FINANCIAL REPORT

2010

WPG Resources Ltd

(formerly Western Plains Resources Ltd)

ABN 51 109 426 502

Contents

Directors' report

Your Directors present their report on the consolidated entity, consisting of WPG Resources Ltd (the Company) and the entities it controlled at the end of, or during the financial year ended 30 June 2010.

DIRECTORS

The following persons held office as Directors at the date of this report and throughout the financial year, unless otherwise stated:

Name and Position	Qualifications	Directorships of other Listed companies	Appointment Date
Robert H Duffin Executive Chairman	BSc (Hons), MSc (Hons), Grad Dip Mgt, FAusIMM, CP	Ferrowest Ltd from 27 Jul 06 – present	
Heath L Roberts Executive Director and General Counsel	Dip Law (SAB), Grad Dip Legal Practice (UTS)		
Gary J Jones Technical Director	BSc (Auckland), MAusIMM, MASEG		
Leonard A Dean Non-Executive Director	BSc (Metallurgy)	Outback Metals Limited from 2 Sep 2008 – 15 April 2010 Gladiator Resources Limited 30 August 2010 – present	
Lim See Yong Non-Executive Director	BBA (Singapore)		
Robert L Richardson* Non-Executive Director	BSc (Sydney), BE (Hons) (Sydney), MAusIMM, MASEG	PlatSearch NL from 20 Aug 1987 – 23 July 2010 Crossland Uranium Mines Limited from 13 Apr 07 – present Eastern Iron Limited 16 May 08 – 15 August 2009	
Gregory FP Jones Alternate Director for Mr Richardson	BSc (Hons), MAusIMM	PlatSearch NL from 1 January 2009 – present Eastern Iron Limited 24 April 2009 - present	8 Oct 2009
Dennis R Mutton Non-Executive Director	BSc (Hons), Grad Dip Mgt, FAIM, JP, MAICD		21 July 2010

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 - Ten	Total Meetings - Two	Total meetings - One	Total meetings - One
R H Duffin	10 of 10	N/A	N/A	N/A
H L Roberts	10 of 10	N/A	N/A	N/A
G J Jones	10 of 10	N/A	N/A	N/A
L A Dean	10 of 10	2 of 2	1 of 1	2 of 2
Lim See Yong	9 of 10	2 of 2	1 of 1	2 of 2
R L Richardson	7 of 10*	2 of 2	1 of 1	2 of 2

*One meeting was attended by Mr Greg Jones, Alternate Director for Mr Richardson.

Directors' Interests in Shares, Options and Rights

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

Director	No. shares	No. options	No. rights
RH Duffin	13,779,184	-	566,667
HL Roberts	541,666	1,000,000	250,000
GJ Jones	1,013,332	500,000	250,000
RL Richardson	94,493	250,000	-
LA Dean	-	250,000	-
Lim See Yong	-	250,000	-
DR Mutton	-	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. The Peculiar Knob DSO Project is almost fully permitted and a decision to commit to project development is expected to be taken in the second half of calendar 2010. During the year, the Group also acquired interests in other exploration projects in South Australia prospective for coal. Further details are provided in the Review of Operations.

RESULTS

The net result of operations after applicable income tax expense was a loss of $2,348,941 (2009 – $3,932,836) which includes the write-off of exploration & evaluation expenditure incurred in the current and prior years of $510,276 (2009 – $1,763,419).

REVIEW OF OPERATIONS

Project Developments

Peculiar Knob Direct Shipping Iron Ore (DSO) Project

During the year, the Group continued to advance permitting for the development of the Peculiar Knob DSO iron project. The project is virtually 'shovel ready' with most major permits and requirements for development now achieved. Significant achievements during the year included:

- Completion of the design of and application for tenure covering the proposed haul road, highway underpass, accommodation camp and rail loop/loader. These tenure applications are proceeding smoothly.
- Negotiation and signing of access and compensation agreements for the entire Peculiar Knob operation (including infrastructure) with relevant landholders.
- Extensive negotiations with a broad range of service providers in the contract mining, infrastructure and ore transport areas.
- The Group has signed a number of non binding memoranda of understanding with proposed offtake partners. In doing so, WPG has targeted reliable, major steel groups with diverse origins (nationalities).

The Company anticipates committing to the development of Peculiar Knob in the second half of calendar 2010, with first sales of iron ore anticipated for second half of calendar 2011. Negotiations to raise project development capital are underway.

Port Issues

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 to develop a multi-user bulk commodities port facility at Port Bonython. Although WPG sought the expedited development of this facility, in parallel it continued to assess a range of alternative port solutions. As it became increasingly obvious during the year that Port Bonython was not likely to proceed in the short to medium term, the Company directed its focus on the utilisation of existing port infrastructure at Port Pirie, signing on 30 June 2010 a comprehensive lease/licence agreement and port pricing agreement giving WPG access to Port Pirie for a period up to 30 years.

Buzzard and Tui Direct Shipping Iron Ore (DSO) Project

The Buzzard and Tui iron ore (DSO) project is located within the Hawks Nest area (refer below). As a result of ongoing negotiations with the Department of Defence and other Commonwealth agencies related to access to the Woomera Prohibited Area (WPA) and particularly the Hawks Nest area, these project areas have been maintained under valid tenure however no active fieldwork has been undertaken during the year.

Hawks Nest Magnetite Project

The Company continued a modest, desktop and testwork exploration programme at the Hawks Nest Project during the year. No major field work programmes were carried out (although the Company did have ongoing exploration access and carried out some rehabilitation) as a result of concerns regarding the long term ability of the Company to develop operations at Hawks Nest. These concerns are based on the location of Hawks Nest within a sensitive area of the Woomera Prohibited Area (the WPA) designated recently as the 'core area of operations'. In early 2010 the Commonwealth Government, through the Department of Prime Minister and Cabinet, formed a high level committee to research and advise on the future use of the WPA and the ability of Defence's activities in the WPA to co-exist with the activities of other interested parties in the region such as pastoralists, explorers, miners and others. That committee, headed up by Dr Allan Hawke, has undertaken to deliver its report to the Commonwealth by 31 December 2010. The committee called for public submissions in mid 2010, with WPG lodging a 150 page document promoting the co-existence of the respective industries.

WPG's proposed joint venture partner for Hawks Nest, Wuhan Iron and Steel Group (WISCO), has continued through the year to patiently await the outcome of the issues related to Defence and the delivery of the report by the committee headed up by Dr Hawke. WISCO has on several occasions agreed to extensions to the condition precedent period in the relevant agreements and at the date of this report the extended period for the conditions precedent to be satisfied is 28 February 2011.

South Australian Coal Projects

During the year the Group continued to consolidate and build its South Australian coal project portfolio. At the Penrhyn Project area (held under option during the year and purchased subsequent to the end of the year), WPG carried out a drilling programme in late 2009 calendar year to test across the coal bearing basin. The four hole programme confirmed several thick, continuous seams of coal. Subsequent coal quality testwork confirmed that the coal at Penrhyn has a number of potentially commercial applications. Further drilling is planned.

In addition, the Group has applied for a number of other areas prospective for lignite and/or coal, including the Lochiel North Project area, that has an inferred resource identified by a previous explorer of 2070Mt of coal. The coal interests are all held by Southern Coal Holdings Pty Ltd, a wholly owned subsidiary of WPG.

Capital Raising

In April 2010 the Company placed 15.8 million shares at a price of 80 cents per share to raise $12.6 million.

Corporate Structure

WPG 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 17 to the Financial Statements.

Employees

The Company had two employees as at 30 June 2010, and utilises a range of contract corporate advisors, technical and other staff as required.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Directors are not aware of any significant changes in the state of affairs of the Group 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 2010 that have significantly affected or may significantly affect:

i) the operations of the Group,

ii) the results of those operations, or

iii) the state of affairs of the Group,

other than as set out below.

