WPG Resources Ltd

ABN 51 109 426 502

Financial Statements

For the year ended 30 June 2016

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Corporate Directory

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

Company Secretary

Larissa Brown

Registered Office and Principal Place of Business:

Address	Level 9, Kyle House 27-31 Macquarie Place Sydney NSW 2000 PO Box N239 Grosvenor Place NSW 1220
Telephone	+61 2 9251 1044
Facsimile	+61 2 9247 3434
E-mail	info@wpgresources.com.au
Website	www.wpgresources.com.au

Share registry

Boardroom Pty Limited

Address	Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 GPO Box 3993 Sydney NSW 2001
Telephone	+61 2 9290 9600
Facsimile	+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

Your Directors present their report on the consolidated entity, consisting of WPG Resources Ltd (WPG or the Company) and the entities it controlled (Group) for the financial year ended 30 June 2016.

Directors

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

Name	Position	Qualifications
Bob Duffin	Executive Chairman	BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM
Martin Jacobsen	Managing Director & CEO	MSCC, MDP (Unisa)
Gary Jones	Technical Director (Executive)	BSc (Auckland), FAusIMM, MSEG
Len Dean	Non-Executive Director	BSc (Metallurgy)
Lim See Yong	Non-Executive Director	BBA (Singapore)
Dennis Mutton	Non-Executive Director	BSc (Hons), Grad Dip Mgt, JP, FAIM, FAICD

No Directors were appointed or 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.

No Directors held Directorships of Other Listed Companies in the last 3 years.

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 – 12	Total Meetings – 2	Total meetings – 2	Total meetings – 2
Bob Duffin	11 of 12	N/A	N/A	N/A
Martin Jacobsen	10 of 12	N/A	N/A	N/A
Gary Jones	12 of 12	N/A	N/A	N/A
Len Dean	11 of 12	2 of 2	1 of 2	1 of 2
Lim See Yong	12 of 12	2 of 2	2 of 2	2 of 2
Dennis Mutton	11 of 12	1 of 2	2 of 2	2 of 2

There was one circular resolution passed by the Board during the year.

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 *
Bob Duffin	51,445,068	11,023,942	-
Martin Jacobsen	5,220,266	630,511	7,428,594
Gary Jones	1,871,441	279,157	1,748,634
Len Dean	2,333,333	500,000	-
Lim See Yong	-	-	-
Dennis Mutton	297,666	63,666	-

* *3,170,178 of these incentive rights were granted to executive directors on 1 July 2016 and are subject to shareholder approval at the 30 November 2016 Annual General Meeting.*

Principal Activities

The principal activities of the Group are mining, exploration, evaluation and development of its precious metal, base metal, iron ore and coal projects located in South Australia as well as the pursuit of new mining opportunities in any jurisdiction. During the year, the Group acquired the Challenger gold mine (then on a period of temporary suspension), and brought it back into production. The Group also made great progress on the development of its Tarcoola gold project, and continued with the exploration of its third major gold project in South Australia, Tunkillia.

Further details are provided in the Review of Operations.

Results

The net result of operations after applicable income tax expense was a loss of $8,281,304 (2015 – loss of $3,327,699). This result includes WPG's share of the operating loss associated with costs incurred on the due diligence, acquisition, temporary suspension of activities and re-start of the Challenger gold mine up to 30 June 2016 totalling $2,126,378 (2015 – nil). In addition an impairment charge was booked of $2,371,729 (2015 – $382,000), primarily in relation to the Penrhyn coal project, reflective of the diminished valuations attributable to coal assets in the current market and the Company's new focus on gold activities. The prior year charge relates to the impairment loss on the Port Pirie property. A deferred acquisition charge of $1,817,389 (2015 – Nil) was booked which was largely due to the recognition of payments that will become crystallised upon both the decision to mine and commencement of commercial production at the Tarcoola gold mine.

Review of Operations

WPG has deliberately focussed on its three South Australian gold projects (Challenger, Tarcoola and Tunkillia) during this financial year. During the period under review the Company has become a gold producer after acquiring and bringing the Challenger gold mine back into production, and will expand its operating profile with the anticipated imminent commencement of mining operations at the Tarcoola gold project which is scheduled for later this calendar year.

Challenger Gold Mine

During the year, the Group acquired the Challenger gold mine and associated exploration assets, entered into a 50/50 joint venture over these projects, and brought the Challenger gold mine back into production.

The Challenger mine has been in operation under two previous owners since April 2002. Open pit mining commenced in mid-2002 with the first shipment of gold bullion on 24 October 2002. Underground development commenced in 2004 and full-scale underground production began in mid-2005.

The pouring of the one millionth ounce of gold at Challenger was achieved in November 2014.

Challenger is located in the northwestern part of the Gawler Craton, within the Woomera Prohibited Area in South Australia. It is situated approximately 250 km north of Ceduna and 730 km northwest of Adelaide, and is 130 km northwest of WPG's Tarcoola gold project. The Challenger mine and key infrastructure, including the accommodation village, airstrip, CIP treatment plant, tailings dam, two open pit mines, and underground workings are located on ML 6103. Native Title is held by the Antakirinja Matu-Yankunytjatjara people represented by the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC). A Native Title Mining Agreement was entered into by a previous owner covering ML 6103 and a new Native Title Mining Agreement has been successfully negotiated for the new ML 6457.

The project was acquired when WPG purchased Challenger Gold Operations Pty Ltd (CGO), and various exploration assets in South Australia from Kingsgate Consolidated Limited, the former owner of the Challenger mine. Concurrent to the acquisition of CGO, Diversified Minerals Pty Ltd (DMPL), an entity within the PYBAR Group (PYBAR), entered into a 50/50 joint venture with WPG to operate the Challenger mining and exploration joint ventures (CJVs), with WPG appointed as manager.

Assets acquired include the Challenger mine and key infrastructure and approximately $2.7 million of bonds lodged with the South Australian government, the former owner's interests in the gold exploration tenement package surrounding the mine, and the Barton West mineral sands project tenement. The acquisition of Challenger and the South Australian exploration assets was finalised on 15 March 2016.

The purchase price for the mine and associated infrastructure and exploration assets was $1 million to be equally shared by the joint venture partners. Of this amount, $25,000 was paid on executing an option agreement, $75,000 was paid on execution of final transaction documents, and the remaining $900,000 is to be paid in a staged manner after the recommencement of milling operations. As at 30 June 2016, a total of $250,000 had been paid, leaving a balance of $750,000 yet to be paid. In addition, a royalty is payable on potential future production from the new Challenger South South West (CSSW) discovery. This royalty of $25 per ounce becomes payable after the first 30,000 ounces of gold production from this defined zone.

A number of essential site maintenance works were undertaken while operations were temporarily suspended, and the CJV recommenced site operations on 16 May 2016 with crushing and milling of low grade stockpiled ore. The first gold bar produced under the mine's new ownership was poured from treatment of this material on 31 May. Milling of this material and production of gold continued with a combination of stoping ore and low grade stockpile delivered to the mill during commissioning.

Partial mobilisation of the underground mining contractor's personnel and equipment commenced in late May and underground activities commenced on 26 May with the first stope ore being delivered to the ROM pad on 30 May. Underground mining was confined initially to low grade stopes that were left by the mine's previous owner.

On 6 June 2016, WPG announced that a new Mineral Lease (ML 6457) was granted at Challenger. The new lease lies alongside the older ML 6103 to the north east (shown in Figure 1) and covers the down plunge extension of the Challenger gold lodes into an area known as "Challenger Deeps". This new lease will facilitate further drilling in this area and mining methods will be developed to extract the M2 lode and other mineralised zones in Challenger Deeps.

Updated Challenger Mineral Resource and Ore Reserve estimates were released in May and June 2016.

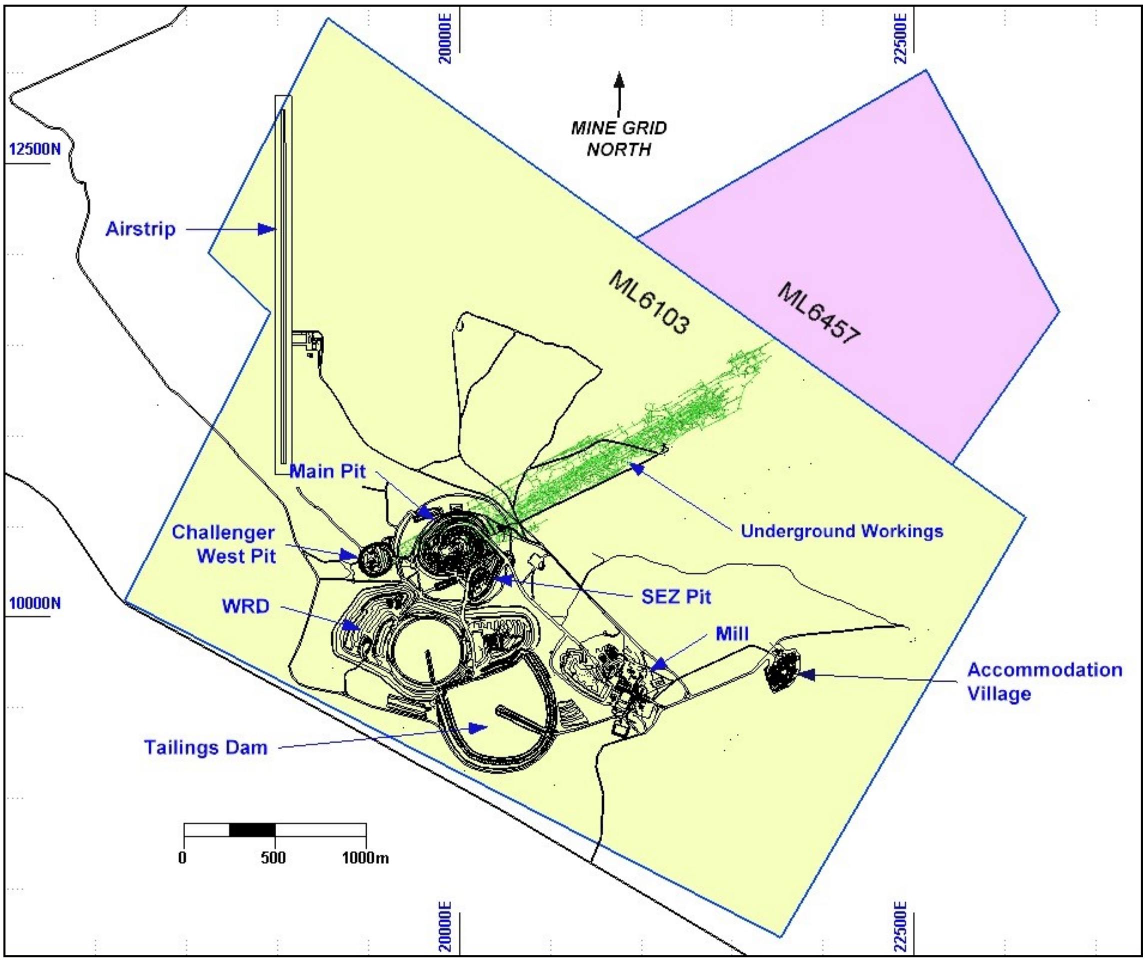


Figure 1: Location of MLs 6103 and 6457 at Challenger

Western Gawler Craton JV (WGCJV)

