



**Western Plains  
Resources Ltd**

ABN 51 109 426 502

# Annual Report

for the financial year to 30 June 2008





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# Chairman's Review



“Our iron ore projects have the potential to make very significant contributions to the South Australian economy.”

## Dear fellow Shareholder,

Your board and I are pleased to present Western Plains Resources Ltd's Annual Report for the financial year to 30 June 2008.

The year has been an extremely busy and productive period, with a mix of very encouraging developments on the one hand, tempered with some frustrations on the other.

On the positive side, we have almost doubled the total DSO resource tonnage since we acquired our iron ore tenements in October 2006, just two years ago. We were pleased to secure the grant of a 14 year mining lease at our flagship Peculiar Knob project area, and we have discovered Tui, a new DSO orebody at Hawks Nest. We have found sufficient water in basement fractures (and significantly not in the overlying sedimentary sequences) for our DSO project, we have completed the feasibility study for the Buzzard deposit, and we are well down the track with the myriad of third party permits and approvals that are required before the DSO project can be brought into production. In addition, we have completed a very encouraging scoping study for the development of just one of the six known magnetite deposits at Hawks Nest. These achievements are set out in more detail in the Review of Operations which follows.

But we have also had a number of set-backs, which should not be glossed over. OneSteel Limited's decision not to extend the Memorandum of Understanding we executed with it in July 2007 into a site access agreement for the Port of Whyalla was a major blow to the Company. Whyalla is an under-utilised asset and we did not want to use any of OneSteel's key infrastructure – in the main, just a vacant block of land that OneSteel's own

management had identified to us as suitable for our purpose.

We completed a geotechnical drilling program on that site with OneSteel's approval and spent a lot of money there on consultants and engineering studies. With the benefit of hindsight, we wasted a lot of time and money pursuing the Whyalla option.

We have also been frustrated in our efforts to obtain all necessary approvals from the Commonwealth Department of Defence to operate within the Woomera Prohibited Area. The WPA is used for testing war materials but there are also a number of large mines, pastoral activities, opal diggings and other activities within the WPA, all operating apparently without adverse effect on Defence's or their own activities. At Defence's request, we have agreed to relocate the essential infrastructure for the development of Peculiar Knob, and we are now proceeding to document the Peculiar Knob access agreement. We have not yet reached agreement with Defence for our proposed mining operations at Hawks Nest. The Hawks Nest area is of particular concern to Defence and it may be necessary for us to vacate that site from time to time while high impact, high security tests of a national security nature are carried out.

OneSteel's unpreparedness to allow us to use Whyalla and our frustrations with Defence have inevitably impacted on our development timetable and our ability to secure the financing package that we had anticipated would be in place well before now.

We reacted to the Whyalla decision by forming the Port Bonython Bulk Users Group Inc (which I chair), an umbrella group representing the interests of a number of junior mining companies that need access to a deep water port in South



Australia. We heavily lobbied the South Australian government to advance plans it already had to construct a bulk commodities export facility at Port Bonython in the northern part of Spencer Gulf. If South Australia is to make the transition from a manufacturing to a mining based economy that the Government is promoting heavily, significant investment will need to be made to improve the State's infrastructure. A common-user port capable of handling Capesize ships is one of the first items of major infrastructure that will be required because there is currently no such facility anywhere in South Australia. The State, largely as a result of our initiatives, issued a call for expressions of interest from the private sector for the construction of this facility in May 2008, and we, through our subsidiary Spencer Gulf Ports Pty Ltd have lodged a proposal. We understand that there was a high level of interest in this new business opportunity from the private sector. Our objective in lodging our proposal is to ensure that the project is built in a timely manner and to a reasonable cost so that we can use it – we have no strong long term strategic objective of being a port developer or owner.

As part of our commitment to the development of this new port we prepared and lodged a submission to Infrastructure Australia for inclusion of this new facility on the National Infrastructure Priority List, with a view to obtaining support from the Building Australia Fund.

Port Bonython is already an industrial site, where most of the relevant land is owned by the Government. One of the country's largest petrochemical facilities was built there more than 25 years ago, and liquefied petroleum gas and crude oil have been successfully exported from the 2.4 kilometre jetty without major incident or impact on the marine environment over that period. Iron ore is quite benign and non-volatile, in contrast to LPG and crude oil. There are a number of environmental and community issues to be addressed before this new iron ore port can be developed, but the Company is confident that these concerns can be resolved in a manner that is satisfactory to all parties.

Our projects are not expected to be major generators of greenhouse gasses. The largest contributor to our carbon footprint will be the diesel fuel burnt by the trains that haul the ore to port. For that reason environmental considerations, not just economics, dictate that the port of choice should be the port that is closest to the orebodies, and there is no doubt that this location is Port Bonython. We encourage the environmental movement to recognise this, and get behind the new port development proposal. However, as a short term measure, the Company is actively investigating the potential for exporting through an alternative port until Port Bonython becomes available.

Our iron ore projects have the potential to make very significant contributions to the South Australian economy. At our target production rate of 4.5 million tonnes per annum of DSO, revenue would be in line with the state's current wheat sales, greater than barley, and almost as large as grapes. It would be larger than natural gas and uranium oxide (pre Olympic Dam expansion). It will generate up to 170 jobs directly, almost all in the Coober Pedy and Whyalla areas in the State electorate of Giles, together with many construction and contracting opportunities. If we can bring just one of our six magnetite deposits into production as well the number of jobs created will be much larger and the revenue could exceed that from copper, the State's largest mineral export earner. Our tenements have potential for the discovery of additional DSO and magnetite deposits and this potential, if realised, could make the Company one of the most important in South Australia's resources sector. To achieve this potential both the State and Commonwealth governments must demonstrate a real commitment to the development of the South Australian mining industry. Mining is not incompatible with world's best environmental practices and is not a threat to national security.

Since December 2007 the world's financial systems and equity markets have been subject to significant stresses. This volatility has impacted the Company's share price, along with that of all other similar companies. In spite of this, iron ore demand from China and other Asian countries remains firm. Spot prices for delivered ore have fallen recently, but this may be a short term phenomenon related to the build-up of stockpiles associated with the Olympic Games, and also to falling ship charter rates. Many analysts are forecasting that the market will recover next year. The A\$/US\$ exchange rate has fallen to more realistic levels, which partly mitigates the falling price. In addition, steel and diesel prices have fallen in recent months, and the price of these two commodities impact heavily on our projected capital and operating costs respectively. The Board is confident that, if the Company moves to first production next year as hoped, there is an excellent opportunity for your company to be re-rated.

