

ASX and Media Release

Quarterly activities report June quarter 2010

HIGHLIGHTS

- ❖ Three key contracts have been awarded as part of the process leading to the development of the Peculiar Knob mine, and another contract is now out to tender. Preferred tender status has been awarded for transshipment operations, is close for rail operations, and proposals received from other logistics chain contractors are under review. Other tenders and contracts will proceed in an orderly manner during the current quarter.
- ❖ Agreements have been signed with Flinders Ports Pty Ltd that give WPG access to Port Pirie for exports of iron ore and coal for up to 30 years.
- ❖ MOUs have been signed with customers for the sale of ore from Peculiar Knob. WPG has little doubt that the first five years production will be fully committed to a diverse group of customers in several countries before construction commences.
- ❖ Results from the metallurgical testwork on Peculiar Knob core drilled earlier this year are starting to be received and are now being assessed.
- ❖ WPG's strategy of having Peculiar Knob fully permitted and financed so that a commitment to project development can be taken in H2 2010, with sales to commence in H2 2011, is on track.
- ❖ Coal quality analyses from the drilling program at Penrhyn earlier this year are to hand, and confirm the project's potential as a large tonnage, low ash coal possibly suitable for power station use or upgrading using clean coal technology. The Company's coal portfolio now consists of four projects, including a new application at Lochiel North south of Port Pirie.
- ❖ WPG has prepared a detailed 150 page submission to the Commonwealth Government's review of the Woomera Prohibited Area that will be lodged before the closing date of 7 August 2010.

30 July 2010



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CORPORATE

Board and Management Appointments

Mr Dennis Mutton has rejoined the board after an absence of 19 months due to ill health. Dennis, an Adelaide-based management consultant specialising in natural resource management, was Chief Executive of the South Australian Department of Primary Industries and Resources (“PIRSA”) from 1997 to 2002. He is highly regarded in South Australian business and government circles.

Mr Adrian Horne has been appointed Mine Manager for the Peculiar Knob DSO iron ore project. Adrian, a graduate mining engineer, is a seasoned mine manager with wide experience in a number of commodities. Prior to joining WPG, Adrian was Mine Manager at Sinosteel Midwest’s Koolanooka iron ore mine east of Geraldton in Western Australia. Adrian will work out of WPG’s new Adelaide office.

SOUTH AUSTRALIAN PROJECT ASSETS

The locations of the Company’s South Australian project assets are shown in Figure 1. This map shows the Company’s granted tenements and also those either under application or subject to an acquisition option held by WPG and its subsidiaries.



Figure 1
Location of WPG’s 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. MC 3810 is covered by a Retention Lease application. 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.

