

ASX and Media Release

Quarterly activities report September quarter 2016

HIGHLIGHTS

Challenger gold project (WPG 50% to 31 July, 100% from 1 August)

- ❖ Gold production of 12,138 oz in quarter at 100% level
- ❖ Successful mine commissioning completed in late July
- ❖ Increased ownership of mine to 100% effective 1 August

Tarcoola gold project (WPG 100%)

- ❖ Definitive Feasibility Study and updated Ore Reserve Estimate completed
- ❖ PEPR submitted and imminent approval is anticipated
- ❖ Key technical staff appointed in anticipation of receipt of approvals
- ❖ Project to be funded from existing cash reserves

Tunkillia gold project (WPG 100%)

- ❖ Advanced data analysis undertaken
- ❖ Funding options being reviewed

Corporate

- ❖ Placement and Entitlement Offer completed
- ❖ Listed options exercised progressively

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

CHALLENGER GOLD MINE

SUMMARY

Production Summary	Units	*September Quarter 2016	Year To Date	**June Quarter 2016
Underground Capital Development	m	394	394	179
Total Underground Development	m	1,213	1,213	220
Underground Ore Mined	Tonnes	108,451	108,451	11,979
Surface Stockpiles Treated	Tonnes	38,639	38,639	52,807
Total Ore Processed	Tonnes	151,598	151,598	63,385
Grade Processed	g/t Au	2.64	2.64	1.78
Recovery	%	94.5	94.5	93.0
Gold Recovered	Ounces	12,138	12,138	3,367
All-in Sustaining Cost***	\$/Ounce	1,493	1,493	3,195
Gold Sold	Ounces	11,425	11,425	1,707
Average Gold Price Received	\$/Ounce	1,755	1,755	1,773
Revenue From Bullion Sales*	A\$000's	20,067	20,067	3,030

Notes: * Production, sales and revenue information is provided for the Challenger gold mine at 100%(WPG 50% 01 June to 31 July, 100% from 1 August). Current year sales and revenue attributable to the joint venture partner up to 31 July 2016 are 1,891 oz for revenue of \$3,354k.

** Not a full Quarter.

*** AISC include all lateral development and fixed asset additions other than those associated with permanent infrastructure along with an appropriate allocation of head office costs

OVERVIEW

The Challenger mine recommenced operations in late May 2016 and commissioning continued through to late July. The mine continued to ramp up to full production with mine physicals performance steadily improving through the quarter with the mine and mill reaching planned rates by the end of July 2016.

One reportable incident occurred during the quarter when smoke was detected coming from the engine bay of an LV underground. The operator stopped the vehicle, activated the fire suppression and isolated the LV without further incident.

Total ore mined from underground for the quarter was 108,451 tonnes @ 3.11g/t Au (19,353 tonnes from development and 89,098 tonnes from stoping). Underground ore feed to the mill was supplemented by 38,639 tonnes of low grade surface stockpile material.

Milled tonnes for the quarter were 151,598 @ 2.64 g/t Au. Recovery of 94.5% was slightly impacted by the lower grade surface stockpile material. Total ounces recovered were 12,138, while gold sold was 11,425 ounces.

All-In-Sustaining Costs (AISC) in the quarter were \$1,493 per ounce recovered. These costs include all lateral development and fixed asset additions other than those associated with permanent infrastructure, bullion realisation costs and royalties net of minor silver credits, along with an appropriate allocation of head office costs. Total revenue from bullion sales was \$20.1 million from the sale of 11,425 ounces at an average gold price of \$1,775 per ounce.

Operating results and costs reported for the quarterly include results during commissioning in July along with production in August and September. These operating results and costs are reported on a 100% basis.

NEAR MINE EXPLORATION

WPG is placing a high priority on mounting a vigorous exploration program in the near-mine environment. Focussed initially on exploring underground for new lodes near existing workings, this program will be expanded to include testing near surface target zones for potential open pit development.

Near mine exploration targets include Challenger South South West (CSSW), Enterprise, Challenger NW and M3/SEZ, Challenger Deeps and Challenger North West. The surface projections of these areas are shown in relation to existing underground workings in Figure 1.

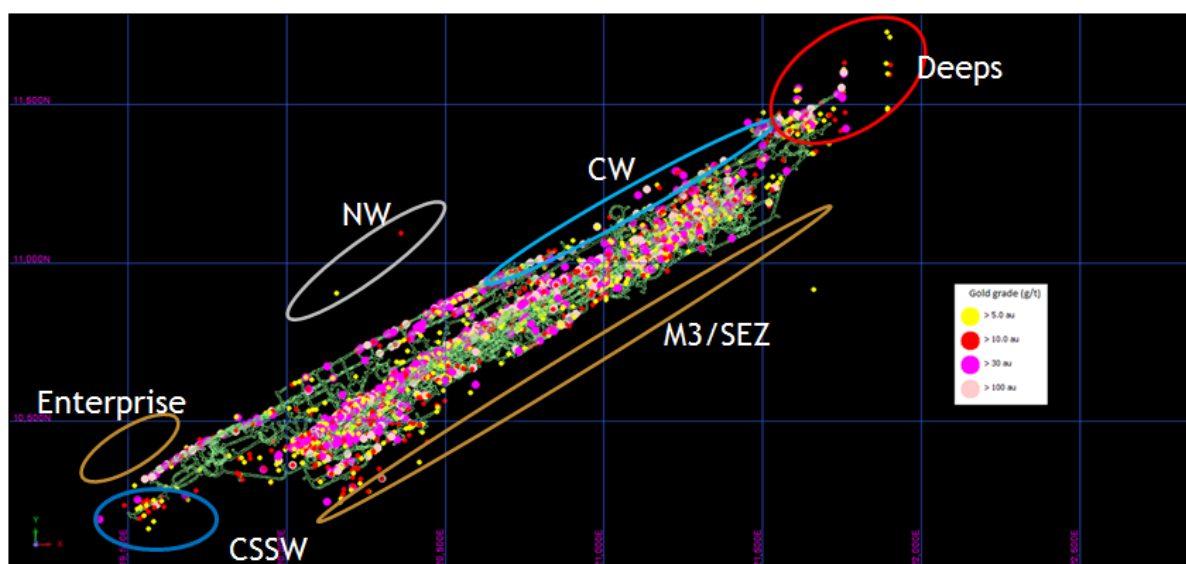


Figure 1: Locations of Near Mine Targets

During the July quarter, the Company had two of its own underground diamond drilling rigs and a third rig operated by contractors testing various targets. A fourth rig, owned by the Company, is being refurbished in preparation for further underground exploration.