As always, I express a sincere thanks to my fellow Board members and the executive team for their hard work over the year. WPG has excellent potential and I remain confident that the Company will deliver on this potential over the coming year.

**R H Duffin**

Chairman

22 October 2008



# Review of Operations



## South Australian Iron Ore Projects

The Company's South Australian iron ore projects are comprised of its direct shipping ore (DSO) deposits and its magnetite deposits. Direct shipping ore requires no beneficiation and all ore mined will report to a marketable product. Magnetite ore requires beneficiation and is therefore more capital intensive than DSO. In addition, recent exploration has outlined sequences of haematite banded iron formations that have large but yet unquantified potential.

### DSO Haematite Projects

Our DSO deposits are largely comprised of the mineral specular haematite and include the Peculiar Knob and Buzzard deposits, and the Tui deposit which was discovered during the year. Specular haematite is usually high grade with low levels of impurities.

### Peculiar Knob ML 6314

#### Geology and Drilling

A feasibility study for the Company's flagship Peculiar Knob deposit was completed in the previous year.

Three diamond drill holes for 411 metres were completed during the year under review. The drilling was designed to supplement existing structural and rock mechanics data and thereby assist with detailed open pit mine planning. Two holes were drilled into the footwall and one into the hanging wall near the centre of the deposit in an area that will most likely be the first section of the deposit to be mined. Data from the drill holes was analysed and reported on by the Company's geotechnical consultants. No major faults or other significant structural defects that could adversely affect pit slope design parameters were intersected.

#### Resources and Reserves

The Peculiar Knob high grade iron resource estimates are set out in Table 1. The resource estimate completed in 2007 by WPG was based on a block model developed from the results of 9,078 metres of reverse circulation in 82 holes and 1,684 metres of diamond drilling in 12 holes. Resource definition holes drilled by WPG were on 50 metre spaced cross sections along the 1,100 metre length of the deposit. A cut-off grade of 55% Fe was used for this estimate.

Ore reserves for the Peculiar Knob deposit are shown in Table 2. The reserve estimates are based on the resource block model together with an optimised open pit design prepared by the Company's consultants that has the capacity to produce up to 2.7 Mtpa with a waste to ore strip ratio of 3.6 to 1.

#### Metallurgy

Detailed metallurgical testwork has been completed on core from Peculiar Knob. Amongst other things, this work suggests the lump:fines ratio for this deposit will be 35:65.

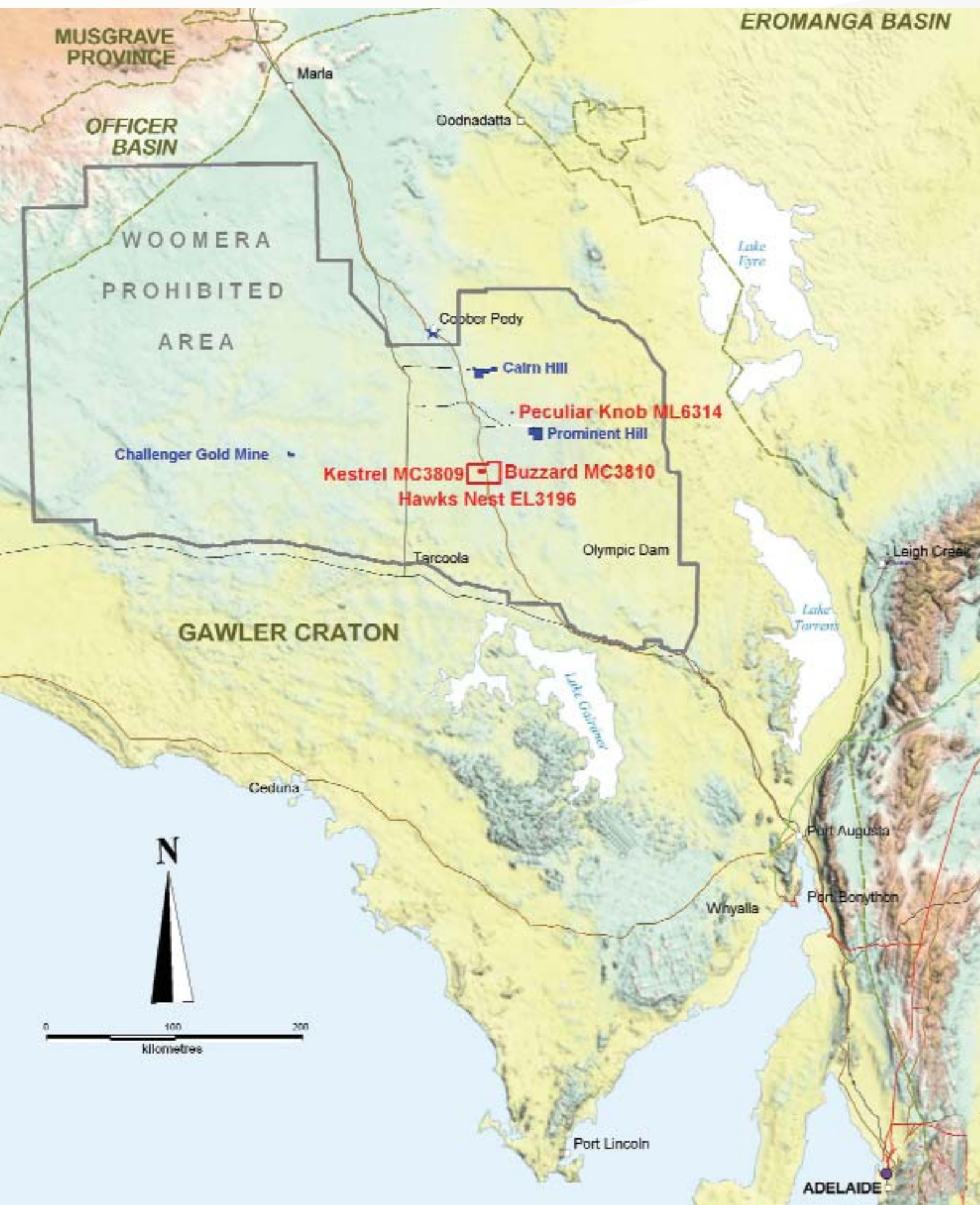
The testwork indicates that the ore will not pose any metallurgical difficulties for use in the blast furnace.