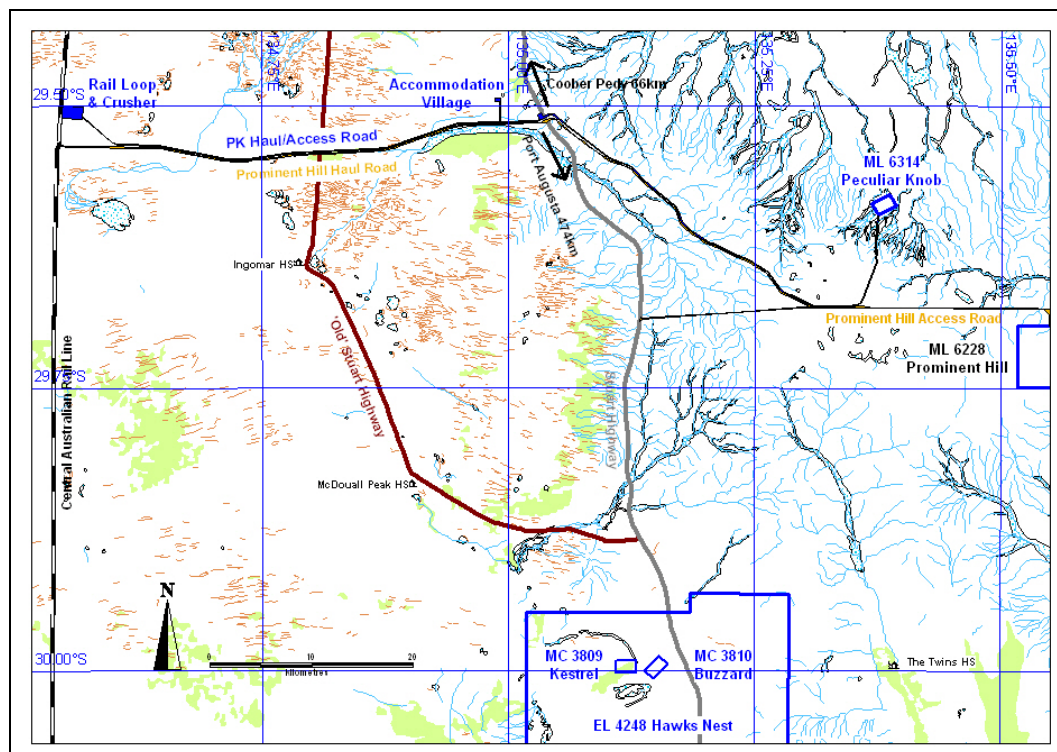


Figure 2
Peculiar Knob Tenement Locations and Proposed Infrastructure

Development Status

To the best of WPG's knowledge, Peculiar Knob is the highest grade undeveloped direct shipping iron ore deposit, with the lowest levels of the key impurities alumina and phosphorus, in Australia.

WPG expects to commence exports through Port Pirie late in 2011 at the rate of 3-4 million tonnes per annum using transshipment to Capesize vessels at anchor in Spencer Gulf. Train paths have been reserved with this capacity and mining and logistics service contracts are presently being evaluated. The life of the DSO project will be 7 years with ramp-up and ramp-down periods, but this could be extended to more than 10 years if mining approvals are granted at Hawks Nest.

Peculiar Knob and its associated infrastructure corridors do not lie in the Core Area of Operations of the Woomera Prohibited Area (“WPA”).

Permitting

Peculiar Knob is almost fully permitted and virtually shovel ready for development.

The status of key permits and approvals is as follows:

- Mining lease – granted;
- Native title mining agreement – executed;
- Department of Defence: mining access agreement for mine development, haul road, accommodation village, rail loader and crusher – executed;
- Compensation agreements with pastoralists – signed;
- Authorities to build infrastructure on all third party exploration licences – approved;
- Stafford borefield – licensed by Department of Water;
- Extractive mineral licences for haul road construction and miscellaneous purposes licences for haul road, accommodation village, rail loader and crusher site – advertised in *Government Gazette* of 17 June 2010 and being processed by PIRSA in accordance with the statutory timetable; and
- Mining and rehabilitation plan – drafted and ready to be lodged with PIRSA when PIRSA is ready to receive it.

Port Pirie

WPG has executed binding lease, licence and pricing agreements with Flinders Ports Pty Ltd that will give the Company long term access to Berth 7 at Port Pirie for the export of iron ore and coal.

The initial term of the agreements is 10 years with WPG holding rights to extend the term for a total period of up to 30 years.

The capacity of the materials handling and transshipment strategy to be implemented at Port Pirie is 7-8 million tonnes per annum. WPG expects to commence its own exports at the rate of 3-4 million tonnes per annum in H2 2011. The Company intends to make surplus capacity at Port Pirie available to other users.

The 30 year term of the agreements with Flinders Ports will provide WPG a seamless path to export ore from the Hawks Nest DSO and magnetite iron ore projects if mining there is approved by the Commonwealth, and also if development of the Penrhyn coal project proceeds. WPG will not rely on other parties to build Port Bonython.

WPG has engaged Sinclair Knight Mertz to prepare a Development Application for the Port Pirie infrastructure development and it is anticipated that the application will be lodged during September.

