

ASX and Media Release

Drilling results and analyses confirm pedigree of Penrhyn coal project

Western Plains Resources Limited (ASX:WPG) has now received all coal analyses from the drilling program at Penrhyn that commenced in March 2010 and is pleased to advise that the potential of the project has been enhanced by this work.

The location of Penrhyn is shown in Figure 1.

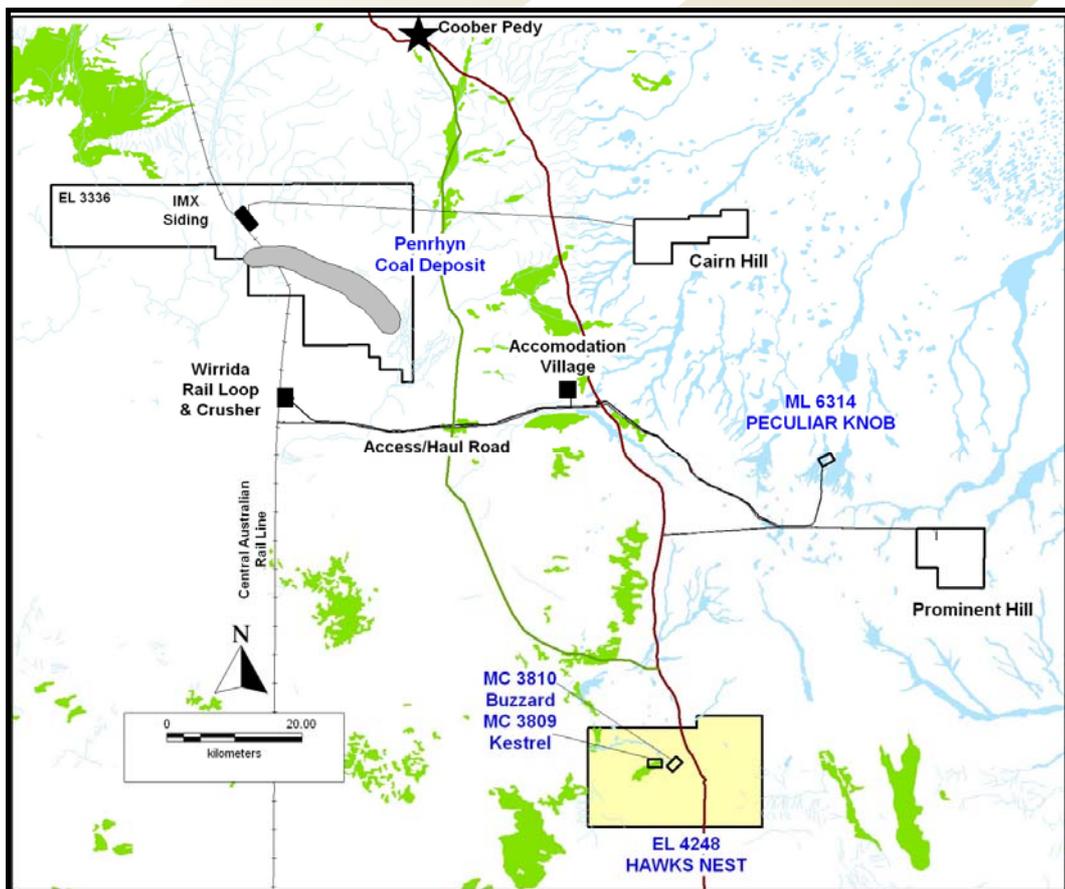


Figure 1
Location of the Penrhyn Coal Project

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Penrhyn is 40 kilometres south west of Coober Pedy in South Australia and is just 20 kilometres from the proposed haul road from the Company's flagship Peculiar Knob DSO iron ore mine to the Wirrida rail siding, as shown in Figure 1. WPG holds an option to purchase Penrhyn from Stellar Resources Limited.