Challenger SSW

During the quarter, six holes for 1,392 metres were drilled into the CSSW mineralised zone. There were also three historical holes processed from CSSW that were drilled in late 2015 by the previous owner but not assayed, which have been included in this update.

All nine CSSW drill holes were drilled to test the down plunge extension of the CSSW envelope below existing drilling and development mined by the previous owner. Seven of the drill holes tested the mineralised envelope between the 700 and 870mRL, while the two historical drill holes were testing continuity between the 650 and 500mRL.

Significant intercepts include:

- 15CUD1616: 0.88m @ 55.35g/t Au from 132.16m
- 15CUD1616: 1.03m @ 17.53g/t Au from 275.97m
- 15CUD1617: 1.00m @ 12.00g/t Au from 251.00m
- 15CUD1725: 0.39m @ 28.49g/t Au from 105.00m
- 16CUD1760: 0.30m @ 55.19g/t Au from 194.71m

A full description of drilling details, including table of significant intercepts can be found in Appendix 1 of this report.

The significant intercepts described above are comparable in length and grade to previously announced intercepts within the CSSW envelope. Two of the six holes drilled into the CSSW mineralised envelope during the period did not record significant results.

Challenger West

During the quarter, a total of 69 drill holes for 6,011 metres were drilled to test the continuity of Challenger West ore shoots in the lower parts of the mine. In the middle to upper levels of Challenger West, there are multiple ore shoots (OD2, OD3, OD4) that have been mined on these levels by the previous owner. The drilling throughout Challenger West was located between the 290 and 710mRL.

Significant intercepts include:

- 16CUD1781: 1.51m @ 75.79g/t Au from 85.00m
- 16CUD1804: 4.61m @ 16.27g/t Au from 39.39m
- 16CUD1805: 1.26m @ 47.44g/t Au from 31.00m

A full description of drilling details, including table of significant intercepts can be found in Appendix 1 of this report.

Sixty-four of the sixty-nine drill holes drilled towards the OD2 to OD4 ore shoots in Challenger West returned low grade results on leucosomes intersected, but due to the nuggetty nature of the gold at Challenger, there is potential for future development on these lower levels.

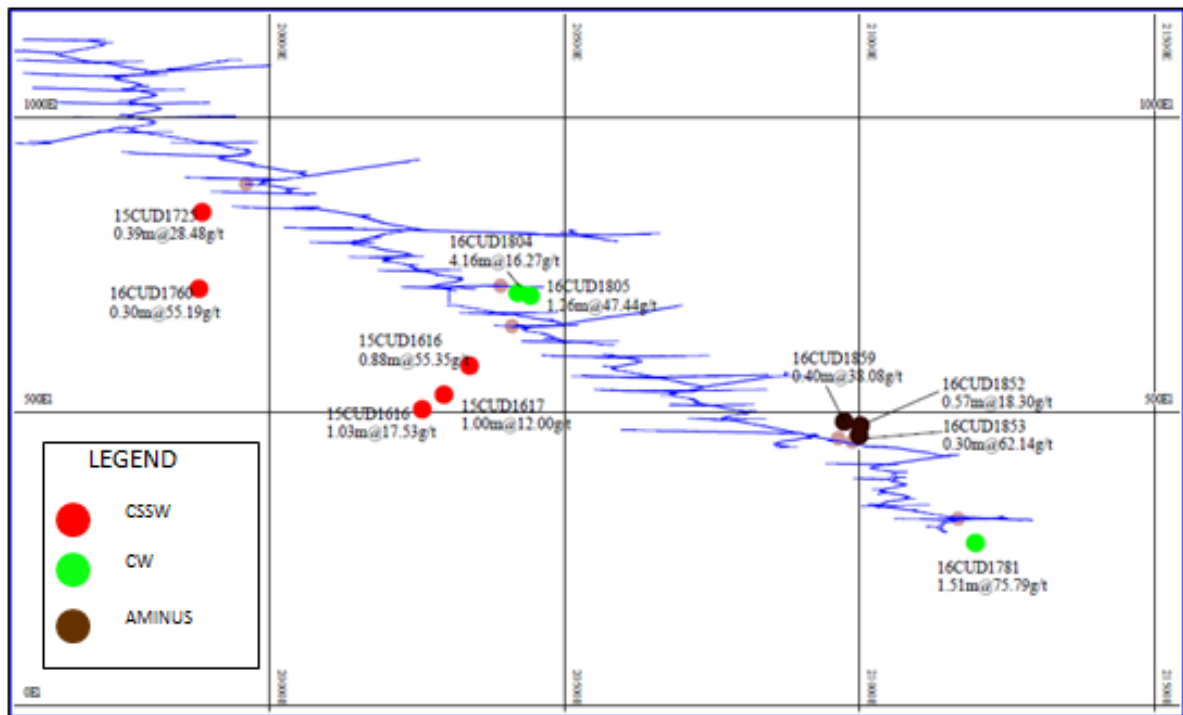


Figure 2. Long section view of significant intersections in Aminus, Challenger SSW and Challenger West Lodes. Challenger West infrastructure is shown in blue.

Aminus and OFW

Two smaller lodes, Aminus and OFW, located within the greater Challenger mine area were also targeted for infill drilling during the quarter consisting of 26 holes for 1,330 metres. These lodes have not been extensively drilled. Two drill fans targeting the Aminus lode between the 450 and 490mRL provided narrow, high grade intersections, comparable to the Aminus intercepts observed in lower levels of Challenger.

