



ASX and Media Release

Market update – status of permitting and approvals for Peculiar Knob

WPG Resources Ltd (ASX:WPG) is pleased to provide the following update as to the status of the permitting and approvals process for the Company's flagship Peculiar Knob DSO iron ore project south of Coober Pedy in South Australia.

As previously advised, the two key outstanding approvals yet to be received are the approval by the South Australian government of the Development Application (DA) for the Port Pirie ore receipt, storage and load-out facility, and the approval of the Mining and Rehabilitation Plan (MARP) for the mine site and its associated infrastructure. The DA was lodged with the Development Assessment Commission (DAC) on 5 November 2010 and the MARP was lodged with PIRSA, the mining regulator, on 16 November 2010.

Neither regulator has yet made a recommendation to the relevant Minister.

The DA has been available for public review since shortly after it was lodged. A very small number of submissions have been received and these have been reviewed and assessed. The submissions were neutral to supportive of the proposal and no submission was received that recommended the rejection of the DA.

WPG has taken notice of the submissions. The Company has agreed to fund the construction of a road overpass near the Port Pirie lead smelter, to add additional soundproofing to the storage facility, and has agreed to several other changes that have been suggested by key external stakeholders.

The revised design, which differs in only a small number of ways from the original design, has been lodged with the DAC. WPG expects to be invited to make a presentation to the DAC in early April 2011. Unless further information is requested, WPG expects the DAC to make its recommendation to the Minister shortly after that presentation.

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Approval of the MARP requires, amongst other things, that WPG obtains the agreement of other parties that might be affected by the project's development, together with the assessment by PIRSA of submissions made by other State and Commonwealth departments and agencies. The latter are expected to be built into the conditions of approval, which is a normal process.

WPG was advised in December 2010, contrary to its understanding of PIRSA's previous policy and practice, that PIRSA required the Company to apply for additional MPL tenure over its borefields and pipelines where the MPLs do not have a contiguous connection to the Peculiar Knob mining lease. These two new MPL applications that were lodged on 28 January 2011 require the approval of the pastoral leaseholders, other companies that hold mining and exploration tenure, and the Department of Defence before they are granted, and the adoption of dispute resolution protocols. These approvals and protocols are currently at the drafting stage.

Development of the mining project will affect, at least temporarily, some 650 hectares of native and other vegetation, part of which may provide habitat for threatened species, principally the thick-billed grasswren. The provenance of this species is quite widespread as it extends from western New South Wales to central and northern South Australia. Similar vegetation and species exist where other mines have recently been developed in South Australia, including Prominent Hill and Cairn Hill, and this issue has not impacted those developments. In addition, the project will draw a modest quantity of water from local aquifers, as do the other two mines referred to above.

South Australian law sets out mechanisms for mining companies to handle these environmental issues. Measures include the development of flora and fauna management plans and the provision by the developer of environmental offsets that deliver significant environmental benefits. These processes have been adopted successfully for many years in South Australia, to the satisfaction of all stakeholders. WPG is currently in discussions with the Commonwealth as to how the South Australian processes can be accepted under the *Environmental Protection and Biodiversity Conservation Act 1999 (Cth)*. WPG's submission to the Commonwealth has been on public display since 3 March 2011; no responses have been received from any interested party.

WPG advised on 21 February 2011 that it expects all approvals for the development of the mine and all necessary infrastructure including the facilities in Port Pirie can be expected between the first week in May and the first week in July 2011. This expectation, based on advice from PIRSA, remains in place.

Further Information

For further information please contact Bob Duffin, WPG's Executive Chairman on 02 9247 3232 or 0412 234 684.