A number of the South Australian exploration assets acquired by the CJV during the year are subject to the WGCJV. Tyranna Resources Ltd (Tyranna) is the manager of the WGCJV. The WGCJV tenements have focussed on the Golf Bore, Greenewood, Mainwood and Campfire Bore prospects. WPG encourages its WGCJV partner to continue exploring in the project area for potential eventual treatment of ore through the Challenger mill.

A dispute exists between WPG and Tyranna as to whether the northern portion of EL 5661 and ML 6457 (but not ML 6103) form part of the WGCJV. A dispute resolution process has commenced.

Increased Ownership in Challenger

In August 2016, WPG completed the acquisition of its former joint venture partner DMPL's 50% interest in the two CJVs. The purchase price was $9 million and the issue of 25 million WPG options to DMPL. The acquisition of the former joint venture partner's interest, effective from 1 August 2016, has increased WPG's interest in the Challenger mine to 100% and doubled WPG's share of production as well WPG's attributable share of gold contained in Challenger's resources and reserves. It has also doubled WPG's exposure to the exploration upside potential of the WGCJV. The current interests of the parties to the WGCJV are approximately WPG 34%, Tyranna 66%.

Tarcoola Gold Project

This year has also seen the advancement of the Tarcoola gold project through the regulatory approvals process with the objective of commencing operations during the second half of calendar 2016. The acquisition and reopening of Challenger has presented significant operating synergies due to its proximity to Tarcoola.

Tarcoola is an historic mining area and records indicate previous extraction of over 77,000 ounces of gold at approximately 35 grams per tonne (g/t), principally from high grade narrow vein underground stoping operations. Perseverance and Last Resource are the two defined open-pitable deposits in the area, and are the current focus of WPG's project development. In addition, there are numerous other identified areas of mineralisation including the Wondergraph prospect, which provide potential upside to the project.

In September 2015, the Company released a feasibility study for the Tarcoola project to be developed as a conventional open pit mining operation with associated heap leach processing. The Feasibility Study indicated that the project is technically feasible and economically viable at the then gold prices as a small to medium sized open pit gold mine with heap leach treatment of the ore for gold recovery, supported by the necessary on and off-site services and infrastructure.

In September 2016, WPG released its revised Tarcoola definitive feasibility study for the processing of Tarcoola ore through the Challenger CIP treatment plant, indicating substantially enhanced economic outcomes over the heap leach option. The ore will be hauled to Challenger for treatment, supported by substantially reduced on and off-site services and infrastructure. There will be no need for leach pads or gold recovery circuit on site, resulting in a substantially reduced environmental footprint. Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%.

The Company continues to work closely with DSD and other stakeholders and this will continue as the project progresses to the approval of the Program for Environment Protection and Rehabilitation (PEPR), construction, mining operations and post-mining rehabilitation and monitoring works.

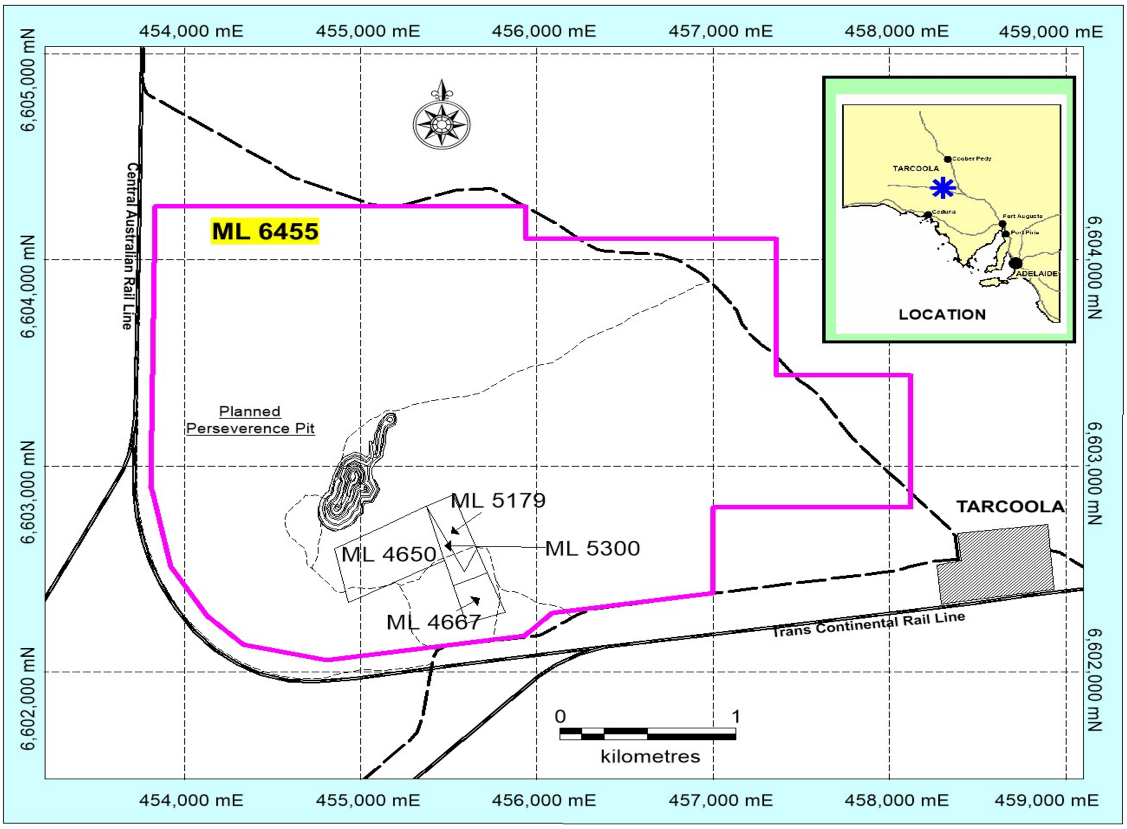
The Tarcoola project is located on ML 6455 which is surrounded by EL 5355, both of which are owned by WPG's subsidiary Tarcoola Gold Pty Ltd.

The project is located on Crown Reserve land and Native Title is held by the Antakirinja Matu-Yankunytjatjara people represented by the Antakirinja Matu-Yankunytjatjara Aboriginal Corporation (AMYAC). In December 2015 a Native Title Mining Agreement was negotiated with AMYAC and subsequently registered by DSD.

The Program for Environment Protection and Rehabilitation (PEPR) was lodged in close consultation with DSD and once approved, WPG will be in a position to commit to project development at Tarcoola. The Company continues to target construction and first gold production at Tarcoola in 2016. Tarcoola is expected to generate strong cash flows to support WPG's other business activities.

WPG has established a local base at Tarcoola with the acquisition of two houses which are used by field personnel as the Company progresses Tarcoola towards development. The houses are located in the Tarcoola township, which lies only 3.5km from the project site.

WPG has also completed the acquisition of the vacant Tarcoola Hospital for use as dormitory-style accommodation to support mining activities.



