

FINANCIAL STATEMENTS

# 2009



**Western Plains**  
Resources Ltd

ABN 51 109 426 502

# Contents

<b>Directors' Report</b>	<b>2</b>
<b>Auditor's Independence Declaration</b>	<b>11</b>
<b>Corporate Governance Statement</b>	<b>12</b>
<b>Directors and Management</b>	<b>15</b>
<b>Sustainability and Environmental Performance</b>	<b>19</b>
<b>Income Statements</b>	<b>21</b>
<b>Balance Sheets</b>	<b>22</b>
<b>Cash Flow Statements</b>	<b>23</b>
<b>Statements of Changes in Equity</b>	<b>24</b>
<b>Notes to the Financial Statements</b>	<b>25</b>
<b>Directors' Declaration</b>	<b>49</b>
<b>Independent Auditor's Report</b>	<b>50</b>

# Directors' report

Your Directors present their report on the consolidated entity, consisting of Western Plains Resources Ltd and the entities it controlled at the end of, or during the financial year ended 30 June 2009.

## DIRECTORS

The following persons hold office as Directors at the date of this report and throughout the financial year:

Name and Position	Qualifications	Directorships of other Listed companies	Appointment Date
<b>Robert H Duffin</b> Executive Chairman	BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM, CP	Ferrowest Ltd from 27 Jul 06 – present Centennial Coal Company Limited from 15 Jun 1992 until 22 May 2007	7 Jun 2004
<b>Heath L Roberts</b> Executive Director and Company Secretary	Dip Law (SAB), Grad Dip Legal Practice (UTS)	WCP Resources Ltd from 25 May 2005 – 28 Aug 2007	7 Jun 2004
<b>Gary J Jones</b> Technical Director	BSc (Auckland), MAusIMM, MASEG		7 Jun 2004
<b>Leonard A Dean</b> Non-Executive Director	BSc (Metallurgy)	Outback Metals Limited from 2 Sep 2008 – present	20 Aug 2007
<b>Lim See Yong</b> Non-Executive Director	BBA (Singapore)		20 Aug 2007
<b>Dennis R Mutton*</b> Non-Executive Director	BSc (Hons), Grad Dip Mgt, FAIM MAICD	Australian Zircon NL from 7 May 2008 – 23 Dec 2008	20 Aug 2007 Resigned 23 Dec 2008
<b>Robert L Richardson</b> Non-Executive Director	BSc (Sydney), BE (Hons) (Sydney), MAusIMM, MASEG	PlatSearch NL from 20 Aug 1987 – present Crossland Uranium Mines Limited from 13 Apr 07 – present Eastern Iron Limited 16 May 08 – 15 August 2009	3 Nov 2004

\*Dennis R Mutton resigned as a Director on 23 December 2008. Otherwise, no Directors resigned during or subsequent to the end of the financial year.

A biography and statutory disclosures regarding each Director are provided in the Directors and Management section of this report.

### Meetings of Directors

Attendances at the Company's Board and Committee meetings held during the year are summarised as follows:

Director	Board	Audit and Risk	Corporate Governance and Nomination	Remuneration
	Total meetings - Eight	Total Meetings - Two	Total meetings - One	Total meetings - One
R H Duffin	8 of 8	N/A	N/A	N/A
H L Roberts	8 of 8	N/A	N/A	N/A
G J Jones	8 of 8	N/A	N/A	N/A
L A Dean	8 of 8	2 of 2	1 of 1	1 of 1
Lim See Yong	6 of 8	2 of 2	1 of 1	1 of 1
D R Mutton	5 of 5	1 of 1	1 of 1	1 of 1
R L Richardson	8 of 8	2 of 2	1 of 1	1 of 1

There were 4 circular resolutions passed by the Board during the financial year.

### Directors' Interests in Shares and Options

Directors' interests in shares and options as at the date of the report are set out below:

Director	No. shares	No. options
RH Duffin	13,779,184	-
HL Roberts	541,666	1,000,000
GJ Jones	1,013,332	500,000
RL Richardson	94,493	250,000
LA Dean	-	250,000
Lim See Yong	-	250,000

### PRINCIPAL ACTIVITIES

The principal continuing activity of the Group is exploration and development of its iron ore projects located in South Australia. The iron ore projects comprise the Peculiar Knob, Buzzard and Tui direct shipping iron ore (DSO) projects and the Hawks Nest magnetite project. During the year the Company also acquired interests in other exploration projects in the Coober Pedy region of South Australia, whilst continuing the process of divesting non-core NSW exploration assets. Further details are provided under the Review of Operations.

### RESULTS

The net result of operations after applicable income tax expense was a loss of \$3,932,836 (2008 - \$3,038,830) which includes the write-off of exploration & evaluation expenditure incurred in the current and prior years of \$1,763,419 (2008 - \$27,216). These write-offs consisted of non-core NSW areas (\$1,153,716) and the capitalised costs attendant to the Company's bid to secure preferred tenderer status to develop Port Bonython (\$609,703).

## REVIEW OF OPERATIONS

### Project Developments

#### **Peculiar Knob and Buzzard Direct Shipping Ore (DSO) Project**

During the year, the Group continued to advance permitting for the development of the Peculiar Knob DSO project, which is held under a 14 year Mineral (Mining) Lease. Significant achievements included:

- Signing a deed of access with the Commonwealth of Australia (Department of Defence) permitting mining at Peculiar Knob. This approval includes development of all attendant infrastructure, including the proposed haul road, highway underpass, accommodation camp and rail loop/loader.
- Completion of surveys and all base studies to support lodgement of applications for Miscellaneous Purposes Licences (MPL's) in relation to the infrastructure.
- Securing Defence approval for development of a permanent water source from water bores located in the Hawks Nest area, for utilisation as part of the Peculiar Knob project.

#### **Hawks Nest Magnetite Project**

During the year, the Group continued exploration at the Hawks Nest Project, concurrent with a major campaign to introduce a joint venture participant to the project.

- In late 2008 a 4,000m drilling programme was conducted at the Hawks Nest Project. Significant intersection of DSO haematite, magnetite and haematite banded iron formation (BIF) were reported.
- After an extensive period of due diligence and negotiation, in April 2009 the Company and Wuhan Iron and Steel Group Co. (WISCO) entered into an agreement whereby WISCO may earn a 50% interest in the Hawks Nest Project, through contribution of \$45M to feasibility study costs. The transaction is subject to a number of conditions precedent, including the approval of relevant Chinese Government agencies and approval of the Australian Treasurer in accordance with the FATA legislation (FIRB approval).

#### **New Projects in South Australia**

During the year, the Group acquired interests in new projects in the Coober Pedy region of South Australia as follows:

**Commonwealth Hill** – In November 2008 the Group entered into an option to enter a joint venture over six exploration licences with Apollo Minerals Ltd. Data review and ground magnetic surveys carried out by the Group

highlight several prospects with good potential for the discovery of iron ore.

**Mt Brady and Windy Valley Exploration Licence Applications (ELA's)** – In May 2009 the Company applied for exploration licences over ground prospective for iron and other commodities. The project areas are called Mt Brady and Windy Valley. The applications are pending at the date of this report.

#### **Divestment of Non-Core NSW Exploration Projects**

In early 2009, WPG's interest in the Euriowie Project was sold to Silver City Mining Ltd. The Company has continued with its active programme of divesting its other non core NSW projects (refer Matters Subsequent to the End of the Financial Year).

#### **Port Issues**

In response to a call for expressions of interest from the South Australian Government, in June 2008 a consortium founded by the Company, called the Spencer Ports Group, lodged a formal expression of interest for construction of a dry bulk export facility at Port Bonython. A number of other groups lodged expressions of interest and in October 2008 a consortium known as the Spencer Gulf Portlink Consortium, which includes Flinders Ports, Leighton Contractors and Macquarie Capital, was granted preferred status. WPG understands that the Spencer Gulf PortLink Consortium lodged a feasibility study with the South Australian Government in March 2009. At the date of this report, that study is under consideration by the South Australian Government.

#### **Defence Issues**

The Company's project areas in South Australia are all located within the Woomera Prohibited Area (WPA). The WPA is a large area of land (approx. 127,000 square km) which has been declared a prohibited area pursuant to the Defence Regulations. Access for the purposes of exploration and mining must be negotiated with the Department of Defence. During the year, the Company was successful in negotiating an access deed for mining the Peculiar Knob deposit (including development of all attendant infrastructure). This is the fourth access agreement for the purpose of mining within the WPA. The Company was also successful in negotiating a continuation of access rights for the purposes of exploration at Hawks Nest until late December 2009 (refer also Matters Subsequent to the end of the Financial Year in this report).

#### **Corporate Structure**

Western Plains Resources Ltd is a public company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the ASX and trades under the code 'WPG'. WPG group companies are set out in Note 16 to the Financial Statements.

## **Employees**

The Company had one employee as at 30 June 2009, and utilises a range of contract geologists, technical advisers and other consultants as required.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

### **Capital Raising Initiatives and Cost Cutting Measures**

In June 2009 the Company announced a two stage fund raising programme, comprising a placement of 12,183,332 shares at \$0.30 per share to raise \$3.65 million (the Placement) and a non underwritten 1:12 right issue at \$0.25 per share to raise approximately \$1.95 million (the Rights Issue). The Placement was completed in June 2009 and the Rights Issue in late July 2009.

A shareholders meeting held on 6 August 2009 ratified the shares issued pursuant to the Placement, and certain other proposed share issues (including shares proposed to be issued to WISCO under the terms of the Hawks Nest Joint Venture).

Since December 2007 the world's financial systems and equity markets have been subject to significant stresses. Although there appears to have been an improvement in these systems and markets, the Directors implemented a cost cutting initiative in late 2008 and through to present which has included significant reductions (up to 30%) in the emoluments of Directors and senior executives.

The Company had previously agreed to make one-off payments for continued services to Messrs Duffin and Jones of \$250,000 and \$200,000 respectively provided that each remains continuously engaged by the Company until 30 June 2010 and 31 December 2009 respectively. These one-off payment arrangements were terminated by mutual agreement – refer ASX announcement dated 15 June 2009.

Further details are provided in the Remuneration Report.

The Directors are not aware of any other significant changes in the state of affairs of the Company occurring during the financial year, other than as disclosed in this report.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There were at the date of this report no matters or circumstances which have arisen since 30 June 2009 that have significantly affected or may significantly affect:

- i) the operations of the Company,
- ii) the results of those operations, or
- iii) the state of affairs of the Company,

other than as set out below.

### **Completion of Rights Issue**

In late July 2009 the Company completed a non-underwritten 1:12 rights issue at a price of \$.025 per share

(the Rights Issue). The Rights Issue included the entitlement for the Directors to offer eligible participants a 'top-up' facility of not more than \$2,500 worth of additional shares. The Rights Issue (including 'top-up' facility) resulted in the issue of 7,916,055 shares at \$0.25 to raise \$1,979,014.

### **Variation in Option Exercise Price**

As a result of the Rights Issue and in accordance with ASX Listing Rule 6.22.2, the exercise price of WPG's existing options were adjusted downwards in July 2009 by \$0.013 per option. The revised option exercise prices have been advised to the market in regular ASX releases and are set out in Note 13.

### **Share Issues to PlatSearch and Xin Sheng**

Pursuant to the terms of approvals given by shareholders at a shareholders meeting on 6 August 2009, the Company issued shares to PlatSearch NL and Xin Sheng International Private Limited at \$0.30 and \$0.25 respectively, raising \$585,529.05 through the issue of 1,977,111 shares.

### **Sale of Trundle Project, New South Wales**

On 27 August 2009, the Company announced the sale of its residual interest in the Trundle Project, New South Wales, to Clancy Exploration Ltd (ASX:CLY). WPG has been issued 2,200,000 CLY shares in consideration for the sale and 1,000,000 CLY options exercisable at \$0.20 per option, expiring on 30 September 2011. The CLY shares and options are subject to voluntary 12 months escrow. At the date of this report, CLY has last traded at \$0.19 per share.

### **Option over Penryhn Coal Deposit, South Australia**

On 8 September 2009 the Company announced an option over the Penryhn Coal deposit, located near the Peculiar Knob infrastructure corridor. Under the terms of the option, WPG has paid \$100,000 to Stellar Resources Ltd (ASX: SRZ) and has a one year period to assess and explore the project. WPG can exercise the option by paying a further \$250,000 to Stellar. In the event WPG exercises the option, Stellar retains a royalty in the event of future iron ore and/or coal production, plus an entitlement to buy back into any non iron ore and/or coal resources discovered within the project area.

### **Application for Peculiar Knob Miscellaneous Purposes Licences (MPLs)**

On 18 September 2009 formal applications for the Peculiar Knob infrastructure MPLs were lodged with Department of Primary Industries and Resources South Australia (PIRSA).

## Directors' Report (continued)

### Defence Purported Veto of Hawks Nest Joint Venture with WISCO

On 18 September 2009 the Company received a letter from the Department of Defence indicating that the Department of Defence will not support the proposed Hawks Nest joint venture with WISCO. The Company is attempting to recommence negotiations on the issues with the Department of Defence. Until the issues are clarified, there is considerable uncertainty regarding the likelihood of the WISCO joint venture proceeding and/or any future mining operation at Hawks Nest being agreed to by Defence.