WPG will commence a community consultation program at Port Pirie within the next few weeks, well before any activities commence.

Contracts awarded

WPG has let the following contracts for project development:

- Consultant engineers: overall project design – Como Engineers Pty Ltd;
- Design of haul road underpass under Stuart Highway – Parsons Brinckerhoff; and
- Preparation of Development Application for Port Pirie capital works – Sinclair Knight Mertz.

Contracts now at tender

The Company has released tender documents for the design and construction of the ore storage facility at Port Pirie.

Preferred tenderer - transshipment

WPG has awarded preferred tenderer status for its transshipment operations to CSL Australia Pty Ltd. CSL is the transshipment contractor for iron ore exports at Whyalla and for several coal mines in Indonesia. It also operates a number of other commodities shipping services in Australia including iron ore pellets from Tasmania to Port Kembla, coal to Whyalla from Port Kembla, clinker from Gladstone to Brisbane, and other minerals including limestone from South Australian ports. Preferred tenderer status will allow the two parties to work together to finalise contract documentation.

Preferred tenderer – rail operations

WPG is in advanced negotiations with three short-listed rail haulage operators that will result in the award of preferred tenderer status within the next few weeks.

Requests for proposals

Submissions have been received and are now being assessed from service providers for the following operations and logistics functions:

- Mining contractor;
- Road haulage contractor;
- Crushing contractor; and
- Rail loading.

Requests for proposals will be issued within the current quarter for:

- Accommodation village construction;
- Haul road construction; and
- Ore storage facility management.

Iron Ore Sales

WPG has entered into MOU agreements with four Asian and European customers for the sale of iron ore beginning in late 2011. Pricing will be set by reference to accepted market clearing prices at the time of each sale. WPG expects that the MOUs will translate into binding offtake contracts once commitment to project development is taken.

Based on recent enquiries, WPG has little doubt that all of Peculiar Knob's output for the first five years of operations will be fully committed to a diverse group of customers in several countries when the decision to put the project into production is made.

Development Timetable

WPG's strategy to have Peculiar Knob fully permitted and financed so that the decision to commit to project development can be taken in H2 2010 is on track. Sales are projected to commence in H2 2011.

Technical Activities

Surveying

The collar positions of all ten holes drilled during the March quarter have been surveyed. Down hole gyro surveying was carried out on all but one of the RC exploration holes. Hole PK-112 could not be surveyed due to damaged casing. The new survey information has been incorporated into the Peculiar Knob drill hole data base and revised geological sections constructed. Only minor adjustments from the previously interpreted geology were required. The new data will be integrated into a revision of the wireframe and resource models when assays are received from the massive haematite mineralisation intersected in the five metallurgical core holes drilled last quarter.

Metallurgical drilling program

Three large diameter cored holes were drilled in 2007 for metallurgical testwork, and a further five holes were drilled early in 2010 to obtain additional metallurgical data.

Metallurgical testwork on the second phase of holes commenced during the quarter. A total of 311 bulk density measurements and 71 uniaxial compressive strength (UCS) tests were completed on the 198.5 metres of PQ sized massive haematite drill core. Bulk densities ranged from 4.51 to 5.20 and when merged with the previous data gave an average of 4.93 which is identical to that used in the existing Peculiar Knob block model resource estimate. UCS results are consistent with previous test results and indicate a generally high compressive strength for the massive haematite ore.

Drop tower testing has been carried out on samples from all of the five holes. Preliminary results indicate a slightly higher lump to fines ratio than was determined from WPG's previous testwork. Completion of the test program and receipt of a detailed technical report is expected during the September quarter.

Exploratory water drilling

Test pumping was carried out under the supervision of the Company's consulting hydrogeologist on the two bores in which water was located during the March 2010 drilling program. The testing comprised four 1 hour step tests and a 48 hour constant rate test for each bore with drawdown measured in the pumped bore. Results indicate a significant supply of water is available at both sites via larger diameter production bores. Chemical analyses of water samples collected during the testing show high salinities indicating the water would be unsuitable for pastoral use, but it is ideal for its intended use as a dust suppressant. Production licence applications for both bores have been lodged with the South Australian Department of Water.

