



Western Plains Gold Ltd

ABN 51 109 426 502
PO Box N239, Grosvenor Place NSW 1220, Australia
Level 11, Kyle House, 27-31 Macquarie Place, Sydney, NSW Australia
Telephone (+612) 9251 1044
Facsimile (+612) 9247 3434
Email info@westernplainsgold.com.au
Web www.westernplainsgold.com.au

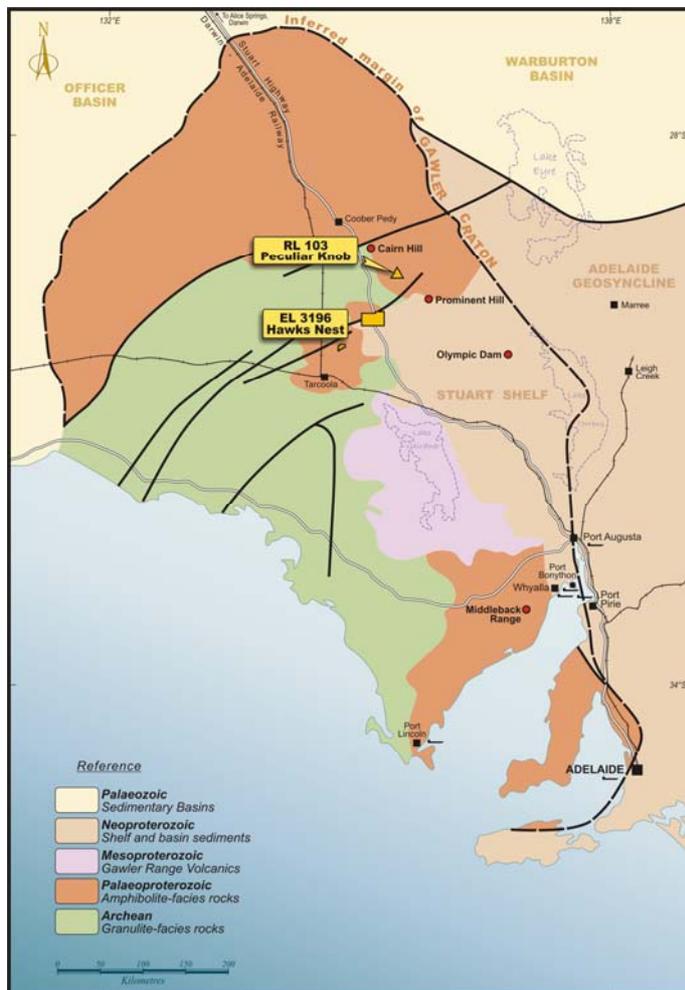
24 August 2006

The Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

WPG TO ENTER THE IRON ORE INDUSTRY

Western Plains Gold Ltd (WPG) intends to enter the iron ore industry by the acquisition of mining tenements in South Australia which host significant deposits of iron ore mineralisation. WPG believes these project tenements can underpin viable mining projects under current conditions.



Subject to the satisfaction of certain conditions outlined below, WPG will acquire all of the issued capital of Southern Iron Pty Ltd (**Southern Iron**) which has acquired rights to the Peculiar Knob and Hawks Nest mining tenements to the north west of the Prominent Hill and Olympic Dam mine sites in South Australia. The locations of these project areas are shown in the drawing on the left. Iron ore deposits on these tenements were the proposed sources of ore for the South Australian Steel and Energy (**SASE**) project on which more than \$80 million was spent between 1995 and 2002.

A general meeting of WPG's shareholders will be convened for mid October 2006 to approve this transaction. A summary of the business of the general meeting is set out below. Details will be provided in the notice of meeting and explanatory statement which will be sent to shareholders in the next few weeks.

