

# ASX and Media Release

## Quarterly activities report September quarter 2009

### HIGHLIGHTS

- ❖ The Department of Defence advised during the quarter that it would not support WISCO's proposed FIRB application in relation to its investment in WPG and the Hawks Nest magnetite joint venture. WPG is seeking to have this overturned by a whole-of-government review that takes into account a broader range of issues than those considered by Defence, together with WPG's and WISCO's preparedness to consider further changes to their agreement that mitigate Defence's concerns about safety, operational issues and national security.
- ❖ The Company completed a \$6.2 million capital raising during the quarter.
- ❖ WPG has acquired an option to purchase the Penrhyn coal deposit near Coober Pedy.
- ❖ The Company is reviewing the offer it received to fund development of the Peculiar Knob direct shipping iron ore project in light of Defence's concerns.
- ❖ Permitting for the ancillary approvals required to bring the Peculiar Knob project into production neared completion during the quarter.
- ❖ An exploration program at Commonwealth Hill was completed during the quarter. A number of attractive anomalies have been identified.
- ❖ The Mount Brady and Windy Valley exploration licence applications are still under review by PIRSA, which appears to have implemented a moratorium on processing new tenement applications in the Woomera Prohibited Area pending the development of a clear mining and exploration policy by Defence.
- ❖ The Company has sold its interest in the Trundle copper-gold project and relinquished its other tenements in NSW.

**30 October 2009**



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## **CORPORATE**

### **Capital Raising**

WPG completed a \$6.2 million capital raising during the quarter.

### **Alternate Director Appointment**

Mr Greg Jones was appointed as Mr Bob Richardson's alternate director on WPG's board during the period under review.

### **WISCO Joint Venture**

On 12 June 2009 WPG announced that it and Wugang Australian Resources Pty Ltd (**WISCO**) had executed a set of formal transaction documents pursuant to which WISCO would subscribe for some 12.1 million WPG shares and contribute \$45 million to the cost of undertaking a feasibility study to develop WPG's magnetite deposits in EL 4248 and MC 3809 at Hawks Nest, and in so doing would earn a 50% participating interest in the project.

On 18 September the Department of Defence (**Defence**) advised WPG that it would not support this transaction for reasons associated with safety, operational concerns and national security. WPG met with Defence and other Commonwealth departments and agencies on 9 October and at that meeting it was agreed that the issue would be decided on a whole-of-government basis, and not just by Defence acting unilaterally.

Since then, WPG has provided further information to Defence and has assured Defence that it and WISCO are prepared to consider changes to the nature of the joint venture and other measures that should help mitigate the concerns raised by Defence. Defence has agreed to convene further meetings with WPG so that the interests of all stakeholders can be taken into consideration. WPG does not know how long this process will take before a final position is known.