Location of ML 6455 at Tarcoola

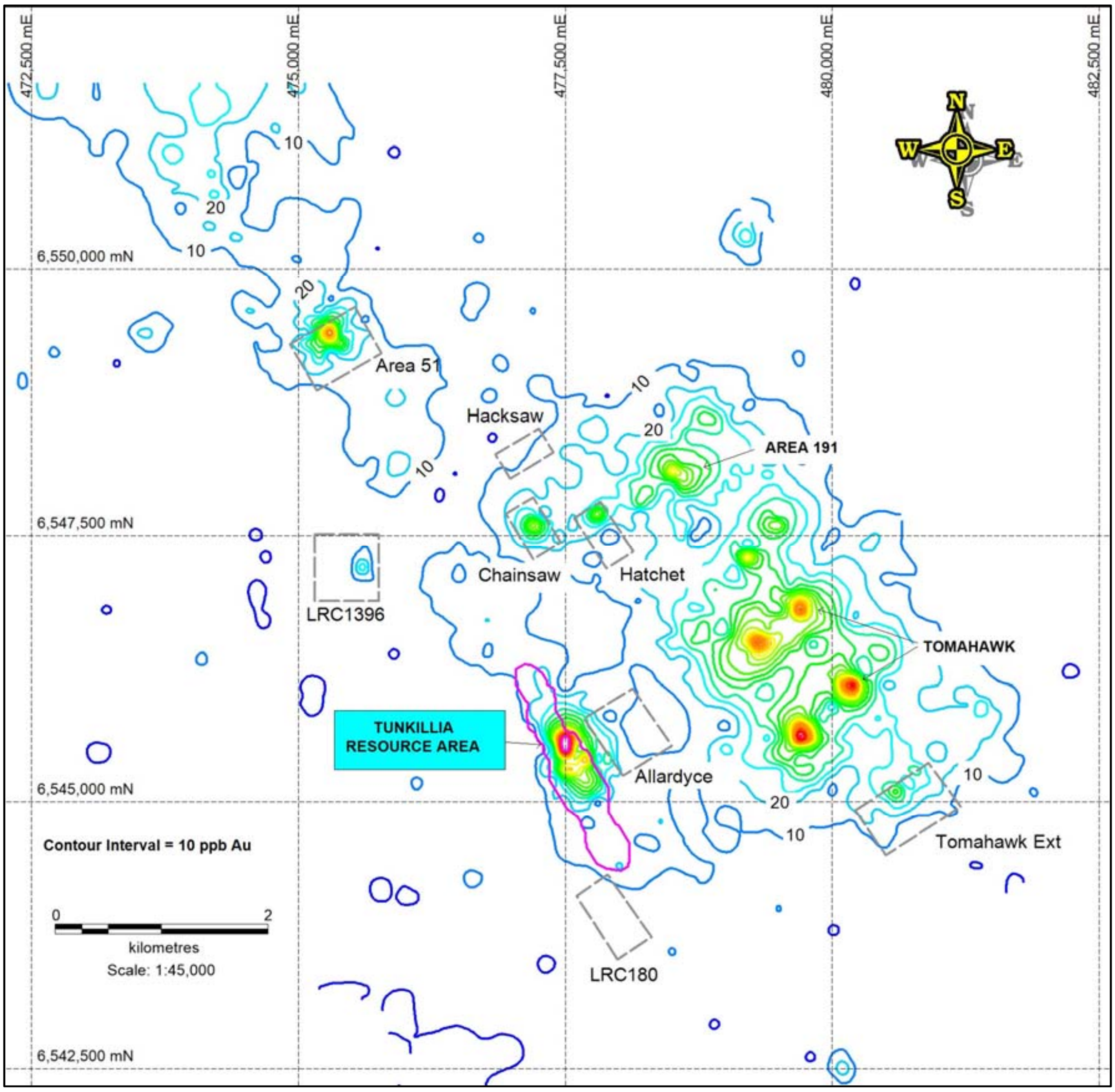
Tunkillia Gold Project

During the year WPG commenced evaluation of the extensive exploration and development opportunities in the region close to the 223 deposit at the Tunkillia gold project.

The Tunkillia 223 deposit lies in the north western part of the Tunkillia tenement block. The majority of the deposit occurs in a sheared granite body forming part of the Tunkillia Suite intrusives of early Proterozoic age. Primary mineralisation is hosted within the NW-trending Yarlbrinda shear zone. A broad corridor of low-grade mineralisation is present, in which higher-grades are typically associated with greater intensity of steep to moderately dipping quartz veins.

WPG's review of previous exploration data has identified over 30 exploration targets of which 14 are high priority targets.

A limited exploration drilling program on three priority prospects commenced during October 2015 to better define drilling targets. These priority prospects are all located within close proximity to the Tunkillia 223 deposit which makes them suitable to provide potential satellite feed for a centralised processing plant. Two high priority targets at the Area 51 and Tomahawk Extended prospects were identified, and RC drilling of these two targets commenced in March 2016. Assay results indicated that the most significant gold intercepts occur in the westernmost holes drilled at Area 51 and that follow-up drilling is warranted to test for more consistent zones of better grade mineralisation further to the west. Additionally, the gold geochemical anomaly remains open to the north-west and further detailed sampling is required to extend and close off this anomaly. Further exploration work is being evaluated to undertake this, and additional, work.



Tunkillia drilling targets

Muckanippie, Robins Rise and Lake Woorong Projects

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

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

Port Pirie Property

WPG sold its large and strategically located block of land in Port Pirie for $750,000 in September 2015.

R&D Refunds

In January 2016 the Company received $282,000 from the Federal Government's Research and Development Tax Concession Scheme relating to costs incurred by WPG during the 2014-2015 financial year on research and development activities undertaken at Tarcoola.

Capital Raisings

On 2 November 2015 the Company launched a 1:3 Entitlements Offer to existing shareholders at an offer price of $0.022 per share. For each new share subscribed for, a free $0.04 exercise price listed option was issued. These options have an expiry date of 31 December 2016. The Offer closed on 27 November as scheduled and was heavily oversubscribed. Applications for approximately $2.68 million were received from approximately 700 shareholders. Following a scale-back, a total of 93,754,625 shares and 93,754,625 options were issued.

In December 2015, after the close of the Entitlements Offer, DMPL subscribed for a placement of 25,806,452 fully paid ordinary WPG shares at $0.031 per share to raise $800,000.

On 21 April 2016 WPG completed a placement of 41,442,278 shares to sophisticated and professional investors. Approximately $2.65 million was raised. 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 a General Meeting held on 6 July 2016. The share placement raised working capital to progress development of Tarcoola and the restart of Challenger.

In August 2016 WPG successfully completed a $13.7 million capital raising to fund the acquisition of DMPL's interest in the CJVs and to provide finance for developing Tarcoola and for general working capital purposes. A Placement of 113,040,000 shares to sophisticated and professional investors at $0.065 raised $7.35 million and a fully underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders raised $6.32 million. Under the Entitlement Offer and underwriting, 97,260,964 shares were issued at $0.065.

Exercise of Options

During the year, approximately $203,000 was raised through exercise of the Company's quoted $0.04 exercise price options.

Since the end of the year a further $900,000 has been raised through the exercise of options. Following the July 2016 Entitlement Offer, the option exercise price has been reduced from $0.04 to $0.038.

The options expire on 31 December 2016.

Cash Enhancement Program

On 14 August 2015 WPG advised that as a consequence of the then market conditions facing junior miners the Company had implemented a cash enhancement program.

All Directors, staff and consultants voluntarily agreed to permanent reductions of their fees and salaries in order to conserve cash. A small number of part-time non-technical, administrative and back office staff were made redundant and on 27 August 2015 WPG announced that 296,494 fully paid ordinary shares were issued to those employees and consultants under the terms of WPG's Incentive Rights Plan.

These, and a number of other cost saving initiatives, reduced the Company's cash consumption by approximately $1 million over a full year.

Financial Position

As at 30 June 2016 the Company had cash at bank of $4.6 million (2015: $1.3 million).

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 19 to the Financial Statements.

Employees and Service Providers

As at 30 June 2016 the Company had 74 full time and part time personnel, 63 of whom are employed at Challenger.

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. During the recruitment process for the Challenger mine, applicants were first asked to complete a series of questions related to competence and experience, with gender not identified until preferred candidates selected, ensuring an unbiased selection process.

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

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

Proportion of women employees	30 June 2016		30 June 2015	
Women employees in the whole organisation	14/74	19%	3/10	30%
Women on the Board	0/6	0%	0/6	0%
Senior Executives	1/6	17%	1/5	20%

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

In August 2016 WPG successfully completed a $13.7 million capital raising to fund the acquisition of DMPL's interest in the CJVs and to provide finance for developing Tarcoola and for general working capital purposes. A Placement of 113,040,000 shares to sophisticated and professional investors at $0.065 raised $7.35 million and a fully underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders raised $6.32 million. Under the Entitlement Offer and underwriting, 97,260,964 shares were issued at $0.065.

Since the end of the year a further $900,000 has been raised through the exercise of options. Following the July 2016 Entitlement Offer, the option exercise price was reduced from $0.04 to $0.038.

In August 2016, WPG completed the acquisition of its former joint venture partner's 50% interest in the CJVs. The purchase price was $9 million and the issue of 25 million WPG options to DMPL. These options have an exercise price of $0.11 and an expiry date of 30 September 2018. The acquisition of the former joint venture partner's interest, effective from 1 August 2016, has increased WPG's interest in the Challenger mine to 100%, doubled WPG's share of production as well WPG's attributable share of gold contained in Challenger's resources and reserves.

In September 2016, WPG released its revised Tarcoola definitive feasibility study for the processing of Tarcoola ore through the Challenger CIP treatment plant, indicating substantially enhanced economic outcomes over the original heap leach option. The ore will be hauled to Challenger for treatment, supported by substantially reduced on and off-site services and infrastructure. There will be no need for leach pads or gold recovery circuit on site. Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%.

Other than as noted above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

a) the operations of the Group;
b) the results of those operations; or
c) the state of affairs of the Group.

Likely Developments and Expected Results

Challenger is anticipated to continue processing through the CIP treatment plant using ore sourced from underground stoping and development operations. Additional ore feed will continue to be sourced from the existing low grade stockpile at Challenger until ore becomes available from Tarcoola which is anticipated to be available in the December quarter 2016.

Following WPG moving to 100% ownership of Challenger from 1 August 2016 WPG's attributable production will be 100% of all gold from Challenger subsequent to that date together with gold production from Tarcoola.

South Australian Exploration Program

WPG plans to continue encouraging its WGCJV partner to continue exploring in the WGCJV project area for potential eventual treatment of ore through the Challenger mill.

Further exploration work is planned at Tunkillia to follow up on the recently drilled at Area 51 and geochemical anomaly to the north-west as well as other identified targets in the area.

The Company plans to continue with the exploration program 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 once funding is available.

Evaluation of Investment Opportunities

The Company will continue to actively review mining investment opportunities with a view to building a wider base of assets for commercial development and operation.

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.

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 the section entitled "Sustainability, Environmental Performance and Community Relations".

Incentive Rights

During the year ended 30 June 2016, 2,268,956 shares were issued on vesting of incentive rights.

Since year end to the date of this report a further 4,815,900 ordinary shares were issued on vesting of incentive rights.