Extension of Access to Hawks Nest and WISCO Joint Venture

The Department of Defence has extended access to the Hawks Nest EL 4248 for a further period to 28 February 2011 (announced to ASX 19 August 2010). Wuhan Iron and Steel Group (WISCO) has agreed to a further extension of the condition precedent period in the Hawks Nest Joint Venture to 28 February 2011 (matching the Defence extension) (announced to ASX 31 August 2010).

Exercise of Option over Penryhn Coal Deposit, South Australia

On 8 September 2009 the Company announced it had acquired an option over the Penrhyn Coal deposit, located near the Peculiar Knob infrastructure corridor. On 31 August 2010 WPG announced the exercise of that option by payment of $250,000 to Stellar Resources Ltd.

Shareholders Meeting 31 August 2010

A shareholders meeting on 31 August 2010 passed a number of resolutions. Details are provided in the Notice of Meeting released on 2 August 2010. In particular, shareholders approved the adoption of an incentive rights plan to replace the then-current employee share option plan and approved issues of rights under the new incentive rights plan to Directors Bob Duffin, Heath Roberts and Gary Jones. Rights were also issued to the Company's executive team. Details are provided in an Appendix 3B released to the ASX on 6 September 2010. Shareholders also approved an increase in the aggregate fees payable to non-executive Directors to $500,000 per annum and approved (by special resolution) a change of the Company's name to WPG Resources Ltd.

Purchase of Land at Port Pirie

On 30 August 2010 the Company announced the proposed purchase of a strategic parcel of land at Port Pirie, South Australia. The land will be utilised as part of the Company's export facility development.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is focussed on development of the Company's iron ore deposits located in South Australia. The Peculiar Knob operation is close to fully permitted and the Company anticipates committing to development of Peculiar Knob in the second half of calendar 2010, including project funding.

The Group is awaiting the outcome of the 'whole of Government' review of the WPA that is currently underway before future plans for the Buzzard and Tui DSO projects and the broader Hawks Nest magnetite project (including the proposed WISCO joint venture) can advance.

The Group is considering a range of alternatives for advancement of its now significant package of coal projects.

ENVIRONMENTAL PERFORMANCE

The Group'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 Group 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 Group's environmental performance are provided in "Sustainability and Environmental Performance".

SHARE OPTIONS AND RIGHTS

Particulars of options granted over unissued ordinary shares:

As at the date of this report there are 5,800,000 options outstanding, which are as set out below:

Number of Options	Exercise price	Expiry date
850,000	$0.73	5 March 2011
500,000	$0.387	11 May 2011
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

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.

The following fully paid ordinary shares were issued during the year ended 30 June 2010 by virtue of the exercise of options:

Date shares issued	Issue price of shares	No. shares issued
26 Aug 2009	$0.237	62,500
28 Sep 2009	$0.237	1,787,500
15 Mar 2010	$0.387	300,000
26 Mar 2010	$0.387	200,000
		2,350,000

No options have been exercised since the end of the year ended 30 June 2010.

RIGHTS

Particulars of rights granted over unissued ordinary shares:

As at the date of this report there are 2,123,974 Incentive Rights outstanding which vest on 1 July 2013.

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 Old Plan) and the Incentive Rights Plan (the New 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. Decisions taken by the Remuneration Committee and the Board are based on a range of factors, including advice from an independent remuneration consultant.

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 stage of operations, remain impractical to determine.

Subsequent to the General Meeting on 31 August 2010, the Company established the New Plan for the benefit of Executive Directors and senior management. A detailed summary of the New Plan is set out in the Notice of Meeting for the 31 August 2010 General Meeting.

There is no retirement scheme for Directors.

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 the end of the year ended 30 June 2010, significant voluntary reductions (up to 30%) in the emoluments of Directors and senior management were made. Further details are provided in the table below. Additionally, resolutions to issue options under the terms of the Old Plan, due to be considered by shareholders at the 2008 Annual General Meeting, were voluntarily withdrawn. As a result, options were not issued at that time to the affected Executive Directors (Messrs Duffin, Roberts and Jones), nor subsequently when options were issued to the Company's executive team in March 2010.

Independent Assessment of Directors Benefits and Emoluments

In accordance with previous resolutions of the Remuneration Committee and the Board, the Company engaged the Godfrey Remuneration Group to provide advice to the Board and the Remuneration Committee in the setting of fixed annual reward (FAR) entitlements for Directors and senior executives in the 2010/2011 year, and the establishment of the New Plan.

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 2010.

		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 $	2008 Bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termination benefits $	Options $	Total $	%	%
Directors												
R H Duffin	2010	266,838	-	-	-	-	-	-	-	266,838	0%	0%
	2009	320,681	-	50,000 [1]	-	-	-	-	-	370,681	0%	0%
H L Roberts	2010	194,400	-	-	-	-	-	-	-	194,400	0%	0%
	2009	246,600	-	40,000 [2]	-	-	-	-	-	286,600	0%	0%
G J Jones	2010	235,597	-	-	-	-	-	-	-	235,597	0%	0%
	2009	249,332	-	40,000 [3]	-	-	-	-	-	289,332	0%	0%
L A Dean	2010	8,750	-	-	-	29,400	-	-	-	38,150	0%	0%
	2009	-	-	-	-	43,600	-	-	-	43,600	0%	89%
Lim See Yong	2010	63,750	-	-	-	-	-	-	-	63,750	0%	0%
	2009	11,250	-	-	-	-	-	-	-	11,250	0%	90%
D R Mutton	2010	-	-	-	-	-	-	-	-	-	0%	0%
Resigned 23/12/08	2009	11,250	-	-	-	13,275	-	-	-	24,525	0%	89%
R L Richardson	2010	-	-	-	-	38,150	-	-	-	38,150	0%	0%
	2009	-		-	-	43,600	-	-	-	43,600	0%	0%
Other key management personnel												
M Jacobsen	2010	265,900	-	-	-	49,982	-	-	78,013	393,895	0%	19.8%
	2009	250,000	-	100,000 [4]	-	83,431	-	-	241,556	674,987	0%	12%
G Harding	2010	192,856	-	-	-	-	-	-	33,792	226,648	0%	14.9%
	2009	208,927	-	-	-	-	-	-	96,895	305,822	0%	17.5%
I White *	2010	-	-	-	-	-	-	-	-	-	0%	0%
	2009	200,015	-	-	-	-	-	-	27,143	227,158	0%	12.9%
M Fang **	2010	196,200	-	-	-	-	-	-	32,559	228,759	0%	14.2%
	2009	165,000	-	-	-	31,200	-	13,846	27,143	237,189	0%	12.4%
L Brown	2010	118,629	-	-	-	6,743	-	-	31,325	156,697	0%	20.0%
	2009	83,741	-	-	-	-	-	-	13,571	97,312	0%	15%
Total key management personnel compensation	2010	1,542,920	-	-	-	124,275	-	-	175,689	1,842,884		9.53%
	2009	1,746,796	-	230,000	-	215,106	-	13,846	406,308	2,612,056		15.6%

* Resigned 31Janauary 2009

** Resigned 30 June 2009. Subsequently engaged as a consultant.

[1] Bonus in relation to 2008 paid on 17 October 2008.

[2] Bonus in relation to 2008 paid on 8 September 2008.

[3] Bonus in relation to 2008 paid on 19 December 2008.

[4] Bonus in relation to 2008 paid on 15 September 2008.

Directors' interests in shares and options in the Company are set out below and in Note 24.

