

ASX and Media Release

Quarterly activities report December quarter 2010

HIGHLIGHTS

- ❖ During the quarter WPG took the decision to develop its flagship Peculiar Knob direct shipping iron ore project south east of Coober Pedy, subject to the provision of finance and the receipt of all outstanding approvals.
- ❖ The Company raised \$85 million in new equity by a combination of placements to professional and sophisticated investors and a rights issue to all shareholders. Funds raised will be applied to the development of Peculiar Knob and for general working capital purposes.
- ❖ WPG and Deutsche Bank signed commitment letters for the bank to provide a US\$120 million funding package for the development of the project and the associated infrastructure. Transaction documents are under preparation and are expected to be executed in the March 2011 quarter.
- ❖ The South Australian regulators are currently reviewing the Company's Development Application for the Port Pirie facility that was lodged on 5 November 2010 and the Mining and Rehabilitation Plan that was lodged on 16 November 2010.
- ❖ Applications for three additional Miscellaneous Purposes Licences for the project's borefields and their pipelines have been lodged with PIRSA.
- ❖ The Interim Review of the Woomera Prohibited Area has been released and the Final Report was lodged with the Commonwealth in late December 2010. The Final Report has not yet been released.
- ❖ WPG has added to its coal exploration portfolio by the application for an additional tenement at Lock on the Eyre Peninsular.

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CORPORATE

Commitment to development at Peculiar Knob

WPG's Board took the decision during the quarter to put Peculiar Knob into production, subject to the provision of funding and receipt of the few outstanding approvals that are still required.

Equity raising

WPG raised a total of approximately \$85 million in new equity during the quarter in two components:

- a placement of approximately 110.3 million ordinary shares to sophisticated and professional investors that raised approximately \$75 million at an issue price of \$0.68 per share; and
- a non renounceable entitlement issue of approximately 14.0 million shares that raised approximately \$10 million at an issue price of \$0.68 per share.

The placement, which was oversubscribed, was conducted in two tranches:

- approximately 18.3 million ordinary shares, being approximately 15% of the Company's ordinary shares then on issue; and
- approximately 92.0 million ordinary shares, which was approved at a shareholder meeting held on 22 December 2010.

Deutsche Bank facility

WPG and Deutsche Bank AG, Sydney Branch, signed commitment letters during the quarter pursuant to which the bank has agreed to provide a US\$120 million funding package for the development of Peculiar Knob.

The 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:

- satisfactory due diligence;
- approval by PIRSA of the Company's Mining and Rehabilitation Plan (MARF) 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.