Background

Penrhyn was discovered in 1995 as part of the South Australian Exploration Initiative and was later explored by the South Australian Steel and Energy (SASE) joint venture. It lies within the Permian Mt Toondina Formation of the Arckaringa Basin and its coal quality is generally similar to other Arckaringa Basin coals. Previous drilling has shown it occupies a trough that is about 25 kilometres long by 5 kilometres wide. The deposit contains up to six major and several minor and relatively flat lying sub-bituminous coal seams up to about 5 metres thick, with a cumulative thickness up to 15.5 metres. The Permian sequence is covered by 60 to 70 metres of Eromanga Basin sediments and a thin soil profile.

The plan of the deposit and a long section from past work are shown in Figure 2. Note that the vertical scale is exaggerated in this drawing.

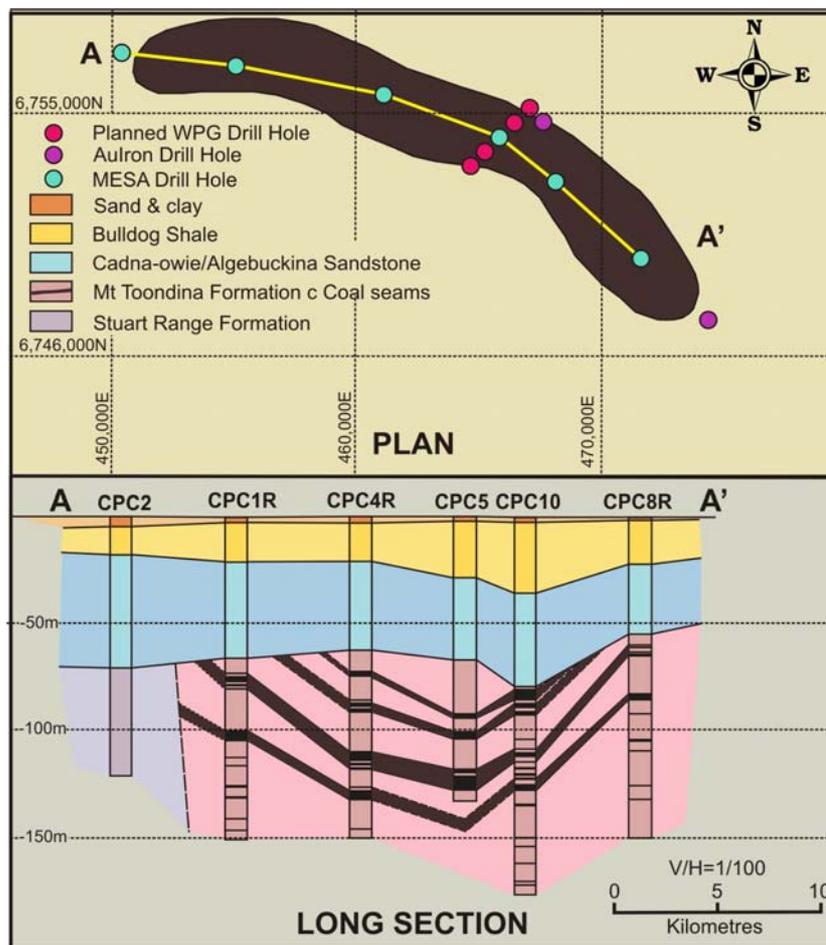


Figure 2
Plan and Long Section of the Penrhyn Coal Deposit

WPG's Drilling Program

WPG drilled four cored holes across the structure commencing in March 2010.

The best results were obtained in hole PCWP-001 that was sited in the central part of the basin 1 kilometre southwest of hole CPC5 previously drilled by PIRSA (formerly MESA). Six seams for a total coal thickness of ~10 metres were intersected within the Permian Mt Toondina Formation between depths of 72.93 and 121.02 metres. A number of other thin seams (less than 30 centimetres) were also intersected. The hole was completed at 150 metres.

A cross section through the drilling traverse is shown in Figure 3.