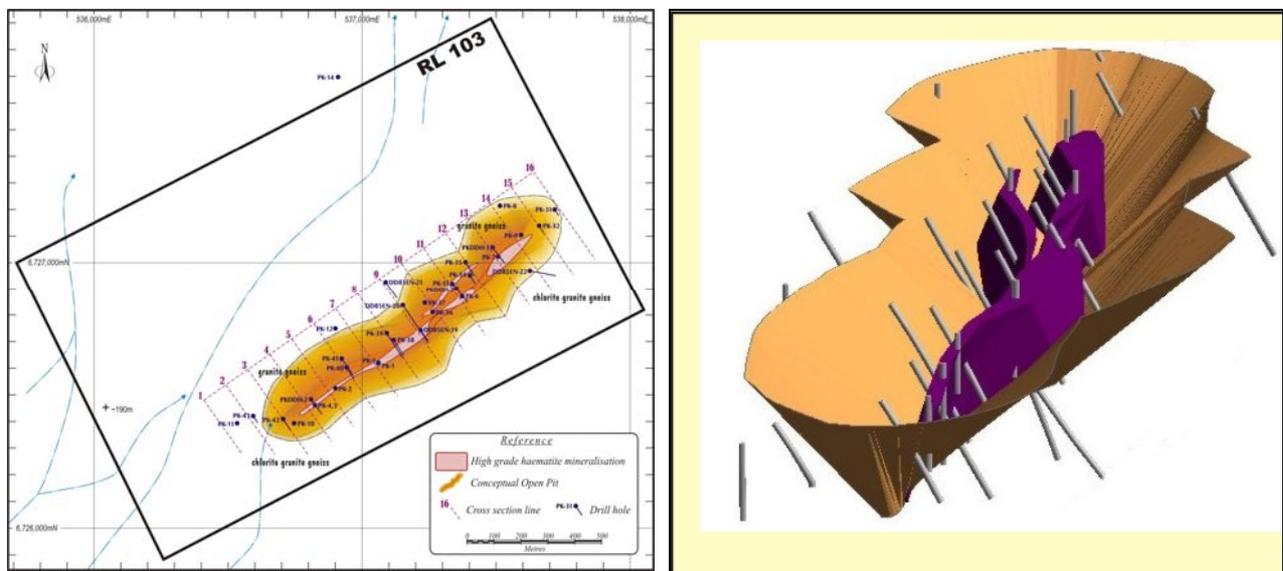


Peculiar Knob

The zone of high grade mineralisation at Peculiar Knob consists of two sub-parallel elongate lensoidal bodies of massive specular haematite. The main haematite direct shipping ore (DSO) body has a north-east to south-west trend and pinches and swells along a strike dimension of approximately 1,100 metres. The mineralisation has been closed off at the north-eastern end but remains open at depth. The body may extend along strike to the south-west beyond the limits of the drilling but is thinner there.

The deposit has been drilled on sections generally 100 metres apart. The deposit was estimated to contain an inferred resource of 14 million tonnes of haematite mineralisation at an average grade of 63.2 per cent iron, in 1997. The phosphorus grade is 0.02 per cent, which is very low. Further drilling was completed late last year, but assays are not yet available.

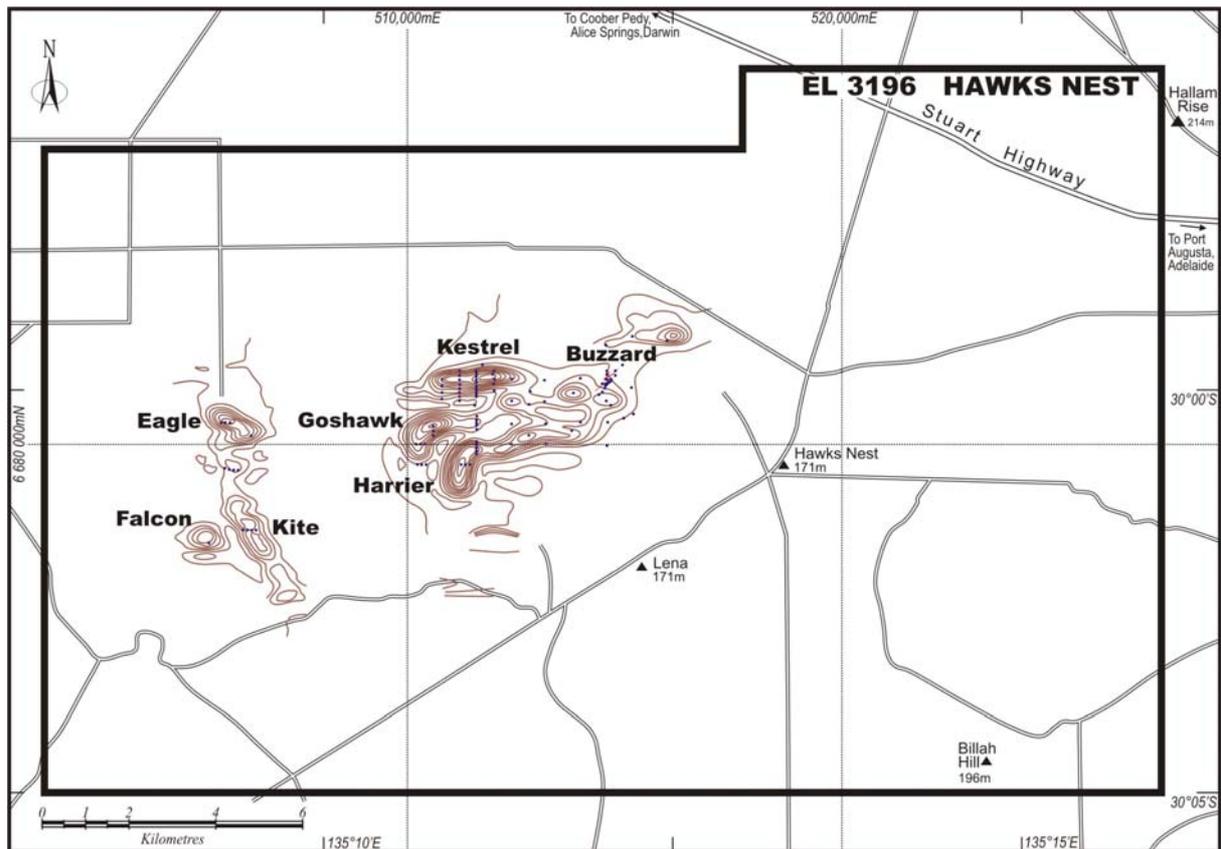
The extent of drilling data and the conceptual open pit design prepared by WPG are shown in the drawings below.