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

Incentive Rights	Vesting date
4,917,178	1 July 2017
6,620,123	1 July 2018
10,702,290 *	1 July 2019

* *3,170,178 of these incentive rights are granted to executive directors and are subject to shareholder approval at the 30 November 2016 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 (the 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. 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 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 Godfrey Remuneration Group as its independent external remuneration consultant to provide remuneration recommendations and advice to the Remuneration Committee relating to key management personnel (KMP) of WPG. No recommendations were sought in respect of the 2016 financial year during the cash enhancement program when voluntary remuneration reductions were entered into. The Company obtained a recommendation from the independent external remuneration consultant following the acquisition of the Challenger gold mine to be adopted in the next financial year.

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

An amount of $23,320 was incurred during the year to the external remuneration consultant.

Key Management Personnel and Details of Remuneration

The following tables outline persons who were KMPs of the Company and the nature and amount of the elements of the remuneration of those persons for the year ended 30 June 2016.

KMPs in office during the year were:

Name	Position held	Date appointed during the year	Date resigned during the year
Bob Duffin	Executive Chairman	-	-
Martin Jacobsen	Managing Director	-	-
Gary Jones	Technical Director	-	-
Len Dean	Non-executive Director	-	-
Lim See Yong	Non-executive Director	-	-
Dennis Mutton	Non-executive Director	-	-
Larissa Brown	Group Company Secretary	-	-
Wayne Rossiter	Chief Financial Officer	-	-
Cornel Parshotam	Chief Operating Officer	26 April 2016	-

		Short-term employee benefits	Post-employment benefits	Share-based benefits	Total	
Key management personnel		Cash salary fees	Superannuation	Incentive rights granted during the period		% of remuneration performance based*
		$	$	$	$	%
Directors						
Bob Duffin	2016	48,000	-	-	48,000	0%
	2015	120,000	-	-	120,000	0%
Martin Jacobsen	2016	353,141	33,548	97,292	483,981	20.1%
	2015	431,193	40,963	37,128	509,284	7.3%
Gary Jones	2016	157,800	-	23,738	181,538	13.1%
	2015	192,000	-	11,264	203,264	5.5%
Len Dean	2016	35,160	-	-	35,160	0%
	2015	70,321	-	-	70,321	0%
Lim See Yong	2016	35,175	-		35,175	0%
	2015	70,350	-		70,350	0%
Dennis Mutton	2016	5,160	30,000	-	35,160	0%
	2015	40,321	30,000	-	70,321	0%

WPG Resources Ltd

Key management personnel		Short-term employee benefits	Post-employment benefits	Share-based benefits	Total	% of remuneration performance based*
		Cash salary fees	Superannuation	Incentive rights granted during the period		
		$	$	$	$	%
Other key management personnel						
Larissa Brown	**2016**	**169,578**	**16,110**	**27,946**	**213,634**	**13.1%**
	2015	206,422	19,610	10,789	236,821	4.6%
Wayne Rossiter	2016	238,508	22,658	39,372	300,538	13.1%
	2015	290,826	27,628	14,129	332,583	4.2%
Cornel Parshotam	2016	49,260	4,680	-	53,940	0%
	2015	-	-	-	-	0%
Total compensation						
	2016	**1,091,782**	**106,996**	**188,348**	**1,387,126**	**13.6%**
	2015	**1,421,433**	**118,201**	**73,310**	**1,612,944**	**4.5%**

** settled by issuing incentive rights*

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, is the principal tool for the reward and administration of incentive entitlements to all eligible employees and Executive Directors. The Company's Executive Chairman is entitled to participate in the Plan, but has elected not to do so in order to increase the number of Performance Rights and Retention Rights (Rights) available to other Plan participants.

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 dilutionary fashion than the former 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 Rights do not vest unless the vesting conditions determined 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:

Participant's Base Package x Target Performance LTI% ÷ 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:

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 former 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.

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 KMPs as compensation during the reporting period are as follows:

Name	Issue date	Rights granted No.	Fair value $	Estimated minimum value $	Estimated maximum value $	Vesting date
Bob Duffin	-	-	-	0.00	-	-
Martin Jacobsen	1 July 2015	2,861,552	97,292	0.00	97,292	1 July 2018
Gary Jones	1 July 2015	698,181	23,738	0.00	23,738	1 July 2018
Larissa Brown	1 July 2015	821,934	27,946	0.00	27,946	1 July 2018
Wayne Rossiter	1 July 2015	1,158,015	39,372	0.00	39,372	1 July 2018
Cornel Parshotam	-	-	-	-	-	-
Total		**5,539,682**	**188,348**	**0.00**	**188,348**	

Interests and movement in rights under the Incentive Rights Plan as at 30 June 2016:

Rights held by Directors and other Key Management Personnel

	Rights held as at 30 June 2015 No.	Rights granted No.	Rights vested during period and converted to shares No.	Rights lapsed during period No.	Rights held as at 30 June 2016 No.
Bob Duffin	-	-	-	-	-
Martin Jacobsen	5,364,845	2,861,552	741,533	28,933	7,455,931
Gary Jones	1,542,531	698,181	327,474	28,932	1,884,306
Larissa Brown	1,558,914	821,934	221,484	28,932	2,130,432
Wayne Rossiter	2,002,260	1,158,015	318,156	28,932	2,813,187
Cornel Parshotam	-	-	-	-	-
Total	**10,468,550**	**5,539,682**	**1,608,647**	**115,729**	**14,283,856**

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.

Interests and movements in the shares of the Company held by Directors and their Directors' related entities and other KMPs as at 30 June 2016:

Shareholdings

Fully paid ordinary shares	Shares held as at 30 June 2015 No.	Shares acquired during period No.	Shares acquired during period as remuneration through vesting of rights No.	Shares disposed during period No.	Shares held as at 30 June 2016 No.
Bob Duffin	33,071,834	11,023,942	-	-	44,095,776
Martin Jacobsen	1,150,000	630,511	741,533	-	2,522,044
Gary Jones	520,000	279,156	327,474	-	1,126,630
Len Dean	1,500,000	500,000	-	-	2,000,000
Lim See Yong	-	-	-	-	-
Dennis Mutton	191,000	63,666	-	-	254,666
Larissa Brown	585,000	496,100	221,484	-	1,302,584
Wayne Rossiter	1,723,545	2,726,018	318,156	-	4,767,719
Cornel Parshotam	-	-	-	-	-
Total	**38,741,379**	**15,719,393**	**1,608,647**	**-**	**56,069,419**

Optionholdings

Quoted options exercise price $0.038 expiry date 31 December 2016	Options held as at 30 June 2015 No.	Options acquired during period No. *	Options acquired during period as remuneration No.	Options disposed during period No.	Options held as at 30 June 2016 (vested and exercisable) No.
Bob Duffin	-	11,023,942	-	-	11,023,942
Martin Jacobsen	-	630,511	-	-	630,511
Gary Jones	-	279,156	-	-	279,156
Len Dean	-	500,000	-	-	500,000
Lim See Yong	-	-	-	-	-
Dennis Mutton	-	63,666	-	-	63,666
Larissa Brown	-	496,100	-	-	496,100
Wayne Rossiter	-	2,726,018	-	-	2,726,018
Cornel Parshotam	-	-	-	-	-
Total	**-**	**15,719,393**	**-**	**-**	**15,719,393**

* all options were acquired in the November 2015 1:3 Entitlements Offer to existing shareholders.

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

Contract term:	Rolling 12 months
Remuneration:	$155,232 pa for the year ending 30 June 2017
Rights:	-
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base remuneration

Managing Director – Martin Jacobsen

Contract term:	Full time employee, commenced 31 August 2007
Remuneration:	$420,000 pa for the year ending 30 June 2017
Rights:	Cumulative Rights issued as of 30 June 2016 are 7,455,931 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

Executive Director – Gary Jones

Contract term:	Rolling 12 months
Remuneration:	$153,600 pa for the year ending 30 June 2017
Rights:	Cumulative Rights issued as of 30 June 2016 are 1,884,306 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base remuneration

Other KMP Contracts

Group Company Secretary – Larissa Brown

Contract term:	Full time employee, commenced 1 December 2009 (previously contractor)
Remuneration:	$194,040 pa for the year ending 30 June 2017
Rights:	Cumulative Rights issued as of 30 June 2016 are 2,130,432 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

Chief Financial Officer – Wayne Rossiter

Contract term:	Full time employee, commenced 1 July 2011
Remuneration:	$315,000 pa for the year ending 30 June 2017
Rights:	Cumulative Rights issued as of 30 June 2016 are 2,813,187 Rights
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

Chief Operating Officer – Cornel Parshotam

Contract term:	Full time employee, commenced 26 April 2016
Remuneration:	$339,145 pa for the year ending 30 June 2017
Rights:	No Rights issued as of 30 June 2016
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 KMPs, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria (if applicable) and entitlements 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.

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

Transaction with KMPs

There were no transactions with KMPs other than remuneration disclosed in the above sections.

End of Audited Remuneration Report

Rights Granted as Remuneration Following the Reporting Period

Details of the terms and conditions of rights granted to KMPs as compensation following the reporting period are as follows:

Name	Grant date	No. rights granted * No.	Fair value $	Estimated minimum value $	Estimated maximum value $	Vesting date
Bob Duffin	-	-	-	-	-	-
Martin Jacobsen	1 July 2016	2,599,725	194,979	0.00	194,979	1 July 2019
Gary Jones	1 July 2016	570,543	42,784	0.00	42,784	1 July 2019
Larissa Brown	1 July 2016	720,645	54,048	0.00	54,048	1 July 2019
Wayne Rossiter	1 July 2016	1,169,877	87,741	0.00	87,741	1 July 2019
Cornel Parshotam	1 July 2016	1,260,681	94,550	0.00	94,550	1 July 2019
Total		**6,321,471**	**474,102**	**-**	**474,102**	

Rights held by Directors and other KMPs Following the Reporting Period

	Rights held as at 30 June 2016 No.	Rights granted after year end * No.	Rights vested after year end and converted to shares No.	Rights lapsed after year end No.	Rights held as at report date No.
Bob Duffin	-	-	-	-	-
Martin Jacobsen	7,455,931	2,599,725	2,101,653	525,409	7,428,594
Gary Jones	1,884,306	570,453	516,157	189,968	1,748,634
Larissa Brown	2,130,432	720,645	606,445	136,973	2,107,659
Wayne Rossiter	2,813,187	1,169,877	673,729	185,309	3,124,026
Cornel Parshotam	-	1,260,681	-	-	1,260,681
Total	**14,283,856**	**6,321,381**	**3,897,984**	**1,037,659**	**15,669,594**

* 3,170,178 of these incentive rights are subject to shareholder approval at the 30 November 2016 Annual General Meeting.