### Exercise of Options

On 28 September 2009 the Company issued 1,787,500 shares as a result of the exercise of \$0.237 options. Also on that date 900,000 \$0.237 options and 3,475,000 \$0.337 options expired.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is focussed on exploration and development of the Company's iron ore deposits located in South Australia. The Peculiar Knob operation is close to fully permitted and that process will be completed over the following months.

In the ordinary course and subject to satisfaction of all conditions precedent and completion of the Hawks Nest Joint Venture with WISCO, the Company would have anticipated a heavy commitment by that joint venture to exploration and feasibility studies into development of the magnetite at Hawks Nest. As a result of the Defence issue reported in the Matters Subsequent to the end of the Financial Year there is now considerable doubt as to the future of the proposed joint venture.

### ENVIRONMENTAL PERFORMANCE

The Company's exploration and development activities are conducted in accordance with environmental regulations under both Commonwealth and State legislation.

To the best of the directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the directors' report.

Details of the Company's environmental performance are provided in "Sustainability and Environmental Performance".

### SHARE OPTIONS

Particulars of options granted over unissued ordinary shares:

As at the date of this report there are 6,450,000 options outstanding, which are as set out below:

Number of Options	Exercise price	Expiry date
1,000,000	\$0.387	29 Nov 2009
300,000	\$0.387	29 May 2010
200,000	\$0.387	16 Jun 2010
1,750,000	\$0.237	22 Nov 2011
350,000	\$1.097	4 Jul 2012
1,300,000	\$1.127	17 Sep 2012
750,000	\$1.237	12 Nov 2012
300,000 *	\$0.737	2 Sep 2013
500,000*	\$0.387	11 May 2011

\* Issued during the financial year ended 30 June 2009.

The following fully paid ordinary shares issued during and since the year ended 30 June 2009 by virtue of the exercise of options:

Date options granted	Issue price of shares	No. shares issued
Shares issued during year		
22 Nov 2006	\$0.25	500,000
28 Sept 2004	\$0.25	125,000
		<u>625,000</u>
Shares issued after end of year		
28 Sept 2005	\$0.237	<u>1,787,500</u>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company until the options are exercised.

### DIVIDENDS

No dividends were paid or proposed during the year.

## REMUNERATION REPORT – AUDITED

### Policy on Remuneration

#### Directors' Benefits and Emoluments

Director's remuneration levels, including participation in the Company's Employees and Officers Share Option Plan (the Plan), are structured to provide reasonable compensation consistent with the Company's financial resources and the size and scale of the Company's operations.

#### Remuneration of the Board and Senior Management

The Board, on advice from the Remuneration Committee, determine the remuneration packages for Executive and non-executive Directors and for senior management.

The Company has established the Plan for the benefit of Executive and non-executive Directors and for senior management, a summary of which is set out below.

There is no retirement scheme for Directors.

In establishing and implementing fair remuneration arrangements, the Remuneration Committee and the Board has sought to align remuneration on a market basis with peer companies. The Company has adopted this approach rather than apply particular performance criteria to each relevant individual, which for a company at WPG's

## Directors' Report (continued)

stage of operations, are impractical to determine. As the Company is not in production the quantum of remuneration (including bonuses) is not able to be related to earnings or shareholder wealth.

### Voluntary Emolument Sacrifices

In response to the global financial crisis and as part of an overall cost cutting initiative implemented in late 2008 and through to present, significant voluntary reductions (up to 30%) in the emoluments of Directors and senior management have been made. Further details are provided in the table below. Additionally, resolutions to issue options under the terms of the Plan, due to be considered by shareholders at the 2008 Annual General Meeting, were voluntarily withdrawn. As a result, options were not issued to the affected Executive Directors (Messrs Duffin, Roberts and Jones).

### Independent Assessment of Directors Benefits and Emoluments

At the Company's August 2008 Remuneration Committee and Board Meetings it was resolved that, for the year

ended 30 June 2009, the Company would seek independent advice on remuneration issues, including the establishment of performance criteria for key management personnel. This process was undertaken and relevant materials considered by the Remuneration Committee and the Board at respective meetings held in August 2009.

### Key Management Personnel and Details of Remuneration

The following table outlines persons who were key management personnel of the Company and the nature and amount of the elements of the remuneration of those persons for the year ended 30 June 2009.

During the period no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the table below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

		Short-term employee benefits				Post-employment benefits	Long-term benefits		Share-based payments		% of remuneration that is performance based	% of value of remuneration that consists of options
		Cash salary and fees	Current year Bonus	Prior year Bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options <sup>6</sup>	Total	%	%
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<i>Directors</i>												
R H Duffin	2009	320,681	Nil	50,000 <sup>1</sup>	-	-	-	-	-	370,681	0%	0%
	2008	330,300		63,000 <sup>1</sup>	-	-	-	-	-	393,300	0%	0%
H L Roberts	2009	246,600	Nil	40,000 <sup>2</sup>	-	-	-	-	-	286,600	0%	0%
	2008	234,450		26,249 <sup>2</sup>	-	-	-	-	-	260,699	0%	0%
G J Jones	2009	249,332	Nil	40,000 <sup>3</sup>	-	-	-	-	-	289,332	0%	0%
	2008	304,780		-	-	-	-	-	-	304,780	0%	0%
L A Dean	2009	-	Nil	-	-	43,600	-	-	-	43,600	0%	0%
	2008	30,296		-	-	2,727	-	-	273,358	306,381	0%	89%
Lim See Yong	2009	11,250	Nil	-	-	-	-	-	-	11,250	0%	0%
	2008	30,296		-	-	-	-	-	273,358	303,654	0%	90%
D R Mutton	2009	11,250	Nil	-	-	13,275	-	-	-	24,525	0%	0%
Resigned 23/12/08	2008	30,296		-	-	2,727	-	-	273,358	306,381	0%	89%
R L Richardson	2009	-	Nil	-	-	43,600	-	-	-	43,600	0%	0%
	2008	43,750		-	-	3,938	-	-	-	47,688	0%	0%
<i>Other key management personnel</i>												
M Jacobsen	2009	250,000	Nil	100,000 <sup>4</sup>	-	83,431	-	-	241,556	674,987	0%	12%
	2008	234,410		20,000 <sup>4</sup>	-	22,897	-	-	689,063	966,370	0%	71%
G Harding	2009	208,927	Nil	-	-	-	-	-	96,895	305,822	0%	17.5%
	2008	159,000		-	-	-	-	-	206,719	365,719	0%	57%
I White	2009	200,015	Nil	-	-	-	-	-	27,143	227,158	0%	12.9%
	2008	37,060		-	-	-	-	-	-	37,060	0%	0%
M Fang	2009	165,000	Nil	-	-	31,200	-	13,846	27,143	237,189	0%	12.4%
	2008	125,250		47,727 <sup>5</sup>	-	-	-	-	282,913	455,890	0%	62%
L Brown	2009	83,741	Nil	-	-	-	-	-	13,571	97,312	0%	15%
	2008	74,445		-	-	-	-	-	47,152	121,597	0%	39%
<i>Total key management personnel compensation</i>												
	2009	1,746,796	Nil	230,000	-	215,106	-	13,846	406,308	2,612,056		
	2008	1,634,333		156,976	-	32,289	-	-	2,045,921	3,869,519		

# Directors' report

- <sup>1</sup> Bonus in relation to 2008 paid on 17 October 2008, bonus for 2007 of \$63,000 paid on 25 November 2007.
- <sup>2</sup> Bonus in relation to 2008 paid on 8 September 2008, bonus for 2007 of \$26,249 paid on 20 November 2007.
- <sup>3</sup> Bonus in relation to 2008 paid on 19 December 2008.
- <sup>4</sup> Sign on bonus at commencement of employment on 31 August 2007 of \$20,000 paid, bonus in relation to 2008 of \$100,000 paid on 15 September 2008.
- <sup>5</sup> Bonus for 2007 of \$47,727 paid on 6 August 2007.
- <sup>6</sup> The grant options are discretionary with no performance conditions applicable. The Company has adopted this approach rather than apply particular performance criteria to each relevant individual, which for a company at WPG's stage of operations, are impractical to determine. As the Company is not in production the quantum of remuneration (including bonuses) is not able to be related to earnings or shareholder wealth.

Directors' interests in shares and options in the Company are set out below and in Note 23.

## Bonuses

Messrs Duffin, Roberts, Jones and Jacobsen are entitled to consideration for bonuses for the year ended 30 June 2009. At the Company's Remuneration Committee and Board Meeting in August 2009 it was resolved that there be no consideration of bonuses for the year ended 30 June 2009.

## Share-based payment and bonuses

### Employees and Officers Share Option Plan (the Plan)

The Plan, assists in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants. A summary of the rules of the Plan is as follows.

The allocation of options under the Plan is at the discretion of the Board. All Directors, officers, employees and senior consultants (whether full or part-time) are eligible to participate in the Plan. If permitted by the Board, options may be issued to a nominee of a director, officer, employee or senior consultant (for example, to a spouse or family company).

Each option allows the option holder to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. Options are issued free. The exercise price of options will be determined by the Board subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to issue the options. The total number of shares the subject of options issued under the Plan, when aggregated with other options issued under the Plan during the previous five years must not exceed five percent of the Company's issued share capital at any given time.

The Board may amend the Plan rules at any time subject to the requirements of the ASX Listing Rules.

### Options and rights granted as remuneration

Details of the terms and conditions of options and rights granted to key management personnel and executives as compensation during the reporting period are as follows:

Name	No. options/ rights granted	No. options/ rights vested	Fair value per option at grant date	Exercise price <sup>2</sup>	Fair value \$	Expiry date	Date exercisable
M Fang <sup>1</sup>	50,000	25,000	\$0.5922	\$0.75	29,610	2 Sep 2013	2 Sep 2009
L Brown <sup>1</sup>	25,000	12,500	\$0.5922	\$0.75	14,805	2 Sep 2013	2 Sep 2009
M Jacobsen <sup>1</sup>	100,000	50,000	\$0.5922	\$0.75	59,220	2 Sep 2013	2 Sep 2009
G Harding <sup>1</sup>	75,000	37,500	\$0.5922	\$0.75	44,415	2 Sep 2013	2 Sep 2009
I White <sup>1</sup>	50,000	25,000	\$0.5922	\$0.75	29,610	2 Sep 2013	2 Sep 2009
	<b>300,000</b>	<b>150,000</b>			<b>177,660</b>		

## Directors' Report (continued)

Comparative Period	No. options/ rights granted	No. options/ rights vested	Fair value per option at grant date	Exercise price	Fair value \$	Expiry date	Date exercisable
Name							
L A Dean	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
Lim S Y	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
D R Mutton	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
	<b>750,000</b>	<b>750,000</b>			<b>820,074</b>		
M Fang <sup>1</sup>	300,000	300,000	\$0.9439	\$1.11	282,913	4 Jul 2012	4 Jul 2007
L Brown <sup>1</sup>	50,000	50,000	\$0.9430	\$1.11	47,152	4 Jul 2012	4 Jul 2007
M Jacobsen <sup>1</sup>	1,000,000	1,000,000	\$0.8763	\$1.14	876,334	17 Sep 2012	17 Sep 2007
G Harding <sup>1</sup>	300,000	300,000	\$0.8763	\$1.14	262,900	17 Sep 2012	17 Sep 2007
	<b>1,650,000</b>	<b>1,650,000</b>			<b>1,422,147</b>		

<sup>1</sup> Issued under the Plan

<sup>2</sup> Subsequent to year end the exercise price of all options on issue was reduced by \$0.013 as a result of a rights issue pursuant to ASX Listing Rule 6.22.2

### Directors' Contracts

Messrs Duffin, Roberts and Jones are engaged by the Company on terms agreed and approved by the Board on recommendation of the Remuneration Committee. Details of those arrangements are set out below. In each case, the services of Messrs Duffin, Roberts and Jones is provided through a services contract between the Company and a corporate entity associated with either Messrs Duffin, Roberts or Jones, as the case requires.

#### Executive Chairman – Bob Duffin <sup>1,2</sup>

Contract term: 3 years, commenced 1 June 2007

Remuneration: \$266,844 pa for the year ended 30 June 2010 voluntarily reduced from approved 2009 \$359,700 pa, to be reviewed by the Remuneration Committee and Board

Bonus: Discretionary up to 40% of Remuneration

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to remuneration for the remaining term of the contract

#### Executive Director – Heath Roberts <sup>2</sup>

Contract term: Annual rollover

Remuneration: \$194,400 pa for the year ended 30 June 2010 voluntarily reduced from approved 2009 \$270,000 pa, to be reviewed by the Remuneration Committee and Board

Bonus: Discretionary up to 40% of Remuneration

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to remuneration for the remaining term of the contract

#### Executive Director – Gary Jones <sup>1,2</sup>

Contract term: To 31 December 2009

Remuneration: \$196,000 pa for the year ended 30 June 2010 voluntarily reduced from approved 2009 \$266,007 pa, to be reviewed by the Remuneration Committee and Board

Bonus: -

Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to remuneration for the remaining term of the contract

<sup>1</sup> The Company had previously agreed to make one-off payments for continued services to Messrs Duffin and Jones of \$250,000 and \$200,000 respectively provided that each remains continuously engaged by WPG until 30 June 2010 and 31 December 2009 respectively. These one-off payment arrangements were terminated by mutual agreement – refer ASX announcement dated 15 June 2009.