Significant intercepts from Aminus drilling include:

- 16CUD1852: 0.57m @ 18.30g/t Au from 30.98m
- 16CUD1853: 0.30m @ 62.14g/t Au from 17.30m
- 16CUD1859: 0.40m @ 38.08g/t Au from 32.40m

Twenty of the twenty six holes drilled into the Aminus and OFW lodes did not record significant intercepts.

A full description of drilling details, including table of significant intercepts can be found in Appendix 1 of this report.

INCREASED CHALLENGER OWNERSHIP TO 100%

In August 2016, WPG completed the acquisition of its former joint venture partner Diversified Minerals Pty Ltd (DMPL) 50% interest in the Challenger mining and exploration joint ventures (CJVs), to increase its interest to 100% of the Challenger gold operations. The acquisition of the former joint venture partner's interest, effective from 1 August 2016, increased WPG's interest in the Challenger mine to 100% and doubled WPG's share of production as well as WPG's attributable share of gold contained in Challenger's resources and reserves.

The purchase price was \$9 million and the issue of 25 million WPG options to DMPL. The unlisted vendor options will expire on 30 September 2018 and the exercise price is \$0.11 per option exercised. The issue of vendor options was approved at a general meeting of shareholders held on 13 October 2016.

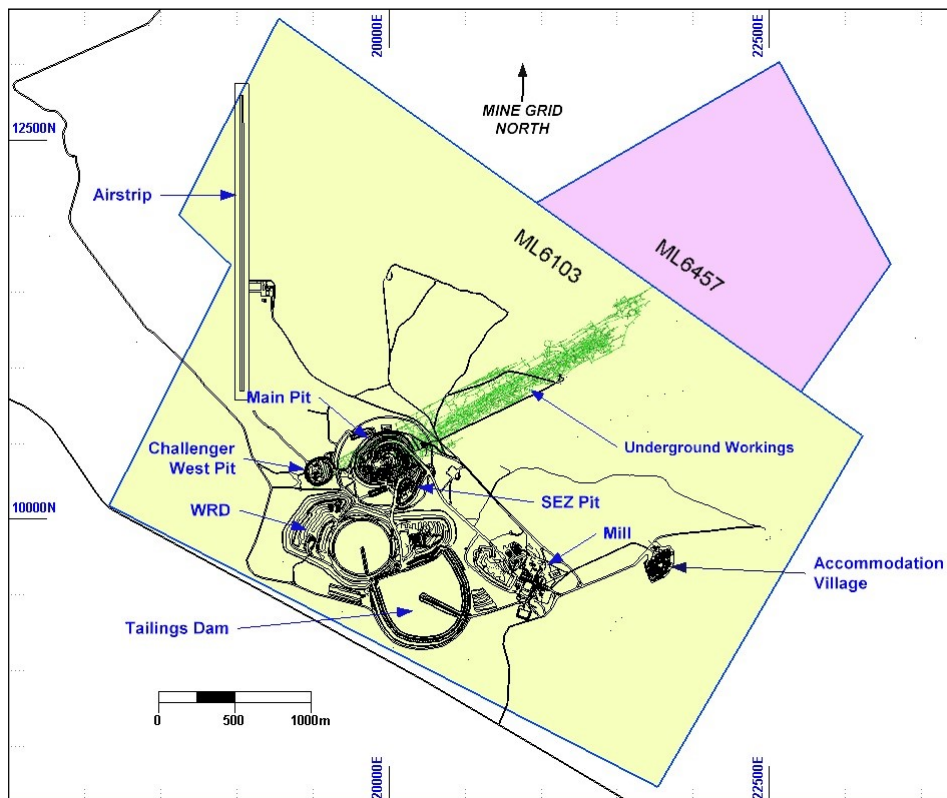


Figure 3: Location of MLs 6103 and 6457 at Challenger

WESTERN GAWLER CRATON JV (WGCJV)

The acquisition of the former joint venture partner's interest has also doubled WPG's exposure to the exploration upside potential of the Western Gawler Craton Joint Venture (WGCJV). The current interests of the parties to the WGCJV are approximately WPG 34%, Tyranna Resources Ltd (Tyranna) 66%. Tyranna is the manager of the WGCJV.

Challenger mining operations are currently undertaken on ML 6103 and the mine is surrounded by the northern section of EL 5661. A new mineral lease, ML 6457, was recently granted to WPG out of this northern section of EL 5661. ML 6457 contains down plunge extensions of the Challenger lodes and is known as “Challenger Deeps”.

During the quarter a dispute over ownership of the gold rights in the northern section of EL 5661 (and therefore ML 6457) was resolved with WPG’s 100% right to all minerals confirmed.

Under the binding term sheet signed by the parties, Tyranna agreed to drop its claim over the northern part of EL 5661 and in return, WPG agreed that ownership of the tenements subject to the WGCJV, will be transferred to Tyranna under a new joint venture arrangement. This new joint venture is over gold rights in the WGCJV area only and Tyranna will hold rights to other minerals (subject to other third party rights). The interests of the two parties in the new joint venture *ab initio* will be exactly the same as under the old joint venture, and there will be no change to the dilution provisions. As with the old joint venture, Tyranna will be manager of the new joint venture.