Shares and Options held by Directors and other KMPs Following the Reporting Period

Fully paid ordinary shares	Shares held as at 30 June 2016 No.	Shares acquired following the reporting period No.	Shares acquired following period as remuneration No.	Shares disposed following the period No.	Shares held as at the date of the report No.
Bob Duffin	44,095,776	7,349,292	-	-	51,445,068
Martin Jacobsen	2,522,044	745,751	1,952,471	-	5,220,266
Gary Jones	1,126,630	265,919	478,892	-	1,871,441
Len Dean	2,000,000	333,333	-	-	2,333,333
Lim See Yong	-	-	-	-	-
Dennis Mutton	254,666	43,000	-	-	297,666
Larissa Brown	1,302,583	140,000	562,807	-	2,005,390
Wayne Rossiter	4,767,718	898,842	625,341	-	6,291,901
Cornel Parshotam	-	-	-	-	-
Total	**56,069,417**	**9,776,137**	**3,619,511**	**-**	**69,465,065**

No options held by Directors and other KMPs were acquired or disposed of after the end of the reporting period.

WPG Resources Ltd

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.

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 contracts of insurance.

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 17 and forms part of this report.

Rounding of Amounts

The company is of a kind referred to in Class Order 2016/191 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) or in certain cases, the nearest dollar.

Signed this 26th day of September 2016 in accordance with a resolution of the Directors.

Bob Duffin
Executive Chairman

Grant Thornton

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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 2016, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 26 September 2016

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Bob Duffin – Executive Chairman

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

Bob Duffin is a company director with over 45 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 Austirex 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. Bob has been a Director of WPG since 2004.

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 Resource Corporation 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. Martin has been a Director of WPG since 2013.

Gary Jones – Technical Director

BSc (Auckland), 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. Gary has been a Director of WPG since 2004.

Len Dean – Non-Executive Director

BSc (Metallurgy)

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). Len has been a Director of WPG since 2007.

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. He has been a Director of WPG since 2007.

Dennis 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 the Australasian Pork Research Institute Ltd, Chair of the South Australian Dairy Fund Ltd and Commissioner of the Development Assessment Commission. 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. He was a Director of WPG from 2007 – 2008, and re-joined the Board in 2010.

Larissa Brown – Group Company Secretary

BA, Dip Ed, Grad Dip ACG, AGIA

Larissa Brown is a chartered secretary with particular experience in the administration of resource and resource technology companies. Larissa manages corporate and regulatory compliance, share registry and shareholder liaison & communications and annual reporting, as well as work health safety, safety governance and policy development. Larissa was appointed Group Company Secretary on 6 August 2009.

Wayne Rossiter – Chief Financial Officer

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

Wayne Rossiter is both a mining engineer and a chartered accountant. Wayne has held senior finance and management roles in resource and energy companies. 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.

Cornel Parshotam – Chief Operating Officer

Dip Mining, GCC

Cornel Parshotam is a mining professional with over 37 years of operational mining experience.

Cornel has held senior mining management positions in Africa and Australasia including General Manager Operations at Metallon Gold Zimbabwe, Acting Operations Manager at Emperor Gold Mines in Fiji and more recently General Manager Mine and then Head of Operations and BHP Billiton's Olympic Dam Mine in South Australia. His range of experience encompasses the management and operation of both surface and underground operations in base metal and precious metal mining.

"THE COMMITMENT, SKILLS AND CORE VALUES OF OUR TEAM PROVIDE AN OUTSTANDING CONSTANT DRIVING FORCE TO ASSURE WPG'S ONGOING PERFORMANCE"

Bob Duffin
Chairman

Key to Post nominals			
AGIA	Associate Governance Institute of Australia	GCC	Geological Certificate of Competency
BA	Bachelor of Arts	GMAICD	Graduate Member Australian Institute of Company Directors
BBA	Bachelor of Business Administration	Grad Dip ACG	Graduate Diploma in Applied Corporate Governance
BE	Bachelor of Engineering	Grad Dip Mgt	Graduate Diploma in Management
BSc	Bachelor of Science	JP	Justice of the Peace
CA	Associate Institute of Chartered Accountants in Australia	MappFin	Master of Applied Finance
Dip Ed	Diploma in Education	MAusIMM	Member Australasian Institute of Mining and Metallurgy
Dip Mining	Diploma in Mining	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

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 encourages and supports research programs relevant to its operations which 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 minimisation of environmental impacts in relation to activities undertaken on 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.

Challenger gold mine and exploration tenements

In March 2016 the Company acquired the Challenger gold mine and exploration assets and after a period of temporary closure, site operations recommenced on 16 May 2016.

The mine has in place substantial environmental monitoring programs which are in accordance with the approved Program for Environmental Protection and Rehabilitation. Subsequent to acquisition, the Company commissioned an Independent Environmental Compliance Audit Report which was submitted to the Department of State Development.

Tarcoola gold project

In March 2016 ML 6455 was granted over the former MC 4376 to WPG's wholly owned subsidiary Tarcoola Gold Pty Ltd, for a period of 10 years. The ML conditions require the full rehabilitation of the areas on completion of development in accordance with various guidelines and standards.

The Company has four MLs at Tarcoola. Bonds and conditions for the four MLs have been agreed and lodged. The Company will comply with the strict guidelines set out in the ML conditions.

Tunkillia gold project

During the year the Company completed a calcrete sampling and drilling program at Tunkillia. Following completion of the drilling program, drill holes were rehabilitated as required.

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;
- 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. Where appropriate, 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 is committed to supporting the local communities in the areas of its operations. During the year, the Company contributed to the Royal Flying Doctor Service and the Kingoonya Progress Association.

> **"ENVIRONMENTAL PERFORMANCE AND SOCIAL RESPONSIBILITY ARE FUNDAMENTAL IN EVERYTHING WE DO"**
>
> *Bob Duffin*
> ***Chairman***

		Consolidated	
	Note	2016 $'000	2015 $'000
Revenue			
Revenue from gold sales	2	1,515	-
Cost of goods sold		(3,642)	-
Gross loss		(2,127)	-
Other income	2	176	251
Expenses			
Corporate and administration services		(524)	(437)
Professional services		(427)	(667)
Occupancy costs	2	(317)	(352)
Employee entitlements	2	(574)	(662)
Increase in deferred acquisition purchase price		(1,817)	(144)
Depreciation and amortisation expense		(47)	(20)
Exploration and evaluation expenditure impaired	11	(2,372)	(382)
Loss on sale of assets		(39)	(177)
Share based payments	2	(199)	(202)
Fair value adjustment on financial assets through profit or loss		(15)	(536)
Loss before tax		(8,282)	(3,328)
Income tax benefit	3	-	-
Loss after tax attributable to members of WPG Resources Ltd		(8,282)	(3,328)
Other comprehensive income		-	-
Total comprehensive income attributable to members of WPG Resources Ltd		(8,282)	(3,328)
Earnings per share from profit / (loss) attributable to the owners of WPG Resources Ltd			
Basic earnings / (loss) per share (¢ per share)	17	(2.31)	(1.22)
Diluted earnings / (loss) per share (¢ per share)	17	(2.31)	(1.22)

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 2016

	Note	Consolidated 2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	5	4,613	1,340
Trade and other receivables	6	1,203	114
Inventories	7	3,243	-
Other		74	88
Assets classified as held for sale		-	750
Total current assets		9,133	2,292
Non-current assets			
Other financial assets	8	1,605	224
Property, plant and equipment	9	396	59
Development assets	10	821	-
Exploration and evaluation expenditure	11	6,246	7,384
Total non-current assets		9,068	7,667
Total assets		18,201	9,959
Current liabilities			
Trade and other payables	12	5,474	627
Provisions	13	1,423	-
Total current liabilities		6,897	627
Non-current liabilities			
Provisions	13	4,930	434
Total non-current liabilities		4,930	434
Total liabilities		11,827	1,061
Net assets		**6,374**	**8,898**
Equity			
Contributed equity	14	31,330	25,628
Reserves	15	455	399
Accumulated losses		(25,411)	(17,129)
Total equity		**6,374**	**8,898**

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

		Consolidated	
	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		1,515	-
Payments to suppliers and employees		(3,048)	(2,354)
Interest received	2	58	122
Rent received	2	11	26
R&D grants received	2	256	114
Net cash flows used in operating activities	23	(1,208)	(2,092)
Cash flows from investing activities			
Acquisition of plant and equipment	9	(11)	(20)
Proceeds from sale of property, plant and equipment	9	711	125
Development expenditure on mining interests	10	(389)	-
Exploration and evaluation expenditure on mining interests	11	(1,234)	(1,919)
Proceeds from (investment in) assets available for sale		-	18
Payments of tenement security deposits		(30)	(150)
Acquisition of Challenger Gold Operations Pty Ltd	25	(125)	-
Net cash flows used in investing activities		(1,078)	(1,946)
Cash flows from financing activities			
Proceeds from issue of shares	14	5,718	-
Share issue costs	14	(159)	-
Return of capital		-	(34)
Dividends		-	(51)
Net cash flows from financing activities		5,559	(85)
Net decrease in cash and cash equivalents		3,273	(4,123)
Cash and cash equivalents at beginning of the year		1,340	5,463
Cash and cash equivalents at the end of the year	23	4,613	1,340