#### Mining Lease

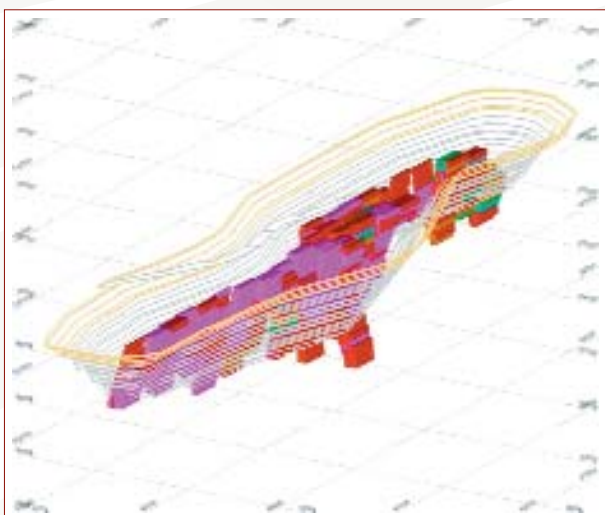
The Company was granted Mineral Lease 6314 over the Peculiar Knob deposit on 25 June 2008 for a period of 14 years. The lease covers the same area of 250 hectares as was previously held under Retention Lease 103.

#### Mining and Rehabilitation Plan

The Mining and Rehabilitation Plan (MARP) is being prepared with the objective of allowing PIRSA and all relevant stakeholders to make an informed decision about the environmental risks associated with the operation and to provide an information and management tool for the operation of the mining, crushing and overall operation of the facilities. It is anticipated that the MARP will be lodged as soon as all the documentation associated with







Perspective view of the planned Peculiar Knob open pit and resource block model.

the infrastructure required to the operation has been lodged, before the end of the year.

#### Water

Suitable quantities of ground water were intersected in several exploration drill holes completed at Hawks Nest during the year. This water is contained within fractures and faults in the Proterozoic bedrock, and not in the overlying sediments. Pump testing and hydrological studies commissioned by the Company indicate the bores can produce adequate water for the Company's DSO mining operations. Water extraction licence applications have been lodged for these wells.

### Hawks Nest EL 3196, MCs 3809 and 3810

The Company completed two major drilling programs at several prospects within the Hawks Nest tenement EL 3196 during the year.

#### Buzzard

##### Geology and Drilling

A total of 26 RC percussion holes for 3,742 metres and 4 diamond drill holes for 577 metres were completed at the Buzzard deposit during the year under review. This drilling was designed to better define and upgrade the status of the known massive haematite deposit by providing additional geological and assay information in key areas. Holes were also drilled along strike at both ends of the deposit to test for extensions to the high grade mineralisation. Large diameter core from the diamond holes provided samples for metallurgical testwork. Geotechnical measurements were made on oriented core and incorporated into the open pit mine design.

Results of the drilling program showed that the massive hematite is contained within two stacked lenses. They lie adjacent and parallel to a NE-SW trending fault structure that juxtaposes a large body of haematite BIF against weakly metamorphosed metasediments. In the main part of the deposit these zones have a truncated syncline form and generally dip at



a steep angle to the south-east. The high grade mineralisation extends over a strike length of 700 metres and to a vertical depth of 250 metres.

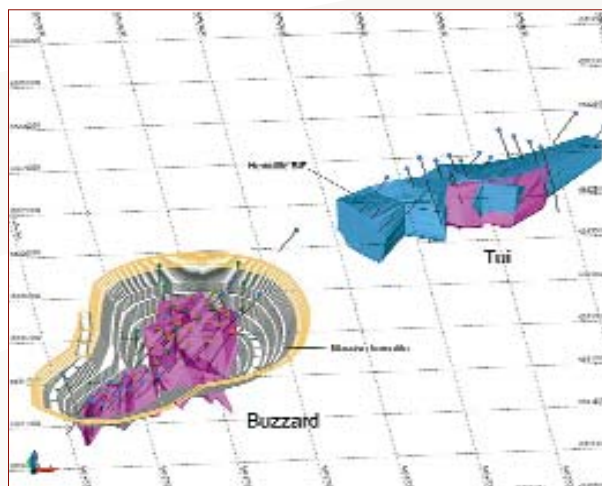
### Resources and Reserves

The Buzzard high grade iron resource estimates are shown in Table 1. The estimate was made by the Company following the receipt of all results from the in-fill drilling in mid 2008. The estimate was based on a block model developed from the results of a combined total of 7,833 metres of reverse circulation in 64 holes and 1,169 metres of diamond drilling in 9 holes by WPG and previous operators. Holes were drilled on 50 and 60 metre spaced cross sections along the entire length of the deposit. A cut-off grade of 55% Fe was used for this estimate. The resulting 14.1 million tonnes at 62.1% Fe represents a 55% increase on the previous resource estimate.

Ore reserve estimates for the Buzzard deposit are shown in Table 2. The reserve estimates are based on the resource block model together with an optimised open pit that has the capacity to produce 1.5 mtpa with a waste to ore strip ratio of 6.3:1.

### Metallurgy

Metallurgical testwork has been completed on core from Buzzard. Amongst other things, this work suggests the lump:fines ratio for this deposit will be 65:35.



**Perspective view of the Buzzard and Tui haematite deposits at Hawks Nest.**

As with Peculiar Knob, testwork indicates that the ore will not pose any metallurgical difficulties for use in the blast furnace.

### Mineral Claim

The Company applied for and was granted Mineral Claim 3810 covering an area of 240 hectares over the Buzzard deposit on 6 August 2007 for a period of 1 year. An application for a Retention Lease to cover the same area has been lodged with PIRSA and when granted will replace the MC.

