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EL 4907

LAKE WOORONG

FIRST PARTIAL SURRENDER REPORT FOR THE PERIOD 8/6/2012 TO 7/6/2015

Submitted by
Southern Coal Holdings Pty Ltd
2015

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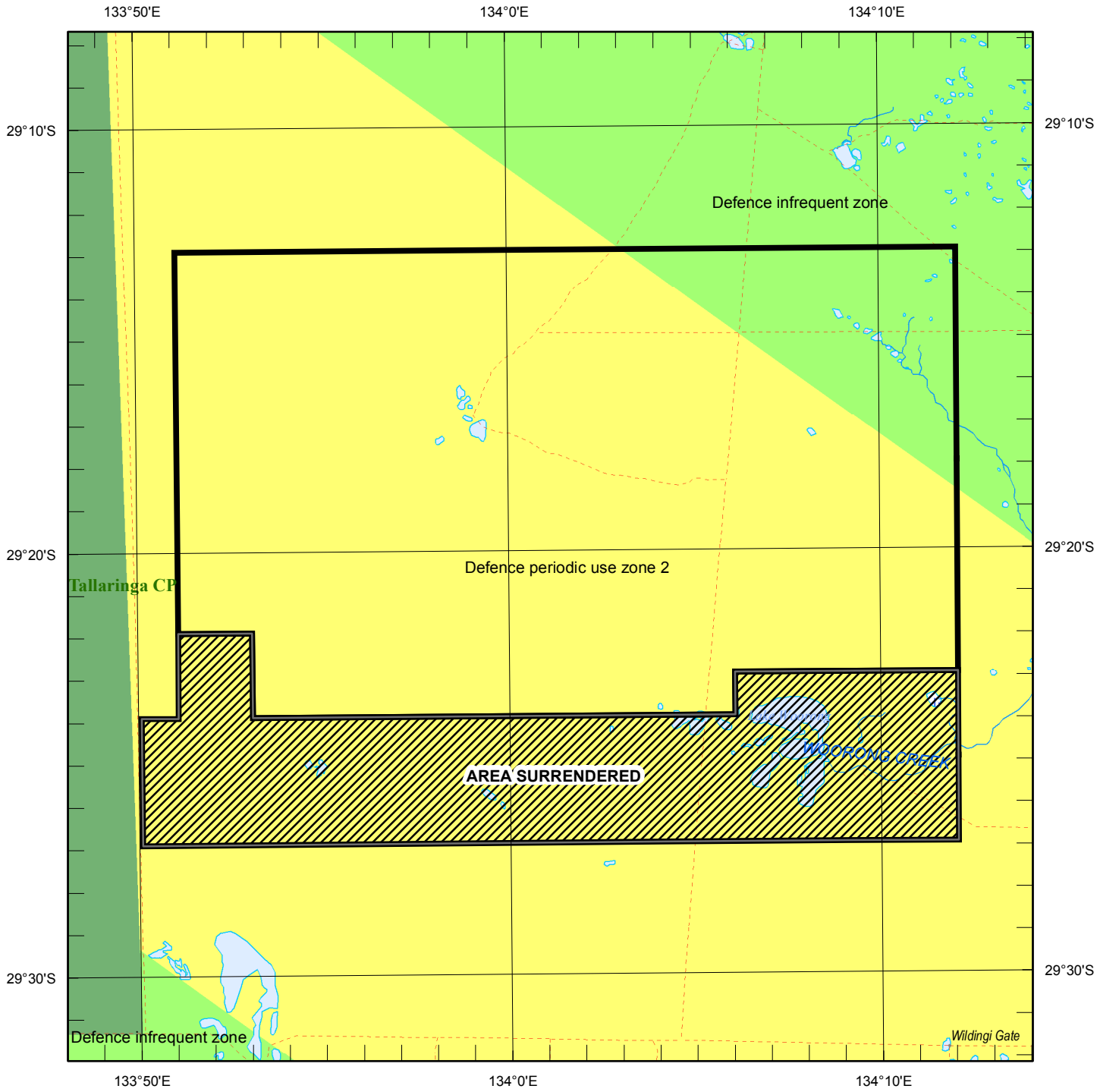
Government of South Australia
Department of State Development