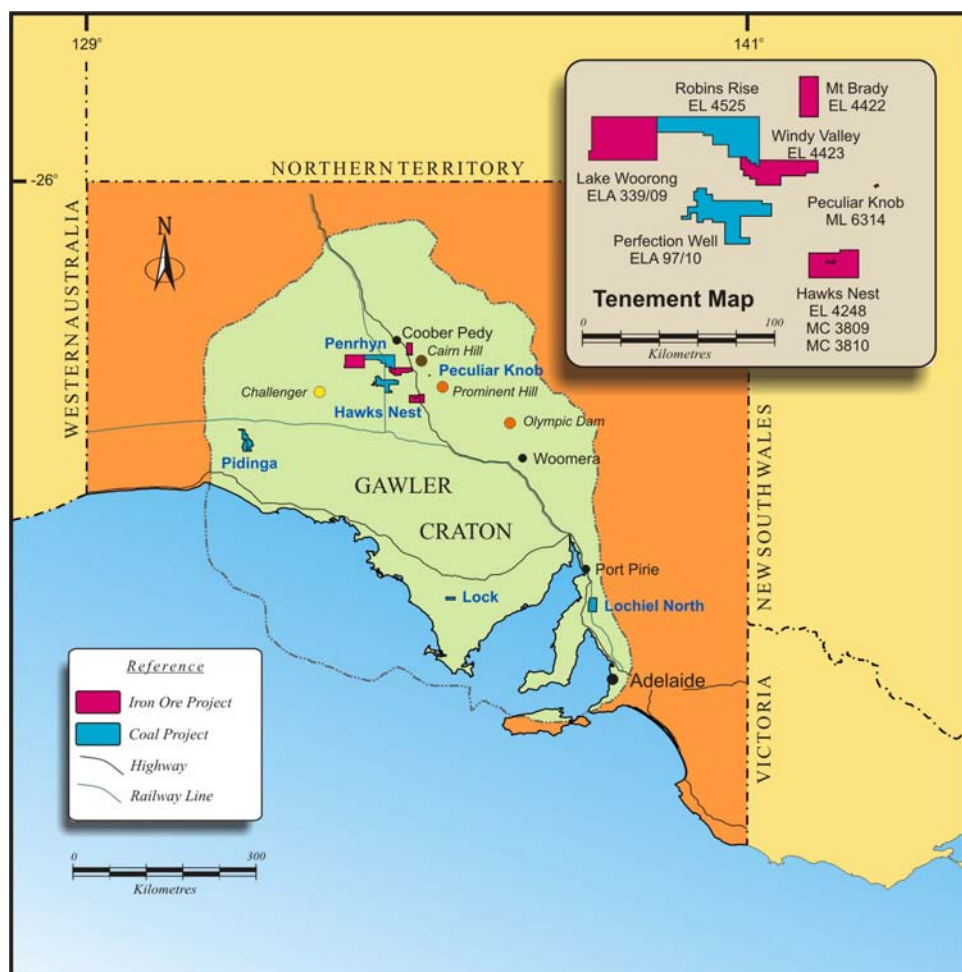
The facility is also subject to a number of conditions precedent normal to this type of financing and until these are satisfied there is a prospect that the funding proposal may not proceed to financial close.

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 price of \$1.24 per warrant exercised.

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.

SOUTH AUSTRALIAN PROJECT ASSETS

The locations of WPG's South Australian project assets are shown in Figure 1. This map shows the Company's granted tenements and also those under application.



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 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 Peculiar Knob are shown in Figure 2. The locations of WPG's other tenement assets in the Coober Pedy region are also shown.