**Table 1: DSO Haematite Resources Statement**

Deposit	Category	Tonnes	Fe%	SiO <sub>2</sub> %	Grade Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Peculiar Knob	Measured	13.4	63.7	7.4	0.3	0.01	0.5
	Indicated	4.1	63.4	8.2	0.2	0.02	0.4
	Inferred	1.5	64.5	6.0	0.3	0.02	0.3
	<b>Sub-Total</b>	<b>19.0</b>	<b>63.7</b>	<b>7.5</b>	<b>0.3</b>	<b>0.02</b>	<b>0.5</b>
Buzzard Limonite	Indicated	0.3	59.6	6.6	3.6	0.04	3.8
Buzzard Primary	Measured	12.1	62.1	8.1	1.4	0.05	0.9
	Indicated	1.2	60.5	8.2	2.4	0.07	1.2
	Inferred	0.5	62.3	8.5	1.1	0.07	0.8
	<b>Sub-Total</b>	<b>14.1</b>	<b>62.0</b>	<b>8.1</b>	<b>1.6</b>	<b>0.05</b>	<b>1.0</b>
Tui	Indicated	3.7	60.2	11.5	0.6	0.08	0.8
	Inferred	0.6	59.9	11.9	0.7	0.08	0.6
	<b>Sub-Total</b>	<b>4.3</b>	<b>60.2</b>	<b>11.5</b>	<b>0.6</b>	<b>0.08</b>	<b>0.8</b>
<b>Total DSO Resources</b>		<b>37.4</b>	<b>62.6</b>	<b>8.2</b>	<b>0.8</b>	<b>0.03</b>	<b>0.7</b>

**Table 2: DSO Haematite Reserves Statement**

Deposit	Category	Tonnes	Fe%	SiO <sub>2</sub> %	Grade Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%
Peculiar Knob	Proved	13.1	62.7	7.1	0.3	0.01	0.5
	Probable	2.3	63.0	7.1	0.2	0.01	0.5
	<b>Sub-Total</b>	<b>15.4</b>	<b>62.7</b>	<b>7.1</b>	<b>0.3</b>	<b>0.01</b>	<b>0.5</b>
Buzzard Primary	Proved	11.5	60.7	8.1	1.4	0.05	1.0
	Probable	1.3	57.4	8.0	2.6	0.05	1.8
	<b>Sub-Total</b>	<b>12.8</b>	<b>60.3</b>	<b>8.1</b>	<b>1.5</b>	<b>0.05</b>	<b>1.0</b>
<b>Total DSO Reserves</b>		<b>28.2</b>	<b>61.7</b>	<b>7.5</b>	<b>0.8</b>	<b>0.03</b>	<b>0.7</b>



## Tui

### Geology and Drilling

Follow-up exploration by the Company in an area 950 metres north east of Buzzard resulted in the discovery of a new deposit of massive haematite and haematite BIF at the Tui prospect. A total of 24 RC percussion holes for 4,060 metres and 2 diamond drill holes were completed.

The drilling has outlined a deposit of massive haematite that lies along the southern contact zone and partially underneath a large body of haematite BIF. The iron mineralisation has been defined over a strike length of 900 metres and is situated within a graben-like structure formed by a gabbro intrusion. The haematite BIF shows a strong correlation with a residual gravity anomaly that is continuous in a north easterly direction from the Buzzard deposit. Samples from the two diamond holes at Tui will be used for metallurgical testwork.

### Resources

The high grade haematite and haematite BIF resource estimates for the Tui deposit are set out in Table 1. The resource estimate was made by the Company following the receipt of all results from the exploration drilling in mid 2008. The estimate was based on two block models constrained by wireframes and using cut-off grades of 55% Fe for the massive haematite and 30% Fe for the haematite BIF.

The Tui mine design has not yet been completed and consequently ore reserve estimates have not yet been made.

## Regional Exploration

### Geology and Drilling

Two areas with potential for high grade haematite were followed up with drilling in early 2008. At the Kite prospect eight shallow inclined RC percussion holes for a total of 486 metres were drilled to test for possible zones of supergene enriched haematite above the base of oxidation on this known magnetite BIF deposit. No significant intervals of Fe grades of greater than 55% Fe were recorded from these holes.

Two exploration RC percussion holes for 330 metres were drilled in an area 450 metres south east of Buzzard in January 2008. These holes were designed to follow-up on narrow high grade iron intercepts in previous drilling by others. The WPG holes intersected broad zones of haematite BIF together with significant intervals of massive haematite. (Hole HNWPR58 – 6m averaging 62.2% Fe, Hole HNWPR59 – 12m averaging 60.9% Fe and 16m averaging 62.2% Fe). Three additional RC percussion holes for 580 metres were recently completed at this prospect to follow-up these promising results. Assay results have yet to be received.

The Company conducted a detailed low level aeromagnetic and radiometric survey over the Hawks Nest exploration licence during the year. Results were used in conjunction with previous gravity survey and drilling data to compile a detailed geophysical and geological interpretation of the regional geology of the entire EL. Ten new targets for DSO haematite mineralisation were defined from this study and were tested with a recently completed drilling program that comprised 18 inclined RC percussion holes. Results are currently being evaluated and will be reported on when all sample assays have been received.

## Department of Defence

The Peculiar Knob and Hawks Nest tenements lie within the Woomera Prohibited Area, which is used by the Commonwealth Department of Defence (Defence) for the testing of war materials and for various other activities including commercial ventures. Defence has indicated that it has no issues with the proposed Peculiar Knob mining operation. However it would not agree to the Company's preferred haul road route to a site on the Central Australian Railway near Gina siding, it would not allow the construction of a crushing plant and rail loader at Gina, and would not permit the Company's accommodation camp to be located at its preferred site near the Stuart Highway north west of McDouall Peak. It has also said that the proposed mine site at Buzzard, which is just 2 kilometres west of the Stuart Highway, may need to be evacuated from time to time while tests are carried out.

The Company has recast its Peculiar Knob infrastructure proposals to reflect Defence's concerns and Defence has accepted the modified plans. WPG remains in negotiations with Defence to secure mutually acceptable access agreements.



Aerial view Port Bonython, north-east of the Port of Whyalla, South Australia.

### Port Access

Western Plains was advised by OneSteel in December 2007 that it would not allow access by the Company to the Port of Whyalla for the export of iron ore.