SCHEDULE A



SCALE 1 : 250 000

4 0 4 8 12 16 20

Kilometres

GDA GEOCENTRIC DATUM OF AUSTRALIA

LICENCE BOUNDARIES IN : DATUM AGD66

APPLICANT : **SOUTHERN COAL HOLDINGS PTY LTD**

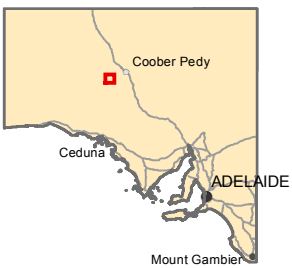
FILE REF : **2009/00339** TYPE : **MINERAL ONLY**

AREA : **661** sq km (approx)

1 : 250 000 MAPSHEETS : **COOBER PEDY**

LOCALITY : **LAKE WOORONG AREA -**
Approximately 80 km southwest of Coober Pedy

LOCALITY



DATE GRANTED:**08-Jun-2012** DATE EXPIRED:**07-Jun-2015** EL NO: **4907**

WPG Resources Ltd

Partial Surrender Report on Exploration Licence 4907

Lake Woorong

by

Kurt Crameri

July 2015

CONTENTS

FIGURES

TENEMENT REPORT INDEX

TENEMENT:	EL 4907
TENEMENT HOLDER:	Southern Coal Holdings Pty Ltd
OPERATOR:	Southern Coal Holdings Pty Ltd
AUTHOR:	Kurt Crameri
1:250,000 SHEETS:	Coober Pedy SH53-06
1:100,000 SHEETS:	Woorong 5738 Ingomar 5838
MINERAL PROVINCE:	Gawler Craton
COMODITIES:	Gold, Coal
KEY WORDS:	Partial Relinquishment

Summary

EL 4907 Lake Woorong was granted to Southern Coal Holdings Pty Ltd (SCH) on 8th June 2012 for a period of one year until June 2013. The tenement was renewed for a further two year period to June 2015. An application for renewal of the tenement was lodged with DSD in April 2015 and is currently being reviewed. In conjunction with the renewal application, a reduction in the size of the tenement from 888 to 661 sq km was completed.

1. Introduction

Southern Coal Holdings Pty Ltd ("SCH") is the operator for Exploration Licence 4907, Lake Woorong. The project area is centred approximately 80 kilometres south west of Coober Pedy, in the northern Gawler Craton. The licence has been reduced from 888 to 661 square kilometres.

Located within the amber corridor of the Woomera Prohibited Area (WPA), an access deed was signed with Department of Defence in February 2013 for 5 years. A new permitting system was introduced in late 2014, with a resource exploration permit issued to SCH on the 9th January 2015 for 7 years.

SCH considers the Lake Woorong project area prospective for iron ore (both haematite and magnetite) and massive sulphide deposits.

2. Location and Access

2.1 Location

The Lake Woorong project is situated in northern South Australia approximately 80 kilometres south west of Coober Pedy as shown in Figure 1. The project area comprises EL 4907 Lake Woorong and covers an area of approximately 888 square kilometres. The Central Australian railway line is 40km to the east of the tenement, with the old unsealed Stuart Highway 60km to the east and the sealed Stuart Highway 80km to the east. Access to the project area is via the old Stuart Highway and then along existing station tracks. The area is covered by the 1:250,000 Map Sheet Coober Pedy SH-53-06 and 1:100,000 map sheets Yerada 5639 and Phillipson 5739.

2.2 Topography

The topography of the project area is largely flat to undulating and ranges in altitude from around 193m asl in the north to 149m asl in the south. There is no permanent surface water in the area however ephemeral creeks drain into numerous small to medium sized salt lakes to the south of the tenement, in particular Lake Woorong.