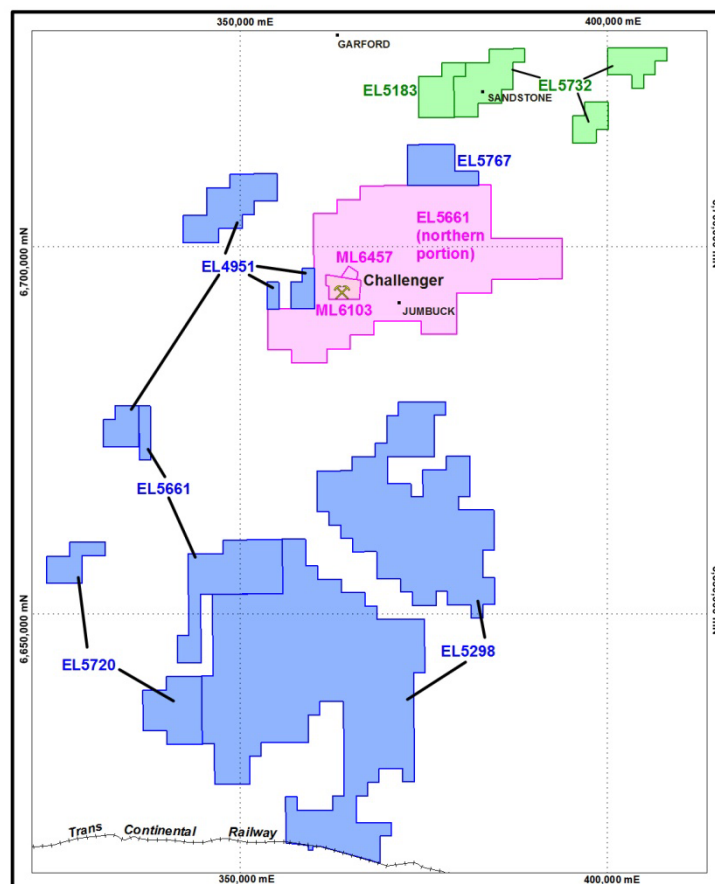


Figure 4: WGCJV tenure (shown in green and blue) and CGO tenure (shown in pink)

The new agreement will allow WPG to continue with its exploration and development of the down-plunge extensions to the Challenger lodes in the area known as Challenger Deeps, secure now in the knowledge that it has 100% rights to this area.

Tyranna's recent exploration on the WGCJV tenements has focussed on the Golf Bore, Greenwood, Mainwood and Campfire Bore prospects. WPG encourages its WGCJV partner to continue exploring in the WGCJV project area for potential eventual treatment of ore through the Challenger mill.

TARCOOLA

Activities to finalise permitting of the Tarcoola gold project and to obtain all requisite mining approvals and agreements to enable project development have been significantly advanced during the quarter. A decision to mine is anticipated to be made upon receipt of these approvals.

FEASIBILITY STUDY

On 1 September 2016 WPG announced the results of its updated Definitive Feasibility Study for the development of the Tarcoola gold project in South Australia, prepared on the basis of treatment of the Tarcoola ore through the Challenger CIP plant.

The Feasibility Study indicates substantially enhanced economic outcomes over the original heap leach option announced to the market on 25 September 2015.

The project remains a small to medium sized open pit gold mine, but now with a much smaller footprint as there will be no leach pads or gold recovery circuit on site. The ore will be hauled to Challenger, 165km away, for treatment, supported by substantially reduced on and off-site services and infrastructure.

Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%, up from the 81% for the original heap leach option.

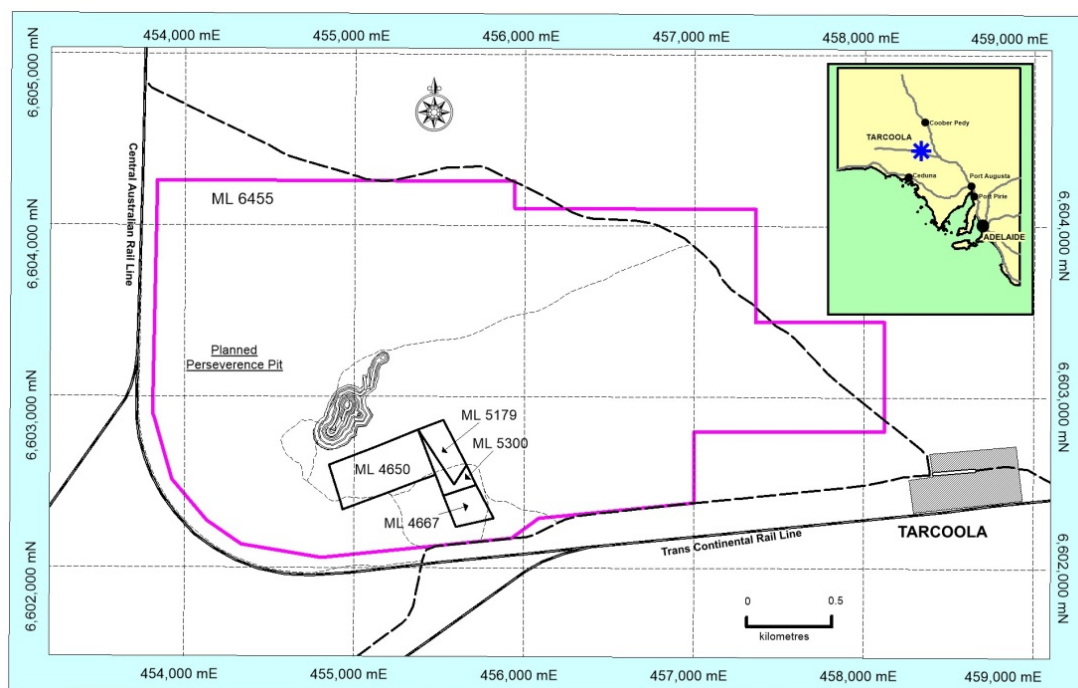


Figure 5: Location of ML 6455 at Tarcoola

PEPR SUBMISSION

The Program for Environment Protection and Rehabilitation (PEPR) for the Tarcoola operation was lodged during the quarter and WPG has worked closely with the SA Department of State Development (DSD) and other stakeholders throughout the PEPR approval process. All of DSD's queries have been addressed and approval of the PEPR is now imminent. Once approved, WPG will be in a position to commit to project development at Tarcoola.

OTHER APPROVALS

The Tarcoola project is located outside of the Woomera Prohibited Area (WPA). WPG has reached agreement with the Department of Defence (Defence) to access the haul road which traverses the WPA. WPG works closely with Defence under the co-existence framework for accessing the WPA.

A number of other third part agreements necessary for the operation have been entered into.

AWARD OF CONTRACTS

During the quarter a number of service providers for the Tarcoola project were identified and have been engaged in anticipation of the receipt of all necessary approvals for the commencement of mining operations in the December 2016 quarter.