Share-based payment and bonuses

Employees and Officers Share Option Plan (the Old Plan)

The old Plan, in effect for the year ended 30 June 2010, but now replaced by the New Plan, assists in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants. No further options will be issued under the Old Plan, however options issued under the Old Plan remain in effect according to their terms until they are either exercised or expire. A summary of the rules of the Old Plan follows.

The allocation of options under the Old 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 Old 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 expires 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 Old Plan, when aggregated with other options issued under the Old Plan during the previous five years must not exceed five percent of the Company's issued share capital at any given time.

Incentive Rights Plan (the New Plan)

The New Plan, approved by shareholders on 31 August 2010, assists in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants. The New Plan does so in a manner that is compliant with relevant tax legislation and in less dilutory fashion than the Old Plan.

Under the New Plan, employees and Executive Directors may be granted rights to shares in the capital of the Company upon the satisfaction of specified performance criteria (Performance Rights) and specified periods of tenure (Retention Rights) over a vesting period of 3 years.

The Performance Rights that vest are based on the performance of the Company relative to the average absolute and relative Total Shareholder Return (TSR) of sixty ASX listed companies over the three year vesting period. The Rights are granted annually and on a pro rata basis to new employees.

Vesting of all Retention Rights will occur if the employee remains employed by the Company for three years. The Rights are granted annually and on a pro rata basis to the employees' period of tenure.

The Rights will not vest unless the vesting conditions imposed by the Board have been satisfied.

Rights cannot vest nor can shares be issued in relation to vested Rights during any period when such recipients would be excluded from acquiring shares under the Company's Securities Trading and Trading Windows policy.

More detailed information related to the New Plan was set out in the Notice of Meeting for the Shareholders Meeting held on 31 August 2010. A full copy of the New Plan is available on request from the Company.

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 granted (immediate vesting)	Fair value per option at grant date	Exercise price	Fair value $	Expiry date	Date exercisable
M Fang [1]	140,000	$0.24046	$0.73	33,664	5 March 2011	5 March 2010
L Brown [1]	140,000	$0.24046	$0.73	33,664	5 March 2011	5 March 2010
M Jacobsen [1]	340,000	$0.24046	$0.73	81,756	5 March 2011	5 March 2010
G Harding [1]	140,000	$0.24046	$0.73	33,664	5 March 2011	5 March 2010
	760,000			**182,748**		

[1] Options issued under the Old Plan

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 [1]	
Contract term:	1 July 2010 – 30 June 2011 (annual rollover)
Remuneration:	$340,000 pa for the year ended 30 June 2011.
Rights:	Issue of 566,557 rights under the New Plan
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 [1]	
Contract term:	1 July 2010 – 30 June 2011 (annual rollover)
Remuneration:	$250,000 pa for the year ended 30 June 2011.
Rights:	Issue of 250,000 rights under the New Plan.
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 [1]	
Contract term:	1 July 2010 – 30 June 2011 (annual rollover)
Remuneration:	$250,000 pa for the year ended 30 June 2011.
Rights:	Issue of 250,000 rights under the New Plan.
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to remuneration for the remaining term of the contract

Key Management Personnel Contracts

Chief Operating Officer – Martin Jacobsen [1]	
Employed:	Commenced 31 August 2007
Base salary:	$360,000 pa for the year ended 30 June 2011.
Rights:	Issue of 360,000 rights under the New Plan.
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 [1]	
Contract term:	1 July 2010 to 30 June 2011 (annual rollover)
Remuneration:	$240,000 pa for the year ended 30 June 2011.
Rights :	Issue of 240,000 rights under the New Plan.
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)	
Contract term:	1 July 2010 to 30 June 2011 (previously employed)
Remuneration:	$230,000 pa for the year ended 30 June 2011.
Rights :	Issue of 230,000 rights under the New Plan.
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 [1]	
Employed:	Commenced 1 December 2009 (previously contractor)
Remuneration:	$160,000 pa for the year ended 30 June 2011.
Rights :	Issue of 160,000 rights under the New Plan.
Termination payments:	-

1

In response to the global financial crisis and as part of an overall cost cutting initiative implemented in late 2008 and through to 30 June 2010, significant voluntary reductions (up to 30%) in the emoluments of Directors and senior management were made.

Service contracts or employment agreements have been entered into by the Company 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 Old Plan and/or rights under the New Plan. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels will be reviewed generally each year on advice from an Independent Remuneration Consultant to align with peer company remuneration levels, changes in job responsibilities and market compensation expectations.

Key Management Personnel in office during the year were:

Name	Position Held	Date Appointed During the Year	Date Resigned During the Year
RH Duffin	Executive Chairman	-	-
HL Roberts	Executive Director and General Counsel	-	-
GJ Jones	Technical Director	-	-
RL Richardson	Non-exec Director	-	-
LA Dean	Non-exec Director	-	-
Lim See Yong	Non-exec Director	-	-
MC Jacobsen	Chief Operating Officer	-	-
GK Harding	Chief Financial Officer	-	-
M Fang	Bus Development Mgr	-	-
LJ Brown	Company Secretary	6/08/09	-

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 Audit (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 10 and forms part of this report.

Signed at Sydney this 29th day of September 2010 in accordance with a resolution of the Directors.

R H Duffin
Executive Chairman

Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

DECLARATION OF INDEPENDENCE BY MELISSA ALEXANDER TO THE DIRECTORS OF WPG RESOURCES LTD (FORMERLY WESTERN PLAINS RESOURCES LTD)

As lead auditor of WPG Resources Ltd for the year ended 30 June 2010, 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 WPG Resources Ltd and the entities it controlled during the year.

Melissa Alexander

MELISSA ALEXANDER
Director

BDO Audit (NSW-VIC) Pty Ltd

Dated in Sydney, this 29th day of September 2010

The Board of Directors of WPG Resources Ltd:

- Is responsible for corporate governance and strives for high standards in this regard.
- Monitors the Company's business and affairs on behalf of the shareholders by whom they are elected and to whom they are accountable.
- 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 WPG's size. In many cases the Company is achieving the standard required, although in some cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company does 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. A formal Board Charter has been drafted, including a Code of Conduct and Ethics, and has been approved in principle by the Corporate Governance and Nomination Committee (and discussed by the Board). A number of minor matters are being clarified prior to formal adoption of that document.

The Company has a Board of seven Directors (three executive Directors and four 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, 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 one of the non-executive Directors is representative of a substantial shareholder (Mr Lim). The other three non-executive Directors (Messrs Dean, Mutton and Richardson) are 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 has been prepared and approved in principle by the Company.

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 Dean, Mutton Lim and Richardson). 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 has been prepared and approved in principle by the Company.

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 four non-Executive Directors, Messrs Dean, Mutton, Richardson and Lim, 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 meets the ASX's guidance regarding independence, in that it has a majority of independent directors.

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 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 policy for promoting 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 provides information updates to investors by email.

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 attend general meetings and this has been supported by the Company's audit director at BDO.

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 2011. 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 2010.

Principle 8: Remunerate fairly and responsibly

The Company has a Remuneration Committee comprising the four non-Executive Directors, Messrs Dean, Mutton, Richardson and Lim. 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 meets the ASX's guidance regarding independence, in that it has 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 in establishing the 2010/2011 fixed annual reward (FAR) packages for Directors and senior executives and in replacing the then current employee share option plan (the Old Plan) with a incentive rights plan (the New Plan).

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.

A number of options were issued under the Old Plan in the year ended 30 June 2010. These options are disclosed in the Directors Report. The Company has now replaced the Old Plan with the New Plan and rights granted pursuant to the New Plan to Executive Directors and senior executives for the 2010/2011 year are disclosed in the Directors Report.