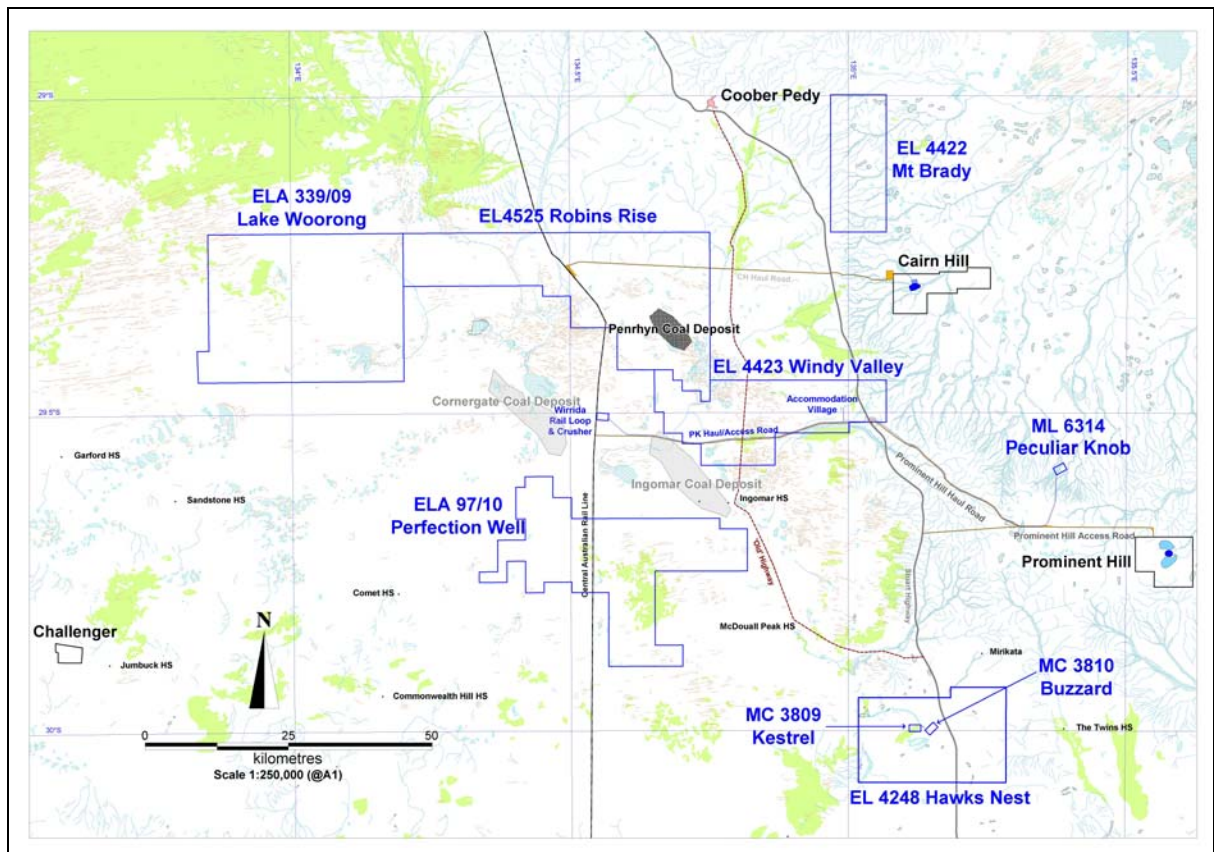


Figure 2
Peculiar Knob Tenement Locations and Proposed Infrastructure

Not all project assets shown in Figure 2 are owned by WPG. The Prominent Hill copper/gold mine and its infrastructure are owned by OZ Minerals Ltd, the Cairn Hill magnetite/copper mine and its infrastructure are owned by a joint venture between IMX Resources Ltd and Sichuan Taifeng, the Challenger gold mine is owned by Dominion Mining Ltd (now subject to a proposed merger with Kingsgate Consolidated Ltd), and the Ingomar and Corner Gate coal projects form part of the Lake Philipson project that is owned by SA Coal Corporation, a subsidiary of White Energy Company Ltd.

All other tenements in this drawing are owned by WPG. In addition to those shown, WPG holds seven MPLs and 20 EMLs along the haul road route from the Peculiar Knob mine to the Wirrida railway siding.

Permitting

Peculiar Knob is almost fully permitted and virtually 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;
- Access and compensation agreements with pastoralists – signed;
- Approvals to build infrastructure on all third party exploration licences – signed;
- Stafford borefield – licensed by SA Department for Water and approved by Defence;
- Extractive mineral leases for haul road construction material and miscellaneous purposes licences for haul road, accommodation village, rail loader and crusher site – granted.

Regulatory approvals

The status of key permits and approvals yet to be obtained is as follows:

- Port Pirie Development Application – lodged on 5 November 2010 with additional information requested and provided; and
- Mining and rehabilitation plan – lodged on 16 November 2010 with additional information requested and provided.

The South Australian government regulators are continuing to assess these applications according to their own internal processes.

In addition, the Commonwealth has requested additional information on the potential impact of the project on certain species and ecological communities, and in particular on the thick-billed grasswren (*amytornis textilis modestus*) pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* and this information has been provided.

Additional MPLs

WPG has very recently lodged applications for three additional MPLs to protect borefield pipelines and borefield sites closer to the haul road than the Stafford borefield, which is already permitted.

Processing of these additional MPL applications is not expected to have a material impact on the approvals timeline.

Contracts awarded

WPG let the following contracts for project development during the quarter:

- Design and construction of the Port Pirie ore storage and handling facilities (commitment to the design phase only at this stage, with the construction phase to proceed once all necessary approvals are in place); and
- Design and construction of the Port Pirie shiploader.

Advanced drafts of most of the construction and service provider contracts have been prepared and will be finalised once all commercial terms have been agreed.

Exploratory water drilling

One production water bore was drilled at the Penrhyn borefield site during the quarter. Copious quantities of water were intersected and drilling of a second production bore is under way. An MPL application has been lodged to cover this borefield and its proposed pipeline route. A water licence application has been lodged.

