurgy
Dip Ed	Diploma in Education	MDP	Management Development Programme
FAICD	Fellow Australian Institute of Company Directors	MSc	Master of Science
FAIM	Fellow Australian Institute of Management	MSCC	Mine Surveyors Certificate of Competency
FAusIMM	Fellow Australasian Institute of Mining and Metallurgy	MSEG	Member Society of Exploration Geophysicists

# Sustainability, Environmental Management and Community Engagement

## “ENVIRONMENTAL PERFORMANCE AND SOCIAL RESPONSIBILITY ARE FUNDAMENTAL IN EVERYTHING WE DO”

The Company recognises that in order to be an economically successful company, efficient environmental performance and understanding must be integrated into all aspects of the Company's activities.

### ENVIRONMENTAL PERFORMANCE

WPG continually strives to improve its environmental performance and monitor its performance by comparison to industry standards, and ensure public availability and transparency of relevant documentation.

As a minimum standard, WPG has ensured that all operational areas comply with applicable government laws and regulations.

WPG will encourage and support research programs relevant to its operations which will provide for a greater understanding of the environment and improvement in our rehabilitation and management methods.

WPG holds exploration licences in South Australia. These tenements have been issued by the South Australian state government which specifies guidelines for environmental impacts in relation to activities undertaken under authority of the tenements.

The Company's activities on these tenements are directed towards mineral exploration (rather than development) and are directly and indirectly regulated by a range of state legislation. The exploration licence and mineral claim conditions require the full rehabilitation of the areas on completion of exploration in accordance with various guidelines and standards. A security bond ensures compliance with this rehabilitation obligation and there have been no known breaches of the licence conditions.

### Tarcoola gold project

In September 2014, the Company lodged a mineral claim application which will be followed by a Mining Lease Application in the December 2014 quarter. The Mining Lease conditions, once issued, will also require the full rehabilitation of the areas on completion of development in accordance with various guidelines and standards.

The Company has four Mining Leases at Tarcoola. Discussions have been held with the South Australian Department of State Development (DSD – formerly DMITRE) on the revised bonds and conditions for the transfer of the four mining leases. The Company will comply with the strict guidelines set out in the bond conditions.

### Tunkillia gold project

A Mining Lease Application (MLA) for the development of the Tunkillia gold project was lodged with DSD in April 2014 and will soon be put out for public comment.

Further to a request by the Commonwealth Department of the Environment (DoE) for a specific targeted survey for four fauna species of national conservation significance

(Plains Rat, Sandhill Dunnart, Southern Marsupial Mole and Malleefowl) considered to possibly occur within the Tunkillia project area, a specific targeted survey was undertaken in March 2014 by independent consultants.

None of the species targeted during this survey were detected, and Federal environmental clearance for the Tunkillia gold project was received in August 2014.

### Muckanippie, Robins Rise and Lake Woorong Projects

During the year, an exploration program commenced on all three projects located in South Australia's Gawler Craton. Land access issues that include cultural heritage clearances, landholder access and Department of Defence approvals were addressed, enabling a program of geophysics and site reconnaissance to proceed. The results of this initial exploration work will direct future exploration.

### Giffen Well

In May 2013 the Company announced its decision to allow the option to acquire a 25% joint venture interest in the Giffen Well iron ore project to expire unexercised despite the encouraging results of the PFS. Rehabilitation of the drilling sites was completed during August 2013.

### Port Pirie

On 8 July 2011 the South Australian government approved the Development Application for the building of an iron ore receival storage and export facility at Port Pirie, utilising land adjacent to the port waterfront, a modern, state of the art storage shed then a barging system to a deep water transshipment point. In order to prepare the development application the Company undertook an extensive range of environmental studies.

The Company completed the purchase from the South Australian State Government of land in Port Pirie which was to be used for these facilities. The operation of these facilities would be subject to significant environmental regulation.

Substantial rehabilitation work was completed on the land in order to render the site suitable for the proposed facility.

Following the sale of the Company's iron ore assets, work on the proposed facility was postponed however the Company continues to undertake environmental monitoring and sampling of the site while it evaluates other commercial options for its use.

### WPG has a strong commitment to best practice compliance with all relevant environmental protection conditions.

WPG will:

- set and communicate environmental objectives and quantified targets;
- monitor progress against these objectives and targets;

# ***Sustainability, Environmental Management and Community Engagement***

- implement environmental management plans in operating areas which may have a significant environmental impact;
- identify where remedial actions are required and implement action plans; and
- monitor licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

Environmental performance is reported to the WPG Board on a regular basis.

## **SAFETY MANAGEMENT PROGRAM**

WPG values the safety and health of all of its employees, contractors and the wider community in which it operates.

The Company is committed to a healthy and safe working environment and the welfare of all workers and any person entering any of its workplaces. WPG has a formal Work Health and Safety Policy and Comprehensive Procedural Manual, which is provided and agreed to in writing by all WPG Representatives and is subject to regular reviews. Through this Work Health and Safety management system the Company applies best industry standards to its operations.

The Company consults on Work Health and Safety with all contractors prior to entry to site.

The Company also consults with all of its employees, contractors and visitors on specific safety and security related to entry into the Woomera Prohibited Area (WPA), where some of its projects are located, in accordance with Department of Defence guidelines.

## **EMPLOYMENT AND TRAINING**

WPG is committed to providing a professional and rewarding work environment where employees can grow and develop their careers.

WPG encourages all employees to undertake professional training, and, as a priority, ensures that their staff have all necessary training to competently carry out their jobs.

WPG will particularly look at enhancing regional employment and training opportunities, and to providing employment and training to appropriate indigenous candidates, especially in the local areas of its operations, and encourages its contractor companies to do the same.

The Company actively encourages women to apply for vacant positions, creates a workplace where talented and qualified women want to work and ensures external recruitment suppliers provide a balance of talented and qualified men and women candidates.

WPG believes that a more effective and innovative workforce is created by recruiting from a diverse range of candidates to access the deepest possible talent pool.

The Company seeks to select and recruit a diverse employee base, including, but not limited to, candidates of different gender, age, ethnicity and cultural background who have an appropriate mix of skills, experience and expertise by recruiting from a diverse pool of qualified candidates. The Board actively promotes a corporate culture which embraces diversity by ensuring an inclusive environment exists not only within the Company but also within its contractor companies. The objectives established by the Company for the achievement of gender diversity within the Company are included in the Directors Report.

## **COMMUNITY RELATIONS**

WPG's commitment to maintaining good relationships with its employees, stakeholders, Government and non-Government organisations is important to the success and longevity of its operations.

