

ASX and Media Release

Quarterly activities report September quarter 2010

HIGHLIGHTS

- ❖ Deutsche Bank has been mandated to provide a US\$120 million funding package for the development of the Company's flagship Peculiar Knob direct shipping iron ore project south east of Coober Pedy.
- ❖ The Peculiar Knob bankable feasibility study has been updated and finalised, which has resulted in a small increase in mineral resource and ore reserve tonnage estimates, with a small increase also in Fe grades.
- ❖ The miscellaneous purposes licences and extractive mineral leases for the construction of the Peculiar Knob haul road, accommodation village and rail loading loop and crushed site have been granted by PIRSA.
- ❖ The contract for the sale by LMC, a State Government agency, and purchase by WPG of land in Port Pirie for the construction of the Company's ore receival, storage and loading facility has been received from the vendor.
- ❖ The Development Application for the Port Pirie facility has been prepared and is scheduled to be lodged in November.
- ❖ Access deeds have been signed with the Commonwealth for the Mt Brady and Windy Valley tenements, and the Commonwealth's access deed for the Stafford borefield at Hawks Nest is being finalised.
- ❖ WPG has exercised its option to acquire the Penrhyn coal project.
- ❖ The Hawke Review of the Woomera Prohibited Area has published submissions it received (other than those, like WPG's, that were requested to be treated as commercial-in-confidence) and an interim report is expected to be released in November.

29 October 2010



ABN 51 109 426 502
Level 9, Kyle House
27-31 Macquarie Place
Sydney NSW 2000
Telephone (+612) 9251 1044
Facsimile (+612) 9247 3434
info@wpgresources.com.au
www.wpgresources.com.au

CORPORATE

Project Funding Mandate – Peculiar Knob development

WPG has mandated Deutsche Bank AG, Sydney Branch, to provide a US\$120 million funding package for the development of the Company's flagship Peculiar Knob DSO iron ore mine south east of Coober Pedy in South Australia.

The proposed facility consists of:

- senior secured loan notes of US\$70 million with detachable warrants; and
- a senior secured prepayment of iron ore in the amount of US\$50 million.

Both elements of the facility are conditional on a number of approvals including:

- credit approval;
- satisfactory due diligence;
- approval by PIRSA of the Company's Mining and Rehabilitation Plan (MARP) for the project; and
- approval under s49 of the *Development Act 1993* of the iron ore receipt, storage and out-loading complex that the Company proposes to build at Port Pirie.

The facility is also subject to a number of conditions precedent normal to this type of mandate and until these are satisfied there is a prospect that the funding proposal may not proceed to financial close.

The loan notes, which will be drawn down in two tranches, will attract interest at the rate of 8% per annum and will mature 3.5 years after financial close. The detachable warrants, which will total 6% of WPG's ordinary shares on issue at financial close, will be issued for no consideration and will be exercisable at a premium of 30% to WPG's VWAP at financial close.

The Company will repay the second component of the facility by the physical delivery of approximately 526,000 tonnes of iron ore fines landed at the port of Tianjin, China. Deliveries will be made each six months commencing in June 2012 and ending in December 2013. In addition, Deutsche Bank will purchase a further 1.1 million tonnes of iron ore fines at market clearing rates at the time, during the period from June 2012 to December 2016.

SOUTH AUSTRALIAN PROJECT ASSETS

The locations of the Company's South Australian project assets are shown in Figure 1. This map shows the Company's granted tenements and also those either under application or subject to an acquisition option held by WPG and its subsidiaries.

