



**Western Plains Resources Ltd**

ABN 51 109 426 502

**Half-Year  
Financial  
Report**

31 DECEMBER 2007

# CORPORATE DIRECTORY

## Western Plains Resources Ltd

ABN 51 109 426 502

### DIRECTORS

Robert H Duffin  
Heath L Roberts  
Gary J Jones  
Len A Dean  
Lim See Yong  
Dennis R Mutton  
Robert L Richardson

### SECRETARY

Heath L Roberts

### REGISTERED AND ADMINISTRATION OFFICE

Level 9, Kyle House  
27-31 Macquarie Place  
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### SHARE REGISTRY

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Level 7, 207 Kent Street, Sydney, NSW, 2000  
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Sydney, NSW 2000  
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### AUDITORS

BDO Kendalls

### BANKERS

Westpac Banking Corporation

### STOCK EXCHANGE LISTING

Listed on Australian Stock Exchange Limited  
ASX Code: WPG

## CONTENTS

Directors' Report .....	1
Income Statement .....	3
Balance Sheet .....	4
Statement of Changes in Equity .....	5
Statement of Cash Flows .....	6
Notes to the Financial Statements .....	7
Directors' Declaration .....	9
Independent Review Report .....	10
Auditor's Independence Declaration .....	12

# DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2007.

## 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) (Executive Director)

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

Leonard A Dean, B Sc. (Metallurgy), Non-Executive Director (Appointed 20 August 2007)

Lim See Yong, BBA (Singapore), Non-Executive Director (Appointed 20 August 2007)

Dennis R Mutton, B Sc. (Hons), Grad Dip Mgt, FAIM MAICD Non-Executive Director (Appointed 20 August 2007)

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 \$2,230,334 (2006 - \$906,516).

The principal continuing activity of the Company is mineral exploration and development of iron ore deposits.

During the half-year the Company completed the feasibility study for the development of the Peculiar Knob iron ore resource in South Australia.

The Company issued 5,813,953 shares to Focus Investments / Xin Sheng International at \$1.29 per share raising \$7,500,000. In addition 3,441,680 options were exercised during the half-year raising a further \$916,670.

## 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 other project areas.

## ROUNDING

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to rounding of amounts in the financial report. Amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

## 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 5<sup>th</sup> day of March 2008 in accordance with a resolution of the directors.



**R H DUFFIN**  
Executive Chairman

# CONDENSED INCOME STATEMENT

For the half-year ended 31 December 2007

	Note	2007 \$'000	2006 \$'000
<b>REVENUE</b>	4	323	56
ASX and ASIC fees		(60)	(32)
Contract administration services		(109)	(116)
Corporate advisory services		(114)	(59)
Directors' fees including superannuation		(228)	(61)
Employment costs		(8)	-
Exploration expenditure written-off		(27)	(231)
Operating lease rental expense		(37)	(10)
Public relations		(20)	(37)
Share based payments	8	(1,755)	(341)
Other expenses from ordinary activities		(194)	(76)
<b>LOSS BEFORE INCOME TAX AND FINANCE COSTS</b>		(2,230)	(907)
Finance costs		-	-
<b>LOSS BEFORE INCOME TAX</b>		(2,230)	(907)
Income tax expense		-	-
<b>LOSS AFTER INCOME TAX</b>		(2,230)	(907)
<b>NET LOSS ATTRIBUTABLE TO MEMBERS OF WESTERN PLAINS RESOURCES LTD</b>		(2,230)	(907)
Basic loss per share (cents per share)	12	2.9	2.58
Diluted loss per share (cents per share)	12	2.9	2.58

# CONDENSED BALANCE SHEET

As at 31 December 2007

	Note	31 Dec 2007 \$'000	30 Jun 2007 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	9,265	3,690
Security deposits		20	10
Receivables	6	235	96
<b>Total Current Assets</b>		<b>9,520</b>	<b>3,796</b>
<b>Non-Current Assets</b>			
Security deposits		172	106
Plant and equipment		67	11
Deferred exploration and evaluation expenditure		10,774	8,381
<b>Total Non-Current Assets</b>		<b>11,013</b>	<b>8,498</b>
<b>TOTAL ASSETS</b>		<b>20,533</b>	<b>12,294</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		575	285
Provisions		8	-
<b>Total Current Liabilities</b>		<b>583</b>	<b>285</b>
<b>TOTAL LIABILITIES</b>		<b>583</b>	<b>285</b>
<b>NET ASSETS</b>		<b>19,950</b>	<b>12,009</b>
<b>EQUITY</b>			
Contributed equity	10	19,908	12,764
Accumulated losses		(4,241)	(2,010)
Reserves	11	4,283	1,255
<b>TOTAL EQUITY</b>		<b>19,950</b>	<b>12,009</b>

# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2007

Attributable to the shareholders of Western Plains Resources Ltd				
Note	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>AT 1 JULY 2006</b>	2,452	524	(529)	2,447
Loss for the period	-	-	(913)	(913)
Issue of share capital, net of transaction costs	7,014	-	-	7,014
Cost of share based payments taken directly to equity	-	731	-	731
<b>AT 31 DECEMBER 2006</b>	<b>9,466</b>	<b>1,255</b>	<b>(1,442)</b>	<b>9,279</b>
<b>AT 1 JANUARY 2007</b>	9,466	1,255	(1,442)	9,279
Loss for the period	-	-	(568)	(568)
Issue of share capital, net of transaction costs	3,298	-	-	3,298
Cost of share based payments taken directly to equity	-	-	-	-
<b>AT 30 JUNE 2007</b>	<b>12,764</b>	<b>1,255</b>	<b>(2,010)</b>	<b>12,009</b>
<b>AT 1 JULY 2007</b>	12,764	1,255	(2,010)	12,009
Loss for the period	-	-	(2,230)	(2,230)
Issue of share capital, net of transaction costs	7,144	-	-	7,144
Cost of share based payments taken directly to equity	-	3,027	-	3,027
<b>AT 31 DECEMBER 2007</b>	<b>19,908</b>	<b>4,282</b>	<b>(4,240)</b>	<b>19,950</b>

# CONDENSED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2007

	2007	2006
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment to suppliers and employees	(926)	(199)
Interest paid	(1)	-
Interest received	289	39
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(638)	(160)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(63)	(2)
Expenditure on mining interests (exploration)	(2,013)	(283)
Consultant costs on iron ore project	-	(106)
Tenement and rental security deposits	(75)	(20)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,151)	(411)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	8,417	2,765
Equity raising expenses	(53)	(207)
Repayment of borrowings	-	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	8,364	2,558
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,575	1,987
Cash and cash equivalents at beginning of period	3,690	1,084
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,265	3,071

# Notes to the Financial Statements

For the half-year ended 31 December 2007

## 1. CORPORATE INFORMATION

The financial report of Western Plains Resources Ltd (the Company or WPG) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the Directors on 5 March 2008. 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 2007.

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 2007 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the 30 June 2007 Annual Financial Report.

### (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* and AASB 134 Interim Financial Reporting. 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 2007.

## 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 2007	31 Dec 2006
\$'000	\$'000

318	56
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Rent received

5	-
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<u>323</u>	<u>56</u>
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### Consolidated

31 Dec 2007	30 Jun 2007
\$'000	\$'000

## 5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

453	243
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Short-term deposits

8,812	3,447
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<u>9,265</u>	<u>3,690</u>
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Notes to the Half-Year Financial Statements (continued)

	Consolidated	
	31 Dec 2007 \$'000	30 Jun 2007 \$'000
<b>6. RECEIVABLES</b>		
Trade receivables	5	-
GST receivable	153	61
Interest receivable	46	14
Prepayments	25	12
Other receivables	6	9
	<u>235</u>	<u>96</u>

**7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

Costs brought forward	8,381	1,229
Costs incurred during the period	2,420	2,902
Mining tenements acquired	-	4,704
Expenditure written off during the period	(27)	(454)
Costs carried forward	<u>10,774</u>	<u>8,381</u>

**8. SHARE BASED PAYMENTS**

The following share options were granted to employees and consultants under the Company's Employees and Officers Share Option plan (ESOP), to Directors and to brokers of the Company.

