



ASX and Media Release

Further condition precedent for the WISCO magnetite joint venture

Western Plains Resources Ltd (ASX:**WPG**) announced on 12 June 2009 that it had signed the final transaction documents with Wugang Australian Resources Investment Pty Ltd (**WISCO**) pursuant to which WISCO could earn a 50% interest in WPG's Hawks Nest magnetite project by sole funding the first \$45 million of expenditure on feasibility and other studies. WISCO's minimum expenditure commitment is \$25 million.

The Company advised on 1 July that two key conditions precedent had been satisfied. On 30 July WPG announced that a native title mining agreement for exploration at Hawks Nest, another condition precedent, had been satisfied.

WPG is now pleased to advise that the Hawks Nest royalty holder has agreed to the WISCO transaction. Subject to the completion of documentation, this will satisfy a further condition precedent to the establishment of the joint venture.

The Hawks Nest iron ore deposits subject to the WISCO transaction lie within the Woomera Prohibited Area (**WPA**), which is managed by the RAAF for the Commonwealth's Department of Defence. The WPA was established in 1947.

The Hawks Nest deposits within the WPA were discovered in the early 1990s as part of the South Australian Exploration Initiative that was largely funded by the South Australian government. The South Australian Steel and Energy (**SASE**) joint venture was then formed and the South Australian government made a grant of \$1m to SASE in the late 1990s to further explore the iron ore deposits. The government withdrew as a participant to the joint venture when SASE was incorporated as a proprietary company in 1999. SASE was left with two Australian companies and one foreign state-owned steel company as its shareholders.

The South Australian Government agreed in 1999 to introduce legislation to give effect to the SASE project, and the Commonwealth granted SASE major national project facilitation status. A key part of the SASE project concept was the development of an iron ore mine at Hawks Nest within the WPA.

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 **Western Plains
Resources Ltd**

In 1999 and 2000 the Commonwealth encouraged further exploration at Hawks Nest within the WPA when it made a grant of \$6.5m to SASE to test new iron ore smelting technology for the manufacture of pig iron.

WPG's subsidiary Southern Iron acquired the Hawks Nest tenement from SASE in 2006. WPG has carried out a number of exploration programs at Hawks Nest since then, with the Commonwealth Department of Defence's knowledge and approval.

As WPG disclosed on 6 August, the Commonwealth is reviewing the transaction documents that set up the WISCO Hawks Nest joint venture. WPG understands that WISCO's application to the Commonwealth's Foreign Investment Review Board to enter into the transaction with WPG has been drafted and will be lodged when the Commonwealth's Department of Defence approves the joint venture's structure and the proposed feasibility and other studies at Hawks Nest.

Meanwhile, WPG notes that China's crude steel output reached its highest monthly level this year in July when some 50.68 million tonnes were produced, up 12.6% year-on-year. Iron ore imports last month reached 58.1 million tonnes, also a record. January-July imports totalled 355 million tonnes, up 31.8% year-on-year. Spot iron ore prices have recently exceeded US\$105/tonne basis 62% Fe fines, almost double the levels that prevailed in March of this year.

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.