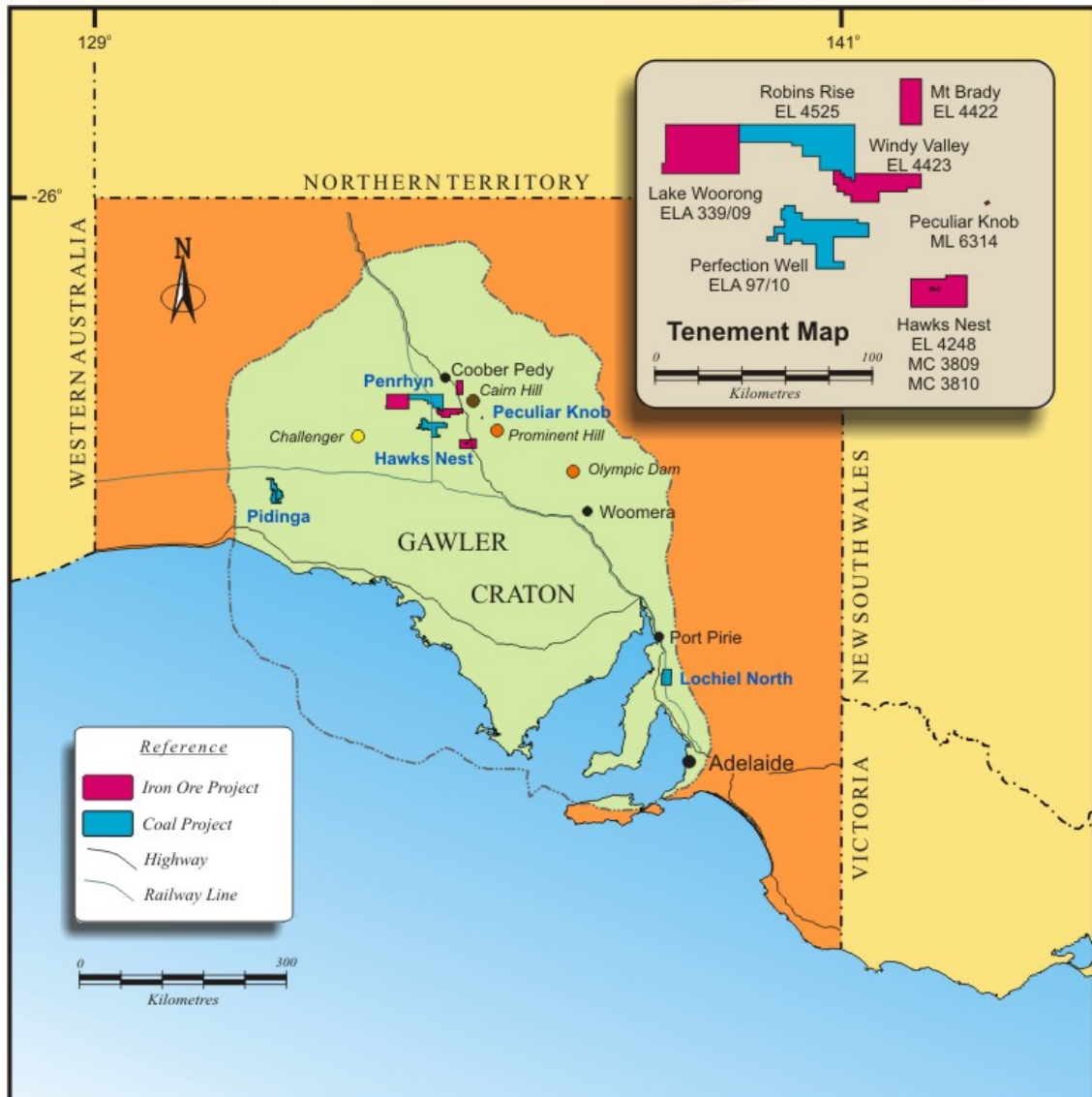


Figure 1
Location of WPG's Project Assets in South Australia

SOUTH AUSTRALIAN DSO IRON ORE PROJECT

WPG's direct shipping (**DSO**) iron ore projects in South Australia lie on the Peculiar Knob mineral lease, ML 6314 and on the Buzzard mineral claim MC 3810 at Hawks Nest. MC 3810 is covered by a Retention Lease application. WPG holds its interests in all these tenements through its 100% owned subsidiary Southern Iron Pty Ltd.

The locations of these tenements and the infrastructure required to enable the development of the Peculiar Knob deposit are shown in Figure 2.