Six exploratory water holes have also been drilled in the vicinity of the Peculiar Knob accommodation village site. All holes intersected significant thicknesses of the target Algebuckina Sandstone member with varying amounts of water present. The two best sites have been selected for the construction of production bores that will be flow tested during the March quarter. An MPL application has been lodged to cover this borefield and its proposed pipeline route. Water licence applications will be lodged following the completion of the testing.

Iron ore sales

WPG has entered into MOU agreements with potential customers for the sale of iron ore. Binding offtake contracts will be finalised during the March and June 2011 quarters.

Development timetable

WPG's strategy to have Peculiar Knob fully permitted and financed so that construction can commence in H1 2011 is on track. Providing the regulators approve the project during the March 2011 quarter, production and sales are projected to commence in H2 2011.

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.

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.

WPG is prepared to commit significant resources to the further exploration and development of the highly prospective Hawks Nest region (DSO, magnetite and haematite BIF) but requires clarification of the Commonwealth's attitude towards mining in this area (see below) before it does so.

Commonwealth Government Review of the Woomera Prohibited Area

The Commonwealth Government's Review of WPA released its Interim Report on 5 November 2010.

Amongst other things, the Interim Report recommends the adoption of a smaller Core Area of Operations in the WPA than is currently the case, in which mining operations would not be allowed. This is referred to as the Red Zone. In other areas of the WPA (the Yellow and Green Zones) access to land for mining and exploration purposes would be allowed, except for certain agreed times when Defence's activities would have priority on safety or national security grounds. Time sharing arrangements outside the Red Zone have been proposed.

The Red Zone is confined to the south eastern corner of the WPA where most of Defence's infrastructure lies. WPG's Hawks Nest iron ore projects do not lie in the south eastern corner of the WPA.

The Interim Report also recommends that mining outside the Red Zone be governed more by an agreed access and inspection regime than by the nature of foreign investment in mining projects or foreign buyers of mineral products.

WPG understands that the Final Report was lodged with the Commonwealth in late December 2010. The Final Report is now being considered by the Government. It has not yet been released.

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

NORTHERN GAWLER CRATON EXPLORATION PROJECT

Mt Brady Windy Valley

A program of detailed ground magnetic and gravity surveying at the Mt Brady prospect was ninety percent completed when heavy rain forced the deferral of the survey. Results to date have been processed and show a strong semi-circular magnetic anomaly with coincident residual gravity high as shown in Figures 3 and 4. The coincident anomalies could be caused by a carbonatite intrusive. Carbonatites are often associated with the development of rare earth mineralisation.