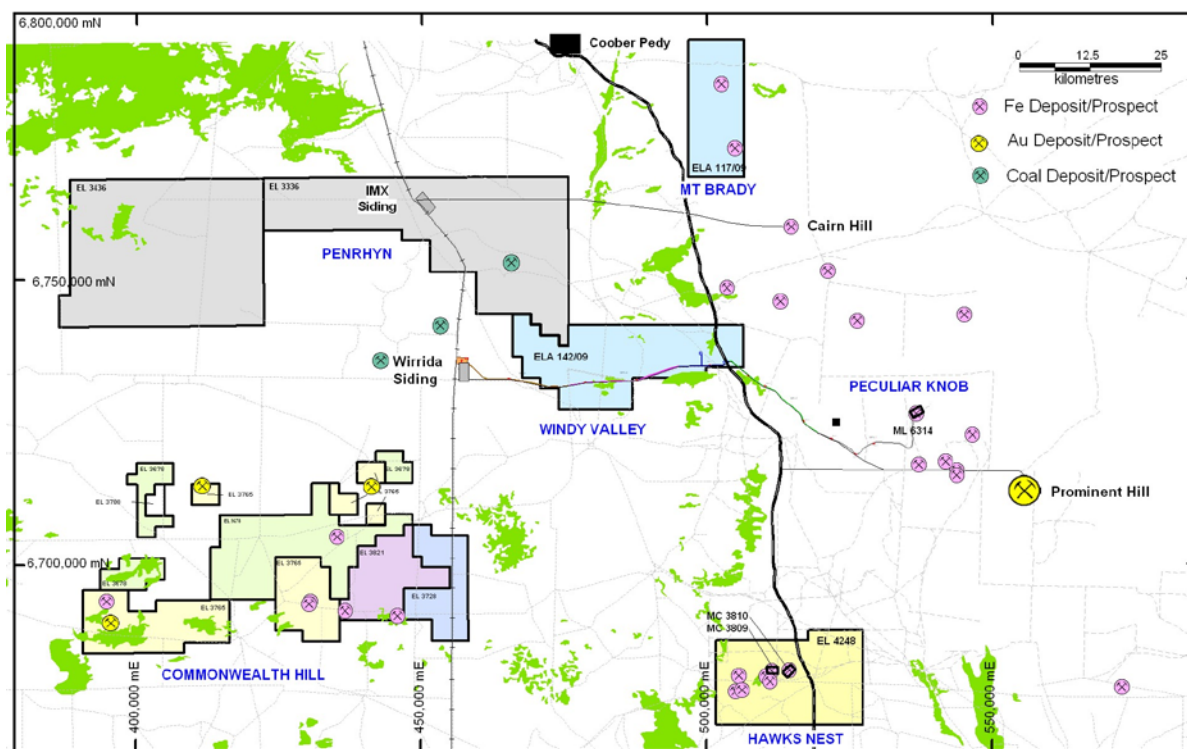
In order to facilitate ongoing negotiations with Defence and other Government Departments, WPG and WISCO have mutually agreed an extension to the condition precedent period in the relevant transaction documents, to late January 2010. Most other conditions precedent have been satisfied.

### **Peculiar Knob Project Finance Offer**

The Company received an offer to finance development of its Peculiar Knob DSO iron ore project in early July. The Company is currently reviewing this offer.

## SOUTH AUSTRALIAN PROJECT ASSETS

The locations of the Company's South Australian project assets are shown in Figure 1.



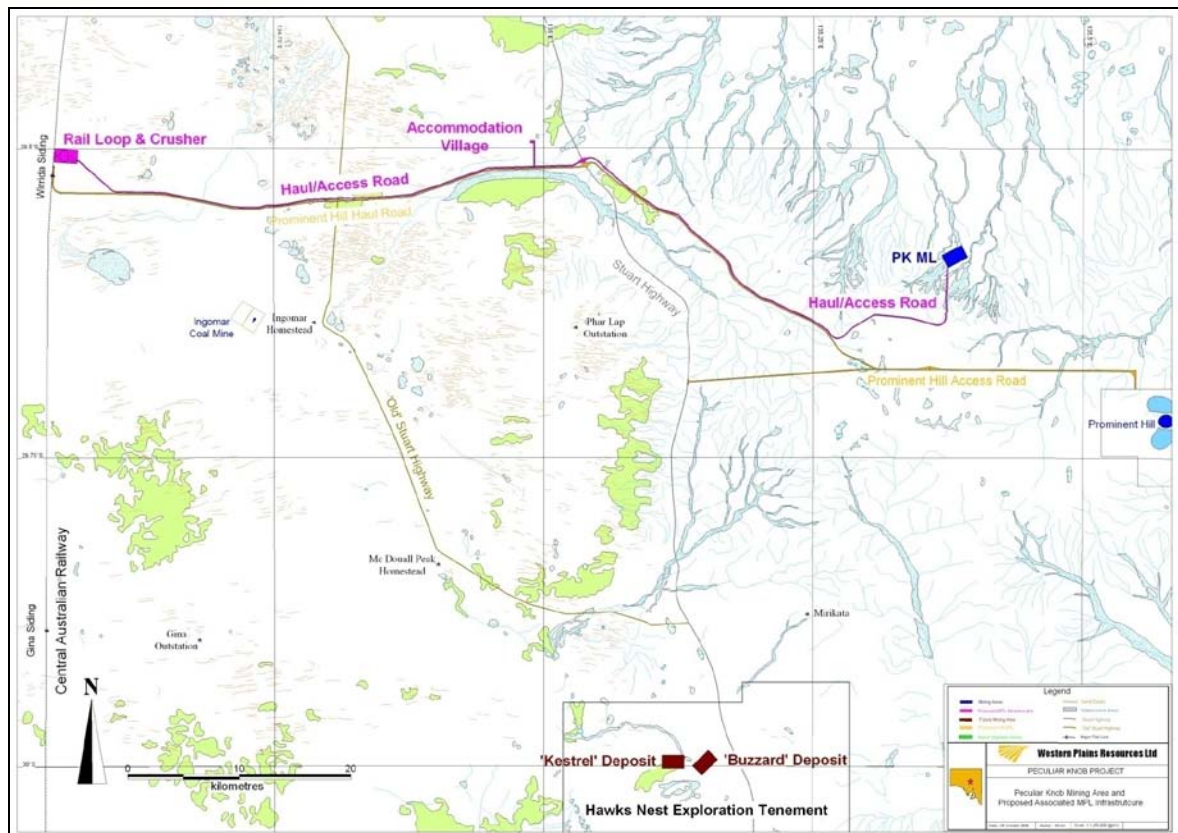
**Figure 1**  
**Location of Project Assets in South Australia**