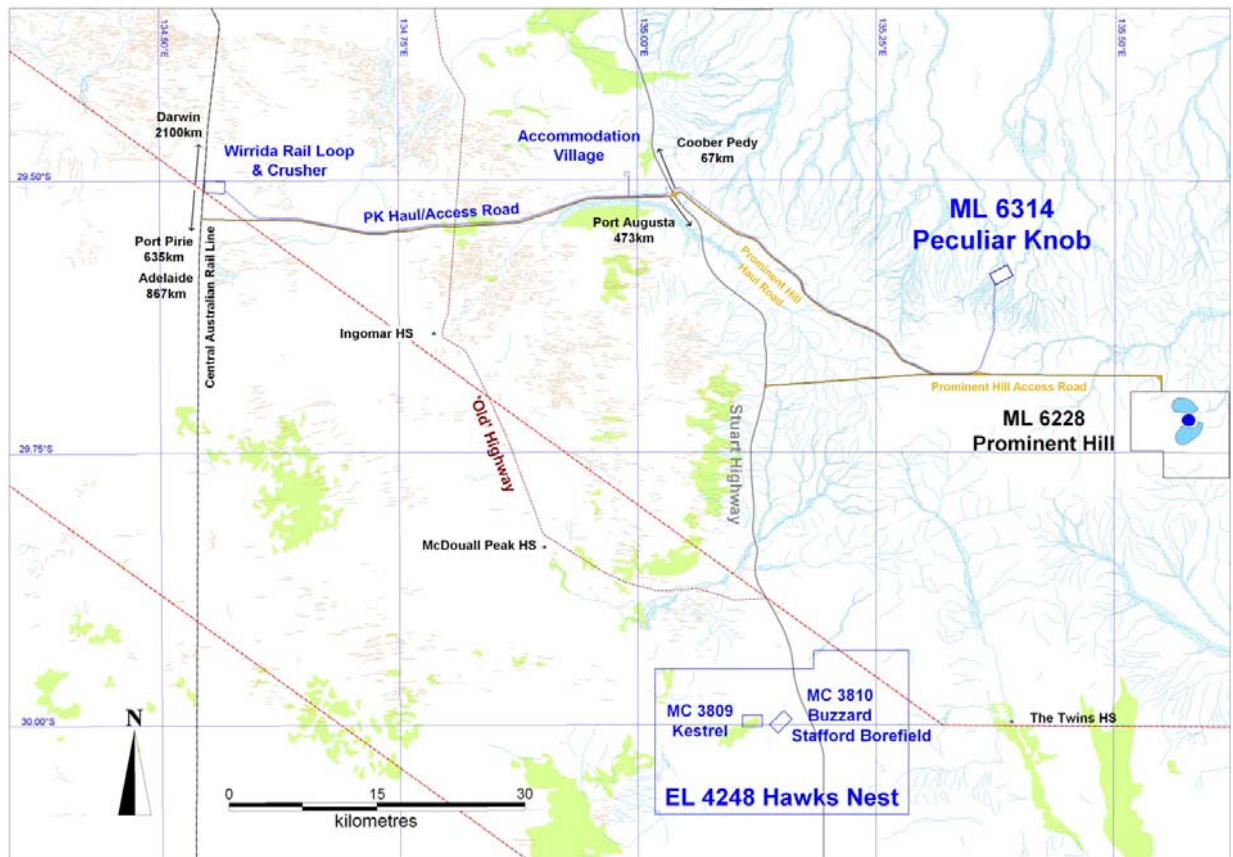


Figure 2
Peculiar Knob Tenement Locations and Proposed Infrastructure

Peculiar Knob feasibility Study

WPG refreshed its bankable feasibility study for the development of Peculiar Knob during the quarter. A summary of the results of the BFS were released in the Company's announcements to the ASX of 7 and 25 October 2010.

Mineral resource and ore reserves estimates

The revised mineral resource and ore reserve estimates are set out in the following two tables.