Contracts have been executed with Ross Air, who also service the Challenger mine, to provide fly in / fly out air services for Tarcoola and Mogas for the supply of fuel.

Exact Mining Services have been issued a letter of intent to provide mining and ore haulage services. Contracts are currently being finalised.

Australian Camp Services have been issued a letter of intent for the provision of catering and camp services. Contracts are currently being finalised.

NT Link have been engaged to provide ancillary infrastructure for the site.

STAFFING

During the quarter WPG made a number of key appointments in anticipation of development of the Tarcoola gold project. Mr Henry Andryszczak was appointed as the Mining Manager of Tarcoola and Mr Rupert Verco was appointed as the Senior Mine Geologist.

Henry is a mining engineer who has worked in a number of roles at Olympic Dam and within DSD and has experience in a number of areas including safety and environment. His expertise is in project, operations and contract management and stakeholder engagement.

Rupert has worked at a number of South Australian projects including Peculiar Knob and Challenger. His experience is in the application of geological functions within exploration, resource development and mining processes as well as mine surveying, mine design and mine planning.

A geologist and a mining engineer have been appointed subsequent to the end of the quarter.

TARCOOLA HOSPITAL

WPG completed the acquisition of the vacant Tarcoola Hospital for the purpose of converting the building into dormitory-style accommodation. Proceeds from the purchase of the hospital are to be donated to the Royal Flying Doctor Service. Refurbishment of the Hospital and other buildings owned by WPG in the Tarcoola township have now commenced in anticipation of mining approvals.

In addition, other infrastructure items, including some prefabricated units, have been placed on order for delivery during the December 2016 quarter.

EXPLORATION

WPG has 100% of all minerals over an area of 1,212km² on EL 5355 and 5254 and is reviewing exploration targets with potential for further discoveries.

REVISED ORE RESERVE ESTIMATE

On 1 September 2016 WPG revised its estimate of Ore Reserves based on an updated Feasibility Study. The revised ore reserve estimate for Tarcoola is 710,000 tonnes at an average grade of 3.1 g/t Au containing 71,000 ounces as at 29 August 2016.

WPG confirms that it is not aware of any new information or data that materially affects the information included in the 1 September 2016 market announcement and above in relation to the ore reserve estimate, and confirms that to the best of its knowledge and belief all material assumptions and technical parameters underpinning the ore reserve estimate in the 1 September 2016 market announcement continue to apply and have not materially changed.

TUNKILLIA

EXPLORATION

WPG has 100% of all minerals over an area of 1,604km² on EL 5670, 4812 and 5790 and is reviewing exploration targets with potential for further discoveries. An advanced data analysis of historic drilling at the 223 Deposit was commenced during the quarter. This work has the objective of defining targets for drill testing of higher grade gold zones beneath the already defined mineralisation.

During the quarter a number of funding opportunities for Tunkillia were investigated.

MUCKANIPPY, ROBINS RISE, LAKE WOORONG AND PERFECTION WELL

With WPG's current focus on fast tracking its gold projects, the Company's efforts were diverted for the Quarter from its other South Australian project assets.

There was no substantive work undertaken on these tenements during the Quarter.

CORPORATE

SHARE PLACEMENT

In July 2016, WPG completed a placement of 113,040,000 shares to sophisticated and professional investors. Approximately \$7.35 million was raised (before costs). The placement brought a number of new institutional investors onto WPG's register. The shares were issued under the Company's existing placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A and the share issue was ratified by shareholders at the 13 October 2016 General Meeting.

In August 2016 WPG successfully completed a fully underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders which raised \$6.32 million. Under the Entitlement Offer and underwriting, 97,260,964 shares were issued at \$0.065 per share.

In total \$13.7 million was raised to fund the acquisition of DMPL's interest in the CJVs and to provide finance for developing Tarcoola and for general working capital purposes.

EXERCISE OF OPTIONS

During the quarter, approximately \$939,000 was raised through exercise of 23,710,716 of the Company's existing quoted exercise price options. Following the July 2016 Entitlement Offer, the option exercise price was reduced from \$0.04 to \$0.038.

INCENTIVE RIGHTS VESTING

During the quarter, 4,815,900 fully paid ordinary shares were issued to employees and consultants under the terms of WPG's Incentive Rights Plan. All of incentive rights granted in 2012 (retention and relative performance) fully vested on satisfaction of vesting conditions. WPG's relative position in a group of 60 ASX listed materials industry group companies shifted upwards between 1 July 2013 and 1 July 2016, outperforming more than 85% of the comparator companies.

FINANCIAL POSITION

As at 30 September 2016 the Company had cash at bank of \$12.1 million.

Further Information

For further information please contact WPG's Managing Director & CEO, Martin Jacobsen or Chief Financial Officer, Wayne Rossiter on (02) 9251 1044.

Competent Person Statements

CHALLENGER

Exploration activities

The Challenger exploration activities and results contained in this report are based on information compiled by Mr Kurt Crameri.

Kurt Crameri is a Member of the Australasian Institute of Mining and Metallurgy. He is a Senior Project Geologist and Mining Engineer and a full time employee of WPG Resources Ltd. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code & Guidelines). Kurt Crameri has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

TARCOOLA

Ore Reserves

The information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation compiled by Mr John Wyche. John Wyche is employed full-time by Australian Mine Design and Development Pty Ltd, an independent consultant mining engineering company which completed the mine design and ore reserve estimate for inclusion in the Feasibility Study.