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 WISCO joint venture. MC 3809 is covered by a Retention Lease application. These tenements are owned by Southern Iron Pty Ltd. Hawks Nest lies within the Core Area of Operations of the WPA.

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

Commonwealth Government Review of the Woomera Prohibited Area

The Commonwealth Government announced on 6 May 2010 that it had appointed Dr Allan Hawke to conduct a Review into security and economic interests in the WPA. Dr Hawke is supported by a small inter-departmental secretariat from relevant government agencies.

WPG hosted a high level delegation from the Review team, and senior uniformed and civilian personnel from the Department of Defence, at Hawks Nest on 3 June.

WPG has prepared a 150 page submission to the Review and it will be lodged before submissions close on 7 August. WPG understands that the Review will report to the Commonwealth before 30 December 2010.

WPG is convinced that mining and Defence activities can coexist within the WPA.

WPG is doing all that it is reasonably capable of doing to preserve shareholder value in the Hawks Nest DSO and magnetite projects.

NORTHERN GAWLER CRATON EXPLORATION PROJECT

Mt Brady Windy Valley

Exploration licences EL 4422 Mt Brady and EL 4423 Windy Valley cover zones of complex magnetic character that indicate potential for banded iron formation, DSO haematite iron ore deposits and IOCG deposits akin to Prominent Hill. Their locations are shown in Figure 1.

A review of previous company and government geophysical survey and drilling data for the Mt Brady area was carried out during the June quarter. A program of ground magnetic and gravity surveying has been designed to cover the main elements of the Mt Brady prospect where drilling by previous explorers intersected significant intervals of anomalous copper and rare earth elements mineralisation associated with magnetite skarn and other high temperature alteration assemblages.

The geophysical surveying is scheduled to commence during the September quarter. It will be followed with an orientation program of shallow air-core drilling to determine whether bedrock geochemical sampling can provide an effective tool for defining targets for deeper drilling.

SOUTH AUSTRALIAN ENERGY COAL PROJECTS

WPG's South Australian energy coal projects consist of its option to acquire the Penrhyn coal deposit, its applications for three new coal exploration tenements at Perfection Well and Pidinga that were lodged in the March quarter, and a new application lodged during the June quarter at Lochiel North near Port Pirie. These assets are held by the Company's 100% owned subsidiary, Southern Coal Holdings Pty Ltd ("SCH").

The location of these tenements is shown in Figure 1.

Penrhyn Coal Project

SCH has an option to acquire EL 4425 Robins Rise and ELA 339/09 Lake Woorong from Stellar Resources Limited. These adjoining tenements in the Mt Woods Domain of the northern Gawler Craton cover an area of 1,707 square kilometres and are situated 45 kilometres south of Coober Pedy close to the Company's iron ore projects and infrastructure facilities.

During the quarter coal quality test work was completed on ply and roof and floor samples from the holes drilled during the March quarter that intersected coal seams in the Penrhyn deposit.

A summary of the results is as follows:

- *As received* raw ash contents ranged from 6.5% - 20%;
- *Dry basis* (db) raw ash contents indicate a medium ash coal, with ash generally ranging from 10% - 20%. However, individual plies range from low ash (<10%) to high ash (up to 27%);
- *As received* moisture content ranges from ~ 32% to ~ 36%; and
- The gross dry calorific value (CV) for Seam 4 in PCWP-001 is 27.7 MJ/kg. After washing and the resulting reduction in ash, the gross dry CV increased to 28.5 MJ/kg.

The best intersections are:

- 3.74 metres at 9.8% raw ash (db) in PCWP-001 from 92.86 – 96.60 metres depth; and
- 2.20 metres at 10.9% raw ash (db) in PCWP-002 from 106.80 – 109.00 metres depth.