## SOUTH AUSTRALIAN DSO IRON ORE PROJECT

WPG's direct shipping (**DSO**) iron ore projects in South Australia lie on the Peculiar Knob mineral lease, ML 6314 and on the Buzzard mineral claim MC 3810 at Hawks Nest. WPG holds its interests in all these tenements through its 100% owned subsidiary Southern Iron Pty Ltd.

The locations of these tenements and the infrastructure required to enable the development of the Peculiar Knob deposit are shown in Figure 2.

No technical work was conducted on the Company's DSO project during the quarter and its technical status remains as summarised in the June 2009 quarterly report.



**Figure 2**  
**Peculiar Knob Tenement Locations and Proposed Infrastructure**

## **Permitting, Logistics, Infrastructure and Other Approvals**

### ***Commonwealth of Australia - Department of Defence***

As previously disclosed, WPG and the Commonwealth have executed an access agreement pursuant to which the Commonwealth has approved the construction and operation of the Peculiar Knob mine within the Woomera Prohibited Area, and the construction of all necessary infrastructure for development of the project. This infrastructure includes the haul road, the underpass beneath the Stuart Highway, the crushing plant and rail loading facility at Wirrida siding, and the project's accommodation village.

### ***Miscellaneous Purposes Licences and Other Permits***

Miscellaneous Purpose Licences for the haul road, crushing plant and accommodation village were lodged during the quarter. The Mining and Rehabilitation Plan is in an advanced draft stage, and will be finalised soon.



**Water**

The Company has water extraction licences in place that are sufficient for the Peculiar Knob operation. Separately, WPG has received the Commonwealth's approval to construct a pipeline from the borefield to a central distribution point, and the Commonwealth is preparing a formal agreement.

**Port Bonython**

The South Australian government has awarded preferred tender status for the development of this port to the Spencer Gulf PortLink consortium, but neither the government nor the preferred tenderer have announced their intentions in relation to the timing of development, capacity or likely port user charges. WPG awaits further developments.

**Port Adelaide**

WPG is continuing to review the potential for exporting ore through Port Adelaide as a sub-optimal but short term solution until Port Bonython becomes available.

**SOUTH AUSTRALIAN MAGNETITE PROJECT**

The Company's magnetite project in South Australia lies on the Hawks Nest exploration licence EL 4248 and the Kestrel mineral claim MC 3809, both of which are subject to the proposed WISCO joint venture. These tenements are also owned Southern Iron Pty Ltd.

No technical work was conducted on this project and its technical status remains as summarised in the Company's June 2009 quarterly report.

**Permitting, Logistics, Infrastructure and Other Approvals*****Native Title Exploration Agreement***

The Company has an agreement in place for land access and mineral exploration with the Antakirinja Matu-Yankunytjatjara Native Title Claim Group that covers the Hawks Nest project area.