John Wyche is a member of the Australasian Institute of Mining and Metallurgy and has 33 years of experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. John Wyche consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning WPG's planned mining and exploration programs and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. In addition, summaries of Exploration Results and estimates of Mineral Resources and Ore Reserves could also be forward looking statements. Although WPG believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Drill Data - Significant Intercepts Challenger

Exploration Diamond Drill hole Details (Local Grid)							Intercept Details				
Hole ID	Collar mN	Collar mE	Collar mAHD	Dip	Grid Azi	Hole Length	From (m)	To (m)	Interval (m)	Au (g/t)	Shoot
15CUD1616	10748.5	20411.12	645.446	-30	220	295	94.66	95.37	0.71	9.53	CSSW
							132.16	133.04	0.88	55.35	CSSW
							147.00	148.00	1.00	6.67	CSSW
							184.87	185.94	1.07	6.03	CSSW
							275.97	277.00	1.03	17.53	CSSW
15CUD1617	10748.11	20411.35	645.459	-27	211	260	244.65	245.00	0.35	9.56	CSSW
							251.00	252.00	1.00	12.00	CSSW
15CUD1725	10440.59	19960.94	887.637	-26	234	290	105.00	105.39	0.39	28.49	CSSW
16CUD1756	10440.49	19961.6	886.983	-62	195	235	70.45	71.10	0.65	5.33	CSSW
16CUD1757	10440.91	19961.24	887.173	-67	213	225	68.38	68.80	0.42	7.09	CSSW
16CUD1759	10441.81	19960.63	886.995	-69	258	225	99.00	99.40	0.40	9.82	CSSW
							134.00	134.40	0.40	5.47	CSSW
16CUD1760	10442.3	19960.52	886.913	-65	278	230	194.71	195.01	0.30	55.19	CSSW
							214.70	215.00	0.30	9.23	CSSW
16CUD1780	11133.75	21166.56	317.721	-35	355	110	8.00	9.00	1.00	10.71	M1 LINK
16CUD1781	11133.58	21167.52	317.941	-27	19	140	12.00	12.30	0.30	41.72	M1 LINK
							85.00	86.51	1.51	75.79	CW
16CUD1782	11133.46	21167.85	318.18	-20	29	150	50.48	51.00	0.52	6.55	AMINUS
16CUD1804	10812.66	20392.58	714.123	-20	95	60	39.39	44.00	4.61	16.27	CW
16CUD1805	10812.26	20392.09	714.158	-25	110	50	31.00	32.26	1.26	47.44	CW
							35.56	35.88	0.32	18.41	CW
16CUD1806	10811.91	20391.54	714.188	-30	130	45	26.48	26.88	0.40	48.8	CW
16CUD1837	10925.21	20677.9	513.279	-11	280	80	37.24	38.00	0.76	5.51	CW
16CUD1847	10922.54	20684.24	513.123	-15	130	110	86.00	87.00	1.00	6.94	OFW
16CUD1851	11069.19	20988.3	449.63	62	145	45	25.00	25.30	0.30	7.86	AMINUS
16CUD1852	11069.09	20988.37	449.186	55	145	45	30.98	31.55	0.57	18.30	AMINUS
16CUD1853	11068.98	20988.45	448.746	46	145	45	17.30	17.60	0.30	62.14	AMINUS
16CUD1859	11056.2	20964.48	454.64	62	145	50	32.40	32.80	0.40	38.08	AMINUS
16CUD1928	10996.14	20812.15	514.285	16	114	70	44.16	44.46	0.30	15.59	AMINUS

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> Underground BQ and LTK60 drill core is whole core sampled, ranging from 0.3m to 1.3m sample intervals. Each sample is crushed to 4mm and pulverised to 75 microns through the PAL (pulverizing aggressive leach) process. In the PAL process, each sample is pulverised in an aqueous solution with cyanide bearing assay tabs and a collection of assorted ball bearings. Each sample is processed in the PAL for one hour, resulting in an Au_CN complex bearing liquor and remnant pulverised sample.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> Underground diamond drilling is undertaken by Challenger Gold Operations and HMR Drilling Services. Challenger Gold operates two LM75 underground drill rigs with separate power pack running BQ triple tube wireline gear. HMR Drilling services operate a CAT272D skid steer drill rig with a 400 series feed frame and running LTK60 conventional rods with triple tubes. No diamond core was oriented.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> All drill core is presented as whole core in core trays by Challenger Gold and contractor drillers. Core blocks are inserted at the end of every run. Any core loss is noted by the diamond driller on an additional core block if required. Any core loss is discussed with the drillers in a process of constant improvement to maximise returns. In the case of core loss, generally only fine material is lost through grinding. Any discrepancies between the measured length of the core and that of the core blocks are identified and recorded in logging as gaps in the lithology and also in the geotechnical logging. Unless a mineralised leucosome is ground away, there is no sample bias due to fines loss.
<i>Logging</i>	<ul style="list-style-type: none"> All drill core is geologically logged (lithology, mineralisation, structure) and geotechnically logged (Q value – rock quality) down to cm-scale. (Any leucosome greater than 0.20m in length is recorded as a separate lithology. The logging is quantitative in nature as lithology percentages and compositions are recorded and all geotechnical logging relies on measurements for the calculation of Q values. All core is digitally photographed, one core tray per photo, with photos stored on site server for reference.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> Samples taken from BQ and LTK60 underground core are full core sampled. The sample is submitted to the site laboratory for analysis. All samples are dried at a maximum temperature of 90 degrees Celsius to drive off moisture that would interfere with splitting the sample. After drying, samples are crushed using a Boyd Crusher to approximately 4mm in size and then split through a rotary sample splitter to produce a sub-sample. The crusher is cleaned regularly, with barren material (bricks) crushed through it to ensure no smearing prior to the sample run being crushed. Each reject sample is retained for resampling if required. Each sample can be tracked by its sample number through the entire laboratory process and results for the original samples and all QAQC samples are presented in digital form to the site geologists.
<i>Quality of assay</i>	<ul style="list-style-type: none"> Assaying at Challenger is completed using the PAL process (pulverizing aggressive leach). This process effectively replicates the process in the