Issued under	No. of options issued	Date issued	Exercise price	Expiry date	Volatility	Risk free rate	Expected life	Fair Value	Total \$
<b>ESOP</b>									
Employees/Consultants	350,000 <sup>a</sup>	6 Jul 07	\$1.11	6 Jul 12	85.70%	6.50%	5 years	\$1.1769	\$205,963
Employees/Consultants	<u>1,300,000 <sup>b</sup></u>	17 Sep 07	\$1.14	17 Sep 12	65.50%	6.75%	5 years	\$1.1214	<u>\$728,899</u>
	<u>1,650,000</u>								<u>\$934,862</u>
<b>Directors</b>	<u>750,000 <sup>c</sup></u>	12 Nov 07	\$1.25	12 Nov 12	68.20%	6.75%	5 years	\$1.0934	<u>\$820,074</u>
	<u>2,400,000</u>								<u>\$1,754,936</u>
<b>Brokers</b>	1,000,000	29 Nov 07	\$0.40	29 Nov 09	64.20%	6.75%	2 years	\$1.2726	\$1,272,647

a 50% vest 6 October 2007, 50% vest 6 July 2008

b 50% vest 17 December 2007, 50% vest 17 September 2008

c. the options were issued as follows: 250,000 to Lim See Yong, 250,000 to Len Dean and 250,000 to Dennis Mutton

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. The total value of the 2,400,000 options issued under the ESOP and to Directors is \$1,754,936 and this amount was expensed in the income statement.

The issue of 1,000,000 share options was made to brokers of the Company who had assisted with a previous capital raising done by the Company and were attached to previous options issued in November 2006. The total fair value issued to brokers is \$1,272,647, which has been included in share issue costs within contributed equity on the balance sheet.

## Notes to the Half-Year Financial Statements (continued)

### 9. 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.

	Consolidated	
	31 Dec 2007 \$'000	30 Jun 2007 \$'000
<b>10. CONTRIBUTED EQUITY</b>		
<b>Share capital</b>		
70,301,722 ordinary shares (30 June 2006: 25,559,000)	12,764	2,452
Shares issued during the period	7,500	11,056
Exercise of options	917	47
Share capital applications	-	31
Share Issue Costs	(1,273)	(822)
79,557,355 ordinary shares (30 June 2007: 70,301,722)	<u>19,908</u>	<u>12,764</u>
<b>11. RESERVES</b>		
Share-based compensation reserve	<u>4,283</u>	<u>1,255</u>

The share-based compensation reserve represents a valuation using the Black and Scholes option valuation methodology model of options issued.

### 12. EARNINGS PER SHARE

Basic loss per share (cents per share) 2.9 cents (2006 – 2.58 cents).

Diluted loss per share (cents per share) 2.9 cents (2006 – 2.58 cents).

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share is 76,818,195 (2006 – 35,072,980).

	Consolidated	
	31 Dec 2007 \$	31 Dec 2006 \$
Loss used in calculating basic and diluted loss per share	<u>2,230,334</u>	<u>906,516</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 13,250,000.

#### Conversion, call, subscription or issue after 31 December 2007

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.

### 13. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2007 requiring disclosure in, or amendment to, these financial statements.

### 14. RELATED PARTY TRANSACTIONS

During the period the amount of \$543,714 (2006 \$124,000) was paid to or on behalf of Directors of the Company, of which \$236,220 was paid to interests associated with Mr Duffin, \$131,249 Mr Roberts and \$113,546 Mr Jones.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Western Plains Resources 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 2007 and the performance for the half-year ended on that date; and
  - ii) comply with Australian 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, 5 March 2008

## INDEPENDENT AUDITOR'S REVIEW REPORT

ABN 57 908 209 104

To the members of Western Plains Resources Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Western Plains Resources Ltd, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration, in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Western Plains Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

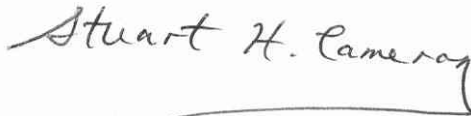
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Western Plains Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

**BDO Kendalls**



**Stuart Cameron**  
Partner

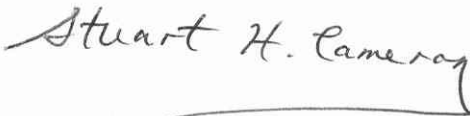
Sydney, 5 March 2008

## DECLARATION OF INDEPENDENCE BY STUART CAMERON TO THE DIRECTORS OF WESTERN PLAINS RESOURCES LTD

As lead auditor for the review of Western Plains Resources Ltd for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*This declaration is in respect of Western Plains Resources Ltd and the entities it controlled during the period.*



**Stuart Cameron**  
Partner

**BDO Kendalls**

Sydney, 5 March 2008.



## Western Plains Resources Ltd

ABN 51 109 426 502

ASX CODE: WPG

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