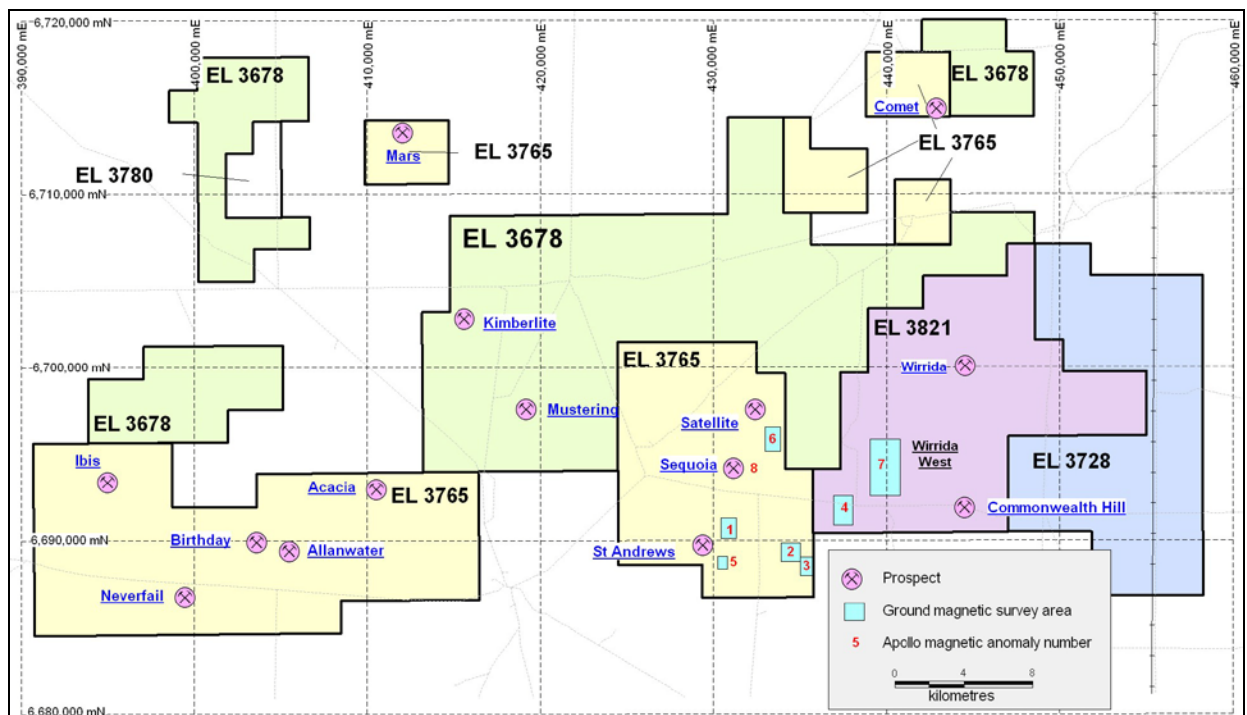
***Commonwealth of Australia - Department of Defence***

WPG has an access agreement with Defence for exploration activities at Hawks Nest that expires in December 2009. WPG will lodge an application to extend this agreement for a further period during the December quarter.

## COMMONWEALTH HILL FARM-IN

WPG is earning a joint venture interest in Apollo Minerals Limited's Commonwealth Hill tenements ELs 3678, 3728, 3765, 3780 and 3821 located approximately 70 kilometres to the WNW of WPG's Hawks Nest exploration tenement EL 4248, and 50 kilometres SW from the Wirrida Siding on the Central Australian Railway line where WPG intends to construct its rail loading facility for the Peculiar Knob and Hawks Nest DSO operations. The Company can earn a 51% interest in the tenement package by the expenditure of \$750,000, including a minimum commitment (which has now essentially been satisfied) of \$90,000. WPG can then increase its interest to 75% by expenditure of an additional \$750,000.

Encouraging results from ground magnetic and gravity surveys that were carried out in the March quarter have been followed up with a further program of more detailed ground magnetics over eight new targets selected from regional aeromagnetic data. WPG has completed preliminary evaluation and geophysical modelling of the data from these surveys. The locations of the eight anomalies and the other known prospects at Commonwealth Hill are shown in Figure 3.



