



is closed off at the northeastern end. The body may also extend along strike to the southwest beyond the limits of the drilling but is thinner there.

The tenement area has been drilled extensively in the past, on sections generally 100m apart. In 1997, the deposit was estimated to contain an inferred resource of 14Mt of haematite mineralisation at an average grade of 63.2% iron, with a low phosphorus grade of 0.02%.

Western Plains now plans to tighten the density of drilling to better assess the area, in the period from October to Christmas this year. It also aims to move the status of the resource from inferred to measured and indicated, before turning its focus to mine design, and converting the tenement's retention lease into a mining lease.

"We also need to make arrangements for a haul road to connect the mine to the rail link, and rail access and port access agreements need to be locked away."

The project is close to the Stuart Highway, and several key items of infrastructure are already in place. The company will have access to the standard gauge Adelaide-Darwin rail line, giving it a choice of ports – Whyalla in South Australia and Darwin.

"We haven't decided on the rail route as yet. It is one third of the distance between Peculiar Knob and Whyalla as it is to Darwin, but then it is twice as far from Whyalla to Asian ports like Shanghai, than it is from Darwin," Duffin explained.

"So, what we lose on the longer rail line to Darwin, we may make up on the sea-leg from Darwin."

In addition, there have been recent

announcements regarding the construction of haul roads and rail sidings as part of Oxiana's development of the Prominent Hill gold-copper project in the area, and Western Plains believes there is good scope for synergy between the projects.

The company believes another positive factor for the iron ore project is that being located in South Australia, it will not be restricted by the same cost pressures and capacity constraints currently impacting the mining industry in other parts of Australia.

It all adds up to the capital costs for the Peculiar Knob project being low, with Western Plains aiming to bring it into production for less than \$30 million.

Western Plains also has a second iron ore tenement in the area, in Hawks Nest, which is a much larger deposit but expected to deliver smaller tonnage – with iron ore mineralisation in seven separate deposits of varying size and grade.

Assessment to date indicates that Hawks Nest is characterised by a combination of large low-grade primary magnetite banded iron formation (BIF) bodies, restricted zones of higher grade magnetite and high-grade haematite – in particular at the Buzzard prospect.

The company believes there is good potential for the discovery of additional deposits of higher grade DSO mineralisation in the Hawks Nest area, and this will be a priority target for its drilling program over the next year.

Hawks Nest is seen as a potential source of DSO ore for blending with Peculiar Knob ore, and also magnetite deposits for pellet and pig iron export market production, which have the potential to extend the life

of Western Plains' iron ore project.

The next step is for Western Plains to formally acquire Southern Iron.

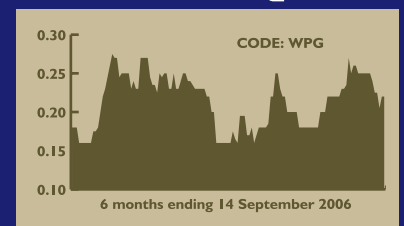
This requires shareholder approval and, along with a proposal to change the company's name to Western Plains Resources, will be dealt with at a meeting of shareholders scheduled for October. It is proposed that Western Plains will acquire Southern Iron through an allotment of 24.2 million Western Plains shares to Southern Iron shareholders, in proportion to their shareholding in Southern Iron.

As for the company's gold and copper activities, it will continue with exploration in NSW and SA, and a substantial program of further drilling is scheduled at the Euriowie, Trundle, Cargelligo and Peak Hill East projects in NSW, and the Mulyungarie project on the SA-NSW border, for the December 2006 quarter.

This will provide shareholders with continued exposure to the potential upside of Western Plains' high quality gold and copper exploration tenements, while the acquisition of Southern Iron will serve the dual purpose of diversifying Western Plains' asset base and reducing its risk profile. **RS**

An ironstone outcrop at the Hawks Nest iron ore tenement in north-west South Australia.

## western plains gold at a glance



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### Directors

Bob Duffin, Gary Jones,  
Robert Richardson

### Market Capitalisation

\$4.3 million (at press time)

### Major Shareholders

Platsearch NL 24.8%  
Irrawaddy Investments 5.9%  
Merrill Lynch (Australia) Nominees  
Pty Ltd 3.6%