WPG has planned a series of in-fill holes on 50 metre sections that will enable the status of the resource estimate to be upgraded to the measured and indicated categories. Results of the drilling will also facilitate the conversion of resources to reserves in conjunction with the detailed design of an open pit mine and the preparation of a feasibility study.

Hawks Nest

Iron ore mineralisation at Hawks Nest occurs in seven separate deposits of varying size and grade that occur over an area of approximately nine kilometres east to west, and four kilometres north to south. Details of the individual deposits are outlined below and their locations are shown in the following drawing.



Both haematite and magnetite mineralisation are developed at Hawks Nest. The fine grained magnetite mineralisation is quite similar to the taconite iron ores of the Mesabi Ranges in Minnesota and Michigan, and some of the mineral deposits in the Midwest region of WA.

The major phase of iron ore exploration at Hawks Nest was carried out in 1995 and 1996. During this period, some 367 holes for 20,418 metres were drilled. The Kestrel and Buzzard deposits at Hawks Nest were subjected to intensive resource definition drilling and related work in 2000 and 2001 that included 12,284 metres of reverse circulation drilling and 2,630 metres of diamond drilling in a total of 108 drill holes. The other five known deposits, Goshawk, Harrier, Eagle, Falcon, and Kite have had only a few exploratory drill holes. A small drilling program was commenced in November 2005 but it did not proceed to completion.

Mineral resource estimates for the two main deposits at Hawks Nest were prepared in 2001 and are summarised in the following table.

Deposit	Category	Million Tonnes	Fe %	P ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
Kestrel	Measured Resources	100	37	0.13	37	0.83	0.58
	Indicated Resources	60	36	0.13	38	1.00	0.79
	Inferred Resources	60	36	0.13	39	1.05	0.78
	Total Resources	220	36	0.13	38	0.94	0.69
Buzzard	Measured Resources	1.8	62	0.06	9.3	1.2	0.8
	Indicated Resources	3.1	60	0.09	10.9	1.7	1.4
	Inferred Resources	1.8	59	0.15	8.7	2.9	2.5
	Total Resources	6.7	60	0.10	9.9	1.9	1.5



The Kestrel mineral resource estimate was based on a 30 per cent iron cut-off grade, to a depth of 135 metres below surface. The deposit is in un-oxidised ore from a vertical depth of 50 metres. It is largely magnetite. The Buzzard resource estimate is based on a 55 per cent iron cut-off grade, to a depth of 125 metres. It is largely haematite.

Experience to date suggests that the Hawks Nest area is characterised by three main styles of mineralisation:

- Large low grade primary or unenriched magnetite banded iron formation (**BIF**) bodies, occurring as un-oxidised sections of the BIF horizons, with widths of 150 metres to 500 metres and depths of 500 metres to 1,000 metres. Grades are commonly 35 per cent to 40 per cent iron, in a fine grained matrix;
- Restricted zones of higher grade magnetite, with some grades in excess of 60 per cent iron; and
- High grade haematite such as at the Buzzard prospect, in the form of a tectonically brecciated BIF.

