

Western Plains Resources Ltd

ABN 51 109 426 502

(formerly Western Plains Gold Ltd)

Half-Year Financial Report

31 DECEMBER 2006

CORPORATE DIRECTORY

Western Plains Resources Ltd

ABN 51 109 426 502

(formerly Western Plains Gold Ltd)

DIRECTORS

Robert H Duffin
Gary J Jones
Robert L Richardson
Heath L Roberts

SECRETARY

Heath L Roberts

REGISTERED AND ADMINISTRATION OFFICE

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AUDITORS

Barnes Dowell James

BANKERS

Westpac Banking Corporation

STOCK EXCHANGE LISTING

Listed on Australian Stock Exchange Limited
ASX Code: WPG

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2006.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert H Duffin, BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM, CP (Executive Chairman)

Heath L Roberts Dip. Law (SAB), Dip Leg. P (UTS) (appointed Managing Director 26 October 2006)

Gary J Jones, BSc, MAusIMM, MASEG (Director, Technical)

Bob Richardson, BSc, BE (Hons), MAusIMM, MASEG (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half-year was a loss of \$912,622 (2005 - \$85,900).

The principal continuing activity of the Company is mineral exploration for economic deposits of gold, copper and other base metals and iron ore.

During the half-year the Company continued an active exploration program over its existing project areas and also reviewed a number of potential new project acquisitions. Exploration was carried out on existing projects located in the Lachlan Fold Belt region of New South Wales and the Broken Hill region of New South Wales (and South Australia).

During the half-year the Company acquired all the issued capital in Southern Iron Pty Ltd (Southern Iron), a private company which had acquired the Peculiar Knob and Hawks Nest iron ore projects located in South Australia. These project areas cover advanced stage iron ore projects, in particular the Peculiar Knob high grade, haematite project and the Hawks Nest magnetite project. Southern Iron was a company associated with the Company's Chairman, Bob Duffin. As a result, the acquisition of Southern Iron was the subject of an independent expert assessment/opinion and was approved by shareholders at a General Meeting held in late October 2006.

On completion of the Southern Iron acquisition, the Company issued 24,222,222 fully paid ordinary shares to the shareholders of Southern Iron. In addition, the Company carried out a fundraising in the half year, comprising a 15% placement (issue of 3,833,000 shares at 20 cents per share to raise \$766,600 and an underwritten, \$2 million Share Purchase Plan (SPP) offer to existing shareholders, resulting in the issue of 10 million shares at 20 cents per share.

The Company has let a major contract for resource drilling at Peculiar Knob and Hawks Nest which commenced in mid January 2007 and has also commenced feasibility studies into the development of the Peculiar Knob resource. Additional exploration drilling is underway at the Trundle, Lake Cargelligo and Euriovie projects.

FINANCIAL

The Company carried out a fund raising in the half year, details of which are summarised above. The funds raised are being used to provide additional working capital to advance the Peculiar Knob and Hawks Nest iron projects and for ongoing exploration of the Company's existing projects as set out in the Company's Prospectus dated 3 March 2005.

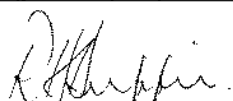
SUBSEQUENT EVENTS

The directors are not aware of any significant changes in the state of affairs of the Company occurring since the end of the half-year.

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration of our auditor is on page 12 and forms part of this report.

Signed at Sydney this 14th day of March 2007 in accordance with a resolution of the directors.



R H DUFFIN
Chairman

CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December 2006

	Note	2006 \$	2005 \$
REVENUE	4	55,590	46,347
ASX and ASIC fees		(31,582)	(4,517)
Contract administration services		(116,074)	(49,074)
Corporate advisory services		(58,750)	-
Directors' fees including superannuation		(61,253)	(23,296)
Exploration expenditure written-off		(231,219)	-
Operating lease rental expense		(10,455)	(10,362)
Public relations		(37,396)	(13,258)
Share based payments – Directors	9	(341,250)	-
Other expenses from ordinary activities		(80,233)	(31,740)
LOSS BEFORE INCOME TAX AND FINANCE COSTS		(912,622)	(85,900)
Finance costs		-	-
LOSS BEFORE INCOME TAX		(912,622)	(85,900)
Income tax expense		-	-
LOSS AFTER INCOME TAX		(912,622)	(85,900)
NET LOSS ATTRIBUTABLE TO MEMBERS OF WESTERN PLAINS RESOURCES LTD		(912,622)	(85,900)
Basic loss per share (cents per share)	13	2.60	0.34
Diluted loss per share (cents per share)	13	2.60	0.34