The Company has developed an effective community engagement and consultation strategy, with key community groups identified and communicated with to understand their concerns and likely social implications. Independent advisers assist the Company in formulating and implementing these strategies. WPG consults with pastoralists, Aboriginal communities, other mining and exploration companies and the State and Federal Government in and around the project areas.

WPG actively consults with all key community groups in and around Port Pirie on developments in its operations which affect the town. WPG has a permanent staff presence in Port Pirie and actively maintains its assets there. This will continue as the Company evaluates other commercial options for the use of the land purchased from the South Australian State Government.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

		Consolidated	
	Note	2014 \$'000	2013 \$'000
<b>REVENUE FROM CONTINUING OPERATIONS</b>	2	336	581
Other income	2	177	1
ASX and ASIC costs		(33)	(31)
Contract administration services		(470)	(1,148)
Corporate advisory services		(61)	(2)
Depreciation and amortisation		(29)	(46)
Directors' fees		(199)	(128)
Employment costs		(271)	(319)
Exploration & port evaluation expenditure		(150)	(4,100)
Project evaluation and acquisition costs		(1,779)	-
Insurance		(86)	(152)
Legal fees		(23)	(65)
Loss on sale of assets		-	(23)
Office costs		(59)	(54)
Operating lease rental expense		(206)	(217)
Public relations		(44)	(75)
Registry costs		(26)	(26)
Share based payments	3	(134)	(89)
Superannuation expense		(105)	(102)
Travel and accommodation		(78)	(121)
Fair value adjustment on financial assets at fair value through profit or loss		(20)	(27)
Impairment loss on Port Pirie property		-	(5)
Other expenses		(175)	(295)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(3,435)</b>	<b>(6,443)</b>
Income tax benefit	4	-	1,382
<b>LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>(3,435)</b>	<b>(5,061)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Change in fair value on available-for-sale financial assets		(35)	(10)
Income tax on other comprehensive income		10	3
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>		<b>(25)</b>	<b>(7)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF WPG RESOURCES LTD</b>		<b>(3,460)</b>	<b>(5,068)</b>
Earnings per share from profit / (loss) attributable to the owners of WPG Resources Ltd			
Basic earnings / (loss) per share (¢ per share)	19	(1.31)	(1.94)
Diluted earnings / (loss) per share (¢ per share)	19	(1.31)	(1.94)

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 30 June 2014

		Consolidated	
		2014 \$'000	2013 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	5,463	10,941
Trade and other receivables	7	135	195
<b>TOTAL CURRENT ASSETS</b>		<b>5,598</b>	<b>11,136</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	11	416	158
Other financial assets	8	74	74
Property, plant, equipment and leasehold improvements	9	1,340	1,350
Exploration and evaluation expenditure	10	4,841	2,721
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,671</b>	<b>4,303</b>
<b>TOTAL ASSETS</b>		<b>12,269</b>	<b>15,439</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	441	632
<b>TOTAL CURRENT LIABILITIES</b>		<b>441</b>	<b>632</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	-	11
Provisions	14	184	66
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>184</b>	<b>77</b>
<b>TOTAL LIABILITIES</b>		<b>625</b>	<b>709</b>
<b>NET ASSETS</b>		<b>11,644</b>	<b>14,730</b>
<b>EQUITY</b>			
Contributed equity	15	25,232	24,982
Reserves	16	213	114
Accumulated losses		(13,801)	(10,366)
<b>TOTAL EQUITY</b>		<b>11,644</b>	<b>14,730</b>

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



**Consolidated Statement of Cash Flows**  
for the year ended 30 June 2014

	Note	Consolidated 2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers		-	1
Payments to suppliers and employees		(3,720)	(1,867)
Interest received		346	638
Rent received		22	-
Company tax paid		-	(938)
<b>NET CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>	26	<b>(3,352)</b>	<b>(2,166)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(4)	(38)
Proceeds from sale of property, plant and equipment		-	26
Expenditure on mining interests (exploration)		(447)	-
Expenditure on mining interests (development)		-	(2,628)
Investment in available for sale financial assets (net)		(137)	(106)
Acquisition of subsidiary	17	(1,500)	-
<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>(2,088)</b>	<b>(2,746)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividends		(15)	(52)
Repayment of share capital		(23)	(35)
<b>NET CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>		<b>(38)</b>	<b>(87)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,478)</b>	<b>(4,999)</b>
Cash and cash equivalents at the beginning of the year		10,941	15,940
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	6	<b>5,463</b>	<b>10,941</b>

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

**Consolidated Statement of Changes in Equity**  
for the year ended 30 June 2014

	Contributed Equity	Accumulated Losses	Share Based Payments Reserves	AFS Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>AT 30 JUNE 2012</b>	16,661	(5,305)	8,321	32	19,709
<b>Total comprehensive income</b>					
Loss for the year	-	(5,061)	-	-	(5,061)
<b>Other comprehensive income</b>					
Change in fair value of available-for-sale financial assets net of tax	-	-	-	(7)	(7)
<b>Total comprehensive income for the year</b>	-	(5,061)	-	(7)	(5,068)
<b>Transactions with owners in their capacity as owners</b>					
Issue of new shares	8,321	-	(8,321)	-	-
Share based payments expense	-	-	89	-	89
	8,231	-	(8,232)	-	89
<b>AT 30 JUNE 2013</b>	<b>24,982</b>	<b>(10,366)</b>	<b>89</b>	<b>25</b>	<b>14,730</b>
<b>Total comprehensive income</b>					
Loss for the year	-	(3,435)	-	-	(3,435)
<b>Other comprehensive income</b>					
Change in fair value of available-for-sale financial assets net of tax	-	-	-	(25)	(25)
<b>Total comprehensive income for the year</b>	-	(3,435)	-	(25)	(3,460)
<b>Transactions with owners in their capacity as owners</b>					
Issue of new shares	250	-	(10)	-	240
Share based payments expense	-	-	134	-	134
	250	-	124	-	374
<b>AT 30 JUNE 2014</b>	<b>25,232</b>	<b>(13,801)</b>	<b>213</b>	<b>-</b>	<b>11,644</b>

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

# Notes to the financial statements

## for the year ended 30 June 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. They have been prepared on a historical cost basis using the accrual method of accounting.

#### (b) Statement of compliance

The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of WPG Resources Ltd (WPG or the Company) and its subsidiaries (collectively, the "Group") as at 30 June each year. The parent controls a subsidiary if it is exposed, or has right, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Potential voting rights that are currently exercisable or convertible are considered when assessing control. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### (d) Property, plant, equipment and leasehold improvements

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset: plant and equipment – depreciated over four years; leasehold improvements – depreciated over term of lease.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

#### (e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

#### (f) Investments

All investments in subsidiaries are recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

Financial assets at fair value through profit and loss are measured at fair value with gains or losses recognised in profit or loss. A financial asset is classified as fair value through profit and loss if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Assets in this category are classified as current assets in the statement of financial position if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

The fair value of quoted investments are determined by reference to Securities Exchange quoted market bid prices at the close of business at the end of the reporting period.

## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment or using another suitable valuation technique.

#### (g) Exploration, evaluation, development and restoration costs

##### *Exploration and evaluation*

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

##### *Exploration and evaluation – impairment*

The Group assesses at the end of each reporting period whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the profit and loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Group undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

##### *Mine Development*

Development expenditure incurred by or on behalf of the Group is accumulated for the area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development.

All expenditure incurred prior to the commencement of commercial levels of production from the development is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development until commencement of mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

##### *Port Development*

Expenditure incurred by or on behalf of the Group is accumulated separately for Port Development. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development.

All expenditure incurred prior to the commencement of commercial levels of production is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production.

No amortisation is provided in respect of development until mining commences. After this decision, the costs are amortised over the life of the mine on a production output basis.

##### *Development Capital*

Expenditure incurred by or on behalf of the Group is accumulated separately for construction of assets in support of the project. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development.

All expenditure incurred prior to the commencement of commercial levels of production for the project is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production.

No amortisation is provided in respect of development until commencement of mining. After this decision, the costs are amortised over the life of the mine on a production output basis.

# Notes to the financial statements (continued)

for the year ended 30 June 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Restoration

Provisions for restoration costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (h) Trade and other receivables

Trade receivables, which generally have a 30 day term, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

### (i) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

### (j) Trade and other payables and provisions

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7-60 day payment terms.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### (k) Employee leave benefits

*Wages, salaries, annual leave and sick leave*

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (l) Superannuation

The Group contributes to defined contribution superannuation funds for employees. The cost of these contributions is expensed as incurred.

### (m) Share-based payment transactions

In addition to salaries, the Group provides benefits to certain employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The WPG Resources Ltd Incentive Rights Plan (the Plan) is in place to provide these benefits.

The cost of equity-settled transactions are measured at the fair value of WPG shares on the grant date. In valuing transactions settled by way of issue of rights, no account is taken of any vesting limits or hurdles, or the fact that the rights are not transferable.

The cost of these equity-settled transactions is measured by reference to the fair value at the grant date determined by using the Binomial Tree option valuation methodology model, prepared by an external consultant having regard to historical volatility determined by that consultant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (the vesting period).



# Notes to the financial statements (continued)

## for the year ended 30 June 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cumulative expense recognised for equity-settled transactions at the end of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for rewards that do not ultimately vest, except for rewards where vesting is only conditional upon a market condition.

If the terms of an equity-settled reward are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled reward is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately.

However, if a new reward is substituted for the cancelled reward and designated a replacement reward on the date it is granted, the cancelled and new reward are treated as if they were a modification of the original reward, as described in the previous paragraph.

The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

#### (n) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### (o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### Interest

Revenue is recognised as the interest accrues.

#### Rent

Rental income is recognised on an accrual basis monthly in accordance with substance of the relevant agreement.

#### (p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Income taxes relating to items recognised directly in other comprehensive income or equity are recognised in other comprehensive income or equity and not in the profit and loss.

Effective 1 January 2012, the Company and subsidiaries signed a tax sharing agreement pursuant to the Tax Consolidation Legislation to form a tax consolidation group for the purposes of determining the allocation of the group tax liability and which of the parties is to fund the group tax liability.

#### (q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (r) Currency

The functional and presentation currency for the Group is Australian dollars (\$).

#### (s) Impairment of assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate

cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at the end of the reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (t) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are set out below.

##### Share-based payment transactions

The Company measures the cost of equity-settled share-based option payments at fair value at the grant date using the Binomial Tree (previously the Black Scholes) formula taking into account the terms and conditions upon which the instruments were granted. The cost of equity-settled share based incentive rights are fair valued by reference to the WPG share price on the grant date.

# Notes to the financial statements (continued)

for the year ended 30 June 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Exploration and evaluation costs*

The Company capitalises all its exploration and evaluation expenditure in accordance with accounting policy Note 1(g) – refer Note 10.

### *Deferred tax assets*

The company has made a judgement not to recognise the deferred tax assets disclosed in Note 4 as the directors remain uncertain as to their future eligibility for application against any future taxable income.

### *Acquisition of Subsidiary*

The acquisition of the subsidiary during the period was considered as an asset acquisition and not a business combination under AASB3.

### **(u) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(v) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### **(w) Investments in associates and joint ventures**

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

### **(x) 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.

### **(y) New and revised standards effective for these financial statements**

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

#### *AASB 10 Consolidated Financial Statements*

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

# Notes to the financial statements (continued)

for the year ended 30 June 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

### AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly Controlled Entities-Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The application of AASB 11 did not impact on the financial statements of the Group for the year ended 30 June 2014.

### AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

### Consequential amendments to AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures

AASB 127 now only addresses separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

### AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year.

### Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

The application of AASB 119 did not impact on the financial statements of the Group for the year ended 30 June 2014.

### (z) Accounting Standards issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

### AASB 9 Financial Instruments

AASB 9 amends the requirements for classification and measurement of financial assets and liabilities. Due to adoption only being mandatory from 1 January 2018, the Group has not yet made an assessment of the impact of these amendments.



## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

#### *AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets. When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

#### *AASB 1031 Materiality and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.

Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations). When these amendments are first

adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

#### *AASB 2014-1 Amendments to Australian Accounting Standards*

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a ‘related party’ includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits to incorporate the IASB’s practical expedient amendments finalised in International Financial Reporting Standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality, which historically has been referenced in each Australian Accounting Standard.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.



# Notes to the financial statements (continued)

for the year ended 30 June 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018.

The entity has not yet assessed the full impact of these amendments.

### Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in IFRS 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except principles that conflict with the guidance of IFRS 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by IFRS 3 and other IFRSs.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

### IFRS 15 – Revenue from Contracts with Customers

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

IFRS 15:

- replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers).

