

ASX and Media Release

Commonwealth confirms mining and Defence activities can coexist in WPA

As widely reported in the media, the Commonwealth yesterday released the final report (Report) of its enquiry into mining and military activities in the Woomera Prohibited Area (WPA) in South Australia.

Defence Minister Smith and Resources Minister Ferguson have said the Commonwealth endorses the recommendations of the Report, which was prepared by Dr Alan Hawke AO.

The 96 page Report can be downloaded by following prompts to the Woomera Review on the Department of Defence's website.

The WPA will be broken into three zones to known as the Red, Amber and Green Zones. Mining will be allowed in the Green and Amber Zones but not in the Red Zone. The Amber Zone will be further sub-divided into two sub-zones – that part to the east of the Stuart Highway, and that part to the west. Time sharing will be introduced in the Amber Zone with Defence having the right to ask miners to evacuate the sites for set periods. This will allow for campaign mining in those zones. National security concerns will be addressed through agreed access conditions to be negotiated with Defence and investment decisions in accordance with Foreign Investment Review Board guidelines.

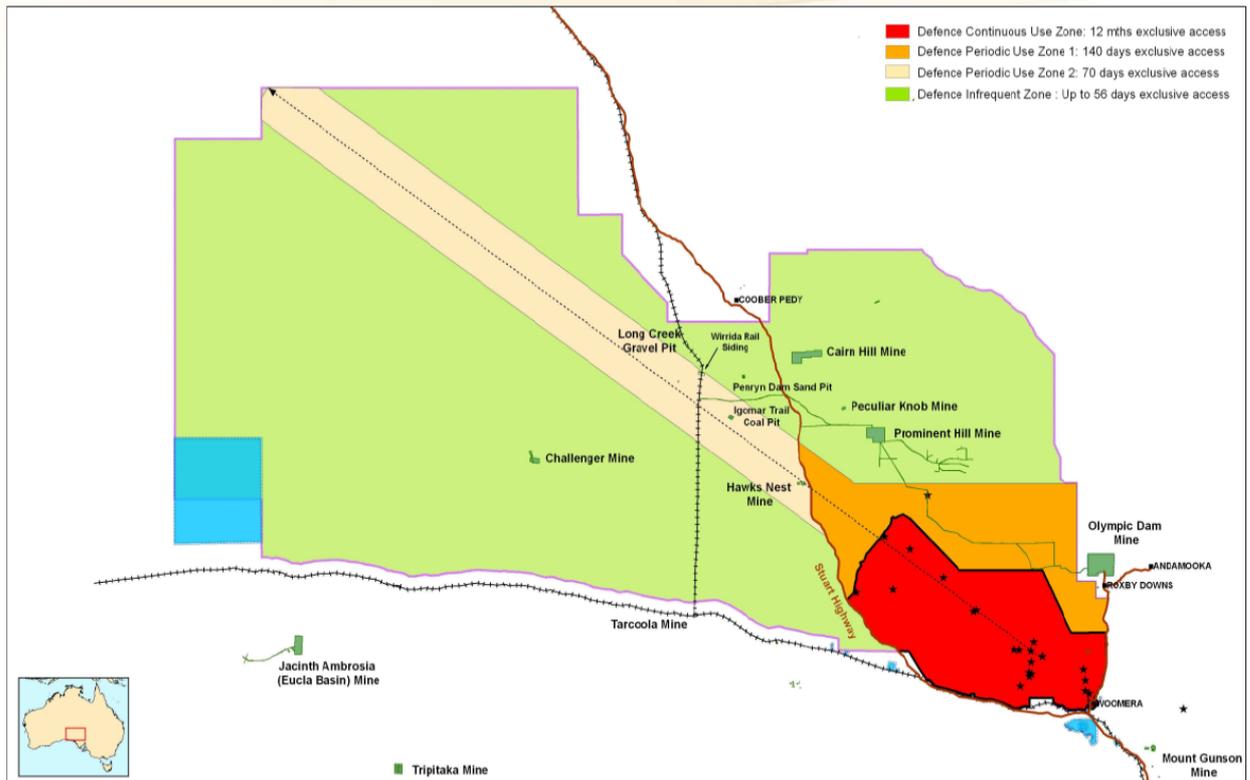
A map showing the locations of the zones and sub-zones is included on the following page. This map has been taken directly from the Report.

The adoption of the Report's recommendations will allow for mining to proceed at WPG's Hawks Nest exploration licence project area, which lies in western part of the Amber Zone. As soon as the new administrative arrangements are clarified, WPG will proceed to lodge applications for mining and associated tenements at Hawks Nest so that the direct shipping iron ore (DSO) deposits there can be brought into production to supplement production from WPG's flagship Peculiar Knob DSO project, which is in the Green Zone. This expected to extend the life of the combined mining project to more than 10 years on current reserves.

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The new regime should also allow WPG's Hawks Nest magnetite joint venture with Wugang Australian Resources Pty Ltd (WISCO), a subsidiary of China's third largest steel mill, to proceed. WPG expects to implement whatever changes are now required (if any) to the joint venture transaction documents that have already been fully executed by the parties in order for the joint venture to meet the new guidelines.

WPG's Penrhyn coal project, like Peculiar Knob, lies in the Green Zone. None of WPG's tenements lie in the Red Zone.

The mineral resource and ore reserve estimates and the exploration targets for WPG's DSO and magnetite iron ore and coal project assets have been disclosed in many of the Company's ASX releases, as recently as in the presentation made to the SAREIC conference that was released on 3 May 2011. The key terms of the Hawks Nest magnetite joint venture have also been disclosed many times, again as recently in yesterday's conference presentation.

WPG looks forward to working with all stakeholders including the Commonwealth and State governments so that the mineral wealth of the WPA can be exploited, to the benefit of all Australians. WPG has always held the view that mining and military activities inside the WPA can coexist.

Further Information

For further information please contact Bob Duffin, WPG's Executive Chairman on 02 9247 3232 or 0412 234 684.