<sup>2</sup> In response to the global financial crisis and as part of an overall cost cutting initiative implemented in late 2008 and through to present, significant voluntary reductions (up to 30%) in the emoluments of Directors and senior management have been made. Refer to the table on the previous page for actual emoluments for the reporting period.

**Key Management Personnel Contracts**

**Chief Operating Officer – Martin Jacobsen<sup>1</sup>**

Employed: Commenced 31 August 2007  
 Base salary: \$280,784 pa inclusive of superannuation for the year ended 30 June 2010 voluntarily reduced (2009 \$350,980 pa), reviewed annually  
 Bonus: Discretionary up to 40% of Remuneration  
 Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

**Chief Financial Officer – Greg Harding<sup>1</sup>**

Contract term: Ongoing, commenced 31 August 2007  
 Remuneration: \$192,856 pa for the year ended 30 June 2010 voluntarily reduced (2009 \$214,280 pa), reviewed annually  
 Bonus: -  
 Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to 2 months base salary, or 6 months in the event of a takeover

**Business Development Manager – Myles Fang (Rui)**

Employed: Commenced 19 May 2007, employment contract signed 1 July 2008  
 Base salary: \$196,200 pa for year ended 30 June 2010, reviewed annually  
 Bonus: -  
 Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to 2 months base salary, or 6 months in the event of a takeover

**Company Secretary – Larissa Brown<sup>1</sup>**

Contract term: Commenced 31 October 2006  
 Remuneration: \$96,000 pa for year ended 30 June 2010, reviewed annually  
 Bonus: -  
 Termination payments: -

<sup>1</sup> In response to the global financial crisis and as part of an overall cost cutting initiative implemented in late 2008 and through to present, significant voluntary reductions (up to 30%) in the emoluments of Directors and senior management have been made. Refer to the table on page 6 for actual emoluments for the reporting period.

Service contracts have been entered into by the Group with all key management personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria (if applicable) and entitlements to options under the Plan. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year to align with changes in job responsibilities and market compensation expectations.

Key Management Personnel in office during the year were:

Name	Position Held	Date	Date
		Appointed During the Year	Resigned During the Year
RH Duffin	Executive Chairman	-	-
HL Roberts	Executive Director	-	-
GJ Jones	Technical Director	-	-
RL Richardson	Non-exec Director	-	-
LA Dean	Non-exec Director	-	-
Lim See Yong	Non-exec Director	-	-
DR Mutton	Non-exec Director	-	23/12/08
MC Jacobsen	Chief Operating Officer	-	-
GK Harding	Chief Financial Officer	-	-
M Fang	Bus Development Mgr	-	-
LJ Brown	Company Secretary	-	-
IK White	Gen Mgr Ports	-	31/01/09

**END OF AUDITED REMUNERATION REPORT**

**INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

**Indemnification**

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

**Insurance Premiums**

During the financial year the Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

**PROCEEDINGS**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

**AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES**

No non-audit services were provided by the Company's auditor, BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd during the current financial year. The Directors received a declaration of independence from the auditors of the Company. It is located on page 11 and forms part of this report.

Signed at Sydney this 30th day of September 2009 in accordance with a resolution of the Directors.



R H Duffin  
Executive Chairman

## Auditor's Independence Declaration



BDO Kendalls

BDO Kendalls Audit & Assurance  
(NSW-VIC) Pty Ltd  
Level 19, 2 Market St  
Sydney NSW 2000  
GPO Box 2551 Sydney NSW 2001  
Phone 61 2 9286 5555  
Fax 61 2 9286 5599  
info.sydney@bdo.com.au  
www.bdo.com.au

ABN 17 114 673 540

### DECLARATION OF INDEPENDENCE BY MELISSA ALEXANDER TO THE DIRECTORS OF WESTERN PLAINS RESOURCES LIMITED

**As lead auditor of Western Plains Resources Limited for the year ended 30 June 2009, 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 audit; and
- Any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Western Plains Resources Limited and the entities controlled during the year.

A handwritten signature in black ink that reads 'Melissa Alexander'.

MELISSA ALEXANDER  
Director

A handwritten signature in black ink that reads 'BDO Kendalls'.

**BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd**

Dated in Sydney, this 30<sup>th</sup> day of September 2009

## Corporate Governance

The Board of Directors of Western Plains Resources Ltd (the Company) is responsible for corporate governance and strives for high standards in this regard.

The Board monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board draws on relevant best practice principles particularly the *Corporate Governance Principles and Recommendations (2nd edition)* issued by the ASX Corporate Governance Council in August 2007 and these are revised on an ongoing basis.

The Company endeavours to adhere to the best practice principles proposed by ASX, mindful that there may be some instances where compliance is not practicable for a company of its size.

In many cases the Company is achieving the standard required.

In other cases the Company will have to consider new arrangements to enable compliance.

In a limited number of instances, the Company may not meet certain standards set out in the recommendations, largely due to the standards being considered by the Board to be unduly onerous for the company.

The following paragraphs set out the Company's position relative to each of the 8 principles contained in the ASX Corporate Governance Council's report of August 2007, the extent to which they have followed the recommendations, identifying any recommendations that have not been followed and reasons for not doing so.

### **Principle 1: Lay solid foundations for management and oversight**

The Company has not yet formalised in a written sense and disclosed the functions reserved to the Board and those delegated to management.

The Company has a Board of six Directors (three executive Directors and three Non-Executive Directors) and a small team of executives, the latter of which have defined duties and responsibilities under the terms of their engagement.

As the Company continues to grow there will be a progressive definition of functions reserved to the Board and those delegated to management and processes for evaluating performance. Informal performance evaluations by the Board have taken place.

These arrangements are considered appropriate for the size of the Company.

### **Principle 2: Structure the Board to add value**

The Executive Chairman's role is exercised separately from the Executive Directors, but is not independent.

The majority of Directors are not independent. Three of the Directors are Executive Directors (Messrs Duffin, Roberts and Jones) and two of the non-executive Directors are representatives of substantial shareholders (Messrs Richardson and Lim). The other non-executive Director (Mr Dean) is independent.

Given the nature and size of the Company and its business interests, the Board is of the view that there is an adequate and broad mix of skills required and that the experience of each of the directors enables them to be aware of and capable of acting in an independent manner and in the best interests of the shareholders.

A formal, written Board charter is under consideration and is expected to be adopted by the Company in the near future.

The Company has an Audit and Risk Committee, Remuneration Committee and Corporate Governance and Nomination Committee.

Each committee comprises the non-Executive Directors of the Company (Messrs Richardson, Lim and Dean). Formal, written charters for the committees have not been adopted.

Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

### **Principle 3: Promote ethical and responsible decision-making**

The Company has adopted a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below.

A formal code of conduct & ethics is under consideration and is expected to be adopted by the Board in the near future.

The Board of Directors conducts regular reviews of all policies and procedures.

### **Principle 4: Safeguard integrity in financial reporting**

The Company has an Audit and Risk Committee. A formal, written charter for the Audit and Risk Committee has not been adopted.

The Audit and Risk Committee consists of the three non-Executive Directors, Messrs Richardson, Lim and Dean and is chaired by Mr Dean who is an independent director. The qualifications of each member is set out in the Directors Report. These directors are considered to have applicable expertise and skills for this Committee. This structure does not meet the ASX's guidance regarding independence, in that it does not have a majority of independent directors.

## Corporate Governance (continued)

The Audit and Risk Committee reports to the Board after each committee meeting. There are usually two meetings of the Audit and Risk Committee each year. In conjunction with the Board, the Audit and Risk Committee meets with and reviews the performance of the external auditors (including scope and quality of the audit).

The Company continues to review its procedures to ensure compliance with the recommendations set out under this principle.

Senior management confirms that the financial reports represent a true and fair view and are in accordance with relevant accounting standards.

The Executive Director and the Chief Financial Officer or Executive Director state in writing to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company are in accordance with relevant accounting standards.

### **Principle 5: Make timely and balanced disclosure**

The Company, its Directors and consultants are highly cognisant of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market.

Whilst the Company does not have formal written policies regarding disclosure, it uses strong informal systems underpinned by experienced individuals.

### **Principle 6: Respect the rights of shareholders**

All significant information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

The Company does not have a communications strategy to promote effective communication with shareholders, however the Company promotes its website and the electronic distribution of data to shareholders as the favoured course of communication.

The Company actively answers all questions and communication from shareholders, where appropriate, in a concise and timely fashion.

The Company has requested its external auditor to attend general meetings and this has been supported by the Company's audit director at BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd.

### **Principle 7: Recognise and manage risk**

The Company is making the transition from junior explorer to producer, with the expectation that production of iron ore will commence in future years. As a result, the Company will face an enhanced level of exposures to risks, over time.

Risk management arrangements are the responsibility of the Board of Directors and senior management collectively. Specific risk management procedures will be implemented at the Company's operations in South Australia. These procedures will be governed by a range of best practice and statutory requirements.

Risk factors are discussed regularly at Board meetings.

The Company has adopted a formal OHS policy, which is provided and agreed to in writing by all Directors, employees and consultants of the Company and is subject to regular reviews.

The Board has received the declarations required to be made to the Directors from the Executive Director and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2009.

### **Principle 8: Remunerate fairly and responsibly**

The Company has a Remuneration Committee comprising the three non-Executive Directors, Messrs Richardson, Lim and Dean. The Committee meets as and when required, to review performance matters and remuneration. The qualifications of each member is set out in the Directors Report. This structure does not meet the ASX's guidance regarding independence, in that it does not have a majority of independent directors.

A formal, written charter for the Remuneration Committee has not been adopted.

Directors believe that the size of the Company makes individual salary and consultant negotiations more appropriate than formal remuneration policies.

The Remuneration Committee has received independent external advice and market comparisons as necessary, when considering Director and senior executive emoluments.

In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, plus the five highest paid officers of the Company.

The Employees and Officers Share Option Plan was introduced in 2004 and a number of option issues have been made under the Plan in the year ended 30 June 2009. Details are provided in the Directors Report.

## *Corporate Governance (continued)*

### **Ethical Standards**

A formal code of conduct & ethics is under consideration and expected to be adopted by the Board in the near future.

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### **Securities Trading and Trading Windows**

Directors, employees and key consultants must consult with the Chairman of the Board or the Executive Director before dealing in shares of the Company.

Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out other than in a "window", being the period commencing two days and ending 30 days following the date of announcement of the Company's annual or half yearly results, quarterly report or a major announcement leading, in the opinion of the Board, to an informed market.

However, Directors, employees and key consultants are prohibited from buying or selling Company shares at any time if they are aware of price sensitive information that has not been made public.

## Directors and Management

**“WPG HAS A CULTURE OF CONTINUOUS IMPROVEMENT, POSITIVE SUPPORT AND RECOGNITION OF ACHIEVEMENT WITH A FOCUS ON LONG TERM GROWTH AND CORPORATE STABILITY”**



### **ROBERT H DUFFIN – EXECUTIVE CHAIRMAN**

BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM

Bob Duffin is a company director and consultant to the mining industry, specialising in mining investment analysis, valuations and the provision of mining sector investment advice. He has over 35 years experience in resource exploration and project assessment, including over 20 years experience in mining investment analysis, project valuations and assessments of fair value of securities.

Bob has held senior positions in the exploration divisions of Peko Wallsend Ltd and MIM Holdings Ltd, then two of Australia's largest mining companies, and is a former managing director of Austirex International Ltd, an international resource exploration consulting and contracting firm. He has lived and worked in mining communities, including periods in Kalgoorlie in Western Australia and Mount Isa in Queensland, where he worked on

exploration programs for a number of commodities, including gold, copper, uranium, base metals and iron ore. He has also worked with three stockbroking firms and was head of research at one of Australia's leading resource sector brokers in the 1980s.

Bob is a director of Ferrowest Ltd. He was a non-executive director of Centennial Coal Company Limited from 1992 until 2007. He is a former director of the UK resources investment company Europa Minerals Group PLC and a former director of a number of other mining and resources companies including Austmin Gold NL, Burmine Limited and Midwest Corporation Limited.

### **HEATH L ROBERTS – EXECUTIVE DIRECTOR AND GENERAL COUNSEL**

Dip Law (SAB), Grad Dip LegP (UTS)

Heath Roberts practiced as a commercial solicitor before specialising in corporate advice, company secretarial practice and fund raising, with a focus on the resource and mining sectors.