The State Government called for expressions of interest from the private sector for the development of a new bulk commodities export facility at Port Bonython in May. The Company, through its subsidiary Spencer Gulf Ports Pty Ltd, lodged a response; media reports suggest that at least 10 submissions were made. No decisions have yet been announced by the State Government.

WPG has executed a memorandum of understanding in with the Darwin Port Corporation for short term exports of iron ore. The impending sale of the owner of the Tarcoola to Darwin rail line, Australian Pacific Transport, is making finalisation of a coordinated set of agreements for rail and Darwin port access difficult.

### Financing and Offtake Agreement

Western Plains and Xin Sheng International Pte Limited executed a binding heads of agreement for funding and offtake for the DSO project during the year. Following OneSteel's decision and the impact that had on the project's development timetable and costs, Xin Sheng did not make an agreed equity injection into the Company that was due in January 2008. The two parties continue to discuss ways of going forward together, but no agreement has yet been reached.

WPG is in negotiations with other parties for funding and offtake for the DSO project, and for the introduction of a joint venture partner to fund the magnetite project.



## Magnetite Projects

### Hawks Nest EL 3196 and MC 3809

#### Geology and Drilling

Apart from the shallow holes drilled at Kite to test for DSO hematite in the oxide zone, only one hole was drilled on the known magnetite deposits at Hawks Nest. A vertical hole was drilled adjacent to a previous WPG hole HNWP18 at the Harrier prospect that recorded an intersection of 69m @ 36.6% Fe. HNWP75 intersected 84m @ 40.5% Fe in magnetite BIF. This result confirmed the potential of this essentially untested large magnetic anomaly to host a substantial iron resource.

#### Mineral Claim

The Company was granted Mineral Claim 3809 covering an area of 240 hectares over the Kestrel deposit on 6 August 2007. An application for a Retention Lease to cover the same area has been lodged with PIRSA and when granted will replace the MC.

#### Resources

##### Metallurgical Testwork and Scoping Study

The Company commissioned a suite of metallurgical tests on cuttings from previous drilling of our magnetite projects during the year, and completed a scoping study for the development of



View of the surface exposure of the Kestrel magnetite deposit.

the Kestrel deposit, one of 6 known magnetite deposits at Hawks Nest.

Davis Tube testwork suggests mass recoveries to concentrate varying from 35.8% to 55.2% can be expected. The iron grade of the concentrates varied from 65.2% to 69.6%. Overall, the mass recovery to concentrate is relatively high when compared with many other Australian magnetite deposits where the results of similar testwork have been reported.

Table 3: Magnetite Resource Estimates

Category	Million Tonnes	Fe%	P%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI%
Kestrel – measured, indicated and inferred	220	36	0.06	38	0.9	0.7
Goshawk - inferred resource	148	35	-	-	-	-
Harrier - inferred resource	54	35	-	-	-	-
Eagle - inferred resource	92	31	-	-	-	-
Kite – inferred resource	30	51	-	-	-	-
Falcon - inferred resource	25	32	-	-	-	-
<b>Total resource</b>	<b>570</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



The scoping study focussed on the treatment of 13.5 million tonnes of run of mine ore to produce 6 million tonnes per annum of magnetite concentrate. Pit optimisation studies were completed and capital and operating cost estimates were been prepared for the conceptual project. The scoping study suggests that a robust and cost-competitive project could be developed and that further work is certainly warranted.

The scoping study focussed on Kestrel but the limits of the Kestrel deposit have not yet been defined. Testwork suggests that some of the other magnetite deposits at Hawks Nest may have even better metallurgical characteristics than Kestrel and there is clear potential in all deposits to increase the total tonnage of magnetite mineralisation with further drilling. The optimum scale for project development may exceed the 6 million tonnes per annum assumed, and the life of the project could be at least 30 years. There is also potential to value add, through the production of pellets, DRI or pig iron.

## Copper/Gold Exploration Projects

### Trundle NSW EL 4512 – WPG 100%

During the year WPG farmed-out the Trundle copper gold property project to Calibre Mining (Australia) Ltd, a wholly owned subsidiary of Canadian company Calibre Mining Corporation. Calibre can earn a 70% interest in the Trundle tenement by completing exploration expenditure totalling \$3 million over a 3 year period with a minimum work commitment of \$600,000 in the first year. Calibre can earn an additional 20% interest in the project by completing a Feasibility Study.

Calibre commenced a 7-hole 3,700 metre diamond drill program at Trundle in July 2008. Initial results from the drilling campaign have confirmed the presence of a large multi-phase intrusive porphyry copper-gold system in the northern part of the tenement at the Mordialloc prospect. This porphyry system is in an area of prominent magnetic anomalies that were defined by the WPG detailed aeromagnetic survey and is coincident with broad areas of anomalous copper and gold geochemistry. Several key 'signature' geological and mineralisation features akin to those that occur in the volcanics and intrusions at Northparkes have been noted in the Calibre drill core. No assay results are yet available.



Diamond drilling at the Bloomfield prospect Trundle.

### Peak Hill East NSW

ELs 6342 & 6675 – WPG 100%

Discussions with potential joint venture partners for the two Peak Hill tenements are underway.

### Lake Cargelligo NSW

EL 6367 – WPG 100%

### Euriowie NSW

EL 5771 – WPG 60%

No field work was carried out on the Lake Cargelligo or Euriowie project areas during the year. The Company is seeking joint venture partners for these projects.

 **Western Plains Resources Ltd**

### Competent Persons

*The review of exploration activities and results and the mineral resource estimates for the Peculiar Knob, Buzzard and Tui deposits contained in this report are based on information compiled by Mr Gary Jones, a Member of the Australasian Institute of Mining and Metallurgy. He is Technical Director of Western Plains Resources Ltd and a full time employee of Geonz Associates Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Gary Jones has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The mineral resource estimate for the Kestrel deposit contained in this report is based on information compiled by Mr Arnold van der Heyden, a Member of the Australasian Institute of Mining and Metallurgy. He is an employee of Hellman & Schofield Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Arnold van der Heyden has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The ore reserve estimates for the Peculiar Knob and Buzzard DSO deposits contained in this report are based on information compiled by Mr John Wyche, a Member of the Australasian Institute of Mining and Metallurgy. He is an employee of Australian Mine Design and Development Pty Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). John Wyche has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

# Directors' Report



“The principal continuing activity of the Company is exploration and development of the Company’s iron ore projects located in South Australia.”

