



ASX and Media Release

Deutsche Bank mandated to provide US\$120m facility for Peculiar Knob

WPG Resources Ltd (ASX:WPG), formerly known as Western Plains Resources Ltd, is pleased to advise that it has mandated Deutsche Bank AG, Sydney Branch, to provide a US\$120 million funding package for the development of the Company's flagship Peculiar Knob DSO iron ore mine south east of Coober Pedy in South Australia.

The proposed facility consists of:

- senior secured loan notes of US\$70 million with detachable warrants; and
- a senior secured prepayment of iron ore in the amount of US\$50 million.

Both elements of the facility are conditional on a number of approvals including:

- credit approval;
- satisfactory due diligence;
- approval by PIRSA of the Company's Mining and Rehabilitation Plan (MARP) for the project; and
- approval under s49 of the *Development Act 1993* of the iron ore receipt, storage and out-loading complex that the Company proposes to build at Port Pirie.

The facility is also subject to a number of conditions precedent normal to this type of mandate and until these are satisfied there is a prospect that the funding proposal may not proceed to financial close.

The loan notes, which will be drawn down in two tranches, will attract interest at the rate of 8% per annum and will mature 3.5 years after financial close. The detachable warrants, which will total 6% of WPG's ordinary shares on issue at financial close, will be issued for no consideration and will be exercisable at a premium of 30% to WPG's VWAP at financial close.

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The Company will repay the second component of the facility by the physical delivery of approximately 526,000 tonnes of iron ore fines landed at the port of Tianjin, China. Deliveries will be made each six months commencing in June 2012 and ending in December 2013. In addition, Deutsche Bank will purchase a further 1.1 million tonnes of iron ore fines at market clearing rates at the time, during the period from June 2012 to December 2016.

To the best of WPG's knowledge, Peculiar Knob is the highest grade undeveloped DSO iron ore project in Australia, with the lowest level of the key impurities alumina and phosphorus.

WPG intends to take the decision to put the project into production this year, with operations to commence before the end of 2011. Sales totalling 3.3 million tonnes per annum of high grade iron ore fines will begin soon after mining of ore begins. The product will be exported through Port Pirie.

Further Information

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