Landforms within the tenement comprise recently formed low sand dunes silcrete and calcrete ridges and colluviums. The region is predominantly soil covered with numerous sand dunes that make access difficult apart from along established station tracks. Vegetation comprises pockets of mulga scrub with blue bush and salt bush in areas of open gibber plains desert. Land use is predominantly low density sheep and cattle grazing with stock water obtained from sub-artesian bores and surface dams.

2.3 Climate

Climate in the Lake Woorong area is typically arid continental with very hot dry summers and moderate to cool winters. Average annual rainfall is less than 200mm and falls mostly during summer often associated with tropical cyclones that develop off the northern coast of Western Australia and move inland as rain depressions. Short heavy downpours can cause local flash flooding.

3. Tenure

3.1 Tenement Details

Exploration Licence 4907 covers an area of 888 square kilometres. The tenement is situated on Mabel Creek pastoral station. EL 4907 was granted to Southern Coal Holdings Pty Ltd a wholly owned subsidiary of WPG Resources Ltd ("WPG") on the 8th June 2012 for an initial one year period and has been renewed for a further two years, expiring on 7th June 2015.

Under the terms of the purchase agreement with Stellar Resources Ltd WPG will pay Stellar a royalty of $0.60 per tonne for any future coal or iron ore production from this tenement and the adjoining EL4525 Robins Rise. In the event that exploration by WPG defines a JORC compliant non coal or iron ore mineral resource then Stellar has the right to acquire a 49% joint venture interest in that non coal or iron ore deposit by paying WPG an amount equal to three times the amount spent by WPG on that exploration.