Heath has had over 14 years broad commercial experience with a range of ASX listed companies including WCP Resources Ltd, Michelago Ltd, Intec Ltd, Gloucester Coal Ltd and other unlisted resource and mining groups. He has participated as an adviser and principal in a number of ASX listings and corporate reconstructions. He was Company Secretary of the Sydney Kings basketball company in 2001. He has a strong corporate background and significant experience in project assessment and acquisition, transaction negotiation, capital markets and corporate administration.





**GARY J JONES – TECHNICAL DIRECTOR**

BSc MAusIMM MSEG

Gary Jones is a geologist with over 40 years professional experience in mineral exploration and resource and reserve estimation for various type of mineral deposits including porphyry copper-gold and epithermal gold. He is Managing Director of Geonz Associates Ltd, a leading New Zealand firm of consulting geologists, and has been an independent consultant to the mining industry for the past 24 years during which time assignments have been completed in many parts of the world including Australia, Indonesia, North and South America, Canada and New Zealand.

Prior to setting up his own consultancy Gary worked as an exploration geologist for Geopeko for 15 years in various parts of Australia including 12 years in central New South Wales where he established and managed a new exploration operation for Geopeko.

During this time he supervised numerous base and precious metal projects throughout the Lachlan Fold Belt and parts of the New England region and is credited with the discovery of the Northparkes porphyry copper-gold deposits. Following the initial discoveries at Goonumbla, Gary also had a major input into the pegging of a large block of exploration licences in the Lake Cowal region. He planned and supervised the initial regional exploration programs that ultimately led to the discovery of the 4.4 million ounce Cowal porphyry gold deposit. Early in his career Gary worked on iron ore exploration and mining activities in the Northern Territory.

**LEN DEAN – NON-EXECUTIVE DIRECTOR**

BSc (Met)

Len Dean has had a 40 year career in the resources sector, with particular emphasis in the global iron ore industry. He spent 36 years with BHP, finishing in 2000 as Vice President, Coal and Iron Ore Marketing. During his period with BHP he was General Manager, Marketing for BHP Iron Ore in Perth for 8 years, he managed iron ore mining operations at BHP's Yampi Sound mine, and he lived and worked at BHP's (now OneSteel's) Whyalla works for 3 years. He was Managing Director of Sesa Goa Limited, India's largest private sector exporter of iron ore, from 2003 to 2006. More recently, he has been an iron ore consultant with a wide client base including Orinoco Iron (Venezuela), Mitsui Iron Ore Development, CVRD (Brazil) and Mineral Enterprises Limited (India).



**ROBERT L RICHARDSON – NON-EXECUTIVE DIRECTOR**

BSc (Physics), BE (Hons), MAusIMM, MASEG

Bob Richardson has 40 years experience in mineral exploration management, geophysics and exploration technology. His career includes 15 years with the Peko Wallsend Group as Chief Geophysicist and then Exploration Manager. He was a founder in 1976 and Managing Director of Austirex International Ltd that became a major international airborne geophysical contractor.

Bob has been at the forefront of mineral exploration in many parts of Australia for his entire career and has provided essential input into a number of important mineral discoveries. In 1987 he co-founded PlatSearch NL, where currently he is a non-executive director. He is also a non-executive director of Crossland Uranium Mines Ltd and Silver City Mining Ltd.

## Directors and Management (continued)



### **LIM SEE YONG – NON-EXECUTIVE DIRECTOR**

BAA (Singapore)

Lim See Yong is General Manager and Director of Xin Sheng International Private Limited, a trading company related to Tangshan Xingye Industrial and Trade Group Corporation, an investor in raw materials for the steel industry. He spent 11 years with NatSteel Trade International, a Singapore mill that produces bars and wire rods from scrap. He was NatSteel's chief representative in China for 7 years from 1995. From 2002 to 2006 he was in charge of selling iron ore and steel products to China, and exporting semi and finished steel products to South East Asian markets. See Yong lives in Singapore.

### **LARISSA BROWN – COMPANY SECRETARY**

BA, Dip Ed, Grad Dip ACG

Larissa Brown has 10 years experience in the administration of resource and resource technology companies. Larissa has a broad range of corporate management and regulatory skills, including compliance issues, ASIC, ASX and share registry matters, Annual Report and website preparation. Larissa completed a Graduate Diploma of Applied Corporate Governance through Chartered Secretaries Australia and was appointed Company Secretary on 6 August 2009.



### **MARTIN JACOBSEN – CHIEF OPERATING OFFICER**

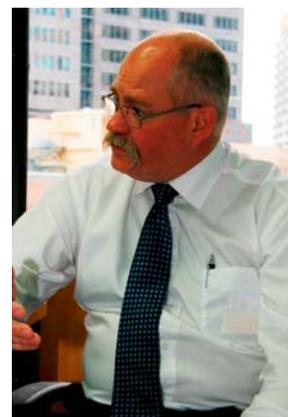
MSCC, MDP (Unisa)

Martin Jacobsen joined WPG from his previous position as Vice President, Operations, with Golden China Resources Limited, a gold mining and exploration company with project assets in China. Prior to that he was Technical Director with Emperor Mines Limited and had earlier held senior management positions in gold, chrome and platinum mining operations in South Africa. He has been project manager for a number of projects in a wide range of commodities and mine types. Martin's principal function with WPG is to manage all phases of the construction of the Peculiar Knob mine, and then manage its operations.

### **GREG HARDING – CHIEF FINANCIAL OFFICER**

FCPA, BBus, Grad Dip Tax Law

Greg Harding is a commercially focussed and CPA qualified CFO with a strong track record of managing finance, accounting and administrative functions. He was General Manager Finance and Administration and Company Secretary with Savage Resources Limited for 7 years to 1993 and before that was Company Secretary of Savage Iron Investments Pty Limited. Greg's key function with WPG is the management of all financial functions of the group.



## Directors and Management (continued)



### **MYLES FANG (RUI) – BUSINESS DEVELOPMENT MANAGER AND CHINA REPRESENTATIVE**

BE (Tianjin), MBA (Newcastle)

Myles Fang has extensive experience in marketing and business development with Chinese, Australian and international companies. He has held senior positions in the China office of Dennis Family Corporation Pty Ltd, and was Business Manager in the China office of MONDRAGÓN CORPORACIÓN COOPERATIVA. He has lived and worked in Australia and China, and has a good understanding of both cultures, and broad contacts in both countries. His principle function with WPG is business development, focusing on promoting the company in the Chinese market, and building and developing relations with strategic partners and investors.

#### Explanation of qualifications

BA	Bachelor of Arts
BBus	Bachelor of Business
BE	Bachelor of Engineering
BAA	
BEng	Bachelor of Engineering
BSc	Bachelor of Science
Dip Ed	Diploma in Education
Dip Law	Diploma in Law
FAIM	Fellow Australian Institute of Mining
FAusIMM	Fellow Australasian Institute of Mining and Metallurgy
FCPA	FCPA Fellow of the Australian Society of Certified Practising Accountants
Grad Dip ACG	Graduate Diploma in Applied Corporate Governance
Grad Dip LegP	Graduate Diploma in Legal Practice
Grad Dip Mgt	Graduate Diploma in Management
Grad Dip Tax Law	Graduate Diploma in Taxation Law
MAICD	Member Australian Institute of Company Directors
MASEG	Member Australian Society of Exploration Geophysicists
MAusIMM	Member Australasian Institute of Mining and Metallurgy
MBA	MBA Master of Business Administration
MDP	Management Development Programme
MSc	Master of Science
MSCC	Mine Surveyors Certificate of Competency
MSEG	Member Society of Exploration Geophysicists

# Sustainability and Environmental Performance

“ENVIRONMENTAL PERFORMANCE AND UNDERSTANDING MUST BE INTEGRATED INTO ALL ASPECTS OF THE COMPANY’S ACTIVITIES”

The Company recognises that in order to be an economically successful company, efficient environmental performance and understanding must be integrated into all aspects of the Company’s activities.

WPG continually strives to improve its environmental performance and monitor its performance by comparison to industry standards, and ensure public availability and transparency of relevant documentation.

As a minimum standard, WPG has ensured that all operational areas comply with applicable government laws and regulations.

Western Plains Resources will encourage and support research programmes relevant to its operations which will provide for a greater understanding of the environment and improvement in our rehabilitation and management methods.

## ENVIRONMENTAL PERFORMANCE

WPG holds exploration licences in New South Wales and South Australia, mineral claims and a mineral lease in South Australia. These tenements have been issued by the South Australia and New South Wales state governments which specify guidelines for environmental impacts in relation to activities undertaken under authority of the tenements.

### Exploration Licences and Mineral Claims

The Company’s activities on these tenements are directed towards mineral exploration (rather than development) and are directly and indirectly regulated by a range of state legislation. The exploration licence and mineral claim conditions require the full rehabilitation of the areas on completion of exploration in accordance with various guidelines and standards. Each Mines Department holds a security bond to ensure compliance with this rehabilitation obligation and there have been no significant known breaches of the licence conditions.

### Mineral Lease

On 25 June 2008 the Company was granted a fourteen year mineral lease over the Peculiar Knob DSO iron project in South Australia. As part of mineral lease

application and permitting process, the Company has carried out extensive environmental assessment of the impact of the mining proposal. This environmental assessment has been carried out by independent experts in relevant fields.

### Miscellaneous Purposes Licenses

The Company has lodged applications for Miscellaneous Purposes Licenses (MPLs) covering the infrastructure servicing the Peculiar Knob operation. As with the latter, extensive environmental studies have been undertaken as part of the application process.

### Mining and Rehabilitation Plan (MARF)

The Company is currently completing a MARF (Mining and Rehabilitation Plan) for Peculiar Knob, which will carry an extensive range of conditions and measures to protect the environment. The Company’s environmental performance will be regularly tested against these conditions and measures (and other South Australian statutory requirements).

### Carbon Pollution Reduction and Emissions Trading

The Company actively monitors developments in policy and legislation relating to carbon pollution reduction and emissions trading. Moving forward, as the impact of these matters distils to firm obligations the Company will embrace and implement them. Initial assessment of potential carbon offset costs has been undertaken by the Company.

### WPG has a strong commitment to best practice compliance with all relevant environmental protection conditions.

As part of the Peculiar Knob MARF, WPG will establish parameters for its proposed mining operations. WPG will

- set and communicate environmental objectives and quantified targets
- monitor progress against these objectives and targets
- implement environmental management plans in operating areas which may have a significant environmental impact

## *Sustainability and Environmental Performance (continued)*

- identify where remedial actions are required and implement action plans
- monitor licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

Environmental performance will be reported to the WPG Board on a regular basis.

### **COMMUNITY RELATIONS**

WPG's commitment to maintaining good relationships with its employees, stakeholders, Government and non Government organisations is important to the success and longevity of its operations.

The Company is developing an effective community engagement and consultation strategy, with key community groups identified and communicated with to understand their concerns and likely social implications. Independent advisers assist the Company in formulating and implementing these strategies.

WPG is participating in consultation with pastoralists, Aboriginal communities, other mining and exploration companies and the State and Federal Government in and around the Peculiar Knob and Hawks Nest Project areas. WPG is committed to a programme of consultation with all key community groups in and around Port Bonython.

WPG is committed to working with local businesses.

### **SAFETY MANAGEMENT PROGRAM**

WPG values the safety and health of all of its employees, contractors and the wider community in which it operates.

The Company maintains an Occupational Health and Safety management system to apply best industry standards to its operations.

### **EMPLOYMENT AND TRAINING**

WPG is committed to providing a professional and rewarding environment where employees can grow and develop their careers.

WPG encourages all employees to undertake professional training, and, as a priority, ensures that their staff have all necessary training to competently carry out their jobs.

WPG will particularly look at enhancing regional employment and training opportunities in South Australia.

### **SPONSORSHIP**

WPG has sponsored local events and organisations in the Coober Pedy area, including the 2009 Annual Race Meeting of the Coober Pedy Amateur Racing Club and the Coober Pedy Football Club's Junior Saints.

*Income Statements*  
for the year ended 30 June 2009

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>REVENUE AND OTHER INCOME</b>	2	285	622	285	622
ASX and ASIC fees		(46)	(69)	(46)	(69)
Contract administration services		(511)	(419)	(511)	(419)
Corporate advisory services		-	(49)	-	(49)
Depreciation and amortisation		(41)	(22)	(41)	(22)
Directors' fees		(377)	(387)	(377)	(387)
Employment costs		(137)	(73)	(137)	(73)
Exploration & evaluation expenditure written-off		(1,068)	(27)	(1,068)	(27)
Loss on disposal of exploration licence		(695)	-	(695)	-
Office costs		(59)	(47)	(59)	(47)
Operating lease rental expense		(153)	(115)	(153)	(115)
Public relations		(125)	(97)	(125)	(97)
Share based payments		(406)	(1,988)	(406)	(1,988)
Superannuation expense		132	9	132	9
Travel and accommodation		(247)	(176)	(247)	(176)
Other expenses from ordinary activities		(221)	(183)	(221)	(183)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		<b>(3,933)</b>	<b>(3,039)</b>	<b>(3,933)</b>	<b>(3,039)</b>
<b>INCOME TAX EXPENSE</b>	3	-	-	-	-
<b>LOSS AFTER TAX</b>		<b>(3,933)</b>	<b>(3,039)</b>	<b>(3,933)</b>	<b>(3,039)</b>
<b>LOSS ATTRIBUTABLE TO MEMBERS OF WESTERN PLAINS RESOURCES LTD</b>		<b>(3,933)</b>	<b>(3,039)</b>	<b>(3,933)</b>	<b>(3,039)</b>
Basic loss per share (cents per share)	15	(4.85)	(3.88)	(4.85)	(3.88)
Diluted loss per share (cents per share)	15	(4.85)	(3.88)	(4.85)	(3.88)

The above income statements should be read in conjunction with the accompanying notes.