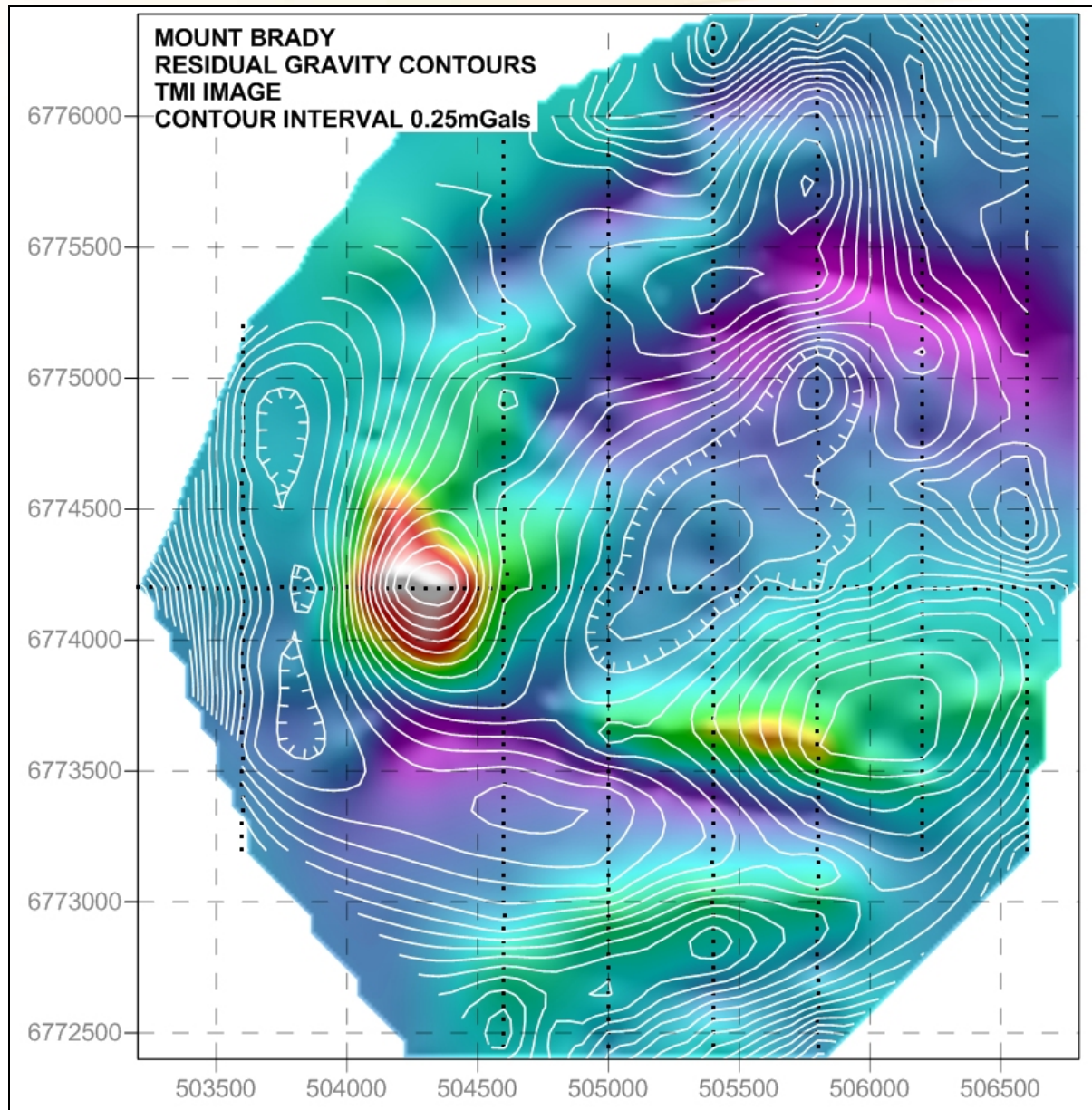


Figure 3
Magnetic and Gravity Contours at Mt Brady Prospect

WPG will complete the geophysical surveys during the March quarter. An orientation program of aircore drilling designed to obtain geochemical samples from the relatively shallow Proterozoic bedrock will follow the completion of the geophysics.

No exploration was conducted on the Windy Valley exploration tenement during the quarter.