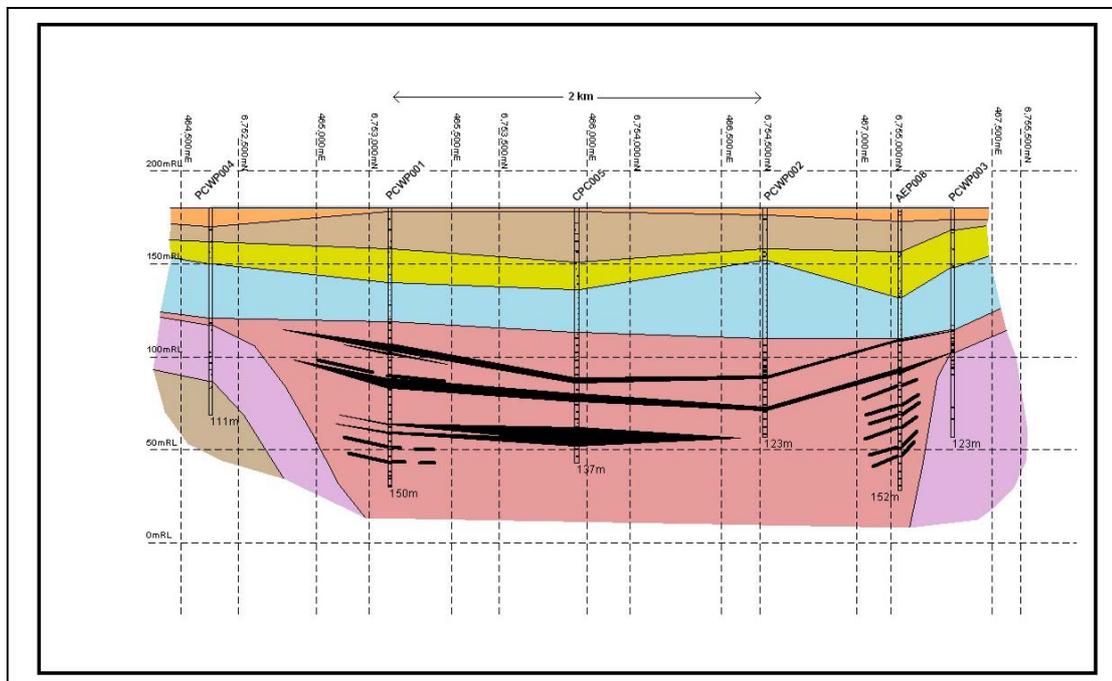


Figure 3
Cross Section through the Penrhyn Coal Deposit

This drill section showed that the main seams are continuous across the basin, as well as along its length.

Coal Quality

Eighteen coal samples and sixteen roof and floor samples were submitted for coal, roof and floor quality testwork. Coal samples have been tested for thermal and other quality characteristics including total sulphur, chlorine and sodium.

The results of this testwork on the coal intersections are set out in the table on the following page. The characteristics of Penrhyn coal suggest it is suited for use in a variety of applications but particularly as a feedstock to plants using one of the emerging clean coal technologies.