Ethical Standards

A formal Code of Conduct & Ethics has been prepared and approved in principle by the Company. 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. The Board is in the process of reviewing its Share Trading and Trading Windows policy.

"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).

DENNIS MUTTON – NON-EXECUTIVE DIRECTOR

BSc (Hons), Grad Dip Mgt, JP, FAIM, MAICD

Dennis Mutton is a management consultant specialising in natural resource management, primary industries and resources, regional growth initiatives and business-government relations. From 1997 to 2002 he was Chief Executive of the South Australian Department of Primary Industries and Resources. He has a portfolio of directorships including Bio Innovation SA, and is Chair of the Council of Rural Research and Development Corporations. He is a former member of the Senior Management Council of the South Australian Government, a former Director of Mines, and a former Director of the Australian Rural Leadership Foundation. Dennis lives in Adelaide.

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 he was Managing Director for many years and then a non-executive director until 23 July 2010. He is also a non-executive director of Crossland Uranium Mines Ltd and Silver City Mining Ltd.

Greg Jones, Managing Director or PlatSearch NL, was appointed alternate Director for Bob on 8 October 2009.

LIM SEE YONG – NON-EXECUTIVE DIRECTOR

BBA (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 is a Chartered Secretary 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.

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.

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 principal 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
BBA	Bachelor of Business Administration
BEng	Bachelor of Engineering
BSc	Bachelor of Science
Dip Ed	Diploma in Education
Dip Law	Diploma in Law
FAIM	Fellow Australian Institute of Management
FAusIMM	Fellow Australasian Institute of Mining and Metallurgy
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	Master of Business Administration
MDP	Management Development Programme
MSc	Master of Science
MSCC	Mine Surveyors Certificate of Competency
MSEG	Member Society of Exploration Geophysicists

"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.

WPG 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 mineral claims and a mining (mineral lease) in South Australia. These tenements have been issued by the South Australian state government which specifies guidelines for environmental impacts in relation to activities undertaken under authority of the tenements The Company is also applicant for a range of other tenements, including Miscellaneous Purposes Licences (MPLs) and Extractive Minerals Licences (EMLs). These tenure applications pertain to the infrastructure required to service the Peculiar Knob direct shipping iron (DSO) mine.

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. A security bond ensures compliance with this rehabilitation obligation and there have been no significant known breaches of the licence conditions.

Mining (Mineral) Lease

On 25 June 2008 the Company was granted a fourteen year lease over the Peculiar Knob direct shipping iron (DSO) project in South Australia. As part of the 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 MPLs and EMLs covering the infrastructure servicing the Peculiar Knob DSO project. Extensive environmental studies have been undertaken as part of the application process.

Mining and Rehabilitation Plan (MARP)

The Company is currently completing a MARP (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). The MARP will cover all aspects of the operation, including the mining activities at Peculiar Knob and supporting infrastructure covered by the MPLs and EMLs (being the haul road, underpass, camp, rail loop and crushing facility).

Port Pirie

The Company proposes development of an iron receival, storage and export facility at Port Pirie, utilising land adjacent to the port waterfront, a modern, state of the art storage shed then a barging system to a deep water transhipment point. These activities are all subject of a development application which is being prepared by Sinclair Knight Mertz. In order to prepare the development application the Company is undertaking an extensive range of environmental studies. Moving forward, the operation of these facilities will be subject to significant environmental regulation.

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 MARP, 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
- 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. Additionally, WPG has commenced an active programme of consultation with all key community groups in and around Port Pirie, in advance of the formal lodgement of a development application for the proposed iron ore receival, storage and export operations.

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, with a focus on the Coober Pedy and Port Pirie areas

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.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
REVENUE FROM CONTINUING OPERATIONS	2	**392**	**218**
Other income	2	**77**	**67**
ASX and ASIC costs		**(79)**	**(46)**
Contract administration services		**(611)**	**(511)**
Corporate advisory services		**(149)**	**-**
Depreciation and amortisation		**(33)**	**(41)**
Directors' fees		**(325)**	**(377)**
Employment costs		**(75)**	**(137)**
Exploration & port evaluation expenditure written-off		**(510)**	**(1,068)**
Insurance		**(34)**	**(33)**
Loss on disposal of exploration licence		**-**	**(695)**
Office costs		**(69)**	**(59)**
Operating lease rental expense		**(154)**	**(153)**
Public relations		**(124)**	**(125)**
Registry costs		**(29)**	**(22)**
Share based payments		**(200)**	**(406)**
Superannuation expense		**(41)**	**(132)**
Travel and accommodation		**(164)**	**(247)**
Other expenses from ordinary activities		**(221)**	**(166)**
LOSS BEFORE INCOME TAX EXPENSE		**(2,349)**	**(3,933)**
Income tax expense	3	**-**	**-**
LOSS AFTER TAX FROM CONTINUING OPERATIONS		**(2,349)**	**(3,933)**
OTHER COMPREHENSIVE INCOME			
Change in fair value on available-for-sale financial assets		**44**	**-**
Income tax on other comprehensive income		**(13)**	**-**
OTHER COMPREHENSIVE INCOME NET OF TAX		**31**	**-**
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF WPG RESOURCES LTD		**(2,318)**	**(3,933)**
Basic loss per share (cents per share)	16	**(2.19)**	**(4.85)**
Diluted loss per share (cents per share)	16	**(2.19)**	**(4.85)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	5	**15,522**	**5,266**
Trade and other receivables	6	**461**	**72**
Other financial assets	7	**10**	**10**
TOTAL CURRENT ASSETS		**15,993**	**5,348**
NON-CURRENT ASSETS			
Available-for-sale financial assets	10	**345**	**-**
Other financial assets	7	**90**	**160**
Plant, equipment and leasehold improvements	8	**39**	**74**
Deferred exploration and evaluation expenditure	9	**18,966**	**16,685**
Deferred port evaluation expenditure	9	**254**	**-**
TOTAL NON-CURRENT ASSETS		**19,694**	**16,919**
TOTAL ASSETS		**35,687**	**22,267**
CURRENT LIABILITIES			
Trade and other payables	11	**1,197**	**781**
TOTAL CURRENT LIABILITIES		**1,197**	**781**
NON-CURRENT LIABILITIES			
Deferred tax liability	12	**1,642**	**1,630**
Provisions	12	**10**	**10**
TOTAL NON-CURRENT LIABILITIES		**1,652**	**1,640**
TOTAL LIABILITIES		**2,849**	**2,421**
NET ASSETS		**32,838**	**19,846**
EQUITY			
Contributed equity	13	**40,071**	**24,961**
Reserves	14	**4,098**	**3,867**
Accumulated losses		**(11,331)**	**(8,982)**
TOTAL EQUITY		**32,838**	**19,846**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,270)**	**(1,925)**
Interest received		**243**	**229**
Grants received		**72**	**67**
Rent received		**31**	**31**
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	23	**(1,924)**	**(1,598)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(3)**	**(33)**
Expenditure on mining interests (exploration)		**(2,743)**	**(3,710)**
Port evaluation expenditure		**(254)**	**-**
Deposit from Joint Venture Participant		**-**	**500**
Receipts of tenement security deposits		**70**	**10**
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(2,930)**	**(3,233)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**15,845**	**3,811**
Payments for equity raising expenses		**(735)**	**(63)**
NET CASH INFLOWS FROM FINANCING ACTIVITIES		**15,110**	**3,748**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,256**	**(1,083)**
Cash and cash equivalents at the beginning of the year		**5,266**	**6,349**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**15,522**	**5,266**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Contributed Equity $'000	Accumulated Losses $'000	Option Reserves $'000	AFS Reserve $'000	Total Equity $'000
AT 1 JULY 2008	21,313	(5,049)	3,461	-	19,725
Total comprehensive loss					
Loss for the year	-	(3,933)	-	-	(3,933)
Total comprehensive loss for the year	-	(3,933)	-	-	(3,933)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	3,648	-	-	-	3,648
Share based payments expense	-	-	406	-	406
	3,648		406		4,054
AT 30 JUNE 2009	24,961	(8,982)	3,867	-	19,846
Total comprehensive loss					
Loss for the year	-	(2,349)	-	-	(2,349)
Other comprehensive income					
Change in fair value of available-for-sale financial assets net of tax	-	-		31	31
Total comprehensive loss for the year	-	(2,349)	-	31	(2,318)
Transactions with owners in their capacity as owners					
Issue of share capital, net of transaction costs	15,110	-	-	-	15,110
Share based payments expense	-	-	200	-	200
	15,110	-	200	-	15,310
AT 30 JUNE 2010	**40,071**	**(11,331)**	**4,067**	**31**	**32,838**

The above consolidated statement 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 statements are general purpose financial statements, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared on a historical cost basis using the accrual method of accounting.

