
Western Plains inks transaction documents with WISCO

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Australian Business News reported that Western Plains Resources Ltd and Wugang Australian Resources Investment Pty Ltd, an Australian subsidiary of Wuhan Iron & Steel Co have executed transaction document agreements to establish a 50/50 joint venture to complete a feasibility study and, if positive, to develop one or more of the six known magnetite deposits in WPG Hawks Nest tenements south of Coober Pedy in South Australia.

The full set of documentation was signed in the cities of Wuhan and Beijing in China. The agreements are subject to fulfilment of certain conditions precedent including approvals from the relevant Australian and Chinese government agencies.

WISCO has agreed to sole-fund a minimum commitment of USD 25 million to earn a 50% participating interest in the joint venture. This amount will be spent on a bankable feasibility study for the development of one or more magnetite mining and processing operations.

If after the minimum commitment of USD 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 USD 20 million without increasing its 50pc participating interest in the joint venture.

WISCO will assist WPG to secure funding for WPG's share of the capital expenditure required to bring the project into production. It will subscribe for 12.1 million WPG shares at 25c each for a total amount of USD 3 million and WISCO will have the right to participate in capital raisings by WPG for the next two 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 and it will be granted a right to purchase 50% of WPG's share of magnetite concentrate production on arms-length terms.

(Sourced from Australian Business News)

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