When this standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

## 2. REVENUE

### Revenue from continuing operations

Rent received

Interest received – other persons / corporations

### Other income

Gain on sale of investments

Fair value gain on investments

Sundry income

## 3. SHARE BASED PAYMENTS

Current period expense for share based payments granted

Consolidated	
2014 \$'000	2013 \$'000
22	-
314	581
336	581
126	-
51	-
-	1
177	1
134	89
134	89

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

	Consolidated	
	2014 \$'000	2013 \$'000
<b>4. INCOME TAX EXPENSE</b>		
Loss from continuing activities before tax expense	(3,435)	(6,443)
Prima facie tax benefit on loss from continuing activities at 30% (2013: 30%)	(1,031)	(1,932)
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	1	1
Share-based payments	40	27
Fair value movement on investments	(9)	10
Tax effect of current year tax losses for which no deferred tax asset has been recognised	999	1,856
Overprovision in prior year	-	(1,344)
<b>Income tax benefit</b>	-	(1,382)
Income tax related to deferred tax		
Unrecognised deferred tax assets and liabilities on income tax account:		
Capital raising costs	1,218	1,858
Timing differences	(54)	454
Carry forward tax losses	4,140	2,260
<b>Net unrecognised deferred tax asset</b>	<b>5,304</b>	<b>4,572</b>

The taxation benefits will be obtained only if the assessable income derived is of a nature and an amount sufficient to enable the benefit of deductions to be realised; conditions for deductibility imposed by the law are complied with; and there are no changes in tax legislation that adversely affect the realisation of the benefit of the deductions. For accounts purposes, with respect to the above, the Company has not brought the tax benefit to account. All losses available to the group of companies are included in the current year ended 30 June 2014.

**5. AUDITOR'S REMUNERATION**

Total amounts receivable by the Auditors for:

Amounts paid / payable to Grant Thornton Audit Pty Ltd for audit and review of the financial report of the Group

	47	45
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**6. CASH AND CASH EQUIVALENTS**

Cash at bank

Money market securities – term deposits

	386	783
	5,077	10,158
	<b>5,463</b>	<b>10,941</b>

The weighted average interest rate as at the end of the reporting period is 3.34% (2013: 3.83%) and the average remaining term is 58 days (2013: 45 days).

**7. TRADE AND OTHER RECEIVABLES**

**Current**

GST receivable

Interest receivables

Prepayments and other receivables

	32	42
	14	46
	89	107
	<b>135</b>	<b>195</b>

No trade and other receivables are past due date.

**8. OTHER FINANCIAL ASSETS**

**Non-current**

Rental lease deposit

	74	74
	<b>74</b>	<b>74</b>

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**9. PROPERTY, PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

**Port Pirie Property** – at directors' valuation  
Accumulated amortisation

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  
Additions  
Impairment loss expensed to profit and loss  
Carrying amount at end of financial year

**Plant and equipment** – at cost  
Accumulated depreciation

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  
Additions through acquisition of subsidiary  
Additions  
Disposals  
Depreciation expense  
Carrying amount at end of financial year

**Leasehold improvements** – at cost  
Accumulated depreciation

Reconciliation of the carrying amount of leasehold improvements at the beginning and end of the current and previous financial year

Carrying amount at beginning of financial year  
Additions  
Disposals  
Depreciation expense  
Carrying amount at end of financial year

**Carrying amount of property, plant, equipment and leasehold improvements at end of financial year**

**10. EXPLORATION AND EVALUATION EXPENDITURE**

**Exploration expenditure**

Costs brought forward  
Costs incurred during the period  
Subsidiary acquired during the period (Note 17)  
Exploration expenditure impaired during the period

Costs carried forward

Exploration expenditure costs carried forward are made up of:

Expenditure on joint venture areas  
Expenditure on non-joint venture areas

Costs carried forward

Consolidated	
2014 \$'000	2013 \$'000
990	990
-	-
990	990
990	990
-	5
-	(5)
990	990
573	541
(223)	(181)
350	360
360	415
16	-
3	38
-	(49)
(29)	(44)
350	360
38	38
(38)	(38)
-	-
-	3
-	-
-	-
-	(3)
-	-
1,340	1,350
2,721	4,151
444	2,670
1,826	-
(150)	(4,100)
4,841	2,721
1,178	-
3,663	2,721
4,841	2,721

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**11. FINANCIAL ASSETS**

**Listed company securities**

Investments at fair value through profit and loss

Equity securities - Level 1

**Listed company securities**

Available for sale financial assets

Equity securities - Level 1

	Consolidated	
	2014 \$'000	2013 \$'000
	416	123
	416	123
	-	35
	-	35
	416	158

Listed equity securities are valued 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).*

**12. CURRENT LIABILITIES – PAYABLES**

Trade creditors and accruals

Other creditors

Unpaid dividends and return of capital

	84	290
	229	176
	128	166
	441	632

These payables are non-interest bearing and are generally settled on 30 day terms.

**13. DEFERRED TAX LIABILITIES**

**Non-current**

Deferred tax liability arising from fair value movement in shares / warrants

	-	11
	-	11

**14. PROVISIONS**

Premises make good

Deferred acquisition cost

Long service leave

	10	10
	102	-
	72	56
	184	66

Premises make good relates to the requirement to restore leased office premises in Kyle House to its original condition. This provision has been recognised as the estimated cost of removing partitions and has been capitalised as part of the cost of leasehold improvements and amortised over the life of the lease. Movement in this provision is set out below:

Carrying amount at start of year

Provision recognised – charged to Leasehold Improvements

Carrying amount at end of year

	10	10
	-	-
	10	10

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**14. PROVISIONS (CONTINUED)**

Deferred acquisition cost refers to the probability weighted discounted valuation of the contingent milestone payments that may become due under the Tunkillia Gold Pty Ltd acquisition. Movement of this provision is set out below:

Carrying amount at start of year  
Provision recognised – charged to Investment in Subsidiary

Carrying amount at end of year

Long service leave reflects the present value of future entitlements after assessing length of service and other employment factors. Movement in this provision is set out below:

Carrying amount at start of year  
Provision recognised – charged to Long Service Leave

Carrying amount at end of year

**15. CONTRIBUTED EQUITY**

**Share capital**

260,947,378 (2012: 260,947,378) fully paid ordinary shares

Shares issued during the period

Reclassification of reserves

268,617,428 (2013: 260,947,378) fully paid ordinary shares

**Share issue costs**

Consolidated	
2014 \$'000	2013 \$'000
-	-
102	-
102	-
56	-
16	56
72	56
32,841	24,520
250	-
-	8,321
33,091	32,841
(7,859)	(7,859)
25,232	24,982

**Movements in ordinary share capital**

At beginning of the reporting period

Shares issued during the year

Exercise of rights

At end of reporting period

Consolidated	
2014 No.	2013 No.
260,947,378	260,947,378
7,500,000	-
170,050	-
268,617,428	260,947,378

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

**Terms and conditions of contributed equity**

**Ordinary Shares**

Ordinary shares have no par value, have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a general meeting of the Company.

Option holders have no voting rights until the options are exercised.

**Rights**

170,050 shares were issued during the year ended 30 June 2014 by virtue of the vesting of rights.



