



ASX and Media Release

Transaction documents for the Hawks Nest magnetite JV with WISCO signed

Western Plains Resources Ltd (ASX:WPG) is pleased to advise that WPG and Wugang Australian Resources Investment Pty Ltd, an Australian subsidiary of Wuhan Iron & Steel (Group) Co (**WISCO**) have now executed the full set of transaction document agreements to establish a 50/50 joint venture to complete a feasibility study and, if this is positive, to develop one or more of the 6 known magnetite deposits in the Company's Hawks Nest tenements south of Coober Pedy in South Australia.

The documentation was signed in the cities of Wuhan and Beijing in China. The photo below shows WPG's Executive Chairman Bob Duffin and WISCO's Yin Xiaopeng, General Manager of WISCO's mining division and Chairman of Wugang Australian Resources Investment Pty Ltd, their executive teams and legal advisors at the signing ceremony in Wuhan.



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The agreements are subject to the fulfilment of certain conditions precedent including approvals from the relevant Australian and Chinese government agencies.

The key terms of the contractual agreements as executed are as follows:

- WISCO has agreed to sole fund a minimum commitment of \$25 million to earn a 50% participating interest in the joint venture;
- This amount will be spent on a bankable feasibility study (**BFS**) for the development of one or more magnetite mining and processing operations;
- If after the minimum commitment of \$25 million has been spent the parties agree that further exploration or BFS work is required, or alternatively if the parties agree to commit to project development without further exploration or BFS studies, WISCO will sole fund the next \$20 million without increasing its 50% participating interest in the joint venture;
- If WISCO withdraws from the joint venture after the minimum commitment has been spent, WISCO's participating interest will be diluted on a sliding scale, such that if WISCO's expenditure is capped at \$25 million its participating interest will be reduced to approximately 28%;
- The joint venture will be managed by a jointly owned management company, in which WPG will hold 51% of the shares, will appoint 3 of the 5 directors, and most of the key executives. A paramount principle of the agreements is that WPG will control the management company;
- WISCO will assist WPG to secure funding for WPG's share of the capital expenditure required to bring the project into production;
- WISCO will subscribe for approximately 12.1 million new WPG shares at a price of \$0.25 per share for a total amount of approximately \$3 million, and WISCO will have the right to participate in capital raisings by WPG for the next 2 years so that it maintains a 15% interest in the Company;
- WISCO will be entitled to nominate one suitably qualified person to join WPG's board;
- WISCO will be granted a right to purchase 50% of WPG's share of magnetite concentrate production on arms-length terms; and
- WPG and WISCO will cooperate in relation to the early development of the proposed new iron ore export facility at Port Bonython.

WPG's participating interest in the joint venture cannot be diluted to less than 50%. WISCO can dilute its interest to less than 50%. Under some circumstances, WISCO will be entitled to ownership of more than 50% of the saleable product produced by funding a disproportionate share of the project's capital and operating costs, but WPG's voting rights will not fall below 50%.

Providing WISCO does not withdraw from the joint venture (which it cannot do before it funds its minimum commitment of \$25 million), WPG will not be required to contribute to joint venture funding before WISCO has spent \$45 million.

The agreements relate to WPG's Hawks Nest EL 4248 and MC 3809 (which covers the Kestrel magnetite deposit). WPG's Peculiar Knob and Buzzard DSO haematite deposits covered by ML 6314 and MC 3810 respectively do not form part of this new joint venture. WPG is free to deal with these DSO deposits as it sees fit.

An early focus of the joint venture will be directed towards securing an adequate water supply for the project.

The locations of the Hawks Nest tenements and current mineral resource estimates were shown in WPG's ASX release of 4 May 2009.

The final agreements are dated 11 June 2009.

WPG understands that WISCO's applications to Australia's Foreign Investment Review Board and China's National Development and Reform Commission will be lodged shortly. Because the Hawks Nest tenements lie within the Woomera Prohibited Area, a parcel of land covering some 127,000 square kilometres in South Australia that is used for the testing of war materials by the Australian and allied defence forces, approval of the transaction by the Department of Defence will be required. WPG has briefed Defence on the transaction, and WPG and WISCO have sought to address Defence's concerns in the way the transaction has been structured. However at this stage WPG can give no guidance as to whether Defence or the Commonwealth will approve the transaction.

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 Company Secretary on (02) 9247 7359 or 0419 473 925.