Criteria	Commentary
<i>data and laboratory tests</i>	<p>Challenger mill. Each sample is pulverised in aqueous solution with cyanide bearing assay tabs and a collection of assorted ball bearings. Each sample is processed in the PAL for one hour, resulting in an Au_CN complex bearing liquor and remnant pulverised sample. The pulverised material is 95% passing 75 microns, the ideal liberation size for gold at Challenger.</p> <ul style="list-style-type: none"> • Every twentieth sample is duplicated for the original sample bag (re-split) to produce a duplicate. Every sample run (53 samples) will contain at least two duplicates, a blank and a standard (prepared by Gannet Holdings Pty Ltd). These are to ensure that the sub-sampling is representative, that the PAL is correctly cleaned between sample runs and that the PAL is pulverising the samples correctly for full gold extraction. • Following PAL processing, the samples are individually decanted, centrifuged and prepared for analysis in an AAS by solvent separation using DIBK (20 minutes). The sample is then aspirated through the AAS to produce a reading. The AAS is calibrated for each sample run using analytical reagent prepared standards (of 1.0, 5.0, 10.0 and 20.0 g/t Au) from Rowe Scientific. Each sample is adjusted for sample weight in Labman software to produce the gold grade in ppm. These grades are presented to site Geologists in MS Excel .csv spread sheets. • For each sample job; blanks, standards and duplicates are examined to ensure that the blanks are below detection (0.01ppm), the standards are within 8% (experimental accuracy) and that the duplicates are 'reasonable' with respect to the nugget effect of the Challenger deposit. Any sample jobs that fail these checks will be re-analysed from re-splits of the original samples. In addition, all the blanks, standards and duplicates are examined quarterly to ensure that the laboratory is maintaining overall operating standards.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • Significant intercepts were verified by Challenger Mine Geologists and the Senior Mine Geologist. Any significant intercepts in exploration drilling and selected significant intercepts from underground production diamond drilling are submitted to Genalysis at least annually for external analysis. This analysis is undertaken by SP-02 or SP-03 sample preparation followed by partial fire assay using a 50 gram charge (FA50). These results are compared to the original PAL results to ensure that the site analyses are repeatable. While the two analysis processes are different, a correlation 0.94 has been achieved for the last comparison, undertaken in June 2016, and 0.83 to 0.98 over the last two years. • No twinned holes were drilled • All core logging data is captured digitally on company laptop computers and stored on the site server, which is backed up daily. All sample information is recorded both in the relevant logs/face sheets and in sample submission forms that are submitted to the laboratory (on and off site). This allows checking that all samples are present and accounted for by laboratory staff. Assay results are generated as MS Excel .csv files that are stored on the site server and are manually merged with the primary logging/face sheet information. This merged data (logs, collar information and assays) are all imported to the site Diamond Drilling Database in MS Access for use in Surpac. All information imported to the database is checked by the importer in MS Access and Surpac to ensure the correct location/display of data. Ongoing checks are carried out by the entire technical team as the data is used. • The only modification of assay data, following creation by Labman software is altering of results below detection, <0.01g/t Au, to 0.001g/t Au, averaging of duplicate results to produce an 'au_plot' grade for plotting and application of c80, c140 and c180 cut-offs to the primary data. All of these modifications are undertaken using the merged data in MS Excel (using standard forms), prior to importing to MS Access
<i>Location of data points</i>	<ul style="list-style-type: none"> • All surveys on site are carried out by qualified Surveyors using a Total Station Leica theodolite from known wall stations determined from surface stations located by GPS. Surveying in this manner provides three dimensional collar co-ordinates and development pickups to mm-scale accuracy. Drill hole collars are surveyed in the same way as the rest of the workings with collar dip and azimuth determined by surveying a rod that fits into the drill holes. The collar surveys are transmitted electronically to the site Geologists who merge this information into the MS

Criteria	Commentary																																																
	<p>Excel logs for each drill hole. Down hole surveying of underground diamond drill core is undertaken with a single-shot electric down hole compass/camera at a minimum of every 30m down hole.</p> <ul style="list-style-type: none">All survey data is stored as local Challenger Mine Grid.Challenger Mine Reduced Level (RL) = AHD + 1000m so AHD 193m level = 1193mRL. <p>Transformations between AMG and local grids: origin, azimuth</p> <p>AMG origin and azimuth conversions are based on the following coinciding points.</p> <table><tr><th colspan="4">AMG84 Co-ordinates</th></tr><tr><th>Station Name</th><th>mN</th><th>mE</th><th>mAHD</th></tr><tr><td>CH10</td><td>6693784.890</td><td>363338.265</td><td>194.97</td></tr><tr><td>CH20</td><td>6693917.900</td><td>363657.477</td><td>50.069</td></tr><tr><td>Origin</td><td>6693379.301</td><td>363699.494</td><td>194.410</td></tr><tr><td>Flat Battery</td><td>6693411.735</td><td>363510.463</td><td>194.314</td></tr></table> <table><tr><th colspan="4">Challenger Mine Grid co-ordinates</th></tr><tr><th>Station Name</th><th>mN</th><th>mE</th><th>mAHD</th></tr><tr><td>CH10</td><td>10524.890</td><td>19860.005</td><td>1194.977</td></tr><tr><td>CH20</td><td>10499.951</td><td>20204.989</td><td>1050.069</td></tr><tr><td>Origin</td><td>10000.000</td><td>20000.000</td><td>1194.410</td></tr><tr><td>Flat Battery</td><td>10114.083</td><td>19845.777</td><td>1194.314</td></tr></table> <ul style="list-style-type: none">Challenger Mine Grid North 0° = 329.0° MAGNETICChallenger Mine Grid North 0° = 333° 14'41"AMG (grid bearing + 26°45'19" = AMG bearing)Challenger Mine Grid 31° = Magnetic North 0°Topographic control is taken from the surface stations (above) and traversed to the operating areas through the use of wall stations.	AMG84 Co-ordinates				Station Name	mN	mE	mAHD	CH10	6693784.890	363338.265	194.97	CH20	6693917.900	363657.477	50.069	Origin	6693379.301	363699.494	194.410	Flat Battery	6693411.735	363510.463	194.314	Challenger Mine Grid co-ordinates				Station Name	mN	mE	mAHD	CH10	10524.890	19860.005	1194.977	CH20	10499.951	20204.989	1050.069	Origin	10000.000	20000.000	1194.410	Flat Battery	10114.083	19845.777	1194.314
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Data spacing and distribution	<ul style="list-style-type: none">Underground drilling is drilled at either 20m horizontal or from 20 to 100m vertically spaced fans. Holes are designed to intersect the lodes at 15 to 25m spacing along strike, as close to perpendicular to the strike of the lodes with fold closures specifically targeted. Underground and surface drilling is adequate to broadly define the lodes for the purposes of level planning.No sample compositing of underground diamond drilling has been applied																																																
Orientation of data in relation to geological	<ul style="list-style-type: none">The orientation of underground drill holes are designed to be as perpendicular to the lode system as possible. During any grade calculation (be it production or resource) any structure parallel drill holes are examined for their effect on the final grade result, and where appropriate, excluded from the grade calculations, thus reducing the effect of any sample bias.																																																