PENRHYN COAL SAMPLES ANALYSIS RESULTS

HRL Sample ID CMM/10/0250 No.	Sample Description	Total Moisture (%)	Inherent Moisture* (%)	% dry basis							Gross Dry Calorific Value (MJ/kg)	Relative Density (on air dried sample)	Air Dried Moisture (%)	Relative Density (Dry basis)	Raw Coal Density (g/cm ³)
				Ash yield	Volatile Matter	Fixed Carbon	Acid Extractable Na	Sulphur	Chlorine						
2	PCWP-001 Seam 1 Ply1	24.6	8.0	59.3	19.9	20.8	1.0	0.5	1.2	10.6	1.86	10.9	2.08	1.576	
3	PCWP-001 Seam 1 Ply2	19.8	5.5	72.2	15.5	12.3	0.8	0.3	1.1	6.3	2.06	8.6	2.29	1.741	
4	PCWP-001 Seam 1 Ply3	28.9	11.1	35.6	32.7	31.7	1.2	0.9	1.7	19.1	1.56	14.5	1.73	1.364	
5	PCWP-001 Seam 1 Ply4	34.7	15.0	10.9	44.1	45.0	2.0	1.5	2.3	27.6	1.36	17.9	1.48	1.209	
8	PCWP-001 Seam 2 Ply1	32.3	13.9	20.3	39.8	39.9	2.0	0.7	2.3	22.9	1.46	12.0	1.55	1.266	
11	PCWP-001 Seam 3 Ply1	35.0	14.3	15.1	38.3	46.7	3.6	0.7	2.7	25.5	1.44	15.2	1.56	1.243	
14	PCWP-001 Seam 4 Ply1	18.5	10.8	41.1	30.3	28.6	1.3	0.6	2.0	17.0	1.62	13.2	1.79	1.492	
15	PCWP-001 Seam 4 Ply2	23.7	17.0	10.3	42.6	47.1	2.4	0.8	2.9	27.4	1.34	22.1	1.49	1.26	
16	PCWP-001 Seam 4 Ply3	36.6	15.9	9.8	41.5	48.7	2.5	1.0	3.1	27.5	1.38	17.4	1.50	1.207	
17	PCWP-001 Seam 4 Ply4	36.2	16.3	8.7	42.8	48.6	2.5	0.7	3.1	27.9	1.34	20.5	1.47	1.203	
18	PCWP-001 Seam 4 Ply5	35.9	17.2	10.4	44.1	45.5	2.7	1.0	3.0	27.7	1.34	19.5	1.46	1.204	
21	PCWP-001 Seam 5 Ply1	34.2	16.8	14.3	44.6	41.1	2.3	1.8	3.2	26.9	1.35	23.1	1.50	1.221	
24	PCWP-001 Seam 6 Ply1	21.1	8.7	43.3	32.2	24.5	1.2	1.0	1.9	17.2	1.59	13.9	1.76	1.457	
27	PCWP-002 Seam 1 Ply1	27.1	10.9	45.3	26.0	28.7	1.4	1.5	2.0	15.6	1.84	16.4	1.88	1.464	
28	PCWP-002 Seam 1 Ply2	31.9	13.7	29.5	33.2	37.3	2.1	1.8	2.5	21.2	1.46	22.1	1.68	1.328	
31	PCWP-002 Seam 2 Ply1	35.1	17.1	11.7	41.8	46.5	2.5	0.7	3.1	26.8	1.33	26.7	1.51	1.228	
32	PCWP-002 Seam 2 Ply2	35.9	19.3	9.4	44.2	46.4	2.8	0.7	3.5	28.1	1.29	28.9	1.47	1.199	
33	PCWP-002 Seam 2 Ply3	35.4	16.9	12.6	44.4	43.0	2.4	1.1	3.1	27.2	1.32	25.5	1.48	1.211	

* Inherent moisture was determined on separate analysis sub samples which were dried at 40°C for 3 hours and left to air dry at ambient temperature for 5 days.

Preliminary Coal Washing Tests

The sodium and chlorine concentrations in some of the samples shown in the table are relatively high.

Previous work suggests that this is due to the high saline content of the groundwater and not an inherent property of the coal itself.

To check this, selected samples were submitted for washing tests. In the first series of tests, finely ground dried coal was washed in copious quantities of hot water (fine coal test) and in the second series of tests, coarse raw coal was washed with a small ratio of cold water to coal (coarse particle test).

Results showed that similar amounts of sodium were extracted by both water washing methods, but more chlorine was extracted in the coarse particle tests. In addition, ash yield reductions of the washed coal ranged from around 10% to up to 55% of the original ash values. An increase in calorific value could be expected also, but not enough testwork has been done to quantify this.

The results of the water washing testwork clearly show that water washing is an effective means of salt removal. With optimisation, it will be possible to improve salt removal and water consumption. Such a process could be coupled with density separation of ash to further reduce the ash yield and increase the calorific value of the washed coal.

Comparison with Lake Phillipson

Penrhyn's coal quality, seam number and thicknesses and depth of overburden are generally similar to that of the Lake Phillipson coal deposit that is about 20 kilometres to the southwest, near the Wirrida railway siding where WPG intends to construct its rail loading loop.

Lake Phillipson is presently the subject of a \$39.3 million takeover offer, with a further deferred consideration payable if future exploration is successful.