**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**15. CONTRIBUTED EQUITY (CONTINUED)**

As at 30 June 2014, the Company had on issue:

<b>Rights</b>	<b>Exercise price</b>	<b>Vesting date</b>
3,691,232	\$0.00	1 July 2015
5,866,673	\$0.00	1 July 2016

**Dividend and Return of Capital**

On 2 November 2011 a total dividend amount of \$162,454,583 and a total capital return of \$104,303,056 were paid. As of 30 June 2014 \$128,074 remains unpaid (30 June 2013 – \$165,875) and is recorded in current payables.

**16. RESERVES**

**Share based payments reserve**

Opening balance

Transferred to share capital

Expensed

Closing balance

**Available-for-sale reserve**

Opening balance

Change in fair value of available-for-sale assets

Change following disposal of available-for-sale assets

Closing balance

**Total Reserves**

<b>Consolidated</b>	
<b>2014</b>	<b>2013</b>
<b>\$'000</b>	<b>\$'000</b>
<b>89</b>	8,321
<b>(10)</b>	(8,321)
<b>134</b>	89
<b>213</b>	89
<b>25</b>	32
<b>-</b>	(7)
<b>(25)</b>	-
<b>-</b>	25
<b>213</b>	114

The share based payments reserve represents a valuation of incentive rights.

**17. ACQUISITION OF TUNKILLIA GOLD PTY LTD**

On 29 May 2014, the Group acquired 100% of the equity instruments and control of Tunkillia Gold Pty Ltd, the holder of South Australia mining interests at Tunkillia and Tarcoola. The acquisition of the company was made to enhance the Group's position in the gold sector with two key projects that have completed feasibility and scoping studies.

The details of the acquisition are as follows:

	<b>\$'000</b>
<b>Fair value of consideration transferred</b>	
Amount settled in cash	1,500
Amount settled by issue of ordinary shares	240
Fair value of contingent consideration	102
<b>Total</b>	<b>1,842</b>
<b>Recognised amounts of identifiable net assets</b>	
Property, plant and equipment	16
Exploration and evaluation expenditure	1,826
<b>Total non-current assets</b>	<b>1,842</b>
Consideration transferred settled in cash	1,500
Cash and cash equivalents acquired	0
<b>Net cash outflow on acquisition</b>	<b>1,500</b>
Acquisition costs charged to expenses	656
<b>Net cash paid relating to the acquisition</b>	<b>2,156</b>

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**17. ACQUISITION OF TUNKILLIA GOLD PTY LTD (CONTINUED)**

**Consideration transferred**

The acquisition of Tunkillia Gold Pty Ltd was settled in cash for \$1,500,000.

The purchase agreement included the issue of 7,500,000 ordinary shares of the Company for a value of \$240,000 and an additional consideration of \$1,000,000 payable in a number of stages upon the achievement of certain milestones. In respect of the Tarcoola project, the Company is required to pay \$250,000 in cash or WPG shares (at WPG's election) on the date a JORC code probable ore reserve of 100,000 oz or more gold within the Exclusive Area is established in addition to the existing resource and a further, \$250,000 on the earlier commencement of mine construction and mining operations in any part of the Exclusive Area. An obligation on the Tunkillia project exist to pay \$500,000 in cash or WPG shares (at WPG's election) on the earlier of the commencement of mine construction and mining operations on MC4347 or the area any tenement succeeding or replacing MC4347 which overlaps this mining claim.

The additional consideration is forecast to be paid when the respective milestones are achieved. The \$102,304 fair value of the contingent consideration liability initially recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's estimate of a probability percentage ranging 10-75% that the targets will be achieved and is discounted using an interest rate of 15%.

Acquisition-related costs amounting to \$656,134 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of project evaluation and acquisition costs.

**Identifiable net assets**

The value of the exploration and evaluation expenditure for the rights acquired in various tenements as part of the acquisition amounts to \$1,826,011. The plant and equipment are valued at their net written down value as at the acquisition date (\$16,293).

**Tunkillia's contribution to the Group results**

Tunkillia Gold Pty Ltd did not trade during the 1 month from 30 May 2014 to the reporting date but incurred exploration evaluation expenditure of \$68,161 in this period.

**18. SHARE BASED PAYMENTS**

**Share based payment expense recognised during the financial year**

Incentives issued to employees and officers under the Incentive Rights Plan

Total share based payment expense

<b>Consolidated</b>	
<b>2014</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>
133,943	88,898
<b>133,943</b>	<b>88,898</b>

The following share based payment incentive rights were granted and/or exercised during the current year and where applicable, comparative reporting period.

<b>2014</b>									
<b>Grant date</b>	<b>Vesting Date</b>	<b>Exercise Date</b>	<b>Exercise Price</b>	<b>Balance at beginning of year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Expired during the year</b>	<b>Balance at end of year</b>	<b>Exercisable at end of year</b>
<b>Incentive Rights</b>									
1 July 2012	01.07.15	-	\$0.000	4,598,165	-	170,050	736,883	3,691,232	-
	Weighted average exercise price			\$0.000	-	\$0.000	\$0.000	\$0.000	-
1 July 2013	01.07.16	-	\$0.000	-	5,866,673	-	-	5,866,673	-
	Weighted average exercise price			-	\$0.000	-	-	\$0.000	-
<b>TOTAL</b>				<b>4,598,165</b>	<b>5,866,673</b>	<b>170,050</b>	<b>736,883</b>	<b>9,557,905</b>	<b>-</b>
	Weighted average exercise price			\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	-

## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 18. SHARE BASED PAYMENTS (CONTINUED)

2013 Grant date	Vesting Date	Exercise Date	Exercise Price	Balance at beginning of year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
<b>Incentive Rights</b>									
<b>Directors Options</b>									
12 November 2007		12.11.12	\$1.227	209,000	-	-	209,000	-	-
		Weighted average exercise price		\$1.227	-	-	\$1.227	-	-
<b>Incentive Rights</b>									
1 July 2012	01.07.15	-	\$0.000	-	4,598,165	-	-	4,598,165	-
		Weighted average exercise price		-	\$0.000	-	-	\$0.000	-
<b>TOTAL</b>				<b>209,000</b>	<b>4,598,165</b>	<b>-</b>	<b>209,000</b>	<b>4,598,165</b>	<b>-</b>
		Weighted average exercise price		\$1.227	\$0.000	-	\$1.227	\$0.000	-

The weighted average share price at date of exercise for the year ended 30 June 2014 was \$0.000 (2013: \$0.000) and the weighted average remaining contractual life of share options outstanding at 30 June 2014 was 0 days (2013: 0 days).

#### Employees and Officers Share Option Plan (the Share Option Plan)

The Share Option Plan which was in effect for the year ended 30 June 2010 has been replaced by the Incentive Rights Plan. All options issued under the Share Option Plan have now either been exercised or expired. No further options will be issued under the Share Option Plan.