(b) Statement of compliance

The financial statements 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 WPG Resources Ltd (formerly 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.

(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 profit and loss 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 Group 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 profit and loss 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 Group 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 Group 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 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.

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 statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, 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 accumulated 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 profit or loss 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 an 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.

Government grants

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

Interest

Revenue is recognised as the interest accrues.

Rent

Rental income is recognised on an accrual basis monthly 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 the end of each reporting period 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 end of each reporting period.

Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income and not in the profit and loss.

(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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows 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 the end of each reporting period 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 Group received a letter from the Department of Defence ('Defence') indicating that it will not support the proposed Hawks Nest joint venture with WISCO. The Commonwealth has since commissioned a 'Whole of Government Review' of the use of the WPA, with the objective of identifying protocols for multiple use. That review process is headed up by Professor Alan Hawke, and the committee is referred to as 'the Hawke Committee'. WPG is heavily involved in negotiations with Defence and other parties related to the issue and lodged a formal submission to the Hawke Committee in August 2010. Since that date, Defence has again extended WPG's access to the Hawks Nest area for exploration purposes, until 28 February 2011. However 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 project (which is the subject of the proposed joint venture with WISCO) and the Buzzard DSO project. These areas are carried at a value of $287,896 and $4,498,477 respectively. The total of $4,786,373 is included within the total balance of deferred exploration and evaluation of $18,965,782 contained in Note 9. Despite the initial decision by Defence, the asset has not been impaired as the Group has challenged 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.

Deferred tax assets

The company has made a judgement not to recognise the deferred tax assets disclosed in note 3 as the directors remain uncertain as to their future eligibility for application against any future taxable income.

(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) 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 2010.

They have not been adopted in preparing the financial report for the year ended 30 June 2010 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project: affecting various AASB's with minor changes for presentation, disclosure, recognition and measurement purposes for annual reporting periods commencing 1January 2010.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions: Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction, for annual reporting periods commencing 1January 2010. Supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 AASB 2 – *Group and Treasury Share Transactions.*

AASB 9 Financial Instruments: Amends the requirements for classification and measurement of financial assets (issued December 2009) for annual reporting periods commencing 1January 2013.

AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments: Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss, for annual reporting periods commencing on or after 1 July 2010.

AASB 2009-10 "Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]" applies retrospectively to annual reporting periods beginning on or after 1 February 2010.

AASB 124 Related Party Disclosures: Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party, for annual reporting periods commencing on or after 1 January 2011.

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 2010 or later. It has been released as part of long term international convergence project between IASB and FASB.

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.

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

	Consolidated 2010 $'000	2009 $'000
Revenue from continuing operations		
Interest received – other persons/corporations	**361**	**187**
Rental income	**31**	**31**
	392	**218**
Other income		
Gain on disposal of tenement	**5**	**-**
EMDG grant received	**72**	**67**
	77	**67**

3. INCOME TAX EXPENSE

	Consolidated 2010 $'000	Consolidated 2009 $'000
Loss from continuing activities before tax expense	(2,349)	(3,933)
Prima facie tax benefit on loss from continuing activities at 30% (2009: 30%)	(705)	(1,180)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share-based payments	60	122
Tax effect of current year tax losses for which no deferred tax asset has been recognised	645	1,058
Income tax expense	-	-
Unrecognised deferred tax assets and liabilities		
On income tax account		
Capital raising costs	574	413
Carry forward tax losses:		
-Operating	2,519	1,874
-Exploration and evaluation expenditure	5,176	4,639
-Deferred tax liability – taxable temporary differences	(5,176)	(4,639)
Net unrecognised deferred tax asset	3,093	2,287

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 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

	Consolidated 2010 $	Consolidated 2009 $
Total amounts receivable by BDO Audit (NSW-VIC) Pty Ltd for:		
Audit or review of the financial report of the Group	50,000	50,000

5. CASH AND CASH EQUIVALENTS

	2010 $'000	2009 $'000
Cash at bank	1,418	43
Money market securities – bank deposits	14,104	5,223
	15,522	5,266

The weighted average interest rate as at the end of the reporting period is 5.14% and the average remaining term is 37 days.

6. TRADE AND OTHER RECEIVABLES

	Consolidated 2010 $ $'000	2009 $ $'000
Current		
Trade receivables	3	1
GST receivables	314	40
Interest receivables	121	3
Prepayments	12	12
Other receivables	11	16
	461	72

No trade and other receivables are past due date.

7. OTHER FINANCIAL ASSETS

	2010	2009
Current		
Deposit with government mines department *	10	10
	10	10
Non-current		
Deposit with government mines department *	15	85
Rental lease deposit	75	75
	90	160

* 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

	2010	2009
Plant and equipment – at cost	110	113
Accumulated depreciation	(80)	(58)
	30	55

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year

	2010	2009
Carrying amount at beginning of financial year	55	57
Additions	6	31
Disposals	(9)	-
Depreciation expense	(22)	(33)
Carrying amount at end of financial year	30	55

8. PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (CONTINUED)

	Consolidated 2010 $'000	Consolidated 2009 $'000
Leasehold improvements – at cost	29	29
Accumulated depreciation	(20)	(9)
	9	20
Reconciliation of the carrying amount of leasehold improvements at the beginning and end of the current and previous financial year		
Carrying amount at beginning of financial year	20	15
Additions	-	13
Disposals	-	-
Depreciation expense	(11)	(8)
Carrying amount at end of financial year	9	20
Carrying amount of plant, equipment and leasehold improvements at end of financial year	39	74

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2010	2009
Exploration expenditure		
Costs brought forward	16,685	14,934
Costs incurred during the period	2,700	2,904
Expenditure written off on disposal of ELs	(299)	(695)
Expenditure written-off during period	(120)	(458)
Costs carried forward	18,966	16,685
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	-	368
Expenditure on non-joint venture areas	18,966	16,317
Costs carried forward	18,966	16,685

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(g). 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.

	2010	2009
Port evaluation expenditure		
Costs brought forward	-	406
Costs incurred during the period	644	204
Expenditure written-off during period	(390)	(610)
Costs carried forward	254	-

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated 2010 $'000	2009 $'000
Listed company securities		-
Equity securities (level 1)	**308**	-
Options in listed company (not quoted)	**37**	-
	345	-

Listed equity securities are valued at fair value determined by reference to closing prices on the Australian Securities Exchange. The table above classifies financial instruments recognised in the statement of financial position of the group according to the hierarchy stipulated in AASB 7 as follows*: Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or Level 3 - a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).* The options held will become quoted upon exercise and fair value is determined using option valuation techniques.