There is a JORC compliant resource estimate available for Lake Phillipson but not yet for Penrhyn, due to the sparse nature of the drilling to date. However Lake Phillipson lies within the Department of Defence's *Core Area of Operations* within the Woomera Prohibited Area, and Penrhyn does not. Exploration access to Penrhyn is available pursuant to a Deed of Access with Defence, while access to Lake Phillipson is currently unavailable.

Further Drilling

WPG has designed a drilling program with an exploration target of 100 million tonnes of coal contained within the two main seams only.

This exploration target is based on the drill hole and coal quality data currently available and is conceptual in nature. At this stage, there has been insufficient exploration to define a coal resource, and it is uncertain if this exploration will result in the determination of a coal resource.

The area to be drilled is shown in Figure 4. Holes will be drilled on a 1 kilometre by 500 metre grid. They will be a mix of open and cored holes.

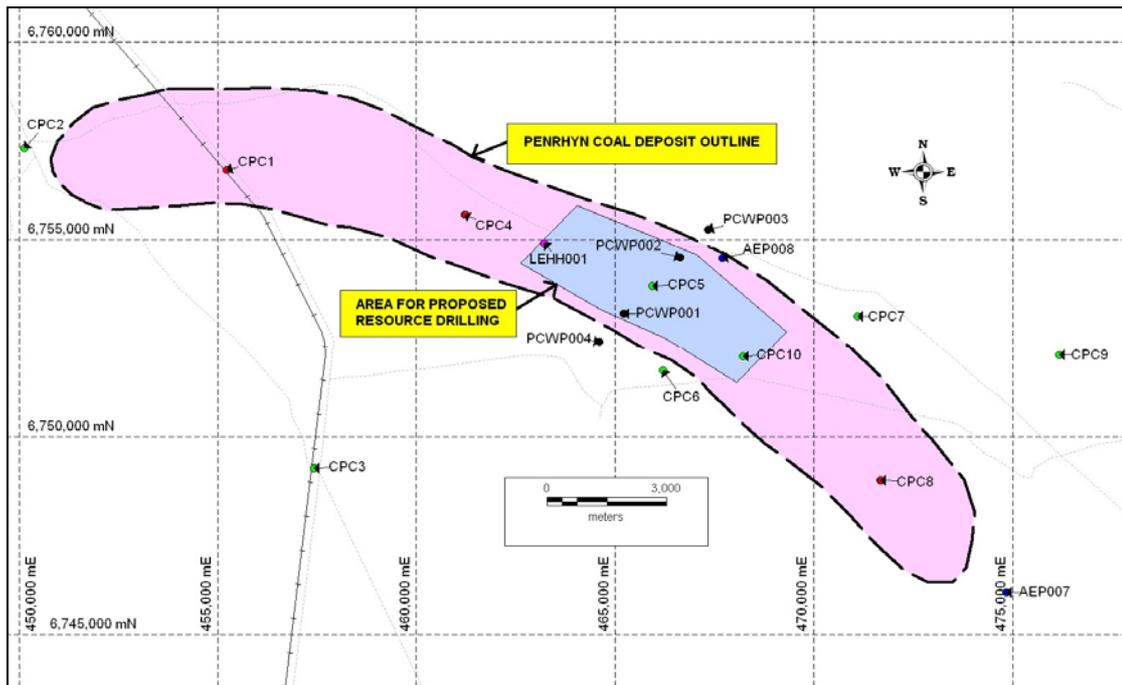


Figure 4
Proposed Drilling Program at Penrhyn

The area shown for detailed drilling in Figure 4 represents approximately 20% of the area of the surface projection of the coal deposit's outline. There is potential to increase the exploration target tonnage of the entire deposit by a large factor if the drilling program is successful.

Competent Person

The review of exploration activities and results for the Penrhyn coal deposit 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 a senior geologist with Geonz Associates Limited, and a director of the Company. He has sufficient experience which is relevant to the style 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 announcement of the matters based on his information in the form and context in which it appears.

Further Information

For further information please contact Bob Duffin, WPG's Executive Chairman on 02 9247 3232 or 0412 234 684 or Heath Roberts, Executive Director and General Counsel on 02 9247 7359 or 0419 473 925.