Your Directors present the financial report of the Company for the year ended 30 June 2008.

## Directors

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

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

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.

### Directors' Interests in Shares and Options

Directors' interests in shares and options as at 30 June 2008 and at the date of the report are set out in Note 24 to the financial statements.

### Meetings of Directors

Attendances at the Company's Board and committee meetings held during the period are summarised as in the following table.

There were 14 circular resolutions passed by the Board during the financial year.



Director	Board	Audit & Risk	Corporate Governance & Nomination	Remuneration
<b>R H Duffin</b>	7 of 7	N/A	N/A	N/A
<b>H L Roberts</b>	7 of 7	N/A	N/A	N/A
<b>G J Jones</b>	7 of 7	N/A	N/A	N/A
<b>L A Dean</b>	6 of 6	2 of 2	1 of 1	2 of 2
<b>Lim See Yong</b>	6 of 7	2 of 2	1 of 1	1 of 2
<b>D R Mutton</b>	5 of 6	2 of 2	1 of 1	2 of 2
<b>R L Richardson</b>	6 of 7	1 of 2	0 of 1	1 of 2
<b>Total Meetings</b>	<b>Seven</b>	<b>Two</b>	<b>One</b>	<b>Two</b>

## Principal Activities

The principal continuing activity of the Company is exploration and development of the Company's 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. A mining lease has been granted over the Peculiar Knob DSO deposit, with mining operations expected to commence in 2009 and exploration for further DSO and magnetite is underway at the Hawks Nest project area.

The Company has actively participated, as part of a consortium, in responding to an expression of interest issued by the SA Government for the construction of a dry bulk export facility at Port Bonython in the Spencer Gulf.

The Company has a range of copper, gold and base metal projects located in New South Wales and is considering a range of alternatives to maximise the value of these projects.

## Results

The net result of operations after applicable income tax expense was a loss of \$3,038,830 (2007 - \$1,481,245) which includes the write-off of exploration expenditure incurred in the current and prior years of \$27,216 (2007 - \$454,035).

## Review of Operations

### Project Developments

#### Direct Shipping Ore (DSO) Project

During the year, the Company rapidly advanced the Peculiar Knob and Hawks Nest DSO projects. Significant achievements included:

- Direct shipping ore (DSO) resource and reserve increases through focussed exploration to bring the combined DSO resource at Peculiar Knob and Hawks Nest to 37.4Mt at an average grade of 62.6% Fe.
- Discovery of Tui, a new DSO orebody within the Hawks Nest tenement area.
- Grant of a 14 year mining lease over the Peculiar Knob orebody.
- Identification of sufficient water in basement fractures for the Company's DSO project.
- Steady progress on project related permitting and approvals, including finalisation of a Native Title Mining Agreement in October 2007.

Notwithstanding these positive project developments, a decision by Onesteel Limited in December 2007 not to allow the Company access to the Port of Whyalla for export purposes, tied with extended negotiations for an access agreement (for mining purposes) with the Department of Defence, which operates the Woomera Prohibited Area within which the project areas are located, have delayed the DSO project development. The Company now anticipates production from Peculiar Knob will commence in the second half of 2009.

### Port Issues

In March 2008 the Company initiated the formation of the Port Bonython Bulk Users Group Inc to promote the interests of the near-term iron ore producers in the upper Spencer Gulf region of South Australia. With other user group members, the Company lobbied the South Australian Government for the construction of a dry bulk commodities export facility at Port Bonython, located on the western shoreline of the Spencer Gulf. In response to a call for expressions of interest from the South Australian Government, in June 2008 a consortium founded by the Company, called the Spencer Ports Group, lodged a formal expression of interest for construction of a facility of this nature at Port Bonython. The Company awaits the outcome of the South Australian Government's deliberations on this matter.

### Magnetite Project

During the year a scoping study into development of the Company's Kestrel orebody was carried out. The scoping study indicated attractive project economics and the Company is seeking a major joint venture partner to advance assessment and development of the magnetite resources at Hawks Nest.

### Capital Raising and Funding

In July 2007 the Company announced a development funding and offtake transaction which resulted in the issue in two tranches of 5,813,953 shares at a price of \$1.29 to raise \$7.5 million. This fund raising has been augmented over the year by the exercise of various of the Company's issued (unlisted) options. The Company has met with and continues at the date of this report to negotiate with a range of parties related to the provision of funding for project development.

Since December 2007 the world's financial systems and equity markets have been subject to significant stresses. This volatility has impacted the Company's share price, along with that of all other similar companies. In spite of this, iron ore markets remain firm, driven by strong demand from China and other Asian countries.

### New Directors and Executives

In August 2007, three new Non-Executive Directors were appointed to the Board, broadening the Company's skill and experience base. Those Directors are Messrs Len Dean, Dennis Mutton and Lim See Yong. At that time a number of senior executive appointments were also made: Messrs Martin Jacobsen (Chief Operating Officer), Greg Harding (Chief Financial Officer) and Myles Fang (Business Development Manager, China).

### Corporate Structure

Western Plains Resources Ltd is a public company limited by

shares that is incorporated and domiciled in Australia. The Company is listed on the ASX and trades under the code 'WPG'. WPG group companies are set out in Note 16 to the Financial Statements.

### Employees

The Company had one employee as at 30 June 2008, and utilises a range of contract geologists, technical advisers and other consultants as required. Since 30 June 2008 the Company has appointed one additional employee.

### Significant Changes

The Directors are not aware of any significant changes in the state of affairs of the Company occurring during the financial period, other than as disclosed in this report and at Note 13 to the Financial Statements.

## Matters Subsequent to the End of the Financial Period

There were at the date of this report no matters or circumstances which have arisen since 30 June 2008 that have significantly affected or may significantly affect:

- i) the operations of the Company,
  - ii) the results of those operations, or
  - iii) the state of affairs of the Company,
- other than as set out in Note 22 to the Financial Statements.

### Likely Developments and Expected Results

The Company is focussed on exploration and development of the Company's iron ore deposits located in South Australia. The Company anticipates commencement of mining at Peculiar Knob in 2009.

## Environmental Performance

The consolidated entity's current 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 Company's environmental performance are provided in Sustainability and Environmental Performance.