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 2016

	Note	Consolidated Contributed Equity $'000	Accumulated Losses $'000	Share Based Payments Reserves $'000	Total Equity $'000
2016					
1 July 2015		25,628	(17,129)	399	8,898
Total comprehensive income					
Loss for the year		-	(8,282)	-	(8,282)
Total		**-**	**(8,282)**	**-**	**(8,282)**
Transactions with owners in their capacity as owners					
Issue of new shares, net of share issue costs	14	5,702	-	(143)	5,559
Share based payments expense	15	-	-	199	199
Total		**5,702**	**-**	**56**	**5,758**
As at 30 June 2016		**31,330**	**(25,411)**	**455**	**6,374**
2015					
1 July 2014		25,232	(13,801)	213	11,644
Total comprehensive income					
Loss for the year		-	(3,328)	-	(3,328)
Total		**-**	**(3,328)**	**-**	**(3,328)**
Transactions with owners in their capacity as owners					
Issue of new shares, net of share issue costs	16	396	-	(16)	380
Share based payments expense	17	-	-	202	202
Total		**396**	**-**	**186**	**582**
As at 30 June 2015		**25,628**	**(17,129)**	**399**	**8,898**

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

1. Summary of Significant Accounting Policies

(a) Corporate information

The consolidated financial statements of WPG Resources Ltd and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 19 September 2016. WPG Resources Ltd (WPG, the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The Group is principally engaged in gold mining, gold exploration and project development. The Group's principal place of business is 27 – 31 Macquarie Place Sydney. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' Report. Information on the Group's structure is provided in the Directors' Report.

(b) 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.

(c) Statement of compliance

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

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of 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.

(e) 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 de-recognition 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.

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(g) 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 is determined by reference to Securities Exchange quoted market bid prices at the close of business at the end of the reporting period.

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.

(h) 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.

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.

Government grants

Grants from Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group complies with conditions attached to those grants.

Government grants are either recognised as credits to carry forward exploration costs whilst the treatment of exploration costs continues to comply with AASB 6 or as other income where the grants relate to expenditure expensed to the profit or loss.

Rehabilitation and restoration

Provisions for rehabilitation and 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.

(i) Trade and other receivables

Trade receivables 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 includes 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.

(j) 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.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Mining inventory cost is determined on the following basis:

- Gold and other materials on hand is valued on an average total production cost method;
- Ore stockpile are valued at the average cost of mining and stockpiling the ore, including haulage;
- A proportion of related depreciation and amortisation charge is included in the cost of inventory

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) 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.

(m) 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.

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.

(n) Superannuation

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

(o) 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 is 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).

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.

(p) 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.

(q) 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.

Sale of gold

Revenue from the sale of gold is recognised when the significant risks and rewards of ownership of the gold have passed to the buyer, usually on delivery of the gold. Revenue from the sale of gold is measured at the fair value of the consideration received or receivable.

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.

Other

Other income is recognised on an accrual basis.

(r) 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.

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.

(s) 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.

(t) Currency

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

(u) Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

(v) 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.

(w) 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

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 is 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.

Exploration and evaluation costs

The Company capitalises all its exploration and evaluation expenditure in accordance with accounting policy Note 1(h) – refer Note 11.

Deferred tax assets

The company has made a judgement not to recognise the deferred tax assets disclosed in Note 3 as the directors remain uncertain as to their future eligibility for application against any future taxable income.

Acquisition of CGO Joint Venture

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

Restoration costs

The Company recognises provisions for rehabilitation and restoration in accordance with accounting policy Note 1(h) – refer Note 13. Significant judgment is required in determining the provision for restoration and rehabilitation as there are many transactions and other factors that will affect the ultimate payable to rehabilitate and restore the mine site. The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, changes in regulations, price increases, changes in discount rates, the extent of restoration activities and future rehabilitation technologies. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known. At each reporting date the rehabilitation and restoration provision is remeasured to reflect any of these changes. During the period a rehabilitation and restoration provision was recognised on the acquisition of Challenger Gold Operations Pty Ltd. The measurement of this restoration provisions has been estimated by management as part of the asset acquisition accounting.

Deferred acquisition costs

The Company recognises deferred acquisition costs in relation to contingent payments that may be payable in the future upon certain milestones occurring. In assessing these, the Company uses significant judgment regarding the feasibility of the projects, the economic hurdles required for a development decision, estimates of future commodity prices. A probability weighted discounted valuation of these contingent milestones is then calculated to calculate the deferred acquisition costs to be brought to account. Following the acquisition of CGO, along with an increased gold price, the Group believes that mining of Tarcoola will commence shortly, as such the deferred acquisition payments relating to commencing mining at Tarcoola have been recognised as an increased provision payable at year end (refer note 13).

(x) 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.

(y) 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.

(z) 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.

(aa) Rounding of amounts

The company is of a kind referred to in Class Order 2016/191 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) or in certain cases, the nearest dollar.

(ab) Accounting Standards

New and revised standards effective for these financial statements

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported results or financial position.

Accounting Standards issued not yet effective and not been adopted by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2016 but will be applicable to the Group in the future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group:

- *AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E- Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
  - Effective for annual periods beginning on or after 1 January 2018
  - Expected to be initially applied in the financial year ending 30 June 2019
- *AASB 16 'Leases'*
  - Effective for annual periods beginning on or after 1 January 2019
  - Expected to be initially applied in the financial year ending 30 June 2020
- *AASB 2014-4 'Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation'*
  - Effective for annual periods beginning on or after 1 January 2016
  - Expected to be initially applied in the financial year ending 30 June 2017
- *AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'*
  - Effective for annual periods beginning on or after 1 January 2016
  - Expected to be initially applied in the financial year ending 30 June 2017
- *AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'*
  - Effective for annual periods beginning on or after 1 January 2016
  - Expected to be initially applied in the financial year ending 30 June 2017
- *AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'*
  - Effective for annual periods beginning on or after 1 January 2017
  - Expected to be initially applied in the financial year ending 30 June 2018
- *AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'*
  - Effective for annual periods beginning on or after 1 January 2017
  - Expected to be initially applied in the financial year ending 30 June 2018

We do not expect these accounting standards will have any material impact on our financial results upon adoption.

	Consolidated 2016 $'000	Consolidated 2015 $'000
2. Revenue and expenses		
Revenue from continuing operations		
Revenue from gold sales	1,515	-
Revenue from continuing operations	**1,515**	**-**
Other income		
Interest received – other persons / corporations	58	111
Rent received	11	26
R&D Grant recovered against overheads	107	114
Other income	**176**	**251**
Share based payments		
Current period expense for share based payments granted	199	202
Share based payments	**199**	**202**
Employee entitlements		
Directors' fees	105	206
Employment costs	370	344
Superannuation expense	99	112
Employee entitlements	**574**	**662**
Occupancy costs		
Insurance	79	98
Office costs	46	61
Operating lease rental expense	192	193
Occupancy costs	**317**	**352**

3. Income tax expense

	Consolidated 2016 $'000	Consolidated 2015 $'000
Loss from continuing activities before tax expense	(8,282)	(3,328)
Prima facie tax benefit on loss from continuing activities at 30% (2015: 30%)	(2,485)	(998)
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	3	1
Share-based payments	60	60
Impairment of exploration expenditure	712	-
Impairment of property asset	-	72
Deferred acquisition purchase price	545	43
Fair value movement on investments	5	89
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,161	733
Income tax benefit	**-**	**-**
Income tax related to deferred tax		
Unrecognised deferred tax assets and liabilities on income tax account:		
Capital raising costs	80	440
Timing differences	-	(44)
Carry forward tax losses	7,355	6,382
Net unrecognised deferred tax asset	**7,435**	**6,778**

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 2016.

	Consolidated	
	2016 $'000	2015 $'000
4. Auditor's remuneration		
Audit and review of the financial report of the Group	29	51

5. Cash and cash equivalents		
Cash at bank	2,895	330
Money market securities – term deposits	1,718	1,010
Cash and cash equivalents	**4,613**	**1,340**

The weighted average interest rate as at the end of the reporting period is 0.72% (2015: 2.15%) and the average remaining term is 33 days (2015: 11 days).

6. Trade and other receivables		
Current		
Receivables from joint venture partner on acquisition of Challenger Gold Operations Pty Ltd (refer note 25)	375	-
GST receivable	412	37
Interest receivables	3	3
Other receivables	396	-
Prepayments	17	74
Trade and other receivables	**1,203**	**114**

No trade and other receivables are past due date.

7. Inventories		
Consumables and supplies at cost	950	-
Run of mine ore at net realisable value	982	-
Gold doré at cost	1,066	-
Gold in circuit at net realisable value	245	-
Inventories	**3,243**	**-**

Cost of goods sold includes $382,696 relating to the write down of inventory at net realisable value as a result of re-start costs during the recommissioning of Challenger.

8. Other financial assets		
Non-current		
Tenement security deposits	1,531	150
Deposits paid	74	74
Other financial assets	**1,605**	**224**

9. Property, plant and equipment		
Land and buildings		
At cost	17	17
Property, plant and equipment	**17**	**17**
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	17	990
Additions	-	17
Impairment loss expensed to profit and loss	-	(240)
Asset reclassified as Asset Held For Sale	-	(750)
Carrying amount at end of financial year	**17**	**17**

WPG Resources Ltd

	Consolidated 2016 $'000	Consolidated 2015 $'000
9. Property, plant and equipment (continued)		
Plant and equipment		
Plant and equipment at cost	693	292
Accumulated depreciation	(314)	(250)
Carrying amount at end of financial year	**379**	**42**
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	42	350
Acquired on acquisition of Challenger Gold Operations Pty Ltd	354	-
Additions	11	19
Asset reclassified as Asset Held For Sale	-	(299)
Depreciation expense	(27)	(28)
Carrying amount at end of financial year	**379**	**42**
Property, plant and equipment	**396**	**59**

10. Development asset

	2016	2015
Development asset at cost	841	-
Accumulated amortisation	(20)	-
Development asset	**821**	**-**
Development asset reconciliation		
Balance at beginning of financial year	-	-
Acquired on acquisition of Challenger Gold Operations Pty Ltd	452	-
Development cost additions	389	-
Amortisation	(20)	-
Carrying amount at end of financial year	**821**	**-**

11. Exploration and evaluation expenditure

	2016	2015
Costs brought forward	7,384	4,841
Costs incurred during the period	1,234	1,586
100% joint venture interest acquired during the year	-	958
Exploration expenditure impaired during the period	(2,372)	(1)
Exploration and evaluation expenditure	**6,246**	**7,384**

During the year the Group's coal exploration assets were fully impaired as the Group has elected to focus on its gold opportunities.