Identified Mineral Resource Estimates, Peculiar Knob

Category	Million Tonnes	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %
Measured resource	13.6	64.0	0.01	7.11	0.27	0.4
Indicated resource	4.1	63.8	0.02	7.69	0.20	0.4
Inferred resource	1.5	64.6	0.03	6.15	0.20	0.3
Total resource	19.2	64.0	0.01	7.16	0.25	0.5

Ore Reserve Estimates

Category	Million Tonnes	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	LOI %
Proved ore reserve	13.5	63.2	0.01	8.21	0.35	0.5
Probable ore reserve	3.2	63.2	0.02	8.59	0.28	0.4
Total ore reserve	16.7	63.2	0.01	8.28	0.34	0.4

Development timetable

The Company's timetable of committing to project development at Peculiar Knob this year and bringing production on stream late next year remains on track.

Permitting

Peculiar Knob is almost fully permitted and ready for development.

The status of key permits and approvals is as follows:

- Mining lease – granted;
- Native title mining agreement – executed;
- Department of Defence: mining access agreement for mine development, haul road, accommodation village, rail loader and crusher – executed;
- Access and compensation agreements with pastoralists – signed;
- Authorities to build infrastructure on all third party exploration licences – signed;
- Stafford borefield – licensed by Department for Water;
- Extractive mineral leases for haul road construction material and miscellaneous purposes licences for haul road, accommodation village, rail loader and crusher site – offered by PIRSA and terms accepted by WPG;
- Mining and rehabilitation plan – drafted and awaiting feedback from Commonwealth pursuant to the *Environment Protection and Biodiversity Conservation Act 1999*; and
- Port Pirie development application – drafted and awaiting feedback from regulators on key points.

Port Pirie

WPG met with Port Pirie the community on 4 September to further explain the Company's proposed operations in Port Pirie. Feedback from residents has been taken into account and key elements have been incorporated into the Development Application, which is expected to be in November.

Contracts awarded

WPG has let the following contracts for project development:

- Consultant engineers: overall project design – Como Engineers Pty Ltd;

- Design of haul road underpass under Stuart Highway and peer review of haul road design – Parsons Brinckerhoff; and
- Preparation of Development Application for Port Pirie capital works – Sinclair Knight Mertz.

Contracts now at tender

Tenders received for the design and construction of the ore storage facility at Port Pirie are now under review.

Preferred tenderers

Preferred tenderer status has been awarded as follows:

- Road haulage, crushing and screening of ore, rail loading at Wirrida, rail unloading and management of Port Pirie ore storage facility – BIS Industrial Services Pty Ltd;
- Rail haulage – Genesee and Wyoming Australia Pty Ltd; and
- Transshipment operations – CSL Australia Pty Ltd.

WPG notes that these three companies operate similar contracts for these services at the iron ore business in Whyalla. They are therefore well established in South Australia's Iron Triangle region.

Requests for proposals

Submissions have been received and are now being assessed from mining contractors and WPG is progressing negotiations with a short list of two companies.

Requests for proposals have been prepared for:

- Accommodation village construction;
- Catering services;
- Fly-in, fly-out air services; and
- Haul road construction.

Iron Ore Sales

WPG has entered into MOU agreements with potential customers for the sale of iron ore beginning in late 2011. WPG intends to negotiate binding offtake contracts next year.

Technical Activities

Petrology

Detailed petrological examinations were completed on fifteen samples from the recent core drilling during the quarter. Samples comprised wall rock (from both the foot wall and hanging wall) and massive hematite. Results of this study confirmed the macro lithological descriptions used by WPG's geological consultants in the detailed logging of diamond core and RC percussion chips.

Interpretation of the textures and mineralogy confirmed that the dominant massive hematite “ore” is largely a metasomatic pseudomorphic replacement of magnetite.

Exploratory water drilling

Sites for four additional exploratory water test holes in the vicinity of the planned accommodation village were pegged during the quarter and a drilling contract has been let for this work. Indigenous heritage site clearances were completed and drilling is scheduled to commence mid-way through the December quarter.

SOUTH AUSTRALIAN MAGNETITE PROJECT

The Company’s magnetite project in South Australia lies on the Hawks Nest exploration licence EL 4248 and the Kestrel mineral claim MC 3809, both of which are subject to the WISCO joint venture. MC 3809 is covered by a Retention Lease application. These tenements are owned by Southern Iron Pty Ltd. Hawks Nest lies within the Core Area of Operations of the WPA.

No technical work was conducted on this project during the quarter, but a program of rehabilitation of drill site was completed..