Criteria	Commentary
<i>structure</i>	
<i>Sample security</i>	<ul style="list-style-type: none"> Samples are submitted to the site laboratory as soon as practical after sampling in individually numbered calico sample bags (labelled CUD for diamond drilling). Analysis is not undertaken until all descriptive paperwork is correctly submitted for the samples. From acceptance of the samples, each sample is tracked on site through Labman software to ensure that each assay is correctly matched with its sample. Any discrepancy between submitted samples and the paperwork is identified and may result in the entire sample job being resampled from original material prior to analysis. External laboratories utilise their own systems for sample tracking.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> Data reviews are undertaken on an ongoing basis by site Geologists while using the data. Any errors identified (either by staff, MS Access or Surpac) is queried and corrected as a part of a program of continual improvement. Lab audits are done annually, showing that operating procedures for sample management, QAQC and result consistency are being adhered to.

Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> All exploration was undertaken within the current Challenger Mine Lease ML6103. The underlying Exploration Licence EL5661 comprises 687 square kilometres within the Woomera Prohibited Area, straddling the Mobella and Commonwealth Hill pastoral leases.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Previous exploration and mining activities at Challenger Gold Mine have been conducted by Dominion Gold (1995-2010) and Kingsgate Consolidated (2010-2016)
<i>Geology</i>	<ul style="list-style-type: none"> Challenger occurs within the Mulgathing Complex of the Gawler Craton and the area is characterized by Archaean to mid-Proterozoic gneissic country rock. Original granulite facies metamorphism is overlaid by retrograde amphibolite facies recrystallization around 1650 - 1540 Ma (Tomkins, 2002). Saprolitic clays extended to 50 m depth within the ore zone, reflecting a deeper base of oxidation. High-grade gold mineralisation is associated with coarse-grained quartz veins with feldspar, cordierite and sulphides dominated by arsenopyrite, pyrrhotite and lesser telluride. These veins are interpreted as migmatites that have undergone partial melting, with this melting reflecting a precursor hydrothermal alteration event (McFarlane, Mavrogenes and Tomkins, 2007). <p>Three main types of leucosome/vein styles have been defined:</p> <ol style="list-style-type: none"> 1. quartz dominant veins, which may be remnant pre-metamorphic mineralised veins 2. polysilicate veins, which are dominant in the main ore zones and host the majority of the mineralisation 3. Pegmatitic veins, which are unmineralised, late stage, with cross-cutting relationships. <p>The gold mineralisation is structurally controlled through emplacement of the partial melt into relatively low-strain positions. McFarlane, Mavrogenes and Tomkins (2007), using Monazite geochronology proposed a 40 Ma period between 2460 and 2420 Ma of repeated high-</p>

Criteria	Commentary
	<p>temperature events.</p> <p>The Challenger Structure can be defined as a laterally extensive shear zone with shoots that plunge 30° to 029° (AMG). These ore shoots are defined by leucosome veins, which are characteristically pygmatically folded. The small-scale folding is parasitic to the overall larger scale folding that can be interpreted from drill core. The folding is interpreted as pre peak metamorphism along with gold mineralisation. Post-folding, the Challenger shoots were subjected to extreme WNW-ESE shortening and extension directed shallowly to the NE.</p> <p>Reference: Androvic, P, Bamford, P, Curtis, J, Derwent, K, Giles, A, Gobert, R, Hampton, S, Heydari, M, Kopeap, P and Sperring, P, 2013. Challenger Gold Mine, Australasian Mining and Metallurgical Operating Practices, AusIMM. 1097-1112.</p>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • See Appendix 1 to this report. • Drill holes with significant intercepts have been recorded in Appendix 1. • All holes drilled at Challenger during the period did intersect leucosomes, however due to the high nugget effect of gold distribution at Challenger, not all intersected leucosomes were significantly mineralised.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • For all results at Challenger Gold Mine, a low cut-off of 0.01g/t Au is applied (limit of detection), these results are replaced with 0.001g/t Au in the drilling database to flag that they are below detection. The assay result is stored as au_plot in the database and variable top cuts of c80g/t, c140g/t and c180g/t are used where required. No upper grade truncation is used for significant intercepts. • Reported mineralised intercepts are based on consistent zones of mineralisation greater than 5 g/t and intervals over 0.3 metres. • No metal equivalent values have been used.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • All mineralisation widths are reported as down hole lengths as true widths are not known, due to the boudinaged nature of the leucosomes. As this exploration is entirely for resource development, any significant intercepts used in lode modelling are constrained by the resulting model, producing a de-facto true width for further calculations.
<i>Diagrams</i>	<ul style="list-style-type: none"> • Diagrams have been included in the main body of the report. • Due to the large number of drill holes included in this report, only the drill holes containing significant intercepts have been shown on diagrams.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • The results recorded in Table 1 show significant intercepts greater than 5g/t and results for all other drill holes at the end of the quarter. Drill holes with pending assays have been removed from Table 1 and will be reported in the next exploration update.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • No other meaningful or material exploration has been undertaken.
<i>Further work</i>	<ul style="list-style-type: none"> • Planned underground drilling for the current financial year focuses on infilling the lower levels of the Challenger West resource, further definition drilling of Challenger SSW, lateral conceptual exploration targets (Enterprise) and drilling of Challenger Deeps to extend the mine life.