*Balance Sheets*  
as at 30 June 2009

	Note	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	5,266	6,349	5,266	6,349
Trade and other receivables	6	72	173	9,958	7,178
Other financial assets	7	10	20	10	20
<b>TOTAL CURRENT ASSETS</b>		<b>5,348</b>	<b>6,542</b>	<b>15,234</b>	<b>13,547</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	7	160	172	160	172
Plant, equipment and leasehold improvements	8	74	72	74	72
Deferred exploration and evaluation expenditure	9	16,685	14,934	299	1,429
Deferred port evaluation expenditure	9	-	406	-	406
Investment in subsidiary	10	-	-	4,870	4,870
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,919</b>	<b>15,584</b>	<b>5,403</b>	<b>6,949</b>
<b>TOTAL ASSETS</b>		<b>22,267</b>	<b>22,126</b>	<b>20,637</b>	<b>20,496</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	781	771	781	771
<b>TOTAL CURRENT LIABILITIES</b>		<b>781</b>	<b>771</b>	<b>781</b>	<b>771</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	12	1,630	1,630	-	-
Provisions	12	10	-	10	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,640</b>	<b>1,630</b>	<b>10</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,421</b>	<b>2,401</b>	<b>791</b>	<b>771</b>
<b>NET ASSETS</b>		<b>19,846</b>	<b>19,725</b>	<b>19,846</b>	<b>19,725</b>
<b>EQUITY</b>					
Contributed equity	13	24,961	21,313	24,961	21,313
Reserves	14	3,867	3,461	3,867	3,461
Accumulated losses		(8,982)	(5,049)	(8,982)	(5,049)
<b>TOTAL EQUITY</b>		<b>19,846</b>	<b>19,725</b>	<b>19,846</b>	<b>19,725</b>

The above balance sheets should be read in conjunction with the accompanying notes.

*Cash Flow Statements*  
for the year ended 30 June 2009

Note	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	(1,925)	(1,728)	(1,925)	(1,728)
Payments to suppliers and employees				
Interest paid	-	(1)	-	(1)
Interest received	229	571	229	571
Grants received	67	-	67	-
Rent received	31	21	31	21
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	22	(1,598)	(1,137)	(1,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment	(33)	(66)	(33)	(66)
Expenditure on mining interests (exploration)	(3,710)	(4,593)	(829)	(64)
Expenditure on mining interests (development)	-	(259)	-	-
Deposit from Joint Venture Participant	500	-	500	-
Loan to subsidiaries	-	-	(2,881)	(4,788)
Payments for tenement security deposits	10	-	10	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(3,233)	(4,918)	(3,233)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	3,811	8,766	3,811	8,766
Payments for equity raising expenses	(63)	(52)	(63)	(52)
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,748	8,714	3,748
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,083)	2,659	(1,083)
Cash and cash equivalents at the beginning of the year		6,349	3,690	6,349
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	22	5,266	6,349	5,266

The above cash flow statements should be read in conjunction with the accompanying notes.

*Statements of Changes in Equity*  
for the year ended 30 June 2009

	<b>Consolidated</b>			
	<b>Issued Capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>AT 1 JULY 2007</b>	12,764	1,255	(2,010)	12,009
Loss for the period	-	-	(3,039)	(3,039)
Issue of share capital, net of transaction costs	8,549	-	-	8,549
Cost of share based payments taken directly to equity	-	2,206	-	2,206
<b>AT 30 JUNE 2008</b>	<b>21,313</b>	<b>3,461</b>	<b>(5,049)</b>	<b>19,725</b>
<b>AT 1 JULY 2008</b>	21,313	3,461	(5,049)	19,725
Loss for the period	-	-	(3,933)	(3,933)
Issue of share capital, net of transaction costs	3,648	-	-	3,648
Cost of share based payments taken directly to equity	-	406	-	406
<b>AT 30 JUNE 2009</b>	<b>24,961</b>	<b>3,867</b>	<b>(8,982)</b>	<b>19,846</b>

	<b>Parent</b>			
	<b>Issued Capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>AT 1 JULY 2007</b>	12,764	1,255	(2,010)	12,009
Loss for the period	-	-	(3,039)	(3,039)
Issue of share capital, net of transaction costs	8,549	-	-	8,549
Cost of share based payments taken directly to equity	-	2,206	-	2,206
<b>AT 30 JUNE 2008</b>	<b>21,313</b>	<b>3,461</b>	<b>(5,049)</b>	<b>19,725</b>
<b>AT 1 JULY 2008</b>	21,313	3,461	(5,049)	19,725
Loss for the period	-	-	(3,933)	(3,933)
Issue of share capital, net of transaction costs	3,648	-	-	3,648
Cost of share based payments taken directly to equity	-	406	-	406
<b>AT 30 JUNE 2009</b>	<b>24,961</b>	<b>3,867</b>	<b>(8,982)</b>	<b>19,846</b>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. It has been prepared on a historical cost basis using the accrual method of accounting.

### **(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards ("IFRS").

### **(c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Western Plains Resources Ltd (WPG or the Company) and its subsidiaries (collectively, the "Group") as at 30 June each year. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

### **(d) Property, plant, equipment and leasehold improvements**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset: plant and equipment – depreciated over four years; leasehold improvements – depreciated over term of lease.

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

### **(e) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

### **(f) Investments**

All investments in subsidiaries are recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

### **(g) Exploration, evaluation, development and restoration costs**

#### *Exploration and evaluation*

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

#### *Exploration and evaluation – impairment*

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Company undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

### Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

### Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (h) Trade and other receivables

Trade receivables, which generally have a 30 day term, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

### (i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

### (j) Trade and Other Payables and Provisions

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### (k) Employee leave benefits

#### (a) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

#### (b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (l) Superannuation

The Group contributes to defined contribution superannuation funds for employees. The cost of these contributions is expensed as incurred.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Share-based payment transactions

In addition to salaries, the Group provides benefits to certain employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently an Employee Share Option Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Binomial Tree option pricing model. (Previously the Black & Scholes method had been used. The change has had no significant effect on the costs brought to account.)

In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and new award are treated as if

they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

### (n) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### (o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### *Rendering of Services*

Revenue from consulting services is recognised when provided.

#### *Interest*

Revenue is recognised as the interest accrues.

#### *Royalties*

Royalties are recognised in accordance with substance of the relevant agreement.

### (p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

### **(q) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **(r) Currency**

The functional and presentation currency for the Group is Australian dollars (\$).

### **(s) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (t) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are set out below.

#### *Proposed joint venture*

On 18 September 2009 the Company received a letter from the Department of Defence ('Defence') indicating that it will not support the proposed Hawks Nest joint venture with WISCO. The Company is attempting to recommence negotiations on the issues with Defence. Until the issues are clarified, there is considerable uncertainty regarding the likelihood of the WISCO joint venture proceeding and/or any future mining operation at Hawks Nest being agreed to by Defence.

The Hawks Nest area of interest consists of two main project areas, the magnetite (which is the subject of the proposed joint venture with WISCO) and Buzzard DSO. These areas are carried at a value of \$261K and \$4M respectively, the total of \$4.3M is included within the total balance of deferred exploration and evaluation of \$16.685M contained in Note 9. Despite the initial decision by Defence, the asset has not been impaired as the Group has the intention to challenge the decision and believe the asset has commercial value.

#### *Share-based payment transactions*

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Binomial Tree (previously the Black Scholes) formula taking into account the terms and conditions upon which the instruments were granted.

#### *Exploration and evaluation costs*

The Company capitalises all its exploration and evaluation expenditure in accordance with accounting policy note 1(g) – refer note 9.

### (u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (w) Rounding of amounts

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.

### (x) Government Grants

Grants from the government are recognised when received or when all conditions attached to them have been met, whichever is the later.

### (y) Accounting Standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 30 June 2009.

They have not been adopted in preparing the financial report for the year ended 30 June 2009 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below:

AASB 3 Business Combinations: is effective for business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later. It has been released as part of long term international convergence project between IASB and FASB.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.

As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

AASB 127 Consolidated and Separate Financial Statements: was reissued in March 2008 and is applicable for annual reporting periods commencing on or after 1 July 2009. The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be

any impact on the financial statements when this revised standard is first adopted.

AASB 2008-1 Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations: was issued in February 2008 and is applicable for annual reporting periods beginning on or after 1 January 2009. The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions. To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If any entity has made a prior period adjustment of has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Company intends to apply the revised standard from 1 July 2009.

The directors have considered the impact of other standards issued, not yet effective, and have determined that they would have no impact on the financial report when the standards are first adopted.

## 2. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS

### Revenue

Interest received – other persons/corporations  
Rent received

### Other income

EMDG grant received

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interest received – other persons/corporations	187	601	187	601
Rent received	31	21	31	21
	<b>218</b>	622	<b>218</b>	622
EMDG grant received	67	-	67	-
	<b>285</b>	622	<b>285</b>	622

notes to the financial statements (continued)  
for the year ended 30 June 2009

### 3. INCOME TAX EXPENSE

Loss from continuing activities before tax expense  
Prima facie tax benefit on loss from continuing activities at 30% (2008: 30%)  
Tax effect of amounts which are not deductible in calculating taxable income:  
Share-based payments  
Tax effect of current year tax losses for which no deferred tax asset has been recognised

Income tax expense

Unrecognised deferred tax assets and liabilities

On income tax account

Capital raising costs

Carry forward tax losses:

-Operating

-Exploration and evaluation expenditure

-Deferred tax liability – taxable temporary differences

**Net unrecognised deferred tax asset**

The taxation benefits will be obtained only if the assessable income derived is of a nature and an amount sufficient to enable the benefit of deductions to be realised; conditions for deductibility imposed by the law are complied with; and there are no changes in tax

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2007 \$'000
Loss from continuing activities before tax expense	(3,933)	(3,039)	(3,933)	(3,039)
Prima facie tax benefit on loss from continuing activities at 30% (2008: 30%)	(1,180)	(912)	(1,180)	(912)
Tax effect of amounts which are not deductible in calculating taxable income:				
Share-based payments	122	596	122	596
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,058	316	1,058	316
Income tax expense	-	-	-	-
Unrecognised deferred tax assets and liabilities				
On income tax account				
Capital raising costs	413	287	413	287
Carry forward tax losses:				
-Operating	1,874	816	1,874	816
-Exploration and evaluation expenditure	4,639	4,113	4,639	4,113
-Deferred tax liability – taxable temporary differences	(4,639)	(4,113)	(4,639)	(4,113)
<b>Net unrecognised deferred tax asset</b>	<b>2,287</b>	<b>1,103</b>	<b>2,287</b>	<b>1,103</b>

legislation that adversely affect the realisation of the benefit of the deductions. For accounts purposes, with respect to the above, the Company has not brought the tax benefit to account.

### 4. AUDITORS' REMUNERATION

Total amounts receivable by BDO Kendalls for:  
Audit or review of the financial report of the entity

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Audit or review of the financial report of the entity	50,000	15,796	50,000	15,796

### 5. CASH AND CASH EQUIVALENTS

Cash at bank  
Money market securities – bank deposits

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank	43	160	43	160
Money market securities – bank deposits	5,223	6,189	5,223	6,189
	<b>5,266</b>	<b>6,349</b>	<b>5,266</b>	<b>6,349</b>

notes to the financial statements (continued)  
for the year ended 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
	\$'000	\$'000	\$'000	\$'000
<b>6. TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Trade receivables	1	27	1	27
GST receivables	40	77	40	77
Interest receivables	3	45	3	45
Loan to subsidiary	-	-	9,886	7,005
Prepayments	12	18	12	18
Other receivables	16	6	16	6
	<b>72</b>	<b>173</b>	<b>9,958</b>	<b>7,178</b>

The loan to subsidiary is non-interest bearing, has no fixed repayment term and has been applied to exploration and evaluation work programmes on the subsidiary's mineral tenements. This expenditure is currently capitalised under AASB 6.

**7. OTHER FINANCIAL ASSETS**

**Current**

Deposit with government mines department \*

	10	20	10	20
	<b>10</b>	<b>20</b>	<b>10</b>	<b>20</b>
<b>Non Current</b>				
Deposit with government mines department *	85	85	85	85
Rental lease deposit	75	87	75	87
	<b>160</b>	<b>172</b>	<b>160</b>	<b>172</b>

**Non Current**

Deposit with government mines department \*

Rental lease deposit

\* These non-interest earning deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements.

