

ASX and Media Release

Strategic South Australian Iron Ore Farm-in Agreement

Western Plains Resources Ltd (ASX:WPG) is pleased to advise that it has entered into a farm-in agreement with Apollo Minerals Limited (ASX:AON) in respect of Apollo's Commonwealth Hill tenements near Coober Pedy in South Australia.

The farm-in, which applies to iron ore mineralisation only, relates to six exploration licences held by Apollo covering a total area of 1,829 square kilometres. These are ELs 3678, 3728, 3765, 3780, 3821 and 4096. The tenements are within the boundaries of the Woomera Test Facility (**WTF**).

The Commonwealth Hill project area lies about 70 kilometres to the WNW of WPG's Hawks Nest exploration tenement EL 3196, and 50 kilometres SW from the Wirrida Siding on the Central Australian Railway where WPG intends to construct its rail loading facility for the Peculiar Knob and Hawks Nest DSO operations. These locations are shown in Figure 1 on page 2.

Four iron ore prospects have been identified within the Commonwealth Hill area. These are the Sequoia, Sequoia East, Ibis and St Andrews prospects, which were explored in the late 1990s and again in 2001-2002 by the South Australian Steel and Energy (**SASE**) consortium as part of its iron ore exploration program. WPG's Peculiar Knob and Hawks Nest tenements were also held by SASE. WPG holds files on work conducted during that period on all of the SASE tenements.

Detailed ground magnetic and gravity surveys were carried out at Sequoia in 1997 and this work was followed by a drilling program comprising 8 angled RC holes and one inclined diamond core hole. The holes intersected magnetite mineralisation as part of a banded iron formation (BIF) beneath the outcropping low relief hill, with grades up to 39% Fe. Goethite, which is often forms part of the mineral species in DSO deposits, was reported in drill cuttings.

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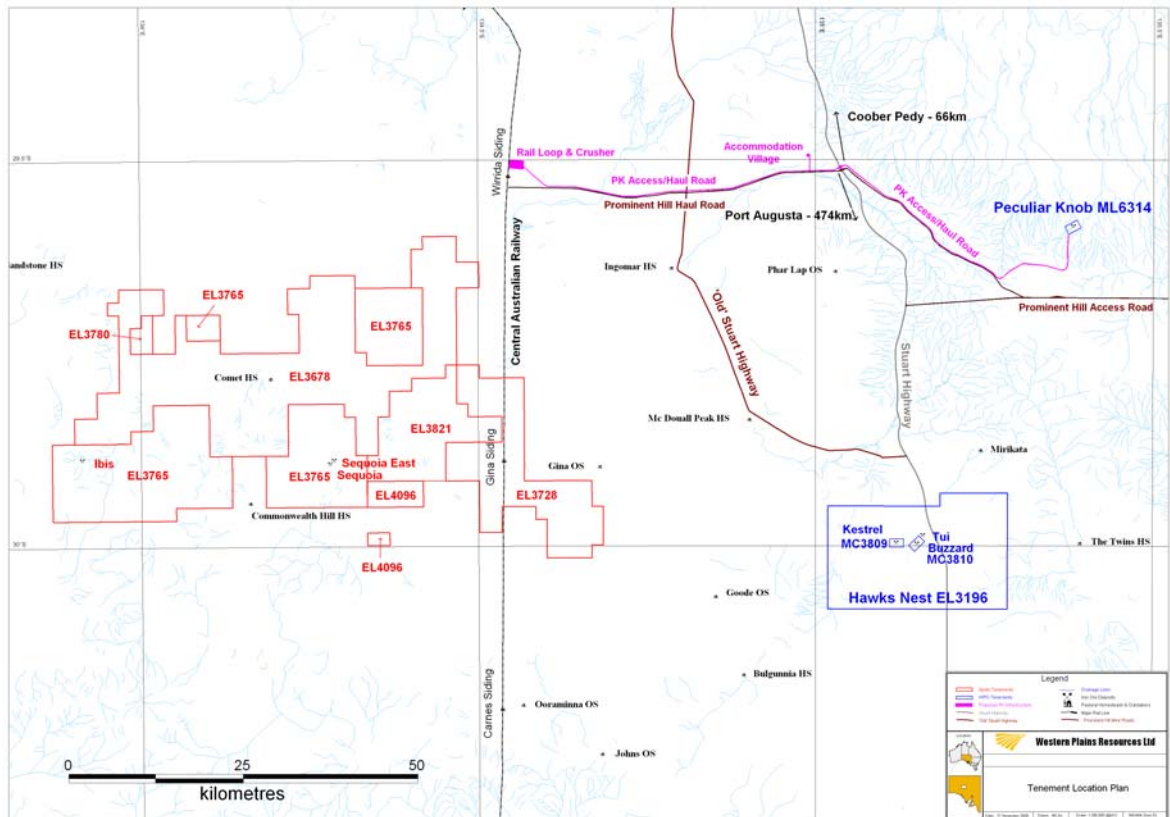