These results are consistent with previously published CV, moisture and raw ash data for the Penrhyn deposit. Penrhyn is generally similar to the nearby Lake Phillipson coal deposits.

Several selected samples were submitted for washing tests to determine whether washing could be used to reduce sodium and chlorine levels. Results showed that significant quantities of sodium and chloride were extracted during both coarse and fine particle tests, with more sodium extracted in the fine particle tests. During these tests, significant ash yield reductions for the washed coal were achieved and these reductions ranged from around 10% to up to 55% of the original ash values. During the test work it was also demonstrated that a proportional increase in gross dry calorific value in the washed coal had occurred, due to the ash yield reductions through water washing.

The results of this limited testwork clearly show that water washing is an effective means of salt removal. With further optimisation after additional testwork, it will be possible to further increase salt removal and also reduce likely water consumption. Such a process could be coupled with density separation of ash to further reduce the ash yield and increase the calorific value of the washed coal.

The characteristics of Penrhyn coal suggest it is suited for use in a variety of applications possibly including power station usage but particularly as a feedstock to plants using one of the emerging clean coal technologies.

Detailed surveying of the previous MESA and Aulron holes was carried out in conjunction with determination of the accurate locations of the WPG holes. No collar pipes for any of the old holes were present however obtaining elevation data was the most important aspect of this survey. Spot heights between the various holes show surface elevation changes of up to 35.6 metres across the Penrhyn deposit.

Results of the recent drilling in combination with the results from the earlier MESA holes have confirmed the presence of two significant and continuous seams at Penrhyn within an open pittable depth that have a cumulative thickness of the order of 8 metres. A zone for follow-up resource drilling comprising 25 holes for an estimated 3,500 metres with holes on a 500 metre by 1,000 metre grid spacing centred on WPG's drill traverse was defined during the quarter.

Rehabilitation work was completed on the WPG drill sites and statutory PIRSA exploration licence progress reports were compiled and submitted during the quarter.

Perfection Well Coal Project

A regional evaluation of the Arckaringa basin coal measures carried out for the Company last year identified an area south of the Lake Phillipson and Penrhyn deposits with exploration potential. WPG through SCH has applied for a new tenement, ELA 97/10, at Perfection Well.

Pidinga Coal Project

SCH also has lodged two applications for contiguous exploration licences in the Pidinga region of South Australia. ELAs 63/10 Pidinga and 90/10 Talacootra cover a combined area of 501 square kilometres and contain known lignite deposits of Middle Eocene age that occur in the Pidinga Formation along the eastern margin of the Eucla Basin and in adjacent palaeodrainage channels. These applications are currently being processed by PIRSA.

Lochiel North Coal Project

During the quarter WPG through SCH lodged an application for an exploration licence at Lochiel North 80 kilometres south of Port Pirie and within 5 kilometres of the Adelaide – Port Pirie railway line. The project area is shown in Figure 3.

ELA 185/10 covers an area of 374 square kilometres and includes most of the Snowtown coal deposit, one of five deposits known within the large Northern St Vincent Basin. The coal is of Tertiary age and occurs within the Clinton Coal Measures, a carbonaceous, sandy and clayey formation at depths that range between 30 and 150 metres. The coal seams are generally flat lying however dips of up to 6 degrees have been reported from one of the deposits. The coal is generally of low rank, high in moisture, and relatively low in ash.

Previous coal exploration comprised the drilling of 38 holes for a total of 3,334 metres within the area of the Lochiel North tenement. Significant coal seam intersections were made in 12 of these holes as shown in Figure 3. Several seams are present within the Snowtown deposit with a maximum cumulative thickness of 8.4 metres within a coal measures sequence that is up to 40 metres thick.

In places where the coal is best developed the upper seam is up to 6.8 metres thick and is underlain by several thinner seams. The deposit has previously been estimated to have an inferred coal resource of 270 million tonnes.