11. CURRENT LIABILITIES – PAYABLES

	2010	2009
Trade creditors and accruals	**644**	**248**
Other creditors (including $500,000 WISCO JV Contribution)	**553**	**533**
	1,197	**781**

These payables are non-interest bearing and are generally settled on 30 day terms. The WISCO $500,000 joint venture contribution becomes repayable in the event that the joint venture does not proceed.

12. PROVISIONS

	2010	2009
Non-current		
Deferred tax liability arising from fair value movement in shares	**12**	-
Deferred tax liability arising from capitalised non-deductible exploration expenditure on consolidation (no movement during the period)	**1,630**	**1,630**
	1,642	**1,630**
Lease make good 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:	**10**	**10**
Carrying amount at start of year	**10**	**-**
Provision recognised – charged to Leasehold Improvements	**-**	**10**
Carrying amount at end of year	**10**	**10**

13. CONTRIBUTED EQUITY

	Consolidated 2010 $'000	2009 $'000
Share capital		
121,691,767 (2009: 93,615,685 fully paid ordinary shares)	**42,895**	**27,050**

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

	2010	2009
Share issue costs	**(2,824)**	**(2,089)**
	40,071	**24,961**

	2010 No.	2009 No.
Movements in ordinary share capital		
At beginning of the reporting period	**93,615,685**	**80,807,355**
Shares issued during the year	**25,726,082**	**12,183,330**
Exercise of options	**2,350,000**	**625,000**
At end of reporting period	**121,691,767**	**93,615,685**

Details of shares issued during the year are shown below:

	Date issued	Issue price	Number of shares
Shares issued during the year	20.07.09	$0.25	7,874,389
	27.07.09	$0.25	41,666
	06.08.09	$0.25	185,001
	06.08.09	$0.30	1,825,026
	21.04.10	$0.80	15,800,000
			25,726,082
Exercise of options during year	26.08.09	$0.237	62,500
	28.09.09	$0.237	1,787,500
	15.03.10	$0.387	300,000
	26.03.10	$0.387	200,000
			2,350,000

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 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 2,350,000 shares issued during the year ended 30 June 2010 by virtue of the exercise of options.

As at 30 June 2010, the Company had on issue:

- 850,000 options exercisable at 73 cents, expiry 5 March 2011
- 500,000 options exercisable at 38.7 cents, expiry 11 May 2011
- 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

14. RESERVES

	Consolidated 2010 $	2009 $
Option Reserve		
Opening balance	**3,867,160**	**3,460,851**
Expensed	**199,934**	**406,309**
Closing balance	**4,067,094**	**3,867,160**
Available-for-sale Reserve		
Opening balance	**-**	**-**
Change in fair value of available-for-sale assets	**30,800**	**-**
Closing balance	**30,800**	**-**
Total Reserves	**4,097,894**	**3,867,160**

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

15. SHARE BASED PAYMENTS

Share based payment expense recognised during the financial year	**2010 $**	**2009 $**
Options issued under employee option plan (ESOP)	199,934	406,308

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

2010

Grant date	**Exercise Date**	**Exercise Price**	**Balance at beginning of year**	**Granted during the year**	**Forfeited during the year**	**Exercised during the year**	**Expired during the year**	**Balance at end of year**	**Exercisable at end of year**
ESOP									
02.09.08	-	$0.737	300,000	-	-	-	-	300,000	300,000
22.11.06	-	$0.237	1,750,000	-	-	-	-	1,750,000	1,750,000
04.07.07	-	$1.097	350,000	-	-	-	-	350,000	350,000
17.09.07	-	$1.127	1,300,000	-	-	-	-	1,300,000	1,300,000
05.03.10	-	$0.730	-	850,000	-	-	-	850,000	850,000
			3,700,000	850,000	-	-	-	4,550,000	4,550,000
Weighted average exercise price			$0.685	$0.730	-	-	-	$0.683	$0.683
Directors Options									

12.11.07	-	$1.237	750,000	-	-	-	-	750,000	750,00
Weighted average exercise price			$1.237	-	-	-	-	$1.237	$1.237
Brokers' Options									
11.05.09	-	$0.387	500,000	-	-	-	-	500,000	500,000
29.11.07	-	$0.387	1,000,000	-	-	-	1,000,000	-	-
29.05.08	15.03.10	$0.387	300,000	-	-	300,000	-	-	-
16.06.08	26.03.10	$0.387	200,000	-	-	200,000	-	-	-
			2,000,000	-	-	500,000	1,000,000	500,000	500,000
Weighted average exercise price			$0.400	-	-	$0.387	$0.387	$0.387	$0.387
TOTAL			**6,450,000**	**850,000**	**-**	**500,000**	**1,000,000**	**5,800,000**	**5,800,000**
Weighted average exercise price			$0.662	$0.73	-	$0.387	$0.387	$0.729	$0.729

During the year 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

2009

Grant date	Exercise Date	Exercise Price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
ESOP									
02.09.08	-	$0.75	-	300,000	-	-	-	300,000	150,000
22.11.06	-	$0.25	1,750,000	-	-	-	-	1,750,000	1,750,000
04.07.07	-	$1.11	350,000	-	-	-	-	350,000	350,000
17.09.07	-	$1.14	1,300,000	-	-	-	-	1,300,000	1,300,000
			3,400,000	300,000	-	-	-	3,700,000	3,550,000
Weighted average exercise price			$0.679	$0.750	-	-	-	$0.685	$0.649
Directors Options									
12.11.07	-	$1.25	750,000	-	-	-	-	750,000	750,00
Weighted average exercise price			$1.25	-	-	-	-	$1.25	$1.25
Brokers' Options									
22.11.06	11.05.09	$0.25	500,000	-	-	500,000	-	-	-
11.05.09	-	$0.40	-	500,000	-	-	-	500,000	500,000
29.11.07	-	$0.40	1,000,000	-	-	-	-	1,000,000	1,000,000
29.05.08	-	$0.40	300,000	-	-	-	-	300,000	300,000
16.06.08	-	$0.40	200,000	-	-	-	-	200,000	200,000
			2,000,000	500,000	-	500,000	-	2,000,000	2,000,000
Weighted average exercise price			$0.36	$0.40	-	$0.25	-	$0.40	$0.40
TOTAL			**6,150,000**	**800,000**	**-**	**500,000**	**-**	**6,450,000**	**6,300,000**
Weighted average exercise price			$0.646	$0.531	-	$0.25	-	$0.662	$0.660

The weighted average share price at date of exercise for the year ended 30 June 2010 was $ 0.756. (2009: $0.38) and the weighted average remaining contractual life of share options outstanding at 30 June 2010 was 638 days (2009: 714 days).
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.

Inputs into the model :	2010	2009
Weighted Average share value range	$0.195 to $1.61	$0.195 to $1.61
Risk free interest rate	5.75% to 6.75%	5.75% to 6.75%
Exercise price	$0.25 to $1.25	$0.25 to $1.25
Standard deviation / volatility	65.5% to 102.6%	65.5% to 102.6%

Employees and Officers Share Option Plan

The Company established the Western Plains Resources Ltd Employees and Officers Share Option Plan (the Old 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 Old Plan is as follows.

The allocation of options under the Old 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 Old 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 under the Old Plan are issued free. The exercise price of options is 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 subject to options issued under the Old Plan, when aggregated with other options issued under the Old Plan during the previous five years must not exceed five percent of the Company's issued share capital at any given time.

Subsequent to the end of the financial year, the Company's shareholders approved the adoption of a new incentive rights plan (the New Plan) in replacement of the Old Plan. No new options will be issued under the Old Plan, however options already in existence under the terms of the Old Plan continue in force and effect. A summary of the terms of the New Plan is set out in the Directors Report.