**8. PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

**Plant and equipment** – at cost

Accumulated depreciation

	113	82	113	82
	(58)	(25)	(58)	(25)
	<b>55</b>	<b>57</b>	<b>55</b>	<b>57</b>
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year				
Carrying amount at beginning	57	11	57	11
Additions	31	67	31	67
Disposals	-	-	-	-
Depreciation expense	(33)	(21)	(33)	(21)
	<b>55</b>	<b>57</b>	<b>55</b>	<b>57</b>

notes to the financial statements (continued)  
for the year ended 30 June 2009

**8. PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (CONTINUED)**

Leasehold improvements – at cost  
Accumulated depreciation

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	29	16	29	16
	(9)	(1)	(9)	(1)
	<b>20</b>	<b>15</b>	<b>20</b>	<b>15</b>
Reconciliation of the carrying amount of leasehold improvements at the beginning and end of the current and previous financial year				
Carrying amount at beginning	15	-	15	-
Additions	13	16	13	16
Disposals	-	-	-	-
Depreciation expense	(8)	(1)	(8)	(1)
	<b>20</b>	<b>15</b>	<b>20</b>	<b>15</b>
	<b>74</b>	<b>72</b>	<b>74</b>	<b>72</b>

**9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

**Exploration expenditure**

Costs brought forward	14,934	10,011	1,429	1,391
Costs incurred during the period	2,904	4,950	23	65
Expenditure written off on disposal of EL 5771	(695)	-	(695)	-
Expenditure written-off during period	(458)	(27)	(458)	(27)
Costs carried forward	<b>16,685</b>	<b>14,934</b>	<b>299</b>	<b>1,429</b>
Exploration expenditure costs carried forward are made up of:				
Expenditure on joint venture areas	368	690	299	690
Expenditure on non-joint venture areas	16,317	14,244	-	739
Costs carried forward	<b>16,685</b>	<b>14,934</b>	<b>299</b>	<b>1,429</b>

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

**Evaluation expenditure – Port Bonython**

The Company submitted an Expression of Interest to the South Australian Government in relation to the development of a bulk commodities export facility at Port Bonython. The costs of preparing the submission of \$405,634 carried forward as an asset at 30 June 2008, along with a further \$204,069 of costs incurred during the current period, were written off during the year.

notes to the financial statements (continued)  
for the year ended 30 June 2009

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>10. INVESTMENT IN SUBSIDIARY</b>				
Investments in controlled entities (note 16) – at cost	-	-	4,870	4,870
	-	-	4,870	4,870

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>11. CURRENT LIABILITIES – PAYABLES</b>				
Trade creditors and accruals	248	750	248	750
Other creditors (including \$500,00 WISCO JV Contribution)	533	21	533	21
	781	771	781	771

These payables are non-interest bearing and are generally settled on 30 day terms.

**12. PROVISIONS**

**Non-current**

**Deferred tax liability** arising from capitalised non-deductible exploration expenditure on consolidation (no movement during the period)

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred tax liability	1,630	1,630	-	-

**Lease makegood** relating to the requirement to restore leased office premises in Kyle House to its original condition. This provision has been recognised as the estimated cost of removing partitions and have been capitalised as part of the cost of leasehold improvements and are amortised over the life of the lease. Movement in this provision is set out below:

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Lease makegood	10	-	10	-

Carrying amount at start of year

Carrying amount at start of year	-	-	-	-
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Provision recognised – charged to Leasehold Improvements

Provision recognised – charged to Leasehold Improvements	10	-	10	-
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Carrying amount at end of year

Carrying amount at end of year	10	-	10	-
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**13. ISSUED CAPITAL**

**Contributed equity**

**Share capital**

93,615,685 (2008: 80,807,355 fully paid ordinary shares)

(a)

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share capital	27,050	23,239	27,050	23,239

Fully paid ordinary shares carry one vote per share and carry the right to dividends

**Share issue costs**

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share issue costs	(2,089)	(1,926)	(2,089)	(1,926)
	24,961	21,313	24,961	21,313

notes to the financial statements (continued)  
for the year ended 30 June 2009

### 13. ISSUED CAPITAL (CONTINUED)

#### (a) Movements in ordinary share capital

	Consolidated		Parent	
	2009 No.	2008 No.	2009 No.	2008 No.
At beginning of the reporting period	80,807,355	70,301,722	80,807,355	70,301,722
Shares issued during the year	12,183,330	5,813,953	12,183,330	5,813,953
Exercise of options	625,000	4,691,680	625,000	4,691,680
At end of reporting period	93,615,685	80,807,355	93,615,685	80,807,355

#### Terms and conditions of contributed equity

##### Ordinary Shares

Ordinary shares have no par value, have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

##### Options

There were 625,000 shares issued during the year ended 30 June 2009 by virtue of the exercise of options.

As at 30 June 2009, the Company had on issue:

- 2,750,000 options exercisable at 23.7 cents, expiry 28 September 2009
- 3,475,000 options exercisable at 33.7 cents, expiry 28 September 2009
- 1,000,000 options exercisable at 38.7 cents, expiry 29 November 2009
- 300,000 options exercisable at 38.7 cents, expiry 29 May 2010
- 200,000 options exercisable at 38.7 cents, expiry 16 June 2010
- 1,750,000 options exercisable at 23.7 cents, expiry 22 November 2011
- 350,000 options exercisable at \$1.097, expiry 4 July 2012
- 1,300,000 options exercisable at \$1.127, expiry 17 September 2012
- 750,000 options exercisable at \$1.237, expiry 12 November 2012
- 300,000 options exercisable at 73.7 cents, expiry 2 September 2013
- 500,000 options exercisable at 38.7 cents, expiry 11 May 2011

### 14. OPTION RESERVE

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Opening balance	3,460,851	1,255,107	3,460,851	1,255,107
Expensed	406,309	1,987,857	406,309	1,987,857
Share issue costs	-	217,887	-	217,887
Closing balance	3,867,160	3,460,851	3,867,160	3,460,851

The option reserve represents a valuation of options issued in prior years, and in the current financial period.

#### Share Based Payments

The following share based payment options were granted and/or exercised during the current, and where applicable, comparative reporting period.

notes to the financial statements (continued)  
for the year ended 30 June 2009

**14. OPTION RESERVE (CONTINUED)**

Current year	No. of options issued	Grant Date Share Price	Date issued	Exercise Price <sup>b</sup>	Expiry date	Volatility	Risk free rate	Ex-pected life	Fair Value	Total \$	No. of options exercisable
<b>Employees and Officers Share Option Plan</b>											
Options at start of year											
Employees/ Consultants	1,750,000	\$0.21	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1618	\$283,184	1,750,000
Employees/ Consultants	350,000	\$1.28	4.07.07	\$1.11	6.07.12	85.70%	6.50%	5 yrs	\$0.94	\$330,066	350,000
Employees/ Consultants	<u>1,300,000</u>	\$1.35	17.09.07	\$1.14	17.09.12	65.50%	6.75%	5 yrs	\$0.8763	<u>\$1,139,235</u>	<u>1,300,000</u>
	<u>3,400,000</u>									<u>\$1,752,485</u>	<u>3,400,000</u>
Granted to Employees/ Consultants during the year	<u>300,000</u>	\$0.85	2.09.08	\$0.75	2.09.13	81.2%	5.75%	5yrs	\$0.5922	<u>\$177,660</u>	<u>150,000</u>
Plan options at end of year	<u>3,700,000</u>									<u>\$1,930,145</u>	<u>3,550,000</u>
<b>Directors</b>											
Options at start of year	<u>750,000</u>	\$1.61	12.11.07	\$1.25	12.11.12	68.20%	6.75%	5 yrs	\$1.0934	<u>\$820,074</u>	<u>750,000</u>
Movement during year	<u>-</u>									<u>-</u>	<u>-</u>
Options at end of year	<u>750,000</u>									<u>\$820,074</u>	<u>750,000</u>
<b>Brokers</b>											
Options at start of year	500,000	\$0.195	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1478	\$73,900	500,000
	1,000,000 <sup>a</sup>	\$0.195	29.11.07	\$0.40	29.11.09	102.6%	6.41%	2 yrs	\$0.1562	\$156,180	1,000,000
	300,000 <sup>a</sup>	\$0.195	29.05.08	\$0.40	29.05.10	102.6%	6.41%	2 yrs	\$0.1562	\$46,854	300,000
	<u>200,000<sup>a</sup></u>	\$0.195	16.06.08	\$0.40	16.06.10	102.6%	6.41%	2 yrs	\$0.1562	<u>\$31,236</u>	<u>200,000</u>
	<u>2,000,000</u>									<u>\$308,170</u>	<u>2,000,000</u>
Granted to brokers during the year	500,000	\$0.195	11.05.09	\$0.40	29.11.09	102.6%	6.41%	2 yrs	\$0.1562	\$78,100	500,000
Exercised during the year	<u>500,000</u>		11.05.09	\$0.25						<u>\$73,900</u>	<u>500,000</u>
Options at end of year	<u>2,000,000</u>									<u>\$312,370</u>	<u>2,000,000</u>

<sup>a</sup> Grant date 22 November 2006 attached to previous option issued on that date to brokers of the Company who had assisted with a capital raising. A total amount of \$607,888 representing the fair value of these and the original options has been included in the share issue costs within contributed equity on the balance sheet.

<sup>b</sup> Subsequent to year end the exercise price of all options on issue was reduced by \$0.013 as a result of a rights issue pursuant to ASX Listing Rule 6.22.2

notes to the financial statements (continued)  
for the year ended 30 June 2009

**14. OPTION RESERVE (CONTINUED)**

Comparative year	No. of options issued	Grant Date Share Price	Date issued	Exercise price	Expiry date	Volatility	Risk free rate	Expected life	Fair Value	Total \$	No. of options exercisable
<b>Employees and Officers Share Option Plan</b>											
Options at start of year	1,750,000 <sup>a</sup>	\$0.21	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1618	\$283,184	1,750,000
Granted to Employees/Consultants during the year	350,000	\$1.28	4.07.07	\$1.11	6.07.12	85.70%	6.50%	5 yrs	\$0.94	\$330,066	175,000
	<u>1,300,000</u>	\$1.35	17.09.07	\$1.14	17.09.12	65.50%	6.75%	5 yrs	\$0.8763	\$1,139,235	650,000
	<u>1,650,000</u>									<u>\$1,469,301</u>	<u>825,000</u>
Plan options at end of year	<u>3,400,000</u>									<u>\$1,752,485</u>	<u>2,575,000</u>
<b>Directors *</b>											
Options at start of year	-									-	-
Granted to directors during the year	750,000	\$1.61	12.11.07	\$1.25	12.11.12	68.20%	6.75%	5 yrs	\$1.0934	\$820,074	750,000
Options at end of year	<u>750,000</u>									<u>\$820,074</u>	<u>750,000</u>
<b>Brokers</b>											
Options at start of year	2,000,000	\$0.195	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1478	\$295,529	2,000,000
Granted to brokers during the year	1,000,000 <sup>a</sup>	\$0.195	29.11.07	\$0.40	29.11.09	102.6%	6.41%	2 yrs	\$0.1562	\$156,180	1,000,000
	300,000 <sup>a</sup>	\$0.195	29.05.08	\$0.40	29.05.10	102.6%	6.41%	2 yrs	\$0.1562	\$46,854	300,000
	<u>200,000<sup>a</sup></u>	\$0.195	16.06.08	\$0.40	16.06.10	102.6%	6.41%	2 yrs	\$0.1562	\$31,236	200,000
	<u>1,500,000</u>									<u>\$234,270</u>	<u>1,500,000</u>
Exercised during the year	1,000,000		29.11.07	\$0.25	29.11.07					\$147,765	1,000,000
	300,000		29.05.08	\$0.25	29.05.08					\$44,329	300,000
	<u>200,000</u>		16.06.08	\$0.25	16.06.08					\$29,553	200,000
	<u>1,500,000</u>									<u>\$221,647</u>	<u>1,500,000</u>
Options at end of year	<u>2,000,000</u>									<u>\$308,170</u>	<u>2,000,000</u>

<sup>a</sup> Grant date 22 November 2006 attached to previous option issued on that date to brokers of the Company who had assisted with a capital raising. A total amount of \$607,888 representing the fair value of these and the original options has been included in the share issue costs within contributed equity on the balance sheet.

## 14. OPTION RESERVE (CONTINUED)

### Share Based Payments (continued)

The total value of the 300,000 options issued under the Employees and Officers Share Option Plan during the current period is \$177,660 and of this amount \$162,856 was expensed in the income statement along with the amount of \$243,453 due to the vesting of 17 September 2012 options, in line with AASB2 which requires amortisation of the Fair Value over the vesting period.

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 Binomial Tree option valuation methodology model, prepared by an external consultant having regard to historical volatility determined by that consultant. Previously the Black & Scholes method had been used.