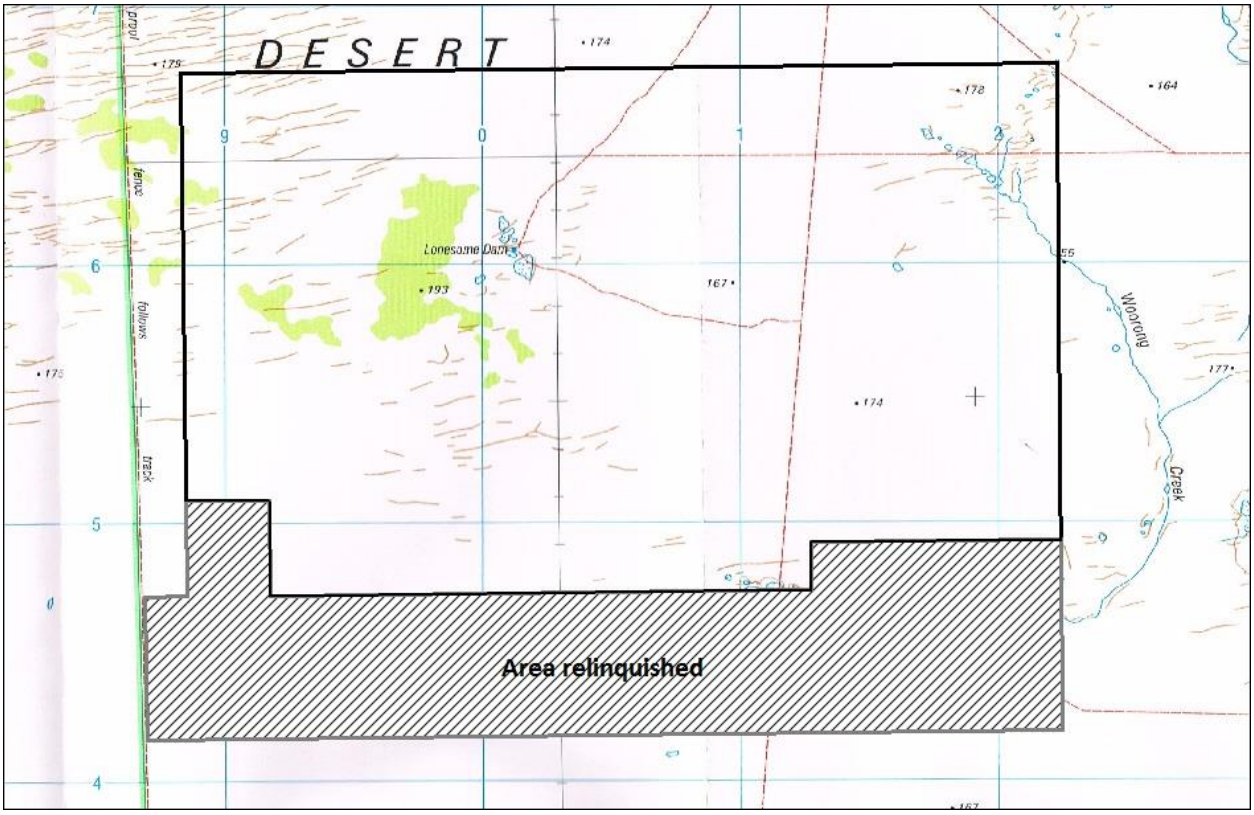


***Figure 1**. EL 4907 Lake Woorong Locality Diagram.*

3.2 Landowners

The Lake Woorong tenement is solely covered by the Mabel Creek pastoral lease. The Mabel Creek station homestead is over 40 kilometres north of the tenement boundary.

3.3 Aboriginal Heritage Clearance

EL 4907 is subject of a valid Native Title Mining Agreement for Exploration with the Antakirinja Matu-Yankunytjatjara Native Title Claimant Group (the Antakirinja). This agreement was assigned to SCH from Hiltaba Gold on 25th January 2011. A heritage survey was completed over three target areas in late June 2013.

3.4 Woomera Prohibited Area

EL 4907 is situated within the Woomera Prohibited Area. SCH holds a resource exploration permit that was granted in January 2015 for a period of 7 years. The majority of the tenement is located with the "amber corridor", where Defence have exclusive use for 70 days per year, as shown below in figure 2.