16. LOSS PER SHARE

		Consolidated	
		2010	2009
Basic loss per share	cents	(2.19)	(4.85)
Diluted loss per share	cents	(2.19)	(4.85)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	No.	107,473,627	81,149,044
Loss after tax used in calculating basic and diluted EPS	$	(2,348,941)	(3,932,836)

There were 5,800,000 options outstanding at the end of the year (2009 – 12,675,000) that have not been taken into account in calculating diluted EPS because their effect would be antidilutive.

17. RELATED PARTY DISCLOSURES

No payments have been made to Related Parties other than those set out in Note 24.

Subsidiaries

The consolidated financial statements include the financial statements of WPG Resources Ltd and the subsidiaries listed below:

Name	Country of incorporation	% Equity interest 2010	% Equity interest 2009	$ Investment 2010	$ Investment 2009
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**	1
Spencer Gulf Ports Pty Ltd	Australia	**100**	100	**1**	1
Southern Coal Holdings Pty Ltd	Australia	**100**	-	**1**	-
Central Iron Pty Ltd	Australia	**100**	-	**1**	-
				4,870,214	**4,870,212**

18. FARM IN / FARM OUT ARRANGEMENTS

During the year the Group was a party to exploration farm in agreements called the Commonwealth Hill Joint Venture and the Trundle Joint Venture. Under the terms of those agreements the Group was required to contribute towards agreed exploration and other costs if it wished to maintain or increase its percentage holding. During the year, the Company elected to withdraw from the Commonwealth Hill Joint Venture, having met its initial, contractual expenditure obligation. Having done so, the Group relinquished any interest in the subject tenements and wrote off relevant expenditure. During the year, the Group sold its residual interest in the Trundle Joint Venture to Clancy Exploration Ltd.

Percentage equity interests in arrangements at 30 June 2010 were as follows:

	Percentage Interest 2010	Percentage Interest 2009
South Australia		
Commonwealth Hill (Fe only) (Farm in)	nil	Earning 51%
New South Wales		
Trundle (Farm out)	nil	100% diluting to 30%

19. FINANCIAL REPORT BY SEGMENT

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 chief operating decision makers comprises of the executive management committee (comprising of the Executive Chairman, Executive Director, Technical Director, COO and CFO).

The executive management committee have determined that there are currently no operating segments and no discrete information is provided to them and therefore no segment information has there been disclosed. The executive management committee receive consolidated financial information for the Group. This is consistent with the Group’s last annual financial statements where no segment information was disclosed because the Group operated in one business segment, being mineral exploration and evaluation, and in one geographic segment, being Australia and this corresponded with what has already presented in the consolidated financial statements.

As an exploration and evaluation group the executive management committee monitors segment performance based on non financial measures such as exploration results as well expenditure rather than EBITDA as would a production company.

The Group is currently not selling products and as such no information has been provided on a product basis for 2010 or 2009. The Group currently has no sales revenue and no customers. As such no information has been disclosed for sales revenue on a geographic basis, nor are there any major customers that comprise more than 10% of the Group's revenue. All the Group's non-current assets are based in Australia.

20. FINANCIAL INSTRUMENTS

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying value. Credit risk is minimal at the end of the reporting period.

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 is 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 polices 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 Groups' 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 polices 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	
	2010	**2009**
	$'000	**$'000**
Cash and cash equivalents	15,522	5,266
Loans and receivables	449	60
Deposits with Government Departments	25	95
Lease Rental Deposit	75	75
	16,071	5,496

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.

(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 – 2010

	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6-12 mths $'000	1-3 years $'000	> 3 years $'000
Financial Liabilities	-	-	-	-	-	-
Deposit for joint venture contribution	500	500	500			
Trade Creditors	644	644	644	-	-	-
TOTAL	**1,144**	**1,144**	**1,144**	**-**	**-**	**-**
Financial Assets (Loans and receivables including cash and cash equivalents)						
Cash at Bank and Deposits at call	15,522	15,522	15,522	-	-	-
Trade debtors	3	3	3	-	-	-
Other receivables	446	446	446	-	-	-
Deposits with Government Departments	25	25	-	10	15	-
Lease Rental Deposit	75	75	-	-	-	75
TOTAL	**16,071**	**16,071**	**15,971**	**10**	**15**	**75**

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
Financial Liabilities	-	-	-	-	-	-
Deposit for joint venture contribution	500	500	500			
Trade Creditors	248	248	248	-	-	-
TOTAL	**748**	**748**	**748**	**-**	**-**	**-**
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	-	-	-
Deposits with Government Departments	95	95	-	10	85	-
Lease Rental Deposit	75	75	-	-	-	75
TOTAL	**5,496**	**5,496**	**5,326**	**10**	**85**	**75**

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

(d) **Interest rate risk**

At the end of the reporting period, the Group was exposed to a floating weighted average interest rate as follows:

	Consolidated 2010	2009
Weighted average rate of cash balances	**0.66%**	**0.018%**
Cash balances	**$1,417,600**	**$4,254,139**
Weighted average rate of term deposits	**5.59%**	**3.80%**
Term deposits	**$14,104,089**	**$1,012,219**

20. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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

Sensitivity Analysis

Consolidated – 2010

	Carrying Amount	+1.0% of AUD IR		-1.0% of AUD IR	
		Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	15,522	155	-	(155)	-
Tax charge of 30%	-	(46)	-	46	-
After tax increase / (decrease)	15,522	109	-	(109)	-

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2009.

Consolidated – 2009

	Carrying Amount	+1.0% of AUD IR		-1.0% of AUD IR	
		Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'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.

21. COMMITMENTS

Exploration licence expenditure requirements

In order to maintain the Group's tenements in good standing with the various mines departments, the group will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish if the Group joint ventures projects to third parties.

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Payable not later than one year	**480**	**365**
Payable later than one year but not later than two years	**240**	**140**
	720	**505**

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 Group from time to time.

Operating leases

Office lease & equipment	Consolidated 2010 $'000	2009 $'000
Payable not later than one year	**163**	**154**
Payable later than one year but not later than two years	**169**	**6**
Payable later than two years but not later than five years	**179**	**16**
	511	**176**

22. SUBSEQUENT EVENTS

There were at the date of this report no matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group other than as set out below.

(a) Extension of Access to Hawks Nest and WISCO Joint Venture

The Department of Defence has extended access to the Hawks Nest EL 4248 for a further period to 28 February 2011 (announced to ASX 19 August 2010). Wuhan Iron and Steel Group (WISCO) has agreed to a further extension of the condition precedent period in the Hawks Nest Joint Venture to 28 February 2011 (matching the Defence extension) (announced to ASX 31 August 2010).

(b) Exercise of Option over Penryhn Coal Deposit, South Australia

On 8 September 2009 the Company announced it had acquired an option over the Penrhyn Coal deposit, located near the Peculiar Knob infrastructure corridor. On 31 August 2010 WPG announced the exercise of that option by payment of $250,000 to Stellar Resources Ltd.

(c) Shareholders Meeting 31 August 2010

A shareholders meeting on 31 August 2010 passed a number of resolutions. Details are provided in the Notice of Meeting released on 2 August 2010. In particular, shareholder approved the adoption of an incentive rights plan to replace the then-current employee share option plan and approved issues of rights under the new incentive rights plan to Directors Bob Duffin, Heath Roberts and Gary Jones. Rights were also issued to the Company's executive team. Details are provided in an Appendix 3B released to the ASX on 6 September 2010. Shareholders also approved an increase in the aggregate fees payable to non-executive Directors to $500,000 per annum and approved (by special resolution) a change of the Company's name from Western Plains Resources Ltd to WPG Resources Ltd which became effective on 1 September 2010.