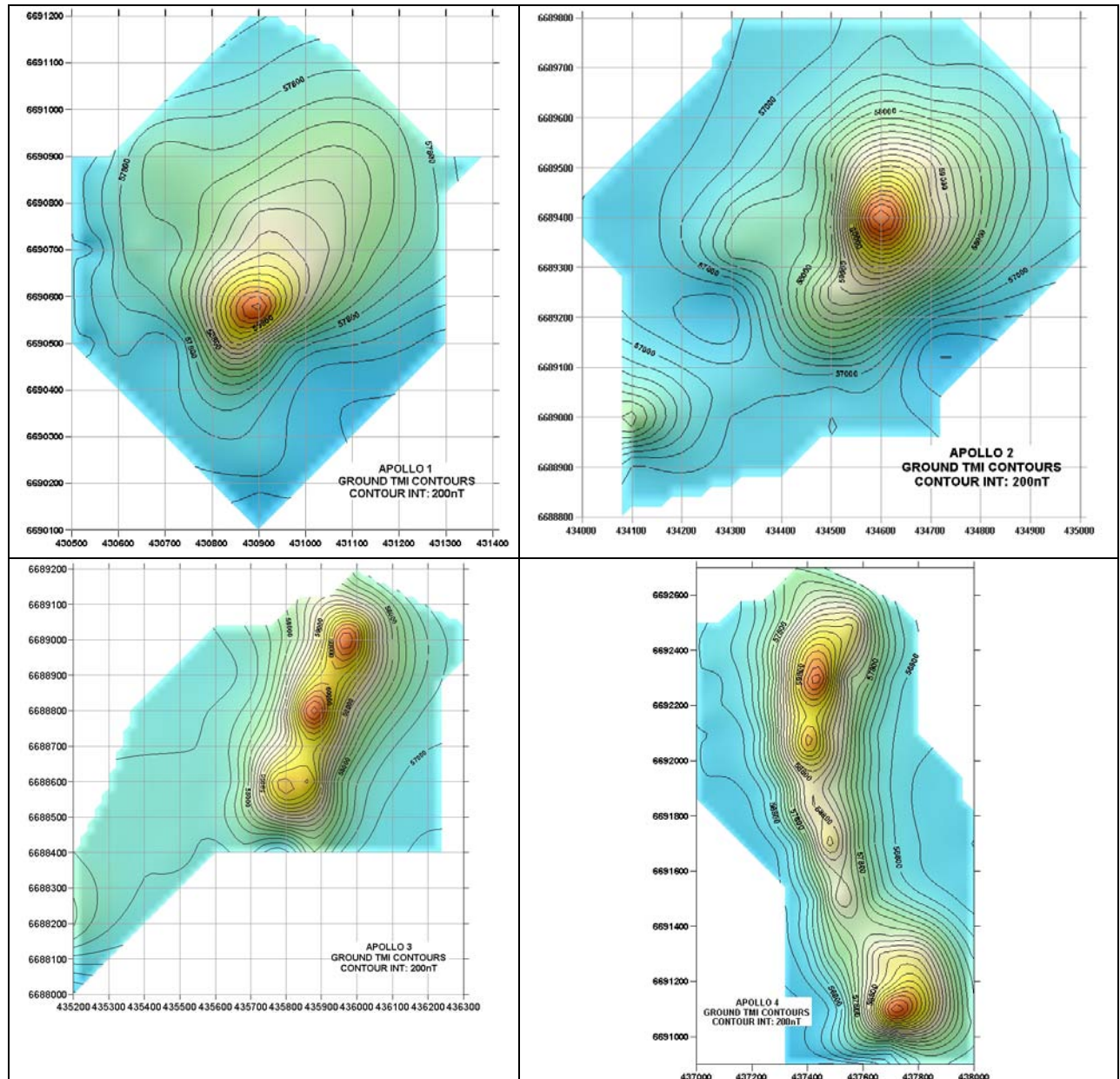
**Figure 3**  
**Commonwealth Hill Targets**

Interpretation of the magnetics suggests the eight anomalies are essentially of two types:

- Linear anomalies that may represent banded iron formation and/or magnetite in schist or gneiss; and

