



ASX and Media Release

Chairman's address to General Meeting

Ladies and Gentlemen

Welcome to this General Meeting of members of Western Plains Resources Limited.

The principal purpose of this meeting is to consider and if thought fit approve a number of resolutions that are set out in the Notice of Meeting and described in more detail in the accompanying Explanatory Statement.

But I recognise that most shareholders and guests who have come along today expect that I will give an update on the status of our key Peculiar Knob project, our other assets, and the outlook for the Company more generally.

A key breakthrough occurred at the end of June when we secured a 10 year right, with options to extend this for a period of up to 30 years, to export iron ore through Port Pirie. Prior to this we had spent a large part of the previous 3 years investigating the possibilities for using Whyalla, Port Bonython, Darwin, Port Augusta, Adelaide and other ports as well. Yesterday we announced that we will purchase land in Port Pirie on which we will build our iron ore receipt and storage facility. This facility will have the capacity to handle 7-8 million tonnes per annum and our own requirements will be about half of this so we intend to offer surplus capacity to third parties and to run our Port Pirie facility as a separate profit centre. We will be holding an open day in Port Pirie on Saturday 4 September at which we will explain our proposal to residents and we encourage feedback from them so that the development application can be drafted in a way that takes into account the views of all stakeholders.

We already have a granted mining lease at Peculiar Knob, the native title mining agreement is in place, the Department of Defence has approved the mine development and its key infrastructure, and compensation agreements have been signed with the pastoral leaseholders.

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The miscellaneous purposes licences that are required for the construction of the haul road from the mine to Wirrida siding and the associated extractive mineral licences needed to quarry road base were advertised in June and the comments received were quite benign. We expect these tenements to be granted at the end of September. We can then proceed to finalise and lodge the MARP, the mining and rehabilitation plan, that was first drafted more than a year ago. The regulator, PIRSA, has advised that they do not want to consider the MARP until the MPLs and EMLs are granted. So by the end of September there will be only two approvals of any materiality outstanding – approval of the MARP and the Port Pirie DA.

Our general approach to project development is that we will own and finance things that don't move, and contractors will own and finance things that do. We called for indicative tenders from all logistics chain contractors from the mine site through to transshipment earlier this year and last month we announced that we had awarded preferred tenderer status for transshipment to CSL Australia Pty Ltd. Today I announce that we have awarded preferred tenderer status for rail operations to Genesee and Wyoming Australia Pty Ltd. CSL and GWA are well established in the bulk commodities business in South Australia and already handle the 6 million tonnes per annum of iron ore exports at Whyalla. We expect to award preferred tender status for the mining contract, road haulage, crushing, screening and train loading, and stevedoring services, during September.

Our iron ore is of a very high quality and we have always expected that we would have no problems in selling it. This has been borne out by our marketing initiatives and to date we have entered into sales MOUs for as much ore as we can produce. These MOUs will translate into contracts before production starts.

We completed a bankable feasibility study for development of Peculiar Knob in October 2007 when we thought we would be able to export through Whyalla. This study is now being updated for capital and operating costs for the Port Pirie option, and for changes in iron ore price assumptions. The updated feasibility study will be finalised within the next three weeks.

We are well into discussions and negotiations with some of the world's bluest of blue chip investment banks and non bank financiers that have expressed interest in financing the project. They have told us that the project's cashflows are very robust because the operating margins are large, and that the project is capable of supporting a very high level of debt. This is important because we wish to minimise dilution for existing shareholders. Naturally, we do not expect the banks to commit unconditionally until the updated feasibility study is available next month, but we expect to go forward with one or two banks shortly thereafter.

Turning now to Hawks Nest, we lodged our submission to the Hawke Review in early August and we understand that some 30 or so submissions were lodged in total. I expect that the Review will try to identify a way for the mining and military sectors to work together, even in the core area of operations of the Woomera Prohibited Area. About 50% of our total direct shipping iron ore inventory and all of our iron ore deposits that require beneficiation are at Hawks Nest, so a positive outcome from the Review is important to us.

The Review is to report to the Commonwealth Government by the end of this year, though an interim report might be prepared earlier. I am cautiously optimistic that we will be pleased with the Review's recommendations for our Hawks Nest DSO deposits because no foreign investment is proposed for their development. I am also hopeful that we will get a decision that we can live with on the magnetite joint venture with WISCO, though it may be necessary to change some of the terms of the JV to accommodate Defence's national security concerns.

Defence has extended our right of access to Hawks Nest for exploration purposes until late February next year. Today I am pleased to announce that WISCO has agreed to extend the period for us to obtain all necessary approvals for the JV to proceed to that date also.

We have been assembling a portfolio of coal exploration tenements over the last year or so and we now have a total of four coal projects in South Australia. The most advanced of these is Penrhyn, which our drilling earlier this year has shown has potential to be developed as a large scale, low ash mining operation with the coal suitable for local power station use or upgrading using clean coal technology for the export market. The deposit is within 20 kilometres of our proposed iron ore rail loading loop at Wirrida and our agreement with Flinders Ports Pty Ltd at Port Pirie is for coal as well as iron ore. To date we have held Penrhyn under an option agreement but today I'm pleased to announce that we have exercised that option and, subject to the completion of documentation, we now own the Penrhyn project outright.

I'm sure that shareholders would like me to comment on the Commonwealth's proposed Mineral Resource Rent Tax. While the MRRT is an improvement on the formerly proposed RSPT, it is still an impost that we think is unfair. Miners already pay their fair share of tax which increases in line with commodity price rises – it's called Company Tax. While the fine details of the MRRT are yet to be released, there is little doubt that Peculiar Knob will be subject to it because the mine operating profit will well exceed the \$50 million per annum threshold. The MRRT is discriminatory because it applies only to iron ore and coal. There will shortly be three mines within a 70 kilometre belt south east of Coober Pedy – Prominent Hill, a world class Cu/Au deposit that will pay no MRRT at all, our Peculiar Knob which will be subject to MRRT, and Cairn Hill, a mixed Fe/Cu operation, and who knows how its mixed commodity revenues will be treated for MRRT purposes. That the big end of town – the Pilbara iron ore miners and the Bowen basin coal companies - appear to have signed off on the MRRT should not be taken to mean the smaller miners like WPG have endorsed it.

Finally, let me sum up by giving you the board's views on the outlook for your Company.

While the last two years have been frustrating for management and shareholders alike, we believe we now have a clear path forward to development and cashflow. Our Port Pirie access and land purchase agreements are the keys to delivering this outcome.

Our DSO deposits have the highest tonnage and highest Fe grade of all deposits held by juniors in South Australia, and have the lowest levels of phosphorus and alumina, the key impurities in DSO iron ore. They are amongst the best in Australia. They are also well located in relation to key infrastructure.

Peculiar Knob's cashflow projections are very, very attractive.

Our magnetite deposits are larger than any other in South Australia, and our Penrhyn coal project is amongst the best in that state too. Development of Peculiar Knob is not subject to material constraints imposed by its location in the WPA, and if we can get an acceptable outcome from the Hawke Review for Hawks Nest we think we will get recognition in our share price for those assets too.

We are on the cusp of making the transition from pre-developer to producer. The board is confident that your company will soon deliver the promise that we have all recognised for the last three years.