



Western Plains Resources Ltd

ABN 51 109 426 502

Half-Year Financial Report

31 DECEMBER 2009

CORPORATE DIRECTORY

Western Plains Resources Ltd

ABN 51 109 426 502

DIRECTORS

Robert H Duffin
Heath L Roberts
Gary J Jones
Len A Dean
Lim See Yong
Robert L Richardson
Gregory Jones (alternate for Robert L Richardson)

SECRETARY

Larissa Brown

REGISTERED AND ADMINISTRATION OFFICE

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AUDITORS

BDO Audit (NSW-VIC) Pty Ltd

BANKERS

Westpac Banking Corporation

STOCK EXCHANGE LISTING

Listed on Australian Stock Exchange Limited
ASX Code: WPG

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2009.

DIRECTORS

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

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

Heath L Roberts, Dip. Law (SAB), Grad Dip Leg. P (UTS) (Executive Director)

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

Leonard A Dean, B Sc. (Metallurgy), (Non-Executive Director)

Lim See Yong, BBA (Singapore), (Non-Executive Director)

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

Gregory Jones, BSc (Hons), MAusIMM (alternate for Bob Richardson from 8 October 2009)

REVIEW AND RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half-year was a loss of \$ 1,086,088 (2008 –\$ 2,947,404).

The principal continuing activity of the Company is exploration, evaluation and development of the Company's iron ore projects located in South Australia.

During the half-year the Company continued to advance permitting for development of its flagship Peculiar Knob project, over which the Company holds a granted (mineral) mining lease and is party to an access agreement with the Commonwealth of Australia in relation to the Woomera Prohibited Area, permitting all mining and infrastructure for the project. Work during the half year was focussed on optimisation of the haul road and infrastructure route, securing underlying exploration licence and landholder approvals and preparation of the relevant tenement applications.

The Company continued active negotiations with the Department of Defence, other Commonwealth agencies and the State of South Australia in relation to constraints on exploration and mining at the Hawks Nest project area. Final joint venture documentation with a subsidiary of Wuhan Iron and Steel Group (WISCO) in relation to Hawks Nest was signed in June 2009 and during the half year the Company satisfied most conditions precedent to completion of the transaction, however as a result in delays in achieving FIRB and Defence approval, the period for satisfaction of the conditions precedent was mutually extended a number of times by the Company and WISCO (the condition precedent period currently extends to late April 2010). Notwithstanding ongoing negotiations with the Department of Defence, other Commonwealth agencies and the State of South Australia it is possible that future exploration and mining at Hawks Nest will be banned.

In addition, the Company:

- continued to assess a number of different export alternatives for ore produced from Peculiar Knob, including the possible development of Port Bonython and use of existing port facilities at Port Pirie and Adelaide.
- entered into an option to acquire the Penrhyn coal deposit during the half year and continued assessment of historical data in relation to the Mt Brady and Windy Valley project areas, subject of tenement applications.
- Sold its residual interest in the Trundle copper gold project (NSW).

FINANCIAL

The results of operations are shown above and in the accompanying financial statements.

SUBSEQUENT EVENTS

Since the end of the half-year the Company issued 850,000 unquoted options to senior executives under the Employees and Officers Share Option Plan. The options are exercisable at \$0.73 which is a premium of approximately 17.5% to the volume weighted average price of the shares in the 5 days immediately preceding the date of issue and have a one year term expiring on 5 March 2011.

DIRECTORS' REPORT (CONTINUED)

Other than this issue, the Directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half year.