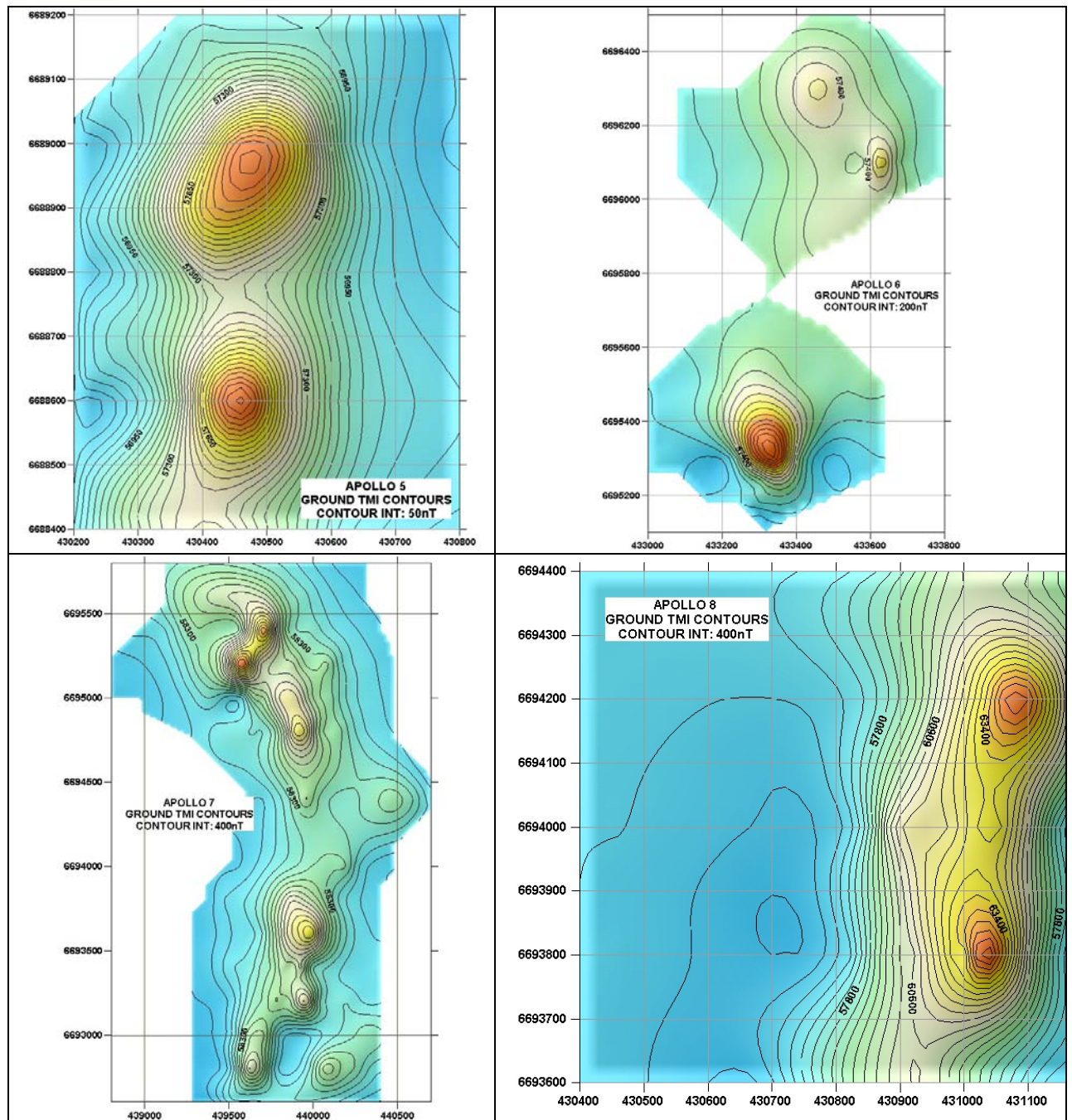
- Circular more discrete anomalies that may represent small basic intrusions or pipe-like bodies containing magnetite that are less likely to have significant iron ore potential but may have base metal and/or gold potential.