	2016	2015
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	-	-
Expenditure on non-joint venture areas	6,246	7,384
Carrying amount at end of financial year	**6,246**	**7,384**

12. Payables

	2016	2015
Current		
Trade creditors and accruals	4,501	320
Acquisition cost payable for acquisition of Challenger Gold Operations Pty Ltd	750	-
Other creditors	179	263
Unpaid dividends and return of capital	44	44
Payables	**5,474**	**627**

Trade creditors and accruals and other creditors are non-interest bearing and are generally settled on end of month plus 30 day terms.

WPG Resources Ltd

	Consolidated 2016 $'000	Consolidated 2015 $'000
13. Provisions		
Current		
Annual leave	273	-
Deferred acquisition cost	1,150	-
Current provisions	**1,423**	**-**
Non-current		
Rehabilitation and restoration costs	3,767	-
Premises make good	10	10
Deferred acquisition cost	1,041	324
Long service leave	112	100
Non-current provisions	**4,930**	**434**
Deferred acquisition cost		
Carrying amount at start of year	324	102
Provision recognised – charged to exploration expenditure	-	78
Provision recognised – charged to profit and loss	1,817	144
Deferred acquisition cost refers to the probability weighted discounted valuation of the contingent milestone payments that may become due under the acquisitions in respect of the Tarcoola gold project and the Tunkillia gold project.	**2,141**	**324**

Following the acquisition of CGO, along with an increased gold price, the Group believes that mining of Tarcoola will commence shortly, as such the deferred acquisition payments relating to the commencement of mining at Tarcoola have been recognised in as an increased provision payable at year end.

	Consolidated 2016 $'000	Consolidated 2015 $'000
Rehabilitation and restoration		
Carrying amount at start of year	-	-
Provision recognised on acquisition of Challenger Gold Operations	3,767	-
Rehabilitation and restoration	**3,767**	**-**

	Consolidated 2016 $'000	Consolidated 2015 $'000
14. Contributed equity		
Share capital		
278,994,920 (2014: 268,617,428) fully paid ordinary shares	33,487	33,091
Shares issued during the period	5,515	380
Options exercised	203	-
Incentive rights exercised	143	-
Reclassification of reserves	-	16
447,340,108 (2015: 278,994,920) fully paid ordinary shares	**39,348**	**33,487**
Share issue costs	(8,018)	(7,859)
Contributed equity	**31,330**	**25,628**

	Consolidated 2016 No.	Consolidated 2015 No.
Movements in ordinary share capital		
As at 1 July	278,994,920	268,617,428
Shares issued during the year	161,003,355	10,000,000
Issued on exercise of options	5,072,877	-
Incentive rights exercised	2,268,956	377,492
At the end of the reporting period	**447,340,108**	**278,994,920**

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

14. Contributed equity (continued)

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

2,268,956 shares were issued during the reporting period by virtue of the vesting of rights (2015: 377,492). As at 30 June 2016, the Company had on issue:

Rights	Exercise price	Vesting date
1,304,048	$0.00	1 July 2016
5,295,590	$0.00	1 July 2016
4,917,178	$0.00	1 July 2017
6,620,123	$0.00	1 July 2018

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 2016 $43,637 remains unpaid (30 June 2015 – $43,637) and is recorded in current payables.

	Consolidated	
	2016 $'000	2015 $'000
15. Reserves		
Share based payments reserve		
Opening balance	399	213
Transferred to share capital	(143)	(16)
Expensed	199	202
Reserves	**455**	**399**

The share based payments reserve represents a valuation of incentive rights. Incentives issued to employees and officers under the Incentive Rights Plan have been expensed.

16. Share based payments		
Share based payment expense recognised during the financial year		
Incentives issued to employees and officers under the Incentive Rights Plan	199	202
Share based payments	**199**	**202**

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, is the principal tool for the reward and administration of incentive entitlements to all eligible employees and Executive Directors. The Company's Executive Chairman is entitled to participate in the Plan, but has elected not to do so in order to increase the number of Performance Rights and Retention Rights (Rights) available to other Plan participants.

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 dilutionary fashion than the former 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 Rights will not vest unless the vesting conditions determined by the Board have been satisfied.

16. Share-based payments (continued)

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	2016	2015	2014	2013
Spot price of underlying security	$0.034	$0.041	$0.032	$0.058
Risk free interest rate	2.15%	3.34%	4.41%	4.41%
Dividend yield	0.00%	0.0%	0.0%	0.0%
Probability of vesting	100%	100%	100%	100%
Exercise price	$0.00	$0.00	$0.00	$0.00
Standard deviation / volatility	73.67%	80.83%	59.30%	59.30%

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

Grant date	Vesting Date	Exercise Date	Exercise Price	Balance 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
2016 Incentive Rights									
1-Jul-12	01.07.15	-	$0.00	3,536,907	-	(2,001,398)	(231,461)	1,304,048	-
Weighted average exercise price			*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
1-Jul-13	01.07.16	-	$0.00	5,511,082	-	(129,297)	(86,195)	5,295,590	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
1-Jul-14	01.07.17	-	$0.00	5,307,301	-	(167,197)	(222,926)	4,917,178	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
1-Jul-15	*01.07.18*	-	$0.00	-	6,620,123	-	-	6,620,123	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Total				**14,355,290**	**6,620,123**	**(2,297,892)**	**(540,582)**	**18,136,939**	**-**
2015 Incentive Rights									
1-Jul-12	01.07.15	-	$0.00	3,691,232	-	(92,596)	(61,729)	3,536,907	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
1-Jul-13	01.07.16	-	$0.00	5,866,673	-	(152,396)	(203,195)	5,511,082	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
1-Jul-14	01.07.17	-	$0.00	-	5,704,801	(132,500)	(265,000)	5,307,301	-
Weighted average exercise price				*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Total				**9,557,905**	**5,704,801**	**(377,492)**	**(529,924)**	**14,355,290**	**-**

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:

Participant's Base Package x Target Performance LTI% ÷ Adjusted Right Value

16. 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 former 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.

16. Share-based payments (continued)

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.

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.

There were 18,136,939 rights outstanding at the end of the reporting period (2015 – 14,355,290 rights) that have not been taken into account in calculating diluted EPS because their effect would be antidilutive.

17. Loss per share

	Consolidated	
	2016	2015
Basic earnings / (loss) per share (cents)	(2.31)	(1.22)
Diluted earnings / (loss) per share (cents)	(2.31)	(1.22)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	357,805,147	271,860,763
Earnings / (Loss) after tax used in calculating basic and diluted EPS	(8,281,305)	(3,327,699)

18. Related party disclosures

	Consolidated 2016 $	Consolidated 2015 $
Key management personnel compensation		
The aggregate compensation made to KMP of the Company and the Group is set out below:		
Short-term employee benefits	1,091,782	1,421,433
Post-employment benefits	106,996	118,201
Non-monetary benefits	-	-
Share-based benefits	188,348	73,310
Key management personnel compensation	**1,387,126**	**1,612,944**

19. Group entities

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

Name	Country of incorporation	Equity interest 2016 %	Equity interest 2015 %	Investment 2016 $	Investment 2015 $
Challenger Gold Operations Pty Ltd	Australia	100	-	500,000	-
Giffen Iron Pty Ltd *	Australia	-	100	-	1
New World Coal Pty Ltd *	Australia	-	100	-	1
Port Bonython Bulk Users Group Inc **	Australia	-	100	-	1
Port Bonython Pty Ltd *	Australia	-	100	-	1
Southern Coal Holdings Pty Ltd	Australia	100	100	1	1
Spencer Gulf Holdings Pty Ltd *	Australia	-	100	-	1
Spencer Gulf Ports Pty Ltd *	Australia	-	100	-	1
Tarcoola Gold Pty Ltd	Australia	100	100	1	1
Tunkillia Gold Pty Ltd	Australia	100	100	1,842,304	1,842,304
WPG Gawler Pty Ltd ***	Australia	100	100	1	1
WPG Securities Pty Ltd	Australia	100	100	1	1
Total				**2,342,308**	**1,842,314**

* deregistered as at 29 June 2016 ** deregistered as at 17 June 2016 *** WPG Ore Marketing Pty Ltd changed its name to WPG Gawler Pty Ltd on 11 November 2015

20. 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 is 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.

20. Financial instruments (continued)

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 polices 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	
	2016	2015
	$'000	$'000
Cash and cash equivalents	4,613	1,340
Other receivables	811	3
Tenement security deposit	1,531	150
Lease rental deposit	74	74
Total	**7,029**	**1,567**

All cash and cash equivalent funds are held with the Westpac Banking Corporation Limited.

(c) *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 maintains adequate cash reserves or committed credit facilities and the ability to close-out market positions.

(d) *Interest rate risk*

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

	Consolidated	
	2016	2015
Weighted average rate of cash balances	0.00%	1.20%
Cash balances	$2,895,412	$330,297
Weighted average rate of term deposits	0.72%	2.50%
Term deposits	$1,717,417	$1,009,431

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.

20. Financial instruments (continued)

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.