AUDITOR'S INDEPENDENCE DECLARATION

The independence declaration of our auditor is on page 11 and forms part of this report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



R H DUFFIN
Executive Chairman

Sydney

12 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2009

		Consolidated Entity	
	Note	2009	2008
		\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS	4	114	166
ASX and ASIC fees		(57)	(29)
Contract administration services		(280)	(268)
Corporate advisory services		(24)	-
Depreciation and amortisation expense		(20)	(16)
Directors' fees including superannuation		(268)	(230)
Employee benefits expense		(185)	(130)
Exploration and evaluation expenditure written-off		(179)	(949)
Loss on disposal of exploration licence		-	(695)
Operating lease rental expense		(81)	(82)
Office costs		(47)	(32)
Public relations		(40)	(55)
Share based payments		(15)	(362)
Other expenses from ordinary activities		(74)	(265)
LOSS BEFORE INCOME TAX EXPENSE		(1,156)	(2,947)
Income tax benefit		24	-
LOSS AFTER INCOME TAX FROM CONTINUING OPERATIONS		(1,132)	(2,947)
OTHER COMPREHENSIVE INCOME			
Change in fair value on available-for-sale financial assets		66	-
Income tax on other comprehensive income		(20)	-
Other Comprehensive income for the half-year net of tax		46	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF WESTERN PLAINS RESOURCES LTD		(1,086)	(2,947)
Basic loss per share (¢ per share)		1.1	3.6
Diluted loss per share (¢ per share)		1.1	3.6

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Consolidated Entity	
Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
CURRENT ASSETS		
Cash and cash equivalents	6,340	5,266
Trade and other receivables	64	72
Other financial assets	80	10
TOTAL CURRENT ASSETS	6,484	3,548
NON-CURRENT ASSETS		
Available-for-sale financial assets	383	-
Other financial assets	90	160
Plant, equipment and leasehold improvements	55	74
Deferred exploration and evaluation expenditure	5 17,009	16,685
TOTAL NON-CURRENT ASSETS	17,537	16,919
TOTAL ASSETS	24,021	22,267
CURRENT LIABILITIES		
Trade and other payables	645	781
TOTAL CURRENT LIABILITIES	645	781
NON-CURRENT LIABILITIES		
Provisions	10	10
Deferred tax liability	1,630	1,630
TOTAL NON-CURRENT LIABILITIES	1,640	1,640
TOTAL LIABILITIES	2,285	2,421
NET ASSETS	21,736	19,486
EQUITY		
Contributed equity	27,922	24,961
Reserves	3,928	3,867
Accumulated losses	(10,114)	(8,982)
TOTAL EQUITY	21,736	19,846

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2009

	Attributable to the owners of Western Plains Resources Ltd				
	Contributed Equity \$	Accumulated Losses \$	Options Reserves \$	AFS Reserve \$	Total Equity \$
AT 1 JULY 2008	21,313	(5,049)	3,461	-	19,725
Total comprehensive loss for the half-year					
Loss for the period	-	(2,947)	-	-	(2,947)
Transactions with owners in their capacity as owners					
Share based payments expense	-	-	361	-	361
	-	-	361	-	361
AT 31 DECEMBER 2008	21,313	(7,996)	3,822	-	17,139
Total comprehensive loss for the half-year					
Loss for the period	-	(986)	-	-	(986)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	3,648	-	-	-	3,648
Share based payments expense	-	-	45	-	45
	3,648	-	45	-	3,693
AT 30 JUNE 2009	24,961	(8,982)	3,867	-	19,846
Total comprehensive loss for the half-year					
Loss for the period	-	(1,132)	-	-	(1,132)
Other comprehensive income					
Change in fair value on available-for-sale financial assets, net of tax	-	-	-	46	46
Total comprehensive loss for the half-year	-	(1,132)	-	46	(1,086)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	2,961	-	-	-	2,961
Share based payments expense	-	-	15	-	15
	2,961	-	15	-	2,976
AT 31 DECEMBER 2009	27,922	(10,114)	3,882	46	21,736

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2009

	Consolidated Entity	
	2009	2008
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16	82
Payment to suppliers and employees	(1072)	(1,584)
Interest received	79	189
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(977)	(1,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(3)	(33)
Expenditure on mining interests (exploration)	(807)	(2,297)
Tenement and rental security deposits	-	11
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(810)	(2,913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,012	-
Equity raising expenses	(151)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,861	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,074	(3,632)
Cash and cash equivalents at beginning of period	5,266	6,349
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,340	2,717

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half-year ended 31 December 2009

1. CORPORATE INFORMATION

These financial statements of Western Plains Resources Ltd (the Company or WPG) for the half-year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 12 March 2010. Western Plains Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These half-year financial statements should be read in conjunction with the annual financial statements of WPG for the year ended 30 June 2009.