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Note	31 Dec 2006	30 Jun 2006
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,070,860	1,083,552
Tenement security deposits		10,000	-
Receivables	6	39,908	54,050
Other current assets	7	25,926	-
Total Current Assets		3,146,694	1,137,602
Non-Current Assets			
Tenement security deposits		100,000	90,000
Plant and equipment		3,013	1,766
Deferred exploration and evaluation expenditure	8	6,069,296	1,229,011
Total Non-Current Assets		6,172,309	1,320,777
TOTAL ASSETS		9,319,003	2,458,379
LIABILITIES			
Current Liabilities			
Payables		40,012	11,571
Total Current Liabilities		40,012	11,571
TOTAL LIABILITIES		40,012	11,571
NET ASSETS		9,278,991	2,446,808
EQUITY			
Contributed equity	11	9,465,588	2,452,033
Accumulated losses		(1,441,704)	(529,082)
Reserves	12	1,255,107	523,857
TOTAL EQUITY		9,278,991	2,446,808

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2006

Attributable to the shareholders of Western Plains Resources Ltd				
Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
AT 1 JULY 2005	1,238,727	(112,081)	-	1,126,646
Loss for the period	-	(85,900)	-	(85,900)
<i>Total income and expenses for the period</i>	-	(85,900)	-	(85,900)
Issue of share capital	1,966,200	-	-	1,966,200
Cost of share issue	(229,037)	-	-	(229,037)
AT 31 DECEMBER 2005	2,975,890	(197,981)	-	2,777,909
Loss for the period	-	(331,101)	-	(331,101)
<i>Total income and expenses for the period</i>	-	(331,101)	-	(331,101)
Issue of share capital	-	-	-	-
Share options	-	-	523,857	523,857
Cost of share issue	(523,857)	-	-	(523,857)
AT 30 JUNE 2006	2,452,033	(529,082)	523,857	2,446,808
AT 1 JULY 2006	2,452,033	(529,082)	523,857	2,446,808
Loss for the period	-	(912,622)	-	(912,622)
<i>Total income and expenses for the period</i>	-	(912,622)	-	(912,622)
Issue of share capital	7,611,044	-	-	7,611,044
Share options	-	-	731,250	731,250
Cost of share issue	(597,489)	-	-	(597,489)
AT 31 DECEMBER 2006	9,465,588	(1,441,704)	1,255,107	9,278,991

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2006

	2006	2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	(199,119)	(175,096)
Interest received	38,780	46,347
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(160,339)	(128,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(2,086)	-
Expenditure on mining interests (exploration)	(282,714)	(448,642)
Consultant costs on iron ore project	(106,663)	-
Tenement security deposits	(20,000)	(30,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(411,463)	(478,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,766,600	1,966,200
Equity raising expenses	(207,490)	(229,037)
Repayment of borrowings	-	(70,000)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	2,559,110	1,667,163
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,987,308	1,059,772
Cash and cash equivalents at beginning of period	1,083,552	827,888
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,070,860	1,887,660

Notes to the Financial Statements

For the half-year ended 31 December 2006

1. CORPORATE INFORMATION

The financial report of Western Plains Resources Ltd (the Company or WPG) for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the Directors on 14 March 2007. Western Plains Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Company are described in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of WPG as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by WPG during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Australian Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete report period.

(b) Significant Accounting Policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

3. SEGMENT INFORMATION

The Company operates predominantly in the one business segment and in one geographical area, namely Australian mineral exploration and evaluation.

4. REVENUE FROM ORDINARY ACTIVITIES

Interest received – other persons/corporations

Consolidated	
31 Dec 2006	31 Dec 2005
\$	\$

55,590	46,347
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5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

Short-term deposits

Consolidated	
31 Dec 2006	30 Jun 2006
\$	\$
148,613	80,162
2,922,247	1,003,390
3,070,860	1,083,552

Notes to the Half-Year Financial Statements (continued)

	Consolidated	
	31 Dec 2006	30 Jun 2006
	\$	\$
6. RECEIVABLES		
Other receivables – GST and government drilling subsidy	39,908	54,050
7. OTHER CURRENT ASSETS		
Deposits	6,153	-
Interest accrued	16,786	-
Prepayments	2,987	-
	<u>25,926</u>	<u>-</u>
8. DEFERRRED EXPLORATION AND EVALUATION EXPENDITURE		
Costs brought forward	1,229,011	348,529
Costs incurred during the period	1,176,813	1,096,825
Value of Southern Iron exploration and evaluation expenditure acquired	3,894,691	-
Expenditure written off during the period	(231,219)	(216,343)
Costs carried forward	<u>6,069,296</u>	<u>1,229,011</u>

On 23 November 2006 WPG acquired Southern Iron Pty Ltd which includes the rights to the Peculiar Knob and Hawks Nest iron projects located in South Australia. The rights belonging to Southern Iron were satisfied by a cash payment by Southern Iron to SASE of \$812,080. WPG acquired Southern Iron through the issue of 24,222,222 fully paid ordinary shares at 20 cents, totalling \$4,844,444 and incurred legal and other costs of acquisition totalling \$28,339.

9. SHARE BASED PAYMENTS

In November 2006, 1,750,000 share options were granted to Directors with an exercise price of 25 cents and expiry date of 22 November 2011. The issue of options to Directors was approved by shareholders at the General Meeting held on 26 October 2006.