### Employees and Officers Share Option Plan

The Company established the Western Plains Resources Ltd Employees and Officers Share Option Plan (the Plan) to assist in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants.

A summary of the rules of the Plan is as follows.

The allocation of options under the Plan is at the discretion of the Board. All Directors, officers, employees and senior consultants (whether full or part-time) are eligible to participate in the Plan. If permitted by the Board, options may be issued to a nominee of a director, officer, employee or senior consultant (for example, to a spouse or family company).

Each option allows the option holder to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to issue the options. The total number of shares the subject of options issued under the Plan, when aggregated with other options issued under the Plan during the previous five years must not exceed five percent of the Company's issued share capital at any given time.

The Board may amend the Plan rules at any time subject to the requirements of the ASX Listing Rules.

## 15. LOSS PER SHARE

Basic loss per share  
Diluted loss per share

	Consolidated	
	2009	2008
cents	(4.85)	(3.88)
cents	(4.85)	(3.88)
No.	81,149,044	78,352,422
\$	(3,932,836)	(3,038,830)

Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS  
Loss used in calculating basic and diluted EPS

There were 12,675,000 options outstanding at the end of the year (2008 – 12,500,000) that have not been taken into account in calculating diluted EPS because their effect would be antidilutive. In July and August 2009 the Company issued a total of 9,926,082 shares by way of placement and rights issue. Had these shares been included in the weighted average number of shares used to calculate the basic loss per share on the basis that they were issued at the end of the reporting period, although significantly increasing the number of shares on issue at balance date, they would have no effect on the weighted average number of shares used in the calculation, and in any event would be antidilutive.

## 16. RELATED PARTY DISCLOSURES

No payments have been made to Related Parties other than those set out in Note 23.

### Subsidiaries

The consolidated financial statements include the financial statements of Western Plains Resources Ltd and the subsidiaries listed below.

## 16. RELATED PARTY DISCLOSURES (CONTINUED)

Name	Country of incorporation	% Equity interest		\$ Investment	
		2009	2008	2009	2008
Southern Iron Pty Ltd	Australia	100	100	4,870,206	4,870,206
WPG Ore Marketing Pty Ltd	Australia	100	100	1	1
Port Bonython Bulk Users Group Inc	Australia	100	100	1	1
Port Bonython Pty Ltd	Australia	100	100	1	1
Spencer Gulf Holdings Pty Ltd	Australia	100	100	1	1
Hawks Nest Management Pty Ltd	Australia	100	-	1	-
Spencer Gulf Ports Pty Ltd	Australia	100	100	1	1
				<b>4,870,212</b>	<b>4,870,211</b>

During the year the Company sold the Euriowie exploration tenement to Silver City Mining Ltd a company that Robert Richardson is a director and a minority shareholder (250,000 shares – 1.2%). The consideration was 754,500 Converting Performance Shares with no current measurable value, the Company recognising a loss on disposal of \$695,000.

## 17. FARM IN / FARM OUT ARRANGEMENTS

The Company is a party to a number of exploration farm in / farm out agreements. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The arrangements are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at balance date resulting from these arrangements, other than exploration expenditure costs carried forward as detailed in Note 9.

Percentage equity interests in arrangements at 30 June 2009 were as follows:

	Percentage Interest 2009	Percentage Interest 2008
<b>South Australia</b>		
Commonwealth Hill * (Fe only) (Farm in)	Earning 51%	nil
<b>New South Wales</b>		
Euriowie * (Farm in)	nil	60%
Trundle * ** (Farm out)	100% diluting to 30%	100% diluting to 30%

\* Subject to royalties to third parties

\*\* Sold subsequent to the end of the reporting period – refer note 21

## 18. FINANCIAL REPORT BY SEGMENT

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

## 19. FINANCIAL INSTRUMENTS

### Net fair value of financial assets and liabilities, on balance sheet and credit risk

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value. Credit risk is minimal at balance date.

### Capital Risk Management

The Group considers its capital to comprise its ordinary share capital, options reserves and accumulated losses.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions when applicable. In order to achieve this objective, the Group seeks to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

### Financial Risk Management

#### (a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Examples of the principal financial instruments from which financial instrument risk arises are trade receivables, cash at bank and trade and other payables.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these risks are set out below.

#### (b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash and cash equivalents	5,266	6,349	5,266	6,349
Loans and receivables	60	155	9,946	7,160
Deposits with Government Departments	95	105	95	105
Lease Rental Deposit	75	87	75	87
	5,496	6,696	15,382	13,701

There are two counterparties for cash and cash equivalents which are Westpac Banking Corporation Limited and Bank of Western Australia Limited. Under legislation introduced in 2008, these bank deposits are guaranteed by the Commonwealth of Australia.

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. It is the policy of the Board of Directors that treasury maintain adequate cash reserves or committed credit facilities and the ability to close-out market positions.

### Financing arrangements

The following financing facilities were available at balance date:

#### Maturity Analysis – Consolidated – 2009

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6-12 mths \$'000	1-3 years \$'000	> 3 years \$'000
<b>Financial Liabilities</b>	-	-	-	-	-	-
Deposit for joint venture contribution	500	500	500	-	-	-
Trade Creditors	248	248	248	-	-	-
<b>TOTAL</b>	<b>748</b>	<b>748</b>	<b>748</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Financial Assets (Loans and receivables including cash and cash equivalents)

Cash at Bank and Deposits at call	5,266	5,266	5,266	-	-	-
Trade debtors	1	1	1	-	-	-
Other receivables	59	59	59	-	-	-
Loans to related parties	-	-	-	-	-	-
Deposits with Government Departments	95	95	-	10	85	-
Lease Rental Deposit	75	75	-	-	-	75
<b>TOTAL</b>	<b>5,496</b>	<b>5,496</b>	<b>5,326</b>	<b>10</b>	<b>85</b>	<b>75</b>

#### Maturity Analysis – Consolidated – 2008

##### Financial Liabilities

Trade Creditors	750	750	750	-	-	-
<b>TOTAL</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Financial Assets (Loans and receivables including cash and cash equivalents)

Cash at Bank and Deposits at call	6,349	6,349	6,349	-	-	-
Trade debtors	27	27	27	-	-	-
Other receivables	128	128	128	-	-	-
Loans to related parties	-	-	-	-	-	-
Deposits with Government Departments	105	105	-	20	85	-
Lease Rental Deposit	87	87	-	-	-	87
<b>TOTAL</b>	<b>6,696</b>	<b>6,696</b>	<b>6,504</b>	<b>20</b>	<b>85</b>	<b>87</b>

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

### Maturity Analysis – Parent – 2009

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6-12 mths \$'000	1-3 years \$'000	> 3 years \$'000
<b>Financial Liabilities</b>						
Deposit for joint venture contribution	500	500	500	-	-	-
Trade Creditors	248	248	248	-	-	-
<b>TOTAL</b>	<b>748</b>	<b>748</b>	<b>748</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Financial Assets (Loans and receivables including cash and cash equivalents)

Cash at Bank and Deposits at call	5,266	5,266	5,266	-	-	-
Trade debtors	1	1	1	-	-	-
Other receivables	59	59	59	-	-	-
Loans to related parties	9,886	9,886	-	9,886	-	-
Deposits with Government Departments	95	95	-	10	85	-
Lease Rental Deposit	75	75	-	-	-	75
<b>TOTAL</b>	<b>15,382</b>	<b>15,382</b>	<b>5,326</b>	<b>9,896</b>	<b>85</b>	<b>75</b>

### Maturity Analysis – Parent – 2008

<b>Financial Liabilities</b>						
Trade Creditors	750	750	750	-	-	-
<b>TOTAL</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Financial Assets (Loans and receivables including cash and cash equivalents)

Cash at Bank and Deposits at call	6,349	6,349	6,349	-	-	-
Trade debtors	27	27	27	-	-	-
Other receivables	128	128	128	-	-	-
Loans to related parties	7,005	7,005	-	7,005	-	-
Deposits with Government Departments	105	105	-	20	85	-
Lease Rental Deposit	87	87	-	-	-	87
<b>TOTAL</b>	<b>13,701</b>	<b>13,701</b>	<b>6,504</b>	<b>7,025</b>	<b>85</b>	<b>87</b>

*The Group holds sufficient deposits at banks to meet liquidity needs*

#### (d) Interest rate risk

At balance date, the Group was exposed to a floating weighted average interest rate as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
Weighted average rate of cash balances	0.018%	2.97%	0.018%	2.97%
Cash balances	\$4,254,139	\$160,437	\$4,254,139	\$160,437
Weighted average rate of term deposits	3.80%	8.01%	3.80%	8.01%
Term deposits	\$1,012,219	\$6,188,792	\$1,012,219	\$6,188,792

Term deposits are normally invested between 30 to 90 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

The Group monitors its interest rate risk exposure continuously with a view to obtaining the highest practical level of interest income.

The Group invests surplus cash in interest bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market.

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

The Groups' exposure to interest rate risk is set out in the tables below:

### Sensitivity Analysis

#### Consolidated – 2009

	Carrying Amount \$'000	+1.0% of AUD IR		-1.0% of AUD IR	
		Profit \$'000	Other Equity \$'000	Profit \$'000	Other Equity \$'000
Cash and cash equivalents	5,266	52	-	(52)	-
Tax charge of 30%	-	(16)	-	16	-
After tax increase / (decrease)	5,266	36	-	(36)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2008.

#### Consolidated – 2008

Cash and cash equivalents	6,349	63	-	(63)	-
Tax charge of 30%	-	(19)	-	19	-
After tax increase/ (decrease)	6,349	44	-	(44)	-

The above analysis assumes all other variables remain constant.

	Carrying Amount \$'000	+1.0% of AUD IR		-1.0% of AUD IR	
		Profit \$'000	Other Equity \$'000	Profit \$'000	Other Equity \$'000
<b>Parent – 2009</b>					
Cash and cash equivalents	5,266	52	-	(52)	-
Tax charge of 30%	-	(16)	-	16	-
After tax increase/ (decrease)	5,266	36	-	(36)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2008.

#### Parent – 2008

Cash and cash equivalents	6,349	63	-	(63)	-
Tax charge of 30%	-	(19)	-	19	-
After tax increase/ (decrease)	6,349	44	-	(44)	-

The above analysis assumes all other variables remain constant.

## 20. COMMITMENTS

### Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish as the Company joint ventures projects to third parties. It is the Company's exploration strategy to farm-out or divest its non-ferrous assets. In addition, the Company has commitments to expend funds towards earning or retaining an interest under joint venture agreements.

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Payable not later than one year	365	482	365	482
Payable later than one year but not later than two years	140	12	140	12
	<b>505</b>	<b>494</b>	<b>505</b>	<b>494</b>

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

## 21. SUBSEQUENT EVENTS

There were at the date of this report no matters or circumstances which have arisen since 30 June 2009 that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company other than as set out below.

### Completion of Rights Issue

In late July 2009 the Company completed a non-underwritten 1:12 rights issue at a price of \$0.025 per share (the Rights Issue). The Rights Issue included the entitlement for the Directors to offer eligible participants a 'top-up' facility of not more than \$2,500 worth of additional shares. The Rights Issue (including 'top-up' facility) resulted in the issue of 7,916,055 shares at \$0.25 to raise \$1,979,014.

### Variation in Option Exercise Price

As a result of the Rights Issue and in accordance with ASX Listing Rule 6.22.2, the exercise price of WPG's existing options were adjusted downwards in July 2009 by \$0.013 per option. The revised option exercise prices have been advised to the market in regular ASX releases and are set out in Note 13.

### Share Issues to PlatSearch and Xin Sheng

Pursuant to the terms of approvals given by shareholders at a shareholders meeting on 6 August 2009, the Company issued shares to PlatSearch NL and Xin Sheng International Private Limited at \$0.30 and \$0.25 respectively, raising \$585,529.05 through the issue of 1,977,111 shares.

### Sale of Trundle Project, New South Wales

On 27 August 2009, the Company announced the sale of its residual interest in the Trundle Project, New South Wales, to Clancy Exploration Ltd (ASX:CLY). WPG has been issued 2,200,000 CLY shares in consideration for the sale and 1,000,000 CLY options exercisable at \$0.20 per option, expiring on 30 September 2011. The CLY shares and options are subject to voluntary 12 months escrow.

### Option over Penryhn Coal Deposit, South Australia

On 8 September 2009 the Company announced an option over the Penryhn Coal deposit, located near the Peculiar Knob infrastructure corridor. Under the terms of the option, WPG has paid \$100,000 to Stellar Resources Ltd (ASX:SRZ) and has a one year period to assess and explore the project. WPG can exercise the option by paying a further \$250,000 to Stellar. In the event WPG exercises the option, Stellar retains a royalty in the event of future iron ore and/or coal production, plus an entitlement to buy back into any non iron ore and/or coal resources discovered within the project area.

## 21. SUBSEQUENT EVENTS (CONTINUED)

### Application for Peculiar Knob Miscellaneous Purposes Licences (MPLs)

On 18 September 2009 formal applications for the Peculiar Knob infrastructure MPLs were lodged with Department of Primary Industries and Resources South Australia (PIRSA).