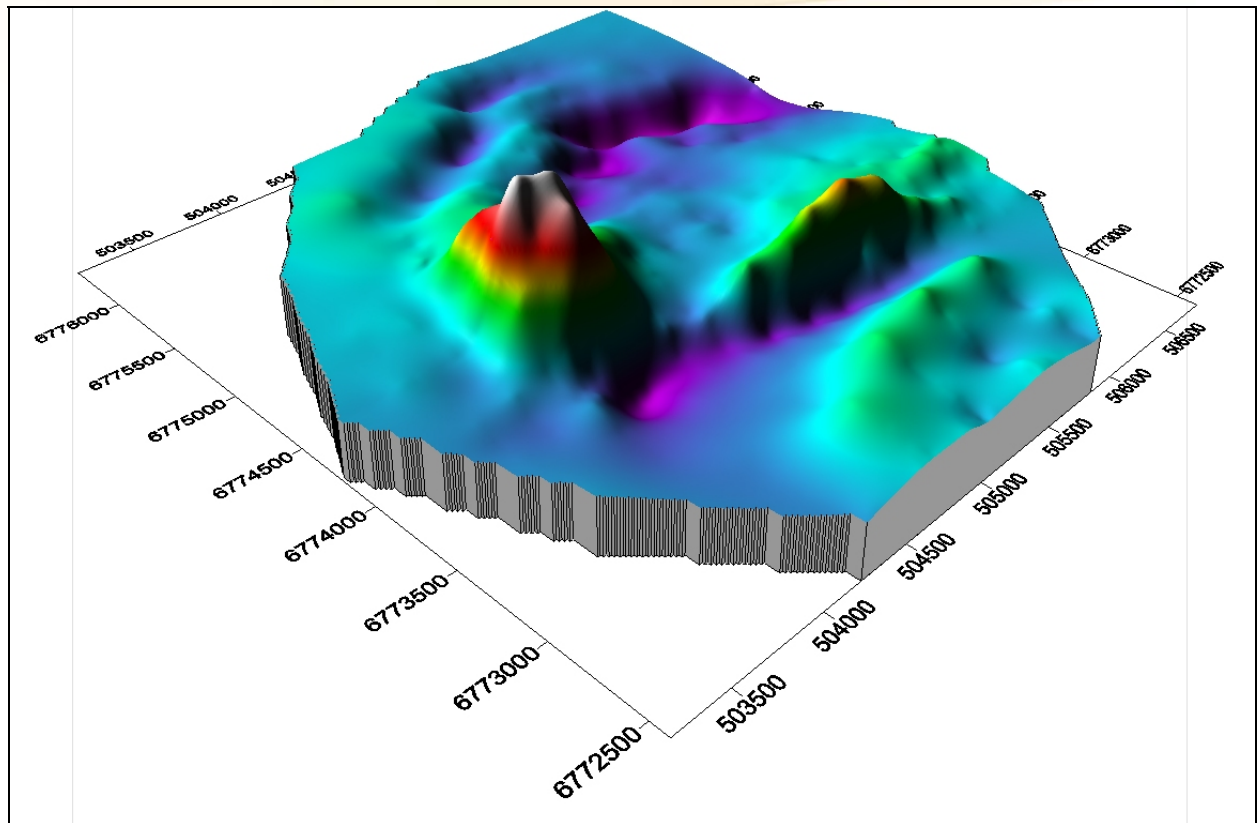


Figure 4
Magnetic Image, Mt Brady Prospect

SOUTH AUSTRALIAN ENERGY COAL PROJECTS

WPG's South Australian energy coal projects consist of its Penrhyn coal deposit, its tenements either granted or under application at Perfection Well, Pidinga and Lochiel North, and a new tenement application at Lock on the Eyre Peninsular. These assets are held by the Company's 100% owned subsidiary, Southern Coal Holdings Pty Ltd.

The locations of these tenements are shown in Figure 1.

Penrhyn Coal Project

The Company has designed a drilling program for the Penrhyn coal deposit that comprises 28 holes for an estimated 3,920 metres. This program will commence during the March 2011 quarter. The program is designed to extend the definition of the coal seams intersected in the traverse of diamond core holes completed by WPG in 2010.

The objective is to test an exploration target of 200 million tonnes and in so doing enable JORC compliant resources to be estimated. This exploration target is based on the drill hole and coal quality data currently available and is conceptual in nature. To date there has been insufficient exploration to define a coal resource, and it is uncertain if the planned further exploration will result in the definition of a coal resource.

Perfection Well Coal Project

A regional evaluation of the Arckaringa basin coal measures 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. This application is being processed by PIRSA.

Pidinga Coal Project

EL 4631 (formerly ELA 63/10) was granted by PIRSA during the quarter. This tenement together with the contiguous application ELA 90/10 cover a combined area of 501 square kilometres within which known lignite deposits occur along the eastern margin of the Eucla Basin.

Lochiel North Coal Project

WPG's 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 has been processed by PIRSA and the licence has been offered to the Company.

Lock Coal Project

WPG has lodged an EL application ELA 7/11 in the Lock area of the central Eyre Peninsula. This area is known to from previous drilling to contain Tertiary and Jurassic coal deposits.

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 Geonx 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.