#### Incentive Rights Plan (the Plan)

The Company believes that encouraging its employees to become shareholders is the best way of aligning their interests with those of its shareholders.

The Plan, approved by shareholders on 31 August 2010, has become the principal tool for the reward and administration of incentive entitlements to all eligible employees and Executive Directors. The Plan represents a major simplification and standardisation of the Company's incentives system.

The Plan assists in the attraction, retention and motivation of the Company's Directors, officers, employees and senior consultants. The Plan does so in a manner that is compliant with relevant tax legislation and in a less dilutory fashion than the Share Option Plan.

Under the Plan, eligible employees and Executive Directors may be granted rights to shares in the capital of the Company upon the satisfaction of specified performance criteria (Performance Rights) and specified periods of tenure (Retention Rights) over a vesting period of 3 years, or on shorter periods in some cases.

The Performance Rights and Retention Rights (Rights) will not vest unless the vesting conditions imposed by the Board have been satisfied.

Rights cannot vest nor can shares be issued in relation to vested Rights during any period when such recipients would be excluded from acquiring shares under the

Company's Securities Trading and Trading Windows Policy.

The cost of these equity-settled transactions is measured by reference to the fair value at the grant date determined by using the Binomial Tree option valuation methodology model, prepared by an external consultant having regard to historical volatility determined by that consultant.

Inputs into the model:	2014	2013
Spot price of underlying security	<b>\$0.032</b>	\$0.058
Risk free interest rate	<b>4.41%</b>	4.41%
Dividend yield	<b>0.0%</b>	0.0%
Probability of vesting	<b>100%</b>	100%
Exercise price	<b>\$0.00</b>	\$0.00
Standard deviation / volatility	<b>59.30%</b>	59.30%

#### Performance and Retention Incentives

A Long-Term Incentive (LTI) reward will be made in the form of Rights to shares which will have a vesting period of 3 years. The number of Rights that ultimately vest (that is, convert to shares) will be based on the Company's performance over the same 3 years. These rewards take the form of Performance Rights and Retention Rights (refer below).

An LTI reward will be made by way of the grant of "Performance Rights" as soon as practicable after each financial year end. The number of Performance Rights to be granted annually to each eligible employee or Executive Director is calculated by the following formula:

$$\text{Participant's Base Package} \times \text{Target Performance LTI}\% \div \text{Adjusted Right Value}$$

## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 18. SHARE BASED PAYMENTS (CONTINUED)

The performance measurement period is three years, and performance is based on average absolute Total Shareholder Return (TSR) and the relative TSR of sixty ASX listed companies. The sixty listed companies for the purposes of the calculation are peer companies nominated by Godfrey Remuneration Group, and those companies have a spread of size and level of operations such as to represent, in the Board's view, an appropriate benchmark group.

An LTI reward will also be made by way of grant of "**Retention Rights**", which will be issued to eligible employees and Executive Directors pursuant to the terms of the Plan upon or as soon as practicable after commencement of employment and annually thereafter. These Retention Rights are granted annually and on a pro rata basis to the employees' period of tenure, with the full amount vesting if the employee were to remain employed by the Company for 3 years.

The number of Retention Rights to be granted annually to each eligible employee or Executive Director is calculated by the following formula:

*Participant's Base Package x Target Retention LTI% ÷ Right Value*

Target Performance and Retention LTI% figures are developed from broad market data provided by Godfrey Remuneration Group.

**Right value** is determined by the following formula:

*Share Price – (Annual Dividend x Minimum Vesting Period)*

**Adjusted Right Value** is determined by the following formula, with **Probability of Vesting** set at 50% in line with broad market data:

*Right Value x Probability of Vesting*

#### Summary of the Plan

##### *Purpose of the Plan*

The purpose of the Plan is to provide an incentive for eligible employees and Executive Directors by enabling them to participate in the future growth of the Company and upon becoming shareholders to participate in the Company's profits and development. Under the Plan, eligible employees and Executive Directors may be granted rights to shares in the capital of the Company upon the satisfaction of specified performance criteria and specified periods of tenure. The provision of this incentive is expected to result in future benefits to the shareholders and employees of the Company that result from:

- attracting, motivating and retaining key employees by providing balanced, competitive remuneration packaging;

- assisting eligible employees and Executive Directors to become shareholders in the Company, ensuring that they have commonly shared goals related to producing relatively high returns for shareholders; and
- less dilution to the Company than the issue of options under the Share Option Plan.

##### *Offer of Rights*

When eligible employees and Executive Directors satisfy specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer to the employee of Rights. The offer will specify the number of Rights being offered and the conditions that must be met by the employee before the Rights will vest.

##### *Number of Rights Offered*

The number of Rights that will be offered to an employee pursuant to an offer is entirely within the discretion of the Board. Each Right will, upon vesting, entitle the holder to one (1) share in the capital of the Company.

##### *Vesting Conditions*

The measurement and vesting period for both Performance Rights and Retention Rights is 3 years. The Board has the discretion to vary this vesting and measurement period, in a range of circumstances including bonus issues, rights issues and capital reorganisations.

Performance Rights – the number of Performance Rights granted is based on the formula outlined above. The number Performance Rights that vest is based on the performance of the Company relative to the average absolute TSR and the relative TSR of sixty ASX listed companies over the three year vesting period. Performance Rights are granted annually and on a pro-rata basis to the employee's period of tenure.

Retention Rights – the number of Retention Rights granted is based on the formula outlined above. Vesting of all Retention Rights will occur if the employee remains employed by the Company for three years. Retention Rights are granted annually and on a pro rata basis to the employee's period of tenure.

The Rights will not vest unless the vesting conditions imposed by the Board have been satisfied.

Rights cannot vest nor can shares be issued in relation to vested Rights during any period when such recipients would be excluded from acquiring shares under the Company's Securities Trading and Trading Windows Policy.

##### *Exercise Price*

Employee participants in the Plan will not be required to make any payment in return for a grant of Rights nor for the issue or transfer of shares upon the vesting of Rights.

## Notes to the financial statements (continued)

for the year ended 30 June 2014

### 18. SHARE BASED PAYMENTS (CONTINUED)

#### Lapse of Rights

Rights that have not vested will lapse:

- at the end of the Measurement Period for Retention Rights;
- at the end of the Measurement Period for Performance Rights when some, but not all, of them do not vest;
- following one re-testing of Performance Rights if they fail to vest;
- if the Rights are transferred without the Board's consent;
- if the employee ceases his or her employment or employment relationship with a Group company; or
- under any circumstances specified by the Board in the offer of Rights.

#### Shares Allotted Upon Exercise of Rights

The Company will issue or transfer fully paid, ordinary shares to the employee as soon as practicable after the vesting of Rights. The shares allotted under the Plan will be of the same class and will rank equally with shares in the Company at the date of issue.