## Share Options

Particulars of options granted over unissued ordinary shares:

As at the date of this report there are 12,800,000 options outstanding, which are as set out below:

There were 4,691,680 fully paid ordinary shares issued during the year ended 30 June 2008 by virtue of the exercise of options at 25 cents each.

Number of Options	Exercise price	Expiry date
2,875,000	\$0.25	28 Sep 2009
3,475,000	\$0.35	28 Sep 2009
1,000,000 *	\$0.40	29 Nov 2009
300,000 *	\$0.40	29 May 2010
200,000 *	\$0.40	16 Jun 2010
2,250,000 #	\$0.25	22 Nov 2011
350,000 *	\$1.11	6 Jul 2012
1,300,000 *	\$1.14	17 Sep 2012
750,000 *	\$1.25	12 Nov 2012
300,000 **	\$0.75	2 Sep 2013

\* Issued during the financial year ended 30 June 2008.

\*\* Issued subsequent to the financial year ended 30 June 2008.

# 500,000 of these options carry the entitlement on exercise to the issue of a 1:1 40 cent exercise price option with a two year term.

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

## Dividends

No dividends were paid or proposed during the year.

## Remuneration Report – Audited

### Policy on Remuneration

#### Directors' Benefits and Emoluments

Director's remuneration levels, including participation in the Company's Employees and Officers Share Option Plan, are set to provide reasonable compensation in line with the Company's financial resources and the size and scale of the Company's operations. During the period no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the table below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

#### Remuneration of the Board and Senior Management

The Board, on advice from the Remuneration Committee, determine the fees for non-executive directors and remuneration packages for key executives. The fees for Directors are disclosed below.

The Company has established a share option plan for the benefit of directors, officers, senior executives and consultants, a summary of which is set out below. There is no retirement scheme for Non-Executive Directors.

In establishing and implementing fair remuneration arrangements for key management personnel, 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 key management personnel, which for a company at WPG's stage of operations, are impractical to determine. Accordingly, as the Company is not in production the amount of



remuneration (including bonuses) is not related to earnings or shareholder wealth.

At the Company's August 2008 Remuneration Committee and Board Meetings it was resolved that, for the year ended 30 June 2009, the Company would seek independent advice on remuneration issues, including the establishment of performance criteria for key management personnel.

### 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 2008.

Mr Richardson is a director of PlatSearch NL. Services provided by PlatSearch to the Company during the year are set out in Note 24.

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

### Cash Bonuses

Messrs Duffin, Roberts, Jones and Jacobsen are entitled to cash bonuses for the year ended 30 June 2008. Refer Note 22 to the Financial Statements.

									Proportion of remuneration that is performance based	% Value of remuneration that consists of options	
Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments					
Directors		Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination benefits \$	Options \$	Total \$	%	%
R H Duffin	2008	330,300	63,000 <sup>1</sup>	-	-	-	-	-	393,300	0%	0%
	2007	126,471		-	-	-	-	-	126,471	0%	0%
H L Roberts	2008	234,450	26,249 <sup>2</sup>	-	-	-	-	-	260,699	0%	0%
	2007	138,140	-	-	-	-	-	161,819	299,959	0%	54%
G J Jones	2008	304,780 <sup>5</sup>	-	-	-	-	-	-	304,780	0%	0%
	2007	137,296	-	-	-	-	-	80,910	218,206	0%	37%
L A Dean	2008	30,296	-	-	2,727	-	-	273,358	306,381	0%	89%
	2007	-	-	-	-	-	-	-	-		
Lim See Yong	2008	30,296	-	-	-	-	-	273,358	303,654	0%	90%
	2007	-	-	-	-	-	-	-	-		
D R Mutton	2008	30,296	-	-	2,727	-	-	273,358	306,381	0%	89%
	2007	-	-	-	-	-	-	-	-		
R L Richardson	2008	43,750	-	-	3,938	-	-	-	47,688	0%	0%
	2007	30,572	-	-	1,930	-	-	48,750	81,252	0%	60%
Other key management personnel											
M Jacobsen	2008	234,410	20,000 <sup>3</sup>	-	22,897	-	-	689,063	966,370	0%	71%
	2007	-	-	-	-	-	-	-	-		
G Harding	2008	159,000	-	-	-	-	-	206,719	365,719	0%	57%
	2007	-	-	-	-	-	-	-	-		
I White	2008	37,060	-	-	-	-	-	-	37,060	0%	0%
	2007	-	-	-	-	-	-	-	-		
M Fang	2008	125,250	47,727 <sup>4</sup>	-	-	-	-	282,913	455,890	0%	62%
	2007	65,727		-		-	-		65,727	0%	0%
L Brown	2008	74,445	-	-	-	-	-	47,152	121,597	0%	39%
	2007	18,750	-	-	-	-	-	-	18,750	0%	0%
Total key management personnel compensation	2008	1,634,333	156,976	-	32,289	-	-	2,045,921	3,869,519		
	2007	516,956	-	-	1,930	-	-	291,479	810,365		

Notes: 1 – Paid on 25 November 2007; 2 – Paid on 20 November 2007; 3 – Sign on bonus at commencement of employment on 31 August 2007; 4 – Paid on 6 August 2007; 5 – Includes an amount of \$49,925 paid in relation to the prior year.

## Share-based payment and bonuses

### Employees and Officers Share Option Plan

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

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

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

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

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

### 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 in the table below.

### Directors' Contracts

Messrs Duffin, Roberts and Jones are engaged by the Company on terms agreed and approved by the Board in October 2007, 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 Western Plains Resources and a corporate entity associated with either Messrs Duffin, Roberts or Jones, as the case requires.