It is also recommended that these half-year financial statements be considered together with any public announcements made by WPG during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ending 31 December 2010 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting. The historical cost basis has been used except for available-for-sale financial assets which have been measured at fair value.

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

(b) Significant Accounting Policies

These half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009 except for the inclusion of "Available-for-sale financial assets" which comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment.

(c) 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.

(d) Significant Accounting Judgments, 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. Although the Company has recommenced 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.

Notes to the Half-Year Financial Statements (continued)

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 \$277K and \$4.3M respectively, the total of \$4.6M is included within the total balance of deferred exploration and evaluation of \$17.009M contained in Note 5. Despite the initial decision by Defence, the asset has not been impaired as the Group is challenging the decision and believe the asset has commercial value.

3. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker.

The result is that the group has one operating segment, being Exploration and Evaluation which is supported by the corporate head office function.

As an exploration and evaluation company the executive management committee (comprising of the Executive Chairman, Executive Director, Technical Director, COO and CFO), monitors segment performance based on non financial measures such as exploration results as well expenditure rather than EBITDA as would a production company.

Total asset amounts provided to the executive management committee are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the asset.

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
4. REVENUE FROM ORDINARY ACTIVITIES		
Interest received – other persons/corporations	84	151
Rent received	16	15
Gain on disposal of EL 4512	5	-
Change in fair value of available-for-sale options	9	-
	114	166
	114	166
5. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE		
	31 Dec 2009	30 June 2009
	\$'000	\$'000
Costs brought forward	16,685	14,934
Costs incurred during the period	802	2,904
Expenditure written off on disposal of EL s	(299)	(695)
Expenditure written off during the period	(179)	(458)
Costs carried forward	17,009	16,685
	17,009	16,685

Notes to the Half-Year Financial Statements (continued)

	Consolidated	
	31 Dec 2009 \$'000	30 Jun 2009 \$'000
6. CONTRIBUTED EQUITY		
Share capital		
93,615,686 ordinary shares fully paid (30 June 2008: 80,807,355)	24,961	21,313
Shares issued during the period	2,574	3,655
Exercise of options	438	156
Share Issue Costs	(51)	(163)
105,391,767 ordinary shares fully paid (30 June 2009: 93,615,685)	<u>27,922</u>	<u>24,961</u>

7. SUBSEQUENT EVENTS

Since the end of the half-year the Company issued 850,000 unquoted options to senior executives under the Employees and Officers Share Option Plan. The options are exercisable at \$0.73 which is a premium of approximately 17.5% to the volume weighted average price of the shares in the 5 days immediately preceding the date of issue and have a one year term expiring on 5 March 2011.

Other than this issue, the Directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half year.

DIRECTORS' DECLARATION

The directors of Western Plains Resources Ltd, declare that:

1. the financial statements comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'R H Duffin', is written over a horizontal line. A vertical yellow line is positioned to the right of the signature.

R H DUFFIN
Chairman of Directors
Sydney, 12 March 2010

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

As lead auditor for the review of Western Plains Resources Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



Melissa Alexander

Director

BDO Audit (NSW-VIC) Pty Ltd

Dated in Sydney, this 12th day of March 2010.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Western Plain Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Western Plains Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Western Plains Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Significant Uncertainty Regarding the Proposed Joint Venture with WISCO

Without qualification to the opinion expressed above, we draw attention to Note 2(d) to the financial report which describes the uncertainty relating to Department of Defence approval to mine in the Hawks Nest area. Should the Department of Defence not support the proposed Hawks Nest joint venture with WISCO and not allow future mining operations at Hawks Nest, then it is likely that assets totalling \$4.6m will be impaired and will require write off to the consolidated statement of comprehensive income.

BDO Audit (NSW-VIC) Pty Ltd

Melissa Alexander
Director

Sydney, 12th March 2010



Western Plains Resources Ltd

ABN 51 109 426 502

ASX CODE: WPG

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