WPG considers there is good potential for the discovery of additional deposits, particularly of higher grade DSO mineralisation, in the Hawks Nest area. This will be a priority target for the Company's drilling programs over the next 12 months.

WPG's Development Plan

WPG intends to develop the Peculiar Knob deposit as a DSO mine, supplying high grade ore to the Asian market, at a rate of up to 2 million tonnes per annum. WPG has set, as its strategic goal, the commencement of production during 2008.

Hawks Nest is a potential source of DSO ore for blending with ore from Peculiar Knob, which could extend the life of the project. The Hawks Nest magnetite deposits could support concentrate, pellet and merchant pig iron production for the export market, and the Company will conduct feasibility studies on these opportunities over the next two years.

The two project areas are close to the Stuart Highway, and several key items of infrastructure are already in place. WPG will be able to access the high capacity standard gauge Adelaide-Darwin rail network (along with its branch line to Whyalla), and has a choice of several ports in South Australia and also at Darwin. Negotiation of access rights to infrastructure will form a key component of WPG's activities over the next 12 months. In that respect, the Company has noted recent media reports relating to the construction of haul roads and rail sidings as part of the development of the Prominent Hill gold-copper project, which is just 50 kilometres to the south-east of Peculiar Knob. WPG is encouraged by these proposed developments, and believes there is good scope for synergy between the projects.

Because the projects are located in South Australia, the Company is not constrained by the same cost pressures and the competition for skilled labour that apply in much of the Australian mining industry at the moment.



Southern Iron

Southern Iron is a private company which has executed agreements to acquire the Peculiar Knob and Hawks Nest projects. It has approximately 30 shareholders. Bob Duffin, WPG's chairman, is a shareholder and director of Southern Iron. Bob Duffin played a key role in recapitalising the failed Kingstream Steel Ltd and its reconstruction as the emerging iron ore producer Midwest Corporation Ltd between 2002 and 2004, and is chairman of Ferrowest Limited. He has recent and relevant experience in the iron ore industry.

Acquisition of Southern Iron

WPG will acquire Southern Iron for the allotment to Southern Iron's shareholders of a total of 24,222,222 WPG shares. These WPG shares are to be allocated to Southern Iron's shareholders in proportion to their shareholding in Southern Iron.

Completion of Southern Iron's tenement acquisitions is contingent on Ministerial approval and a small number of other conditions. WPG's acquisition of Southern Iron will not be completed until Southern Iron first completes its acquisitions of the tenements.

WPG's independent directors, Bob Richardson and Gary Jones, have engaged HLB Mann Judd Corporate (NSW) Pty Ltd to prepare an independent expert's report on the acquisition of Southern Iron, and to opine on the fairness and reasonableness of the transaction on independent shareholders.

Shareholder Meeting

A general meeting of WPG's members will be convened for a date to be fixed in October 2006. A notice of meeting, explanatory memorandum, independent expert's report and an independent technical specialist's report will be sent to WPG's shareholders prior to this meeting.

The business of the general meeting will be set out in the notice of meeting but will include the following:

- Proposal to acquire Southern Iron;
- Proposal to change the Company's name to Western Plains Resources Ltd;
- Proposal to restructure WPG's board so that it is more in tune with the requirements of a company proceeding to project development; and
- Proposal to raise up to \$5 million by an underwritten share purchase plan (\$2 million) and a placement (up to \$3 million). The pricing of the capital raising will be fixed over the next few days but will be higher than the volume weighted average price at which the Company's shares have traded on the ASX in the 30 days prior to the date of this announcement.



Gold and Copper Exploration in NSW and South Australia

WPG will continue to explore for gold and copper in NSW and South Australia. A substantial programme of further drilling at the Mulyungarie, Euriowie, Trundle, Cargelligo and Peak Hill East projects is scheduled for the December 2006 quarter.

WPG's directors believe that the acquisition of Southern Iron will diversify and reduce the Company's high risk profile as an explorer while at the same time providing shareholders with continuing and on-going exposure to the upside potential of a significant exploration success in WPG's high quality gold and copper exploration tenement portfolio.

Yours faithfully

Bob Richardson
Independent Director

Gary J Jones
Independent Director

Competent Person

*The review of exploration activities and results contained in this report is based on information compiled by **Mr Gary Jones**, a Member of the Australasian Institute of Mining and Metallurgy. He is Technical Director of the Company 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 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 independent directors, Bob Richardson on 0414 592 080 or Gary Jones on +647 854 0453, or Bob Duffin, Chairman of WPG and director of Southern Iron, on (02) 9247 3232 or 0412 234 684.