The magnetics from the eight anomalies defined, referred to as Apollos 1 to 8, are shown in Figures 4 and 5.



**Figure 4**  
**Magnetics – Apollo Prospects 1 to 4**





**Figure 5**  
**Magnetics – Apollo Prospects 5 to 8**

The Apollo 4, Apollo 5 and Apollo 7 anomalies are considered to be the most prospective targets for deposits of iron mineralisation of sufficient size to warrant first pass exploration drill testing. Planning for a modest drilling program to test these targets has commenced.



## NORTHERN GAWLER CRATON EXPLORATION PROJECT

The grant of exploration licence applications ELAs 117/09 Mt Brady and 142/09 Windy Valley that were lodged in the June quarter are still under review by PIRSA, pending the development of a clear and transparent policy by Defence in relation to exploration and mining activities inside the WPA. No exploration was carried out during the quarter. Both tenements cover zones of complex magnetic character that indicate potential for banded iron formation (BIF) and DSO hematite iron ore deposits.

## PENRHYN COAL PROJECT

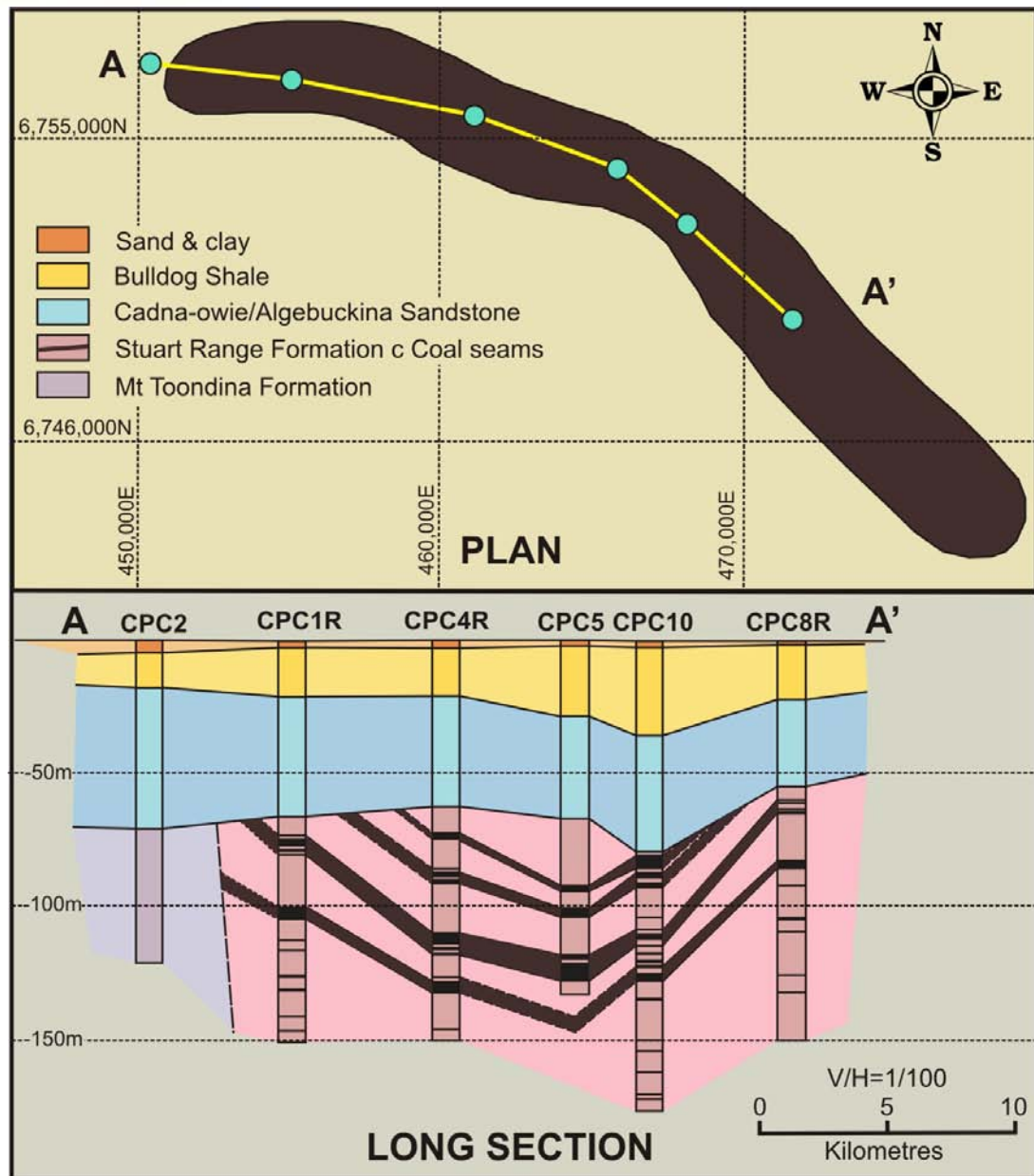
During the quarter WPG entered into an option agreement to acquire EL 3336 Robins Rise and EL 3436 Lake Woorong from Stellar Resources Limited. These adjoining tenements cover an area of 1,707 square kilometres and are situated south of Coober Pedy in close proximity to the Company's other projects in the northern Gawler Craton.