#### Transfer of Rights

A Right is not transferable without the consent of the Board.

#### Takeover, Scheme or Arrangement

In the event of a change-in-control including a takeover:

- unvested Retention Rights will not be affected; and
- unvested Performance Rights will vest in the proportion that the Company's share price has grown since the date of grant of the Performance Rights or such greater proportion as determined in the discretion of the Board. Maximum vesting is 100%.

#### Bonus Issues, Rights Issues and Capital Reconstruction

In order to prevent a reduction of the number of shares to which the Rights relate in the event of bonus issues or pro rata rights issues, the Plan rules provides for an adjustment of the number of Rights in accordance with ASX Listing Rule 6.22.2. In the case of a capital reconstruction the number of Rights may be adjusted at the discretion of the Board.

#### Participation in New Issues

There are no participating rights or entitlements inherent in the Rights and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Rights. In addition, holders of Rights will not be entitled to vote or receive dividends as a result of their holding of Rights.

### 19. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share

cents (1.31) (1.94)

Diluted earnings / (loss) per share

cents (1.31) (1.94)

Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS

No. 268,617,428 260,947,378

Earnings / (Loss) after tax used in calculating basic and diluted EPS

\$ (3,435,462) (5,060,420)

There were 9,557,905 rights outstanding at the end of the year (2013 - 4,598,165 rights) that have not been taken into account in calculating diluted EPS because their effect would be antidilutive.

On 1 July 2014, 5,704,801 rights were issued to Directors, KMPs and employees which would not have significantly increased the amount of weighted average number of ordinary shares used to calculate diluted EPS had these been issued at the end of the reporting period.



**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**20. RELATED PARTY DISCLOSURES**

**Key Management Personnel Compensation**

The aggregate compensation made to Key Management Personnel of the Company and the Group is set out below:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,607,614	2,428,946
Post-employment benefits	112,684	105,555
Non-monetary benefits	-	-
Share-based benefits	108,138	79,327
	<b>1,828,436</b>	<b>2,613,828</b>

**Subsidiaries**

The consolidated financial statements include the financial statements of WPG Resources Ltd and the subsidiaries listed below:

<b>Name</b>	<b>Country of incorporation</b>	<b>Equity interest</b>		<b>Investment</b>	
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
		<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>
WPG Ore Marketing Pty Ltd	Australia	100	100	1	1
WPG Securities Pty Ltd	Australia	100	100	1	1
Port Bonython Bulk Users Group Inc	Australia	100	100	1	1
Port Bonython Pty Ltd	Australia	100	100	1	1
Spencer Gulf Holdings Pty Ltd	Australia	100	100	1	1
Tarcoola Gold Pty Ltd (formerly Southern Potash Pty Ltd)	Australia	100	100	1	1
Spencer Gulf Ports Pty Ltd	Australia	100	100	1	1
Southern Coal Holdings Pty Ltd	Australia	100	100	1	1
Giffen Iron Pty Ltd	Australia	100	100	1	1
New World Coal Pty Ltd	Australia	100	100	1	1
Tunkillia Gold Pty Ltd	Australia	100	-	1,842,304	-
				<b>1,842,314</b>	<b>10</b>

**21. FINANCIAL REPORTING BY SEGMENT**

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 executive management committee (comprising of the Executive Chairman, Managing Director, Technical Director and CFO) are the chief operating decision makers.

The executive management committee have determined that there are currently no operating segments and no discrete information is provided to them and therefore no segment information has there 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 2014 or 2013. 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 financial statements (continued)

for the year ended 30 June 2014

### 22. FINANCIAL INSTRUMENTS

#### Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying value. Credit risk is minimal at the end of the reporting period.

#### Capital Risk Management

The Group considers its capital to comprise its ordinary share capital, options reserves and accumulated losses.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions when applicable. In order to achieve this objective, the Group seeks to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

#### Financial Risk Management

##### (a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives,

policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Examples of the principal financial instruments from which financial instrument risk arises are trade receivables, cash at bank and trade and other payables.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these risks are set out below

##### (b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss.

The maximum exposure to credit risk at the reporting date is as follows:

	Consolidated	
	2014 \$'000	2013 \$'000
Cash and cash equivalents	5,463	10,941
Other receivables	14	46
Lease rental deposit	74	74
	<b>5,551</b>	<b>11,061</b>

There are two counterparties for cash and cash equivalents which are Westpac Banking Corporation Limited and Bank of Western Australia Limited.

#### Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that treasury maintain adequate cash reserves or committed credit facilities and the ability to close-out market positions.

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**Financing arrangements**

The following financing facilities were available at the reporting date:

**Maturity Analysis – Consolidated – 2014**

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6-12 mths \$'000	1-3 years \$'000	> 3 years \$'000
<b>Financial Liabilities</b>						
Trade creditors & accruals	441	441	441	-	-	-
<b>TOTAL</b>	<b>441</b>	<b>441</b>	<b>441</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets (Loans and receivables including cash and cash equivalents)</b>						
Cash at bank and deposits at call	5,463	5,463	5,463	-	-	-
Other receivables	14	14	14	-	-	-
Lease rental deposit	74	74	-	-	-	74
<b>TOTAL</b>	<b>5,551</b>	<b>5,551</b>	<b>5,477</b>	<b>-</b>	<b>-</b>	<b>74</b>

**Maturity Analysis – Consolidated – 2013**

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6-12 mths \$'000	1-3 years \$'000	> 3 years \$'000
<b>Financial Liabilities</b>						
Trade creditors	456	456	456	-	-	-
<b>TOTAL</b>	<b>456</b>	<b>456</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets (Loans and receivables including cash and cash equivalents)</b>						
Cash at bank and deposits at call	10,941	10,941	10,941	-	-	-
Other receivables	46	46	46	-	-	-
Lease rental deposit	74	74	-	-	-	74
<b>TOTAL</b>	<b>11,061</b>	<b>11,061</b>	<b>10,987</b>	<b>-</b>	<b>-</b>	<b>74</b>

The Group holds sufficient deposits at banks to meet liquidity needs.

**(c) Interest rate risk**

At the end of the reporting period, the Group was exposed to a floating weighted average interest rate as follows:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
Weighted average rate of cash balances	2.22%	2.28%
Cash balances	\$386,522	\$783,055
Weighted average rate of term deposits	3.43%	3.95%
Term deposits	\$5,076,856	\$10,157,963

Term deposits are normally invested between 30 to 120 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

The Group monitors its interest rate risk exposure continuously with a view to obtaining the highest practical level of interest income.

The Group invests surplus cash in interest bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market.