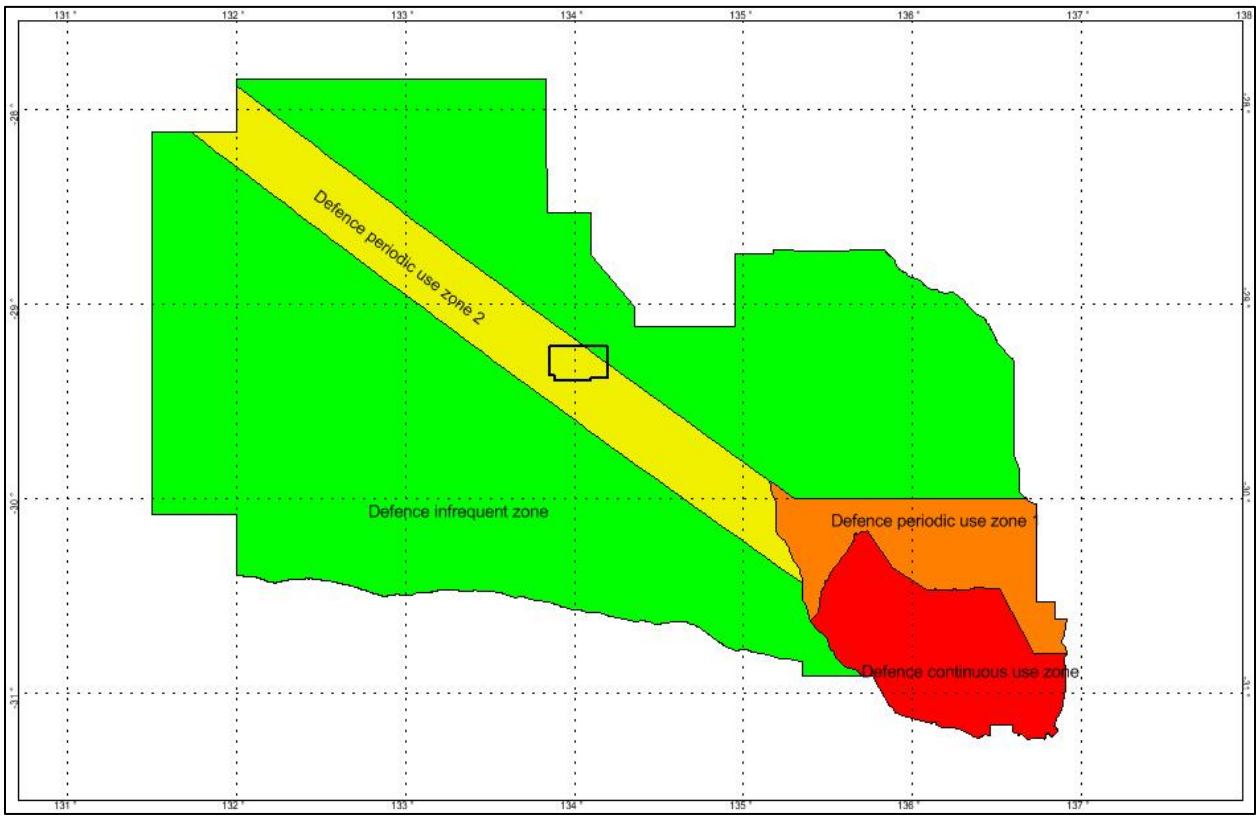


Figure 2. *Location of Lake Woorong tenement within the Woomera Prohibited Area (WPA)*

4. Previous Exploration

Historical “basement” exploration drilling within the project area has been predominantly focused on geophysical targets within the Coober Pedy Ridge domain. South of the interpreted terrain boundary between the Ridge and the Gawler Craton, drilling has been predominantly targeting coal in the Wallira and Phillipson troughs, and very few holes to basement are recorded in this region.

Coal exploration

Early exploration was conducted by Utah Corporation during the 1970s, exploring for the northern limit of the Phillipson trough, which is located to the east of Lake Woorong. Eleven holes for 1500m were drilled by Utah, with no coal intersections recorded.
Southern Cross Exploration NL drilled three holes for 338m in the southern area of Lake Woorong for extensions of the Phillipson trough in 1981. The drill results did not intersect coal and the tenement was relinquished.

Hard-rock exploration

CRAE commenced exploration over the Coober Pedy Ridge in 1986. An aeromagnetic survey was flown over Lake Woorong at 300m line spacing in a north-south orientation and height of 80m. A semi-regional gravity survey followed (stations at 2km spacing), over the areas identified as shallow basement/ high magnetic relief. Ground magnetic surveys were completed over a number of prospects with follow up drilling. Three holes for 159m were drilled on Lake Woorong with no significant assays obtained. The tenement was relinquished by CRAE in late 1990.

BHP commenced exploration in mid-1991 over Lake Woorong, with ground magnetic surveys completed over 5 prospects, two of which were drilled. No significant assays were obtained by BHP.

During 1995 and 1996, MESA conducted drilling over the Coober Pedy Ridge in the search for iron ore, as part of the South Australian Steel and Energy Project (SASE). Nine holes for 700m were completed by MESA, with no significant assays obtained.
Also in 1995, an agreement was approved by MESA for BHP and WMC to form a JV over the Coober Pedy Ridge, which ended in 2000. A regional geochemistry program was completed over the northern half of the tenement, with no significant assays recorded. Two small IP traverses were completed over the Pollux and Cassiopea prospects, however a resistive surface layer resulted in poor data received.

Anglo American acquired the Lake Woorong area in 2002 and completed a regional structural interpretation of the Coober Pedy Ridge, with follow up gravity survey and selected TEM (100m x 100m loop) for 15.2 line km at Lake Woorong. No drilling was completed and the tenement was relinquished in 2005.

