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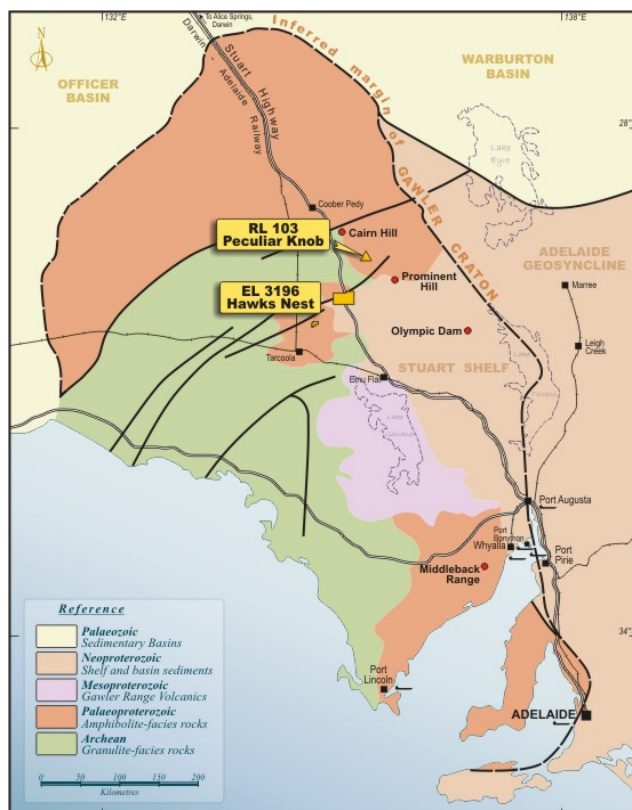
15 January 2007

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

Dear Sirs

RESOURCE DEFINITION DRILLING PROGRAM AT PECULIAR KNOB COMMENCED TODAY

The directors of Western Plains Resources Ltd (**WPG**) are pleased to advise that the resource definition drilling program at the Company's Peculiar Knob direct shipping iron ore (**DSO**) project in South Australia commenced today as anticipated. This \$1 million drilling program forms part of the project's \$1.6 million feasibility study. The feasibility study is scheduled to be completed by the end of June 2007 with the grant of the mining lease expected later this year.



Peculiar Knob is a high grade haematite orebody with very low levels of impurities. The objectives of this 7,900 metre drilling program are to upgrade the status of the existing inferred mineral resource estimate of 14 million tonnes averaging 63.2% iron to the measured and indicated status, to explore for additional tonnage at depth, and to obtain core samples for metallurgical and geotechnical testing.

WPG notes the recent settlement of iron ore prices from the Pilbara for the year commencing 1 April 2007 of US\$1.0264 per dry metric tonne unit for lump and US\$0.8042 per dry mtu for fines FOB, representing increases of 9.5% relative to current prices. At present exchange rates these prices are equivalent to approximately A\$83 per tonne of ore for lump and A\$65 per tonne for fines at Peculiar Knob's resource grade.

On completion of the Peculiar Knob drilling program WPG will commence a 2,300 metre drilling program at its nearby Hawks Nest iron ore project. Hawks Nest contains the Buzzard DSO haematite deposit with a total measured and indicated resource of 6.7 million tonnes at an average grade of 60% iron, together with a number of magnetite deposits referred to below. WPG's review of previous drilling suggests that there is good potential at Hawks Nest to outline additional high grade deposits similar to Buzzard, and the focus of this drilling program will be to explore for DSO deposits in the Kestrel, Kite, Eagle and other prospects. The budget for this program is some \$0.4 million, and is in addition to the Peculiar Knob feasibility study budget.

In addition to the Buzzard DSO deposit and any other DSO prospects discovered in the forthcoming program, the Hawks Nest tenement contains several magnetite deposits which have been drilled out to various levels of detail in the past. Identified mineral resource estimates reported by others for the Hawks Nest magnetite deposits are set out in the following table.

Deposit	Category	Million Tonnes	Fe %	P ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
Kestrel	Measured resource	100	37	0.13	37	0.83	0.58
	Indicated resource	60	36	0.13	38	1.00	0.79
	Inferred resource	60	36	0.13	39	1.05	0.78
	Total resource	220	36	0.13	38	0.94	0.69
Goshawk	Inferred resource	148	35	-	-	-	-
Harrier	Inferred resource	54	35	-	-	-	-
Eagle	Inferred resource	92	31	-	-	-	-
Kite	Inferred resource	30	30	-	-	-	-
Falcon	Inferred resource	25	25	-	-	-	-
Total measured, indicated and inferred		569	35	-	-	-	-

WPG will review existing data on its magnetite deposits with a view to identifying optimal development strategies. The magnetite deposits are thought to be suitable for the production of concentrates, pellets and other forms of value added products. This review will commence during the current quarter.

Yours faithfully



Bob Duffin
Executive Chairman

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 Executive Chairman Bob Duffin, on (02) 9251 1044 or 0412 234 684.