Figure 1
Commonwealth Hill Tenements, WPG's Peculiar Knob and Hawks Nest Tenements, and Proposed Infrastructure

Metallurgical testwork on RC drill cuttings and diamond core shows the Sequoia ore is readily beneficiated to a high grade concentrate. Liberation was obtained at a P_{80} of 63 microns giving an Fe recovery of 88% and a concentrate grade of 70.3% Fe, 3.7% SiO_2 , 0.29% Al_2O_3 and $<0.01\%P_2O_5$ from a head grade of 37.2% Fe, 41.0% SiO_2 , 1.36% Al_2O_3 and 0.18% P_2O_5 .

The Sequoia East, Ibis and St Andrews prospects have never been drilled. The Ibis magnetic anomaly, which is about 30 kilometres to the east of the Challenger gold mine, is significantly larger in dimension than Sequoia. Coarse grained BIF outcrops at Ibis. A third and generally similar magnetic anomaly, Sequoia East, is several kilometres to the NE of Sequoia, but there is no outcrop there. St Andrews is to the S of Sequoia and one hole drilled as part of a gold exploration program returned an intersection of 28 metres at an average grade of 53.4% Fe.

WPG believes the Commonwealth Hill tenements have the potential for the discovery of additional magnetite deposits, which have been the focus of the small amount of past exploration, and also for DSO haematite deposits, on which very little attention has so far been placed. WPG's exploration will focus on both styles of iron ore deposits.

The total identified mineral resource estimate for WPG's Peculiar Knob, Buzzard and Tui DSO deposits is 37.4 million tonnes at an average grade of 62.6% Fe and any DSO deposits discovered at Commonwealth Hill will be ideally located to benefit from the crushing and screening plant and the rail loader that WPG intends to construct at Wirrida.

Under the terms of the farm-in agreement, WPG:

- must meet a minimum commitment of \$90,000 within 12 months. WPG intends to satisfy this commitment by conducting a detailed aeromagnetic survey;
- may earn a 51% interest by spending an additional \$660,000 on exploration within 24 months of meeting the minimum commitment. (bringing total expenditure to \$750,000); and
- may, at its discretion, earn a 75% interest by spending an additional \$750,000 on exploration within 24 months of acquiring a 51% interest taking total expenditure to \$1.5 million.

Once WPG has acquired a 75% interest in the tenements, Apollo has the right to convert its residual interest into a 1.5% gross production royalty and be refunded an amount equal to its then residual interest multiplied by the amount spent on exploration pursuant to the farm-in agreement.

The farm-in agreement contains a standard force majeure provision which has been extended to place a standstill on exploration expenditure obligations in the event that access to any material part of the tenement package is denied by the Department of Defence, operator of the WTF.

Competent Person

The review of exploration activities and results contained in this report are based on information compiled by Mr Gary Jones, a Member of the Australasian Institute of Mining and Metallurgy. He is Technical Director of Western Plains Resources Limited and a full time employee of Geonz Associates Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Gary Jones has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Further Information

For further information please contact WPG's Executive Chairman Bob Duffin, on (02) 9247 3232 or 0412 234 684, or Heath Roberts, Executive Director and Company Secretary on (02) 9247 7359 or 0419 473 925.