The JV between Stellar and Red Metal from 2005 to 2008 completed the last documented exploration work over Lake Woorong. A total of 2,756 gravity stations were recorded during 2006, which led to the identification of five drill targets. A PACE grant from PIRSA was granted to Stellar and Red Metal to assist with the drilling of the

defined targets. The drilling results provided one anomalous result (RR-08-13 – 3m @213ppm Ni) at end of hole. The tenement expired in late 2009.

5. Regional Geology

The “Coober Pedy Ridge” is a well-defined geological province on the northern margin of the Gawler Craton, defined by anomalously elevated gravity and magnetic signatures along a major east-west trending structure/suture. The Lake Woorong project area incorporates the southern margin of the Coober Pedy Ridge, with a focus on the north-western limit of the “Olympic Cu-Au” province as defined by Geoscience Australia. Granite intrusions of Hiltaba Suite age are known or inferred along this margin, immediately west of the Mt Woods Inlier.

The southern half of the Lake Woorong project area lies within the 90,000 sq km structural depression in the northern part of the Precambrian Gawler Craton known as the Arckaringa Basin. The basin is filled with an approximate 1,000 metre thickness of Permian and Mesozoic sediments. It is contiguous to the north with the deeper Pre-Permian Officer Basin, and to the east, it is fault bounded against inliers of the Gawler Craton. The outline of the basin is well defined by regional gravity and magnetic survey data.

The surface of the project area is covered by a thin veneer of Quaternary red brown, ferruginous, aeolian sand that overlies a Tertiary sand layer that in places contains gypsum. Discontinuous lenses of hard silcrete and calcrete up to 1 metre thick are also common in the Tertiary sands.

The uppermost formation of the Great Artesian Basin sequence in the area is the Cretaceous Bulldog Shale. The Bulldog Shale is typically soft mudstone and claystone horizons that range in thickness from 5 to 29 metres and often contain abundant gypsum. The Early Cretaceous Cadna-Owie Formation lies beneath the Bulldog Shale and is a fine to medium grained, friable quartz sandstone with clay cement throughout and is often marked by ferruginous layers of varying colours. This unit can be up to 25 metres thick. The Late Jurassic non-marine Algebuckina Sandstone underlies the Cadna-Owie Formation. The Algebuckina Sandstone comprises up to 40 metres of poorly consolidated fine grained to pebbly quartzose sandstone with minor white clay matrix interbeds. Mudstone horizons within the Cadna-Owie and Algebuckina can be carbonaceous and thin coal laminae have been intersected in both units

The Permian Upper Mount Toondina Formation underlies the Mesozoic formations and is divided into upper and lower units, the upper unit containing the economically

important coal seams in the Arckaringa Basin. In places the Permian sediments are truncated by a post Permian angular unconformity which has eroded the coal seams.

The “basement” Coober Pedy Ridge is composed of the Proterozoic Balta Granite and Archaean Mulgathing Complex, consisting of a medium to coarse grained porphyritic granite and quartz-feldspar-biotite gneiss, with minor banded iron formation (with bands up to 8m thick, identified in historical drilling) and quartzite.

6. Work Completed

6.1 Literature Review

SCH has completed a comprehensive data review of open file reports on previous exploration the results of which are summarised in Section 4 above. All previous drilling data has been incorporated into a GIS data base.

6.2 Relinquished area

No field work was completed by SCH within the relinquished area of EL4907 Lake Woorong.

7. Planned Future Work

The retained area of the Lake Woorong tenement contains the geological province of the Coober Pedy Ridge, which is the regional host of the Adromeda and Jurby prospects. Ground magnetic surveys completed in 2013 identified aircore drill targets at both prospects and were planned to be drilled in 2014 but was suspended due to site access issues following a significant rainfall event in April 2014. The drilling program is planned to be completed in the next year of tenure.

8. Expenditure

Life to Date Expenditure for EL 4907

From	To	$
8 June 12	7 June 13	22,125
8 June 13	7 June 14	100,949
8 June 14	7 June 15	24,201
Total		**147,275**