On execution of the agreement WPG made an initial payment of \$100,000 to Stellar and can exercise the option by the payment of a further \$250,000 within twelve months. WPG will also pay Stellar a royalty of \$0.60 per tonne for any future coal or iron ore production from these tenements. In the event that exploration by WPG defines a JORC compliant non coal or iron ore mineral resource 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.

Of particular interest to the Company is the Penrhyn coal deposit which is located within the Robins Rise tenement. Penrhyn was discovered in 1995 as part of the South Australian Exploration Initiative and was subsequently explored by the South Australian Steel and Energy joint venture. The deposit lies within the Arckaringa Basin and the quality of the sub-bituminous coal is reported to be generally similar to other Arckaringa Basin coals. Estimated dimensions of the Penrhyn trough are 25 kilometres long by 5 kilometres wide and drilling by PIRSA (formerly known as MESA) has shown that the deposit contains up to four major and several minor coal seams that in places make up a cumulative thickness of up to 15.5 metres.

The relatively flat lying coal seams lie at depths ranging between 70 and 130 metres beneath a 60 metre deep sequence of Eromanga Basin sediments and surficial cover. In WPG's view, the exploration target at Penrhyn is in the range from 250 to 350 million tonnes of coal. This exploration target is based on the currently available drill hole and coal quality data 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.

A plan and section along the deposit's long axis are shown in Figure 6.



**Figure 6**  
**Penrhyn Coal Deposit - Plan and Long Section**

WPG considers there are several possible uses that may support the future development of the Penrhyn coal measures:

- a source of supply to the South Australian power stations on exhaustion of existing reserves at Leigh Creek;
- potentially as an export thermal coal;
- a source of coal for a coal to liquids project similar to that planned for other Arckaringa Basin coal deposits near Coober Pedy;
- to provide coal for a small custom designed power station that would supply electricity to a magnetite concentrator for the Hawks Nest project; and

- as either a reductant for and/or as a source of energy for a pig iron plant to be fed with iron ore from Hawks Nest and other WPG iron ore projects in the northern Gawler Craton.

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.

## **COPPER/GOLD EXPLORATION PROJECTS**

### **Trundle NSW**

EL 4512 – WPG formerly 100%

WPG sold its interest in this non-core project to Clancy Exploration Limited during the quarter. The consideration paid was the issue and allotment of 2.2 million Clancy shares, and 1 million Clancy options expiring on 30 September 2011 with an exercise price of \$0.20 per option exercised.

### **Peak Hill East NSW**

ELs 6342– formerly WPG 100%

This tenement was relinquished during the quarter. Final technical and rehabilitation reports have been prepared and lodged with the NSW Department of Primary Industries (DPI).

### **Lake Cargelligo NSW**

EL 6367 – formerly WPG 100%

This tenement was relinquished during the quarter. Final technical and rehabilitation reports were prepared and lodged with the DPI.

### **Competent Persons**

*The review of hard rock exploration activities and results contained in this report 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 report of the matters based on his information in the form and context in which it appears.*



*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.*

**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.*