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

Sensitivity analysis

		+1.0% of AUD IR		-1.0% of AUD IR	
	Carrying Amount	Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
Consolidated – 2016					
Cash and cash equivalents	4,613	46	-	(46)	-
Tax charge of 30%	-	(14)	-	14	-
After tax increase / (decrease)	**4,613**	**32**	**-**	**32**	**-**
Consolidated – 2015					
Cash and cash equivalents	1,340	13	-	(13)	-
Tax charge of 30%	-	(4)	-	4	-
After tax increase / (decrease)	**1,340**	**9**	**-**	**(9)**	**-**

The above analysis assumes all other variables remain constant.

Financing arrangements

The following financing facilities were available at the reporting date:

	Carrying Amount	Contractual Cash flows	< 6 mths	6-12 mths	1-3 years	> 3 years
Maturity analysis	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated – 2016						
Financial liabilities						
Trade creditors and other payables	5,474	5,474	5,474	-	-	-
Deferred consideration	2,191	2,191	1,150	550	288	203
Total	**7,665**	**7,665**	**6,624**	**550**	**288**	**203**
Financial assets (loans and receivables including cash and cash equivalents)						
Cash at bank and deposits at call	4,613	4,613	4,613	-	-	-
Other receivables	399	399	399	-	-	-
Tenement security deposit	1,531	1,531	1,531	-	-	-
Lease rental deposit	74	74	-	-	-	74
Total	**6,617**	**6,617**	**6,543**	**-**	**-**	**74**
Consolidated – 2015						
Financial liabilities						
Trade creditors and other payables	627	627	627	-	-	-
Deferred consideration	324	324	-	-	-	324
Total	**951**	**951**	**627**	**-**	**-**	**324**
Financial assets (loans and receivables including cash and cash equivalents)						
Cash at bank and deposits at call	1,340	1,340	1,340	-	-	-
Other receivables	3	3	3	-	-	-
Tenement security deposit	150	150	150	-	-	-
Lease rental deposit	74	74	-	-	-	74
Total	**1,567**	**1,567**	**1,493**	**-**	**-**	**74**

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

WPG Resources Ltd

21. Contingencies

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

22. 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	
	2016 $'000	2015 $'000
Commitments		
Payable not later than one year	2,053	988
Payable later than one year but not later than two years	2,525	736
Total	**4,578**	**1,724**
Operating leases		
Office lease and equipment		
Not later than one year	419	204
Later than one year but not later than five years	110	17
Later than five years	83	-
Total	**612**	**221**

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.

23. Cash flow information

Reconciliation of net cash outflow from operating activities to operating profit/(loss) after income tax		
Operating profit/(loss) after income tax	(8,282)	(3,328)
Depreciation and amortisation	47	20
Exploration and evaluation expenditure impaired	2,372	1
Share-based payments	199	202
Fair value loss on investment	14	296
Impairment loss on Port Pirie property	-	240
Deferred acquisition price expense	1,817	144
Loss on sale of assets	39	177
Change in assets and liabilities		
Increase in receivables	(714)	21
Increase in inventories	(1,132)	-
Increase in provisions	335	28
Increase in trade and other creditors	4,097	107
Net cash outflow from operating activities	**(1,208)**	**(2,092)**

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 comprised:		
Cash assets	2,895	330
Term deposits	1,718	1,010
Cash on hand	**4,613**	**1,340**

24. Interest in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	2015 %
Challenger Gold Operations Pty Ltd	Exploration, mining and production of gold and silver in South Australia	50%	0%

Effective 1 August 2016 the Company acquired the interests of Diversified Minerals (Challenger) Pty Ltd in the Challenger Joint Venture and the joint ventures were dissolved. Details of this transaction are shown in Note 29 Subsequent Events.

25. Acquisition of business assets and liabilities of Challenger Gold Operations Pty Ltd

On 15 March 2016 WPG Resources Ltd acquired 100% of the issued capital of Challenger Gold Operations Pty Ltd which holds the Challenger Gold Mine and also holds an interest in the Western Gawler Craton Joint Venture which is exploring for gold in a number of tenements in the vicinity of the Challenger Gold Mine.

The Company entered into joint venture agreements with Diversified Minerals (Challenger) Pty Ltd, an associate of Pybar Mining Services Pty Ltd. The Company and Diversified Minerals (Challenger) Pty Ltd both held a 50% interest in these joint ventures with WPG Resources Ltd the manager of each joint venture.

The acquisition was part of the revised corporate strategy to reposition WPG Resources Ltd from an exploration and pre-development business to a gold production business.

The fair value of the assets and liabilities of Challenger Gold Operations Pty Ltd acquired as at the date of acquisition were as follows:

	Fair value recognised on acquisition $'000
	50% ownership
Current Assets	
Inventory	2,111
Total Current Assets	2,111
Non-Current Assets	
Plant and equipment	354
Development asset	452
Tenement security bond	1,351
Total Non-Current Assets	2,157
Total Assets	**4,268**
Non-Current Liabilities	
Rehabilitation and restoration provision	3,767
Total Non-Current Liabilities	3,767
Total Liabilities	3,767
Net Assets Acquired	**500**
Purchase price	
Up-front cash consideration (included in cash flows from investing activities)	125
Deferred cash consideration	375
Purchase price	**500**

25. Acquisition of business assets and liabilities of Challenger Gold Operations Pty Ltd (continued)

Deferred consideration

The purchase price was $1,000,000 which was to be paid equally by the joint venture participants. This purchase price was to be paid in quarterly installments of $250,000 commencing 30 days of the recommencement of milling operations at the Challenger Mine, with the first payment reduced by $100,000 representing an option and signing fee already paid to the vendors. Milling operation recommenced in May 2016 and the first purchase instalment was finalised in the current period.

In addition a royalty is potentially payable on a new underground zone identified as Challenger South South West. In the event that mining is undertaken in this zone then a royalty of $25 per ounce of gold produced is payable to the vendor after the first 30,000 ounces of gold is produced from this zone. No mineral resource exists within this zone as of balance date.

26. Segment reporting

Management has determined the operating segment based on internal reports about components of the group that are regularly reviewed by the Managing Director in order to make strategic decisions. Reportable operating segments are production, exploration and other costs with a main focus on gold.

The Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the Managing Director are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the group.

	Exploration $'000	Production $'000	Unallocated $'000	Consolidated $'000
2016				
Revenue	-	1,515	176	1,691
Cost of production	-	(3,642)	-	(3,642)
Exploration and evaluation impaired	(2,372)	-	-	(2,372)
Other expenses	-	-	(3,959)	(3,959)
Segment profit/loss before tax	**(2,372)**	**(2,127)**	**(3,783)**	**(8,282)**
Segment assets	6,246	7,443	4,512	18,201
Segment liabilities	(127)	(9,096)	(2,604)	(11,827)
2015				
Revenue	114	-	137	251
Cost of production	-	-	-	-
Exploration and evaluation costs	(382)	-	-	(382)
Other expenses	-	-	(3,197)	(3,083)
Segment profit/loss before tax	**(268)**	**-**	**(3,060)**	**(3,328)**
Segment assets	7,384	-	2,575	9,959
Segment liabilities	(168)	-	(895)	(1,062)

Segments assets by geographical location

Segment assets of WPG are geographically located in Australia.

27. Corporate information

The financial statements of WPG Resources Ltd for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 26 September 2016 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.

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, other than investment in subsidiaries which are recorded at cost, less provision for impairment.

	Parent Entity	
	2016 $'000	2015 $'000
Current assets	7,222	7,476
Non-current assets	2,725	2,222
Total assets	**9,947**	**9,698**
Current liabilities	1,387	444
Non-current liabilities	2,186	356
Total liabilities	**3,573**	**800**
Contributed equity	31,329	25,628
Accumulated losses	(25,410)	(17,129)
Share-based payment reserve	455	399
Total equity	**6,374**	**8,898**
Loss for the year	(8,282)	(3,328)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to members of WPG Resources Ltd	**(8,282)**	**(3,328)**

29. Subsequent events

Other than noted below no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except as follows:

- In August 2016 WPG successfully completed a $13.7 million capital raising to fund the acquisition of DMPL's interest in the CJVs and to provide finance for developing Tarcoola and for general working capital purposes. A Placement of 113,040,000 shares to sophisticated and professional investors at $0.065 raised $7.35 million and a fully underwritten 1 for 6 pro rata non-renounceable Entitlement Offer to eligible shareholders raised $6.32 million. Under the Entitlement Offer and underwriting, 97,260,964 shares were issued at $0.065.
- Since the end of the year a further $900,000 has been raised through the exercise of options. Following the July 2016 Entitlement Offer, the option exercise price was reduced from $0.04 to $0.038.
- In August 2016, WPG completed the acquisition of its former joint venture partner's 50% interest in the CJVs. The purchase price was $9 million and the issue of 25 million WPG options to DMPL. These options have an exercise price of $0.11 and an expiry date of 30 September 2018. The acquisition of the former joint venture partner's interest, effective from 1 August 2016, has increased WPG' interest in the Challenger mine to 100%, doubled WPG's share of production as well WPG's attributable share of gold contained in Challenger's resources and reserves.
- In September 2016, WPG released its revised Tarcoola definitive feasibility study for the processing of Tarcoola ore through the Challenger CIP treatment plant, indicating substantially enhanced economic outcomes over the original heap leach option. The ore will be hauled to Challenger for treatment, supported by substantially reduced on and off-site services and infrastructure. There will be no need for leach pads or gold recovery circuit on site. Treatment through the Challenger CIP plant results in substantially increased gold recovery, now estimated to be 95%.

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 2016 and of the performance for the year ended on that date; and

(ii) comply with Accounting Standards and the Corporations Regulations 2001.

(b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(2) 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.

(3) The remuneration disclosures set out on pages 8 to 15 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2016, comply with Section 300A of the Corporations Regulations 2001.

(4) 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

Bob Duffin
Executive Chairman

26 September 2016

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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 2016, 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.

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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 2016 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.

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Report on the remuneration report

We have audited the remuneration report included the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 26 September 2016