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**22. FINANCIAL INSTRUMENTS (CONTINUED)**

The Group's exposure to interest rate risk is set out in the tables below:

**Sensitivity Analysis**

**Consolidated – 2014**

	Carrying Amount	+1.0% of AUD IR		-1.0% of AUD IR	
	\$'000	Profit \$'000	Other Equity \$'000	Profit \$'000	Other Equity \$'000
Cash and cash equivalents	5,463	55	-	(55)	-
Tax charge of 30%	-	(17)	-	17	-
After tax increase / (decrease)	5,463	38	-	(38)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2013.

**Consolidated – 2013**

	Carrying Amount	+1.0% of AUD IR		-1.0% of AUD IR	
	\$'000	Profit \$'000	Other Equity \$'000	Profit \$'000	Other Equity \$'000
Cash and cash equivalents	10,941	109	-	(109)	-
Tax charge of 30%	-	(33)	-	33	-
After tax increase / (decrease)	10,941	76	-	(76)	-

The above analysis assumes all other variables remain constant.

**23. CONTINGENCIES**

There were no known contingencies at the date of this report.

**24. SUBSEQUENT EVENTS**

There were at the date of this report no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations of the Group;
- the results of those operations; or
- the state of affairs of the Group.

**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**25. COMMITMENTS**

**Exploration licence expenditure requirements**

In order to maintain the Group's tenements in good standing with the various mines departments, the group will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish if the Group joint ventures projects to third parties.

	Consolidated	
	2014 \$'000	2013 \$'000
Payable not later than one year	2,005	790
Payable later than one year but not later than two years	136	534
	<b>2,141</b>	<b>1,324</b>

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Group from time to time.

**Operating leases**

Office lease & equipment		
Not later than one year	204	186
Later than one year but not later than five years	211	380
Later than five years	-	-
	<b>415</b>	<b>566</b>

**26. CASH FLOW INFORMATION**

**Reconciliation of net cash outflow from operating activities to operating profit/(loss) after income tax**

(a) Operating profit/(loss) after income tax	(3,435)	(5,061)
Depreciation & amortisation	29	46
Exploration & evaluation expenditure write-off	150	4,100
Share-based payments	134	89
Fair value loss on investments	20	27
Fair value gain on investments	(51)	-
Impairment loss on Port Pirie property	-	5
Net gain on disposal of investment	(126)	-
Loss on sale of assets	-	23
<b>Change in assets and liabilities:</b>		
Decrease in receivables	61	878
Increase in long service leave provision	15	-
Decrease in trade and other creditors	(149)	(2,273)
Net cash outflow from operating activities	<b>(3,352)</b>	<b>(2,166)</b>

- (b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. Apart from a company credit card, the Company does not have any unused credit facilities.

The balance at 30 June 2014 comprised:

Cash assets (Note 6)	386	783
Term deposits (Note 6)	5,077	10,158
Cash on hand	<b>5,463</b>	<b>10,941</b>



**Notes to the financial statements (continued)**  
for the year ended 30 June 2014

**27. CORPORATE INFORMATION**

The financial statements of WPG Resources Ltd for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 27 August 2014 and cover the Consolidated Entity consisting of WPG Resources Ltd and its subsidiaries as required by the Corporations Act 2001. Separate financial statements for WPG Resources Ltd as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001. However, limited financial information for WPG Resources Ltd as an individual entity is included in Note 28.

WPG Resources Ltd is a company limited by shares and incorporated in Australia. It is a for-profit company and its shares are publicly traded on the Australian Securities Exchange under the ASX code "WPG".

The nature of the operations and principal activities of the Company are described in the Review of Operations.

The financial statements are presented in Australian currency.

**28. PARENT ENTITY INFORMATION**

The following information relates to the parent entity, WPG Resources Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	<b>Parent</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current assets	19,796	24,822
Non-current assets	2,316	332
<b>Total assets</b>	<b>22,112</b>	<b>25,154</b>
Current liabilities	442	591
Non-current liabilities	184	77
<b>Total liabilities</b>	<b>626</b>	<b>668</b>
Contributed equity	25,232	24,982
Accumulated losses	(3,959)	(610)
Available-for-sale reserve	-	25
Share-based payment reserve	213	89
<b>Total equity</b>	<b>21,486</b>	<b>24,486</b>
Loss for the year	(3,349)	(1,049)
Other comprehensive income for the year	-	(7)
<b>Total comprehensive income attributable to members of WPG Resources Ltd</b>	<b>(3,349)</b>	<b>(1,056)</b>

# Directors' Declaration

In accordance with a resolution of the Directors of WPG Resources Ltd, I state that:

- (1) The Directors of the Company declare that:
  - (a) financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, and:
    - (i) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of the performance for the year ended on that date; and
    - (ii) comply with Accounting Standards and the Corporations Regulations 2001.
- (2) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (3) 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.
- (4) The remuneration disclosures set out on pages 4 to 9 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2014, comply with Section 300A of the Corporations Regulations 2001.
- (5) The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001*.

On behalf of the Board



RH Duffin  
Executive Chairman

1 September 2014

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Sydney NSW 2000

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of WPG Resources Ltd**

### **Report on the financial report**

We have audited the accompanying financial report of WPG Resources Ltd (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

### **Directors’ responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors’ responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor’s responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion**

In our opinion,

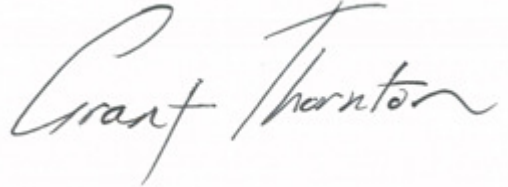
- a the financial report of WPG Resources Ltd is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

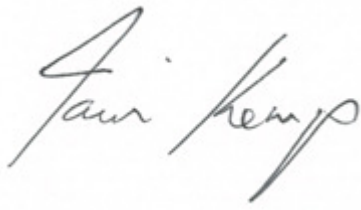
We have audited the remuneration report included in pages 4 to 9 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of WPG Resources Ltd for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner - Audit & Assurance

Sydney, 1 September 2014



# Corporate Directory

## WPG Resources Ltd

ABN 51 109 426 502

### DIRECTORS

**Robert H Duffin** Executive Chairman

**Martin C Jacobsen** Managing Director

**Gary J Jones** Technical Director (Executive)

**Leonard A Dean** Non-executive Director

**Lim See Yong** Non-executive Director

**Dennis R Mutton** Non-executive Director

### SECRETARY

**Larissa Brown**

### REGISTERED AND ADMINISTRATION OFFICE

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<b>E-mail</b>	info@wpgresources.com.au
<b>Website</b>	www.wpgresources.com.au

### SHARE REGISTRY

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<b>Telephone</b>	+61 2 9290 9600
<b>Facsimile</b>	+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**