### Defence Purported Veto of Hawks Nest Joint Venture with WISCO

On 18 September 2009 the Company received a letter from the Department of Defence indicating that the Department of Defence will not support the proposed Hawks Nest joint venture with WISCO. The Company is attempting to recommence negotiations on the issues with the Department of Defence. Until the issues are clarified, there is considerable uncertainty regarding the likelihood of the WISCO joint venture proceeding and/or any future mining operation at Hawks Nest being agreed to by Defence.

### Exercise of Options

On 28 September 2009 the Company issued 1,787,500 shares as a result of the exercise of \$0.237 options. Also on that date 900,000 \$0.237 options and 3,475,000 \$0.337 options expired.

## 22. CASH FLOW STATEMENT

### Reconciliation of net cash outflow from operating activities to operating loss after income tax

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Operating loss after income tax	(3,933)	(3,039)	(3,933)	(3,039)
Depreciation & amortisation	41	22	41	22
Exploration & evaluation write-off	1,763	27	1,763	27
Share-based payments	406	1,988	406	1,988
<b>Change in assets and liabilities:</b>				
Decrease/(increase) in receivables	101	(78)	101	(78)
Decrease/(increase) in deposits	12	(76)	12	(76)
Increase in trade and other creditors	12	21	12	21
<b>Net cash outflow from operating activities</b>	<b>(1,598)</b>	<b>(1,137)</b>	<b>(1,598)</b>	<b>(1,137)</b>

(b) For the purpose of the Cash Flow Statement, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2009 comprised:

	Consolidated		Parent	
	2009	2008	2009	2008
Cash assets (Note 5)	43	160	43	160
Bank deposits (Note 5)	5,223	6,189	5,223	6,189
<b>Cash on hand</b>	<b>5,266</b>	<b>6,349</b>	<b>5,266</b>	<b>6,349</b>

## 23. KEY MANAGEMENT PERSONNEL DISCLOSURES

### Key Management Personnel Compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated		Parent	
	2009	2008	2009	2008
Short-term employee benefits	1,976,796	1,791,309	1,746,796	1,791,309
Post-employment benefits	215,106	32,289	215,106	32,289
Other long-term benefits	-	-	-	-
Termination benefits	13,846	-	13,846	-
Share-based benefits	406,308	2,045,921	177,660	2,045,921
<b>Total</b>	<b>2,612,056</b>	<b>3,869,519</b>	<b>2,153,408</b>	<b>3,869,519</b>

### 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### Key Management Personnel Compensation (continued)

The following options have been granted under the Employees and Officers Share Option Plan during the year:

Name and Position	Option Issue Date	Option Expiry Date	Number of Options	Option Exercise Price	Vesting Conditions
M Fang Business Development Manager - China	2 Sept 2008	2 Sept 2013	50,000	\$0.737	50%Sept09 50% nil
L Brown Company Secretary	2 Sept 2008	2 Sept 2013	25,000	\$0.737	50%Sept09 50% nil
M Jacobsen Chief Operating Officer	2 Sept 2008	2 Sept 2013	100,000	\$0.737	50%Sept09 50% nil
G Harding Chief Financial Officer	2 Sept 2008	2 Sept 2013	75,000	\$0.737	50%Sept09 50% nil
I White General Manager - Special Projects	2 Sept 2008	2 Sept 2013	50,000	\$0.737	50%Sept09 50% nil

Interests and movements in the shares and options of the Company held by Directors and their Director-related entities and Key Management Personnel as at 30 June 2009:

#### Shareholdings

Fully Paid Ordinary Shares	at 30 June 2008	acquired during period	disposed during period	at 30 June 2009
R H Duffin	12,555,000	71,940	-	12,626,940
H L Roberts	500,000	-	-	500,000
G J Jones	820,000	-	-	820,000
L A Dean	-	-	-	-
Lim See Yong *	-	-	-	-
R L Richardson **	87,225	-	-	87,225
M C Jacobsen	12,000	6,400	-	18,400
G K Harding	-	15,700	-	15,700
M Fang	134,300	27,000	-	161,300
<b>Total</b>	<b>14,108,525</b>	<b>121,040</b>	<b>-</b>	<b>14,229,565</b>

\* Mr Lim is a director of Xin Sheng International Private Limited which holds 7,241,503 shares in the Company.

\*\* Mr Richardson is a director of PlatSearch NL which holds 7,950,307 shares in the Company.

#### Options by tranche

Sept. 2009 23.7c Options	at 30 June 2008	granted	exercised	at 30 June 2009
R H Duffin	687,500	-	-	687,500
H L Roberts	250,000	-	-	250,000
G J Jones	125,000	-	-	125,000
<b>Total</b>	<b>1,062,500</b>	<b>-</b>	<b>-</b>	<b>1,062,500</b>

#### Nov. 2011 23.7c Options

H L Roberts	1,000,000	-	-	1,000,000
G J Jones	500,000	-	-	500,000
R L Richardson	250,000	-	-	250,000
<b>Total</b>	<b>1,750,000</b>	<b>-</b>	<b>-</b>	<b>1,750,000</b>

### 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

<b>Nov. 2012 \$1.237 Options</b>				
L A Dean	250,000	-	-	250,000
Lim See Yong	250,000	-	-	250,000
D R Mutton	250,000	-	-	250,000
<b>Total</b>	<b>750,000</b>	<b>-</b>	<b>-</b>	<b>750,000</b>

#### Options held by Key Management Personnel

	<i>at 30 June 2008</i>	<i>granted</i>	<i>exercised</i>	<i>at 30 June 2009</i>
R H Duffin	687,500	-	-	687,500
H L Roberts	1,250,000	-	-	1,250,000
G J Jones	625,000	-	-	625,000
R L Richardson	250,000	-	-	250,000
L A Dean	250,000	-	-	250,000
Lim See Yong	250,000	-	-	250,000
M Fang	300,000	50,000	-	350,000
L Brown	50,000	25,000	-	75,000
M Jacobsen	1,000,000	100,000	-	1,100,000
G Harding	300,000	75,000	-	375,000
<b>Total</b>	<b>4,962,500</b>	<b>250,000</b>	<b>-</b>	<b>5,212,500</b>

No options were granted to Directors during the current period under the Company's Employees and Officers Share Option Plan. Shares and options held by Directors included those held by the Directors and their Director-related entities.

Services provided by Director-related entities were under normal commercial terms and conditions. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

#### Comparative year

##### Shareholdings

Fully Paid Ordinary Shares	<i>at 30 June 2007</i>	<i>acquired during period</i>	<i>disposed during period</i>	<i>at 30 June 2008</i>
R H Duffin	12,550,000	5,000	-	12,555,000
H L Roberts	500,000	-	-	500,000
G J Jones	820,000	100,000	100,000	820,000
L A Dean	-	-	-	-
Lim See Yong	-	-	-	-
D R Mutton	-	-	-	-
R L Richardson	176,725	-	89,500	87,225
M C Jacobsen	-	12,000	-	12,000
M Fang	-	134,000	-	134,300
<b>Total</b>	<b>14,046,725</b>	<b>251,300</b>	<b>189,500</b>	<b>14,108,525</b>

### 23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

#### Options by tranche

<b>Sept. 2009 25c Options</b>	<b>at 30 June 2007</b>	<b>granted</b>	<b>exercised</b>	<b>at 30 June 2008</b>
R H Duffin	687,500	-	-	687,500
H L Roberts	250,000	-	-	250,000
G J Jones	225,000	-	100,000	125,000
<b>Total</b>	<b>1,162,500</b>	<b>-</b>	<b>-</b>	<b>1,062,500</b>

<b>Nov. 2011 25c Options</b>				
H L Roberts	1,000,000	-	-	1,000,000
G J Jones	500,000	-	-	500,000
R L Richardson	250,000	-	-	250,000
<b>Total</b>	<b>1,750,000</b>	<b>-</b>	<b>-</b>	<b>1,750,000</b>

<b>Nov. 2012 \$1.25 Options</b>				
L A Dean	-	250,000	-	250,000
Lim See Yong	-	250,000	-	250,000
D R Mutton	-	250,000	-	250,000
<b>Total</b>	<b>-</b>	<b>750,000</b>	<b>-</b>	<b>750,000</b>

#### Options held by Key Management Personnel

	<b>at 30 June 2007</b>	<b>granted</b>	<b>exercised</b>	<b>at 30 June 2008</b>
R H Duffin	687,500	-	-	687,500
H L Roberts	1,250,000	-	-	1,250,000
G J Jones	725,000	-	100,000-	625,000
R L Richardson	250,000	-	-	250,000
L A Dean	-	250,000	-	250,000
Lim See Yong	-	250,000	-	250,000
D R Mutton	-	250,000	-	250,000
M Fang	-	300,000	-	300,000
L Brown	-	50,000	-	50,000
M Jacobsen	-	1,000,000	-	1,000,000
G Harding	-	300,000	-	300,000
<b>Total</b>	<b>2,912,500</b>	<b>2,400,000</b>	<b>100,000-</b>	<b>5,212,500</b>

### 24. CORPORATE INFORMATION

The financial report of the Company for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 30 September 2009.

Western Plains Resources Ltd is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ASX code "WPG".

The nature of the operations and principal activities of the Company are described in the Review of Operations.

# Directors' Declaration

In accordance with a resolution of the Directors of Western Plains Resources Ltd, I state that:

- (1) In the opinion of the Directors:
  - (a) financial statements of the Company comprising the income statement, balance sheet, cashflow statement, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and the consolidated entity; and
    - (ii) complying with Accounting Standards 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; and
  - (c) the remuneration disclosures set out on pages 5 to 9 of the Directors' Report (as part of the Audited Remuneration Report), comply with Section 300A of the Corporations Regulations 2001.
- (2) This declaration has been made after receiving the declarations by the Chief Executive Officer and the Chief Financial Officer required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2009.

On behalf of the Board



R H Duffin  
Executive Chairman

Sydney, 30 September 2009

## Independent Auditor's Report



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### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF WESTERN PLAINS RESOURCES LIMITED

##### Report on the Financial Report

We have audited the accompanying financial report of Western Plains Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

##### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

##### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report



### Independence

In conducting our audit, 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 report was made.

### Auditor's Opinion

In our opinion:

- (a) The financial report of Western Plains Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

### Significant Uncertainty Regarding the Proposed Joint Venture with WISCO

Without qualification to the opinion expressed above, we draw attention to Note 1(t) to the financial statements. The directors have included in Key Judgements that on 18 September 2009 the Company received a letter from the Department of Defence indicating that the Department of Defence will not support the proposed Hawks Nest joint venture with WISCO. The Company is attempting to recommence negotiations with the Department of Defence to gain their support. Until such support is obtained, there is considerable uncertainty regarding the likelihood of the WISCO joint venture proceeding and/or any future mining operations within the Hawks Nest area of interest being agreed to by Defence. The Hawks Nest area of interest comprises two main project areas, the magnetite area (which is the subject of the proposed joint venture with WISCO) and the Buzzard DSO area. These two areas are carried on balance sheet at values of \$0.3m and \$4.0m respectively at year end.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Independent Auditor's Report



### *Auditor's Opinion*

In our opinion, the Remuneration Report of Western Plains Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

*BDO Kendalls*

**BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd**

*Melina Alexander*

**Melissa Alexander**  
Directors

Dated in Sydney, this 30<sup>th</sup> day of September 2009.

# Corporate Directory

## **Western Plains Resources Ltd**

**ABN 51 109 426 502**

### **DIRECTORS**

**Robert H Duffin Executive Chairman**

**Heath L Roberts Executive Director**

**Gary J Jones Technical Director (Executive)**

**Leonard A Dean Non-executive Director**

**Lim See Yong Non-executive Director**

**Robert L Richardson Non-executive Director**

### **SECRETARY**

**Larissa Brown**

### **REGISTERED AND ADMINISTRATION OFFICE**

<b>Address</b>	<b>Level 9, Kyle House 27-31 Macquarie Place Sydney NSW 2000 PO Box N239, Grosvenor Place NSW 1220 Australia</b>
<b>Telephone</b>	<b>+ 61 2 9251 1044</b>
<b>Facsimile</b>	<b>+ 61 2 9247 3434</b>
<b>E-mail</b>	<b>info@westernplainsresources.com.au</b>
<b>Website</b>	<b>www.westernplainsresources.com.au</b>

### **SHARE REGISTRY**

<b>Registries Limited</b>	<b>Level 7, 207 Kent Street, Sydney, NSW, 2000 PO Box R67, Royal Exchange Sydney, NSW 2000</b>
<b>Telephone</b>	<b>+ 61 2 9290 9600</b>
<b>Facsimile</b>	<b>+ 61 2 9279 0664</b>

### **AUDITORS**

**BDO Kendalls Audit & Assurance (NSW- VIC) Pty Ltd**

### **BANKERS**

**Westpac Banking Corporation**

### **STOCK EXCHANGE LISTING**

**Listed on Australian Securities Exchange Limited**

**ASX Code: WPG**