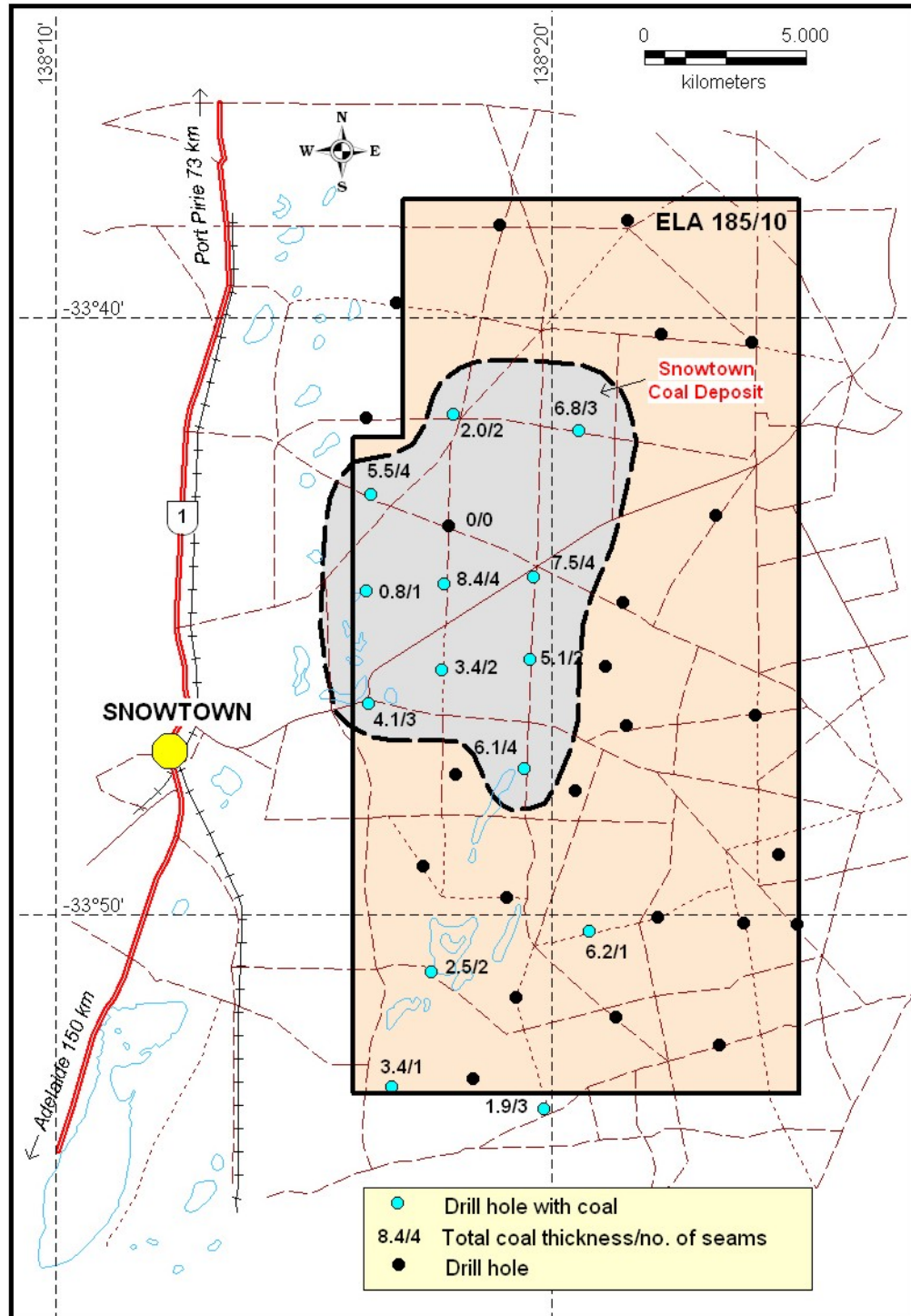


Figure 3
Lochiel North Coal Project

Competent Person

The review of 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.

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.