(d) Purchase of Land at Port Pirie

On 30 August 2010 the Company announced the proposed purchase of a strategic parcel of land at Port Pirie, South Australia. The land will be utilised as part of the Group's export facility development.

23. CASH FLOW STATEMENT

	Consolidated 2010 $'000	2009 $'000
Reconciliation of net cash outflow from operating activities to operating loss after income tax		
(a) Operating loss after income tax	**(2,349)**	**(3,933)**
Depreciation & amortisation	**33**	**41**
Exploration & evaluation write-off	**120**	**1,763**
Port evaluation expenditure write-off	**390**	**-**
Share-based payments	**200**	**406**
Change in assets and liabilities:		
Decrease/(increase) in receivables	**(389)**	**101**
Decrease/(increase) in deposits	**-**	**12**
Increase in trade and other creditors	**71**	**12**

	2010	2009
Net cash outflow from operating activities	**(1,924)**	**(1,598)**

(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.

	Consolidated	
	2010 $'000	**2009 $'000**
The balance at 30 June 2010 comprised:		
Cash assets (Note 5)	**1,418**	**43**
Bank deposits (Note 5)	**14,104**	**5,223**
Cash on hand	**15,522**	**5,266**

24. 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	
	2010 $	**2009 $**
Short-term employee benefits	**1,542,920**	**1,976,796**
Post-employment benefits	**124,275**	**215,106**
Termination benefits	**-**	**13,846**
Share-based benefits	**175,689**	**406,308**
	1,842,884	**2,612,056**

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	5 March 2010	5 March 2011	140,000	$0.73	nil
L Brown Company Secretary	5 March 2010	5 March 2011	140,000	$0.73	nil
M Jacobsen Chief Operating Officer	5 March 2010	5 March 2011	340,000	$0.73	nil
G Harding Chief Financial Officer	5 March 2010	5 March 2011	140,000	$0.73	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 2010:

Shareholdings

Fully Paid Ordinary Shares	*at 30 June 2009*	*acquired during period*	*options exercised*	*disposed during period*	*at 30 June 2010*
R H Duffin	12,626,940	1,052,244	100,000	-	13,779,184
H L Roberts	500,000	41,666	-	-	541,666
G J Jones	820,000	68,332	125,000	-	1,013,332
L A Dean	-	-	-	-	-
Lim See Yong *	-	-	-	-	-
R L Richardson	87,225	7,268	-	-	94,493
M C Jacobsen	18,400	1,533	-	-	19,933
G K Harding	15,700	1,308	-	-	17,008
M Fang	161,300	-	-	110,859	50,441
Total	14,229,565	1,172,351	225,000	110,859	15,516,057

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

Options held by Key Management Personnel

	at 30 June 2009	*granted*	*Exercised **	*Lapsed ***	*at 30 June 2010 (fully vested & exercisable)*
R H Duffin	687,500	-	100,000	587,500	-
H L Roberts	1,250,000	-	-	250,000	1,000,000
G J Jones	625,000	-	125,000	-	500,000
R L Richardson	250,000	-	-	-	250,000
L A Dean	250,000	-	-	-	250,000
Lim See Yong	250,000	-	-	-	250,000
M Fang	350,000	140,000	-	-	490,000
L Brown	75,000	140,000	-	-	215,000
M Jacobsen	1,100,000	340,000	-	-	1,440,000
G Harding	375,000	140,000	-	-	515,000
Total	5,212,500	760,000	225,000	837,500	4,910,000

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.

* 225,000 options exercised had a share value of $7,425 above the exercise cost of $53,325

* 837,500 options lapsed would have had a share value of $15,075 net of the exercise cost.

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 - 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
Total	14,108,525	121,040	-	14,229,565

Options held by Key Management Personnel

	at 30 June 2008	*granted*	*exercised*	*at 30 June 2009*	*Vested & exercisable at 30 June 2009*
R H Duffin	687,500	-	-	687,500	687,500
H L Roberts	1,250,000	-	-	1,250,000	1,250,000
G J Jones	625,000	-	-	625,000	625,000
R L Richardson	250,000	-	-	250,000	250,000
L A Dean	250,000	-	-	250,000	250,000
Lim See Yong	250,000	-	-	250,000	250,000
M Fang	300,000	50,000	-	350,000	325,000
L Brown	50,000	25,000	-	75,000	62,500
M Jacobsen	1,000,000	100,000	-	1,100,000	1,050,000
G Harding	300,000	75,000	-	375,000	337,500
Total	4,962,500	250,000	-	5,212,500	5,087,500

25. CORPORATE INFORMATION

The financial statements of WPG Resources Ltd for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 29 September 2010 and cover the consolidated entity consisting of WPG Resources Ltd and its subsidiaries as required by the Corporations Act 2001. Separate financial statements for WPG Resources Ltd as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001. However, limited financial information for WPG Resources Ltd as an individual entity is included in note 26.

WPG 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.

The financial statements are presented in Australian currency.

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, WPG Resources Ltd. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	Parent	
	2010	**2009**
	$'000	**$'000**
Current assets	**28,568**	**15,234**
Non-current assets	**5,598**	**5,403**
Total assets	**34,166**	**20,637**
Current liabilities	**1,197**	**781**
Non-current liabilities	**10**	**10**
Total liabilities	**1,207**	**791**
Contributed equity	**40,071**	**24,961**
Accumulated issue	**(11,210)**	**(8,982)**
Available-for-sale reserve	**31**	**-**
Share-based payment reserve	**4,067**	**3,867**
Total equity	**32,959**	**19,846**
Loss for the year	**(2,337)**	**(3,933)**
Other comprehensive income/(loss) for the year	**31**	**-**
Total comprehensive loss attributable to members of WPG Resources Ltd	**(2,306)**	**(3,933)**

Directors' Declaration

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

(1) The directors of the Company declare that:

  (a) financial statements of the Company comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001*, and:

    (i) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of the performance for the year ended on that date; and

    (ii) comply with Accounting Standards and the Corporations Regulations 2001.

(2) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(3) 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.

(4) The remuneration disclosures set out on pages 5 to 9 of the Directors' Report (as part of the Audited Remuneration Report) for the year ended 30 June 2010, comply with Section 300A of the Corporations Regulations 2001.

(5) The directors have been given 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*.

On behalf of the Board

R H Duffin
Executive Chairman

Sydney, 29 September 2010

Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WPG RESOURCES LTD
(FORMERLY WESTERN PLAINS RESOURCES LTD)

Report on the Financial Report

We have audited the accompanying financial report of WPG Resources Ltd, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the financial statements comply 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.

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 consolidated 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.

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

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 WPG Resources Ltd is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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).

Material Uncertainty Regarding the Hawks Nest Area of Interest

Without qualification to the opinion expressed above, we draw attention to Note 1(t) to the financial statements. There is material uncertainty regarding future mining operations at Hawks Nest. If the Consolidated Entity is unable to obtain future permission from the Government to mine at Hawks Nest, within the Woomera Protected Area, deferred exploration and evaluation expenditure capitalised of $4,786,373 will be impaired and will require write off to the profit and loss account.

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 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of WPG Resources Ltd for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (NSW-VIC) Pty Ltd

Melissa Alexander

Melissa Alexander

Director

Sydney, this 29th day of September 2010

Corporate Directory

WPG 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
Dennis R Mutton Non-executive Director
Robert L Richardson Non-executive Director

SECRETARY
Larissa Brown

REGISTERED AND ADMINISTRATION OFFICE

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

SHARE REGISTRY

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

AUDITORS
BDO Audit (NSW- VIC) Pty Ltd

BANKERS
Westpac Banking Corporation

STOCK EXCHANGE LISTING
Listed on Australian Securities Exchange Limited
ASX Code: WPG