Commonwealth Government Review of the Woomera Prohibited Area

The Commonwealth Government’s review of WPA releases a number of open-file submissions it received during the quarter.

WPG understands that the Review will report to the Commonwealth before 30 December 2010, and that an interim report will be released in early November.

WPG is convinced that mining and Defence activities can coexist within the WPA.

NORTHERN GAWLER CRATON EXPLORATION PROJECT

Mt Brady Windy Valley

Exploration licences EL 4422 Mt Brady and EL 4423 Windy Valley cover zones of complex magnetic character that indicate potential for banded iron formation, DSO haematite iron ore deposits and IOCG deposits akin to Prominent Hill.

The planned program of ground magnetic and gravity surveying is nearing completion. These surveys are designed to cover the main elements of the Mt Brady prospect where drilling by previous explorers intersected significant intervals of anomalous copper and rare earth element mineralisation associated with magnetite skarn and other high temperature alteration assemblages.

SOUTH AUSTRALIAN ENERGY COAL PROJECTS

WPG's South Australian energy coal projects consist of its option to acquire the Penrhyn coal deposit, its applications for three new coal exploration tenements at Perfection Well and Pidinga that were lodged in the March quarter, and a new application lodged during the June quarter at Lochiel North near Port Pirie. These assets are held by the Company's 100% owned subsidiary, Southern Coal Holdings Pty Ltd ("SCH").

Penrhyn Coal Project

WPG through SCH exercised its option to acquire EL 4525 Robins Rise and ELA 339/09 Lake Woorong during the quarter. These adjoining tenements cover an area of 1,707 square kilometres and are situated 45 kilometres south of Coober Pedy close to the Company's iron ore projects and proposed infrastructure facilities. EL 4525 is a flow on tenement covering the same area as the previous EL 3336 and was granted by PIRSA in late June.

Perfection Well Coal Project

A regional evaluation of the Arckaringa basin coal measures carried out for the Company last year identified an area south of the Lake Phillipson and Penrhyn deposits with exploration potential. WPG through SCH has applied for a new tenement, ELA 97/10, at Perfection Well.

WPG considers there is good exploration potential for the discovery of additional coal deposits within the Arckaringa Basin sediments that underlie this tenement. This tenement lies within the Core Area of Operations ("COA") of the WPA and granting is likely to be deferred pending the outcome of the Hawke review.

Pidinga Coal Project

SCH also has lodged two applications for contiguous exploration licences in the Pidinga region of South Australia. ELAs 63/10 Pidinga and 90/10 Talacootra cover a combined area of 501 square kilometres and contain known lignite deposits of Middle Eocene age that occur in the Pidinga Formation along the eastern margin of the Eucla Basin and in adjacent palaeodrainage channels. Grant of exploration licences in satisfaction of the Pidinga applications is still pending.

Lochiel North Coal Project

During the quarter WPG through SCH lodged an application for an exploration licence at Lochiel North 80 kilometres south of Port Pirie and within 5 kilometres of the Adelaide – Port Pirie railway line.

ELA 185/10 is situated in the Lochiel region 150 kilometres north of Adelaide. The tenement application covers an area of 374 sq km and includes most of the Snowtown coal deposit, one of five deposits outlined within the large Northern Saint Vincent Basin. Several seams are present within the Snowtown deposit with a maximum cumulative thickness of 8.4 m within a coal measures sequence that is up to 40 m thick. In places where the coal is best developed the upper seam is up to 6.8 m thick and is underlain by several thinner seams.

Competent Persons

The review of exploration activities and results and the Peculiar Knob resource estimates 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 Technical Director of Western Plains Resources Limited 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 in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The ore reserve estimate for the Peculiar Knob deposit contained in this presentation is based on information compiled by Mr John Wyche, a Member of the Australasian Institute of Mining and Metallurgy. He is an employee of Australian Mine Design and Development Pty Ltd. 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). John Wyche has consented in writing to the inclusion in this presentation 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) 9247 3232 or 0412 234 684, or Heath Roberts, Executive Director and General Counsel on (02) 9247 7359 or 0419 473 925.