Also in November 2006, the Directors issued 2,000,000 options with the same exercise price and expiry date as above to a broker and consultant who assisted with the capital raising completed by the Company in the December 2006 quarter.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted determined by using the Black and Scholes option valuation methodology model and the following assumptions: expected volatility of 102.60%, risk-free interest rate of 6.41% and an expected life of 5 years. The estimated fair value of each option at the date of grant was 19.50 cents per option. Therefore, the total value of the 1,750,000 options issued to Directors is \$341,250, and this amount was expensed in the income statement. The total value of options issued to a broker and a consultant is \$390,000, which has been included in share issue costs within contributed equity on the balance sheet.

10. CONTINGENT ASSETS AND LIABILITIES

In the event that iron ore production commences from the Company's Peculiar Knob and or Hawks Nest Projects (or a Mining Lease is granted at Hawks Nest), Southern Iron Pty Ltd will be required to make certain payments, including royalty payments, which are summarised at page 12 of the Independent Expert's Report of HLB Mann Judd (NSW) Pty Ltd released as part of the Company's Notice of General Meeting on 21 September 2006.

Notes to the Half-Year Financial Statements (continued)

	Consolidated	
	31 Dec 2006	30 Jun 2006
	\$	\$
11. CONTRIBUTED EQUITY		
Share capital		
25,559,000 ordinary shares fully paid	2,452,033	3,338,582
Placement issue in September 2006 – 3,833,000 shares at 20 cents	766,600	-
Issue under Share Purchase Plan in November 2006 – 1,290,000 shares at 20 cents	258,000	-
Issue of the underwritten portion of the Share Purchase Plan in November 2006 – 8,710,000 shares at 20 cents	1,742,000	-
Issue of shares for the acquisition of Southern Iron Pty Ltd – 24,222,222 shares at 20 cents	4,844,444	-
Less: Share Issue Costs	<u>(597,489)</u>	<u>(886,549)</u>
63,614,222 ordinary shares fully paid (June 2006 – 25,559,000)	<u>9,465,588</u>	<u>2,452,033</u>
12. RESERVES		
Share-based compensation reserve	<u>1,255,107</u>	<u>523,857</u>

The share-based compensation reserve represents a valuation of options issued in September 2005 and November 2006; as detailed in Note 9.

13. EARNINGS PER SHARE

Basic loss per share (cents per share) 2.60 cents (2005 – 0.34 cents).

Diluted loss per share (cents per share) 2.60 cents (2005 – 0.34 cents).

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share is 35,072,980 (2005 – 22,002,323).

	Consolidated	
	31 Dec 2006	31 Dec 2005
	\$	\$
Loss used in calculating basic and diluted loss per share	<u>912,622</u>	<u>85,900</u>

The number of potential ordinary shares that are not dilutive, by reason of the loss result, and not included in determining diluted EPS are 13,479,180.

Conversion, call, subscription or issue after 31 December 2006: Since the end of the financial half-year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

14. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2006 requiring disclosure in, or amendment to, these financial statements.

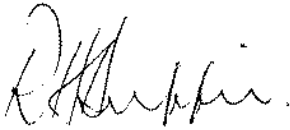
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Western Plains Resources Ltd (formerly Western Plains Gold Ltd), I state that:

In the opinion of the directors:

- a) the financial statements and notes of the Company:
 - i) give a true and fair view of the Company's financial position as at 31 December 2006 and the performance for the half-year ended on that date; and
 - ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R H DUFFIN
Chairman of Directors
Sydney, 14 March 2007

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

Partners
C H Barnes FCA
A J Dowell CA
M W James CA
B Kolevski (Affiliate ICAA)

Associate
M A Nakkan CA

North Sydney
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Manly
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Manly NSW 2095

INDEPENDENT REVIEW REPORT

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To the members of Western Plains Resources Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for Western Plains Resources Ltd during the half year, and the directors' declaration for the company, for the half-year ended 31 December, 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is

less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Western Plains Resources Ltd during the half-year is not in accordance with:

- (a) The *Corporations Act 2001*, including
 - (i) giving a true and fair view of the financial position of the entity at 31 December, 2006 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and:
- (b) other mandatory financial reporting requirements in Australia.

BARNES DOWELL JAMES
Chartered Accountants



.....
Anthony Dowell
Partner

14 March, 2007.

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

AJD:KO

14 March, 2007

The Directors
Western Plains Resources Ltd
PO Box 956
CROWS NEST NSW 1585

Dear Sirs,

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WESTERN PLAINS RESOURCES LTD

In relation to our review of the financial report of Western Plains Resources Ltd for the half year ended 31 December, 2006 to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours faithfully
BARNES DOWELL JAMES



.....
A.J. DOWELL
Partner

Partners

C H Barnes FCA
A J Dowell CA
M W James CA
B Kolevski (Affiliate ICAA)

Associate

M A Nakkan CA

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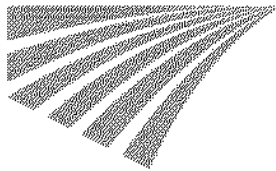
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Western Plains Resources Ltd

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(formerly Western Plains Gold Ltd)

ASX CODE: WPG

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