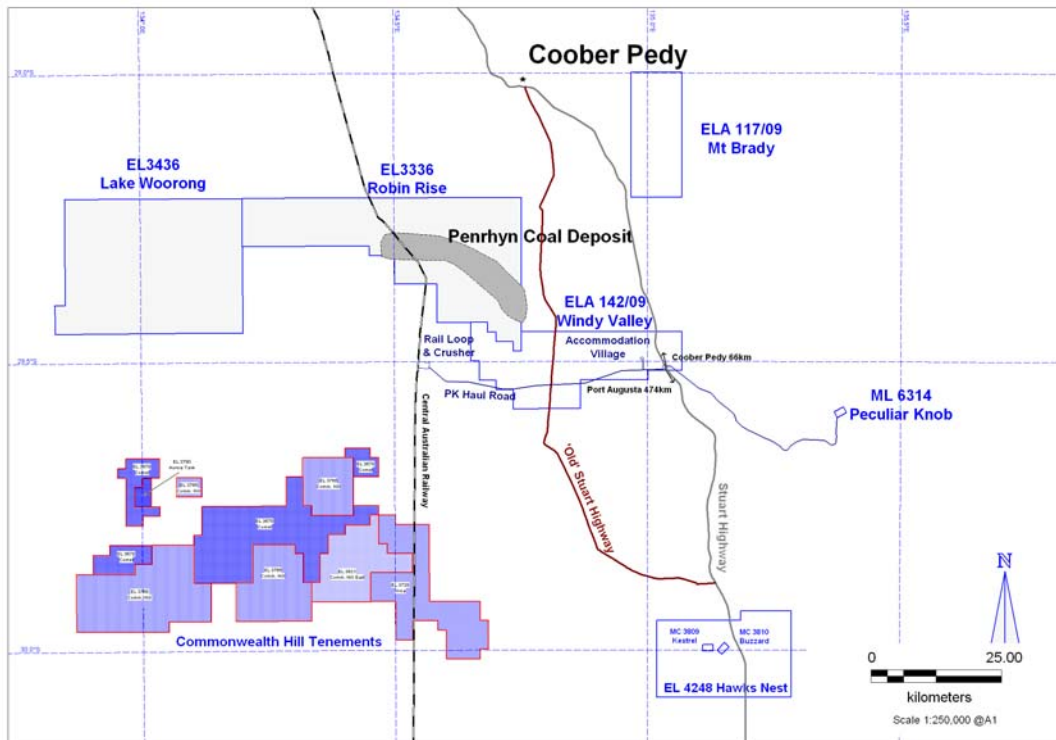


ASX and Media Release

Option to acquire the Penrhyn coal deposit in South Australia

Western Plains Resources Ltd (ASX:WPG) has executed an option agreement to acquire the Penrhyn coal deposit south of Coober Pedy in South Australia.

The location of the Penrhyn coal deposit is shown in the drawing below. This drawing also shows the locations of WPG's Peculiar Knob mining lease ML 6314, the Hawks Nest exploration licence EL 4248, other tenements which WPG is farming into, and the Windy Valley and Mt Brady tenement applications. It also shows the locations of the proposed haul road, accommodation village and rail loader that will be built as part of the Peculiar Knob direct shipping iron ore mine. Significantly, the Penrhyn coal deposit is less than 20 kilometres from the rail loader.



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The Penrhyn coal deposit lies on EL 3336 (known as Robins Rise). WPG has executed an option agreement to acquire EL 3336 and EL 3436 (known as Lake Woorong - which lies immediately to the west of Robins Rise) from Stellar Resources Limited. Both tenements lie within the Woomera Prohibited Area. In total, they cover some 1,707 square kilometres. WPG will pay an option fee of \$100,000 to Stellar and can exercise the option by the payment of a further \$250,000 within 12 months. WPG will also pay Stellar a royalty of \$0.60 per tonne of coal or iron ore mined. If WPG's exploration defines a non coal or iron ore mineral resource classified and reported in accordance with the JORC Code 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.

Penrhyn was discovered in 1995 as part of the South Australian Exploration Initiative and was later explored by the South Australian Steel and Energy (**SASE**) joint venture. It lies within the Arckaringa Basin and its coal quality is generally similar to other Arckaringa Basin coals. It occupies a trough that is about 25 kilometres long by 5 kilometres wide. The deposit contains up to six major and several minor and relatively flat lying sub-bituminous coal seams up to about 4 metres thick, with a cumulative thickness up to 15.5 metres. The deposit lies under a blanket of Eromanga Basin sediments and surficial cover that are about 60 metres thick. To date, it has been drilled to a maximum depth of 150 metres.

WPG believes that Penrhyn's potential is most attractive in its central portion, and also to the south east, where exploration drill hole data is sparse. In WPG's view, the exploration target at Penrhyn is from 250 to 350 million tonnes of coal. This exploration target is based on the drill hole and coal quality data currently available and is conceptual in nature. There has been insufficient exploration to define a coal resource, and it is uncertain if further exploration will result in the determination of a coal resource.

WPG sees Penrhyn as a potential source of coal for a coal to liquids project similar to that planned for other Arckaringa Basin coal deposits near Coober Pedy, and also as a source of coal for a small, purpose designed, purpose built mine mouth power station to supply electricity to the magnetite concentrate project that could be developed as part of its Hawks Nest joint venture with WISCO that was detailed in WPG's ASX announcement of 12 June 2009. Subject to the identification of a suitable processing technology, it could also be used as either a reductant or as a source of energy, or both, for a pig iron plant fed with Hawks Nest iron ore. This would be a variant on the SASE project concept that was studied in the late 1990s, when merchant pig iron prices were much lower than today.

In addition to the known coal deposit, the two tenements subject to the option agreement also have potential for the discovery of iron ore deposits, iron oxide copper gold deposits, and uranium.

The tenements may also contain significant water resources. The Eromanga and Arckaringa Basins contain known aquifers, and several exploration holes drilled in the past in the two tenements have been abandoned due to high water inflows.

Although sufficient water has been found at Hawks Nest to supply the Peculiar Knob mine and its infrastructure (including potable water for the accommodation village), exploration for water to supply the magnetite concentrate project will be a key task early in the life of the WISCO joint venture.

WPG will commence an exploration program within the two tenements during the fourth quarter 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 General Counsel on (02) 9247 7359 or 0419 473 925.

Competent Persons

The review of exploration activities and results for the Penrhyn coal deposit contained in this announcement are based on information compiled by Mr Tom Bradbury, a Member of the Australasian Institute of Mining and Metallurgy. He is a senior geologist with Geos Mining, and a consultant to the Company. He has sufficient experience which is relevant to the style 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). Tom Bradbury has consented in writing to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The review of non-coal exploration activities and results contained in this announcement 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 announcement of the matters based on his information in the form and context in which it appears.