### Executive Chairman – Bob Duffin\*

<i>Contract term:</i>	3 years, commenced 1 June 2007
<i>Remuneration:</i>	\$359,700 pa for the year ended 30 June 2009, to be reviewed annually by the Remuneration Committee
<i>Bonus:</i>	Discretionary up to \$143,880 for the year ended 30 June 2009
<i>Termination payments:</i>	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

<i>Contract term:</i>	To 1 July 2009
<i>Remuneration:</i>	\$270,000 pa for the year ended 30 June 2009, to be reviewed annually by the Remuneration Committee
<i>Bonus:</i>	Discretionary up to \$108,000 for the year ended 30 June 2009
<i>Termination payments:</i>	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\*

<i>Contract term:</i>	To 31 December 2009
<i>Remuneration:</i>	\$266,007 pa for the year ended 30 June 2009, to be reviewed annually by the Remuneration Committee
<i>Bonus:</i>	-
<i>Termination payments:</i>	Payment on early termination by the Group, other than for gross misconduct, equal to remuneration for the remaining term of the contract

\* The Company has agreed to make one-off payments for continued services to Messrs Duffin and Jones of \$250,000 and \$200,000 respectively provided that each remains continuously engaged by WPG until 30 June 2010 and 31 December 2009 respectively.

Name	No. options/ rights granted	No. options/ rights vested	Fair value per option at grant date	Exercise price	Fair value \$	Expiry date	Date exercisable
L A Dean <sup>1</sup>	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
Lim S Y <sup>1</sup>	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
D R Mutton <sup>1</sup>	250,000	250,000	\$1.0934	\$1.25	273,358	12 Nov 2012	12 Nov 2007
	<b>750,000</b>	<b>750,000</b>			<b>820,074</b>		
M Fang <sup>2</sup>	300,000	300,000	\$0.9439	\$1.11	282,913	4 Jul 2012	4 Jul 2007 <sup>3</sup>
L Brown <sup>2</sup>	50,000	50,000	\$0.9430	\$1.11	47,152	4 Jul 2012	4 Jul 2007 <sup>3</sup>
M Jacobsen <sup>2</sup>	1,000,000	1,000,000	\$0.8763	\$1.14	876,334	17 Sep 2012	17 Sep 2007 <sup>4</sup>
G Harding <sup>2</sup>	300,000	300,000	\$0.8763	\$1.14	262,900	17 Sep 2012	17 Sep 2007 <sup>4</sup>
	<b>1,650,000</b>	<b>1,650,000</b>			<b>1,422,147</b>		

Notes: 1 – There are no service or performance conditions attached to these options as they were issued on commencement. Each of Messrs Dean, Lim and Mutton commenced on 20 August 2007; 2 – Issued under Employees and Officers Share Option Plan; 3 – 50% exercisable 4 October 2007, 50% on 4 July 2008; 4 – 50% exercisable 17 November 2007, 50% on 17 September 2008.



## Key Management Personnel Contracts

### Chief Operating Officer – Martin Jacobsen

<i>Employed:</i>	Commenced 31 August 2007
<i>Base salary:</i>	\$350,980 pa for the year ended 30 June 2009, inclusive of superannuation, to be reviewed annually
<i>Bonus:</i>	Discretionary up to \$140,392 for the year ended 30 June 2009
<i>Termination payments:</i>	Payment on early termination by the Group, other than for gross misconduct, equal to 6 months base salary

### Chief Financial Officer – Greg Harding

<i>Contract term:</i>	Ongoing, commenced 31 August 2007
<i>Remuneration:</i>	\$214,280 pa for the year ended 30 June 2009, inclusive of superannuation, to be reviewed annually
<i>Bonus:</i>	-
<i>Termination payments:</i>	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)

<i>Employed:</i>	Commenced 19 May 2007, employment contract signed 1 July 2008
<i>Base salary:</i>	\$196,200 pa for year ended 30 June 2009, to be reviewed annually
<i>Bonus:</i>	-
<i>Termination payments:</i>	-

### General Manager - Port Solutions – Ian White

<i>Contract term:</i>	6 months, commencing 19 May 2008
<i>Remuneration:</i>	\$239,800 pa for year ended 30 June 2009 (pro-rated), to be reviewed annually
<i>Bonus:</i>	-
<i>Termination payments:</i>	-

### Assistant Company Secretary – Larissa Brown

<i>Contract term:</i>	Commenced 31 October 2006
<i>Remuneration:</i>	\$96,000 pa for year ended 30 June 2009, to be reviewed annually
<i>Bonus:</i>	-
<i>Termination payments:</i>	-

Service contracts have been entered into by the Group with all key management personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria

entitlements to options under the Western Plains Resources Employees and Officers Share Option Plan. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year to align with changes in job responsibilities and market compensation expectations.

### Agreement between the Company and PlatSearch for the Provision of Technical Services

PlatSearch NL provides the technical services of Mr Richardson to WPG at the rate of \$130 per hour. During the year \$20,900 was paid to PlatSearch for services pursuant to this agreement.

## End of Audited Remuneration Report

### Indemnification and Insurance of Directors and Officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and officers against legal costs incurred in defending proceedings for conduct involving:

- i) a wilful breach of duty; or
- ii) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

It is a term of the policy that the Company cannot disclose the premium paid for the cover.

### Proceedings

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

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

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

### Auditor's Independence and Non-audit Services

No non-audit services were provided by the Company's auditor, BDO Kendalls during the current financial year. The Directors received a declaration of independence from the auditors of the Company. It is located on page 16 and forms part of this report.

Signed at Sydney this 26th day of September 2008 in accordance with a resolution of the Directors.



**R H Duffin**  
Executive Chairman

# Auditor's Independence Declaration



BDO Kendalls

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

As lead auditor of Western Plains Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

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

**Melissa Alexander**

Partner

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

**BDO Kendalls**

Dated in Sydney, this 26th day of September 2008

BDO Kendalls is a national association  
of separate partnerships and entities.  
Liability limited by a scheme approved  
under Professional Standards Legislation.



# Corporate Governance



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

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

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

WPG 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.

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

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

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

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

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

The Company has a Board of 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 and those delegated to management and processes for evaluating performance. Informal performance evaluations by the Board have taken place.

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

## Principle 2: Structure the Board to add value

The Executive Chairman's role is exercised separately from the Executive Directors, but is not independent. The Chairman is considered, notwithstanding that he is not independent, to be an appropriate Chairman of the Company based on his skills and abilities.

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

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

Each committee comprises the non-Executive Directors of the Company (Messrs Richardson, Lim, Dean and Mutton) and are chaired as follows:

Audit and Risk – D R Mutton

Remuneration – L A Dean

Corporate Governance and Nomination – Lim See Yong

Formal, written charters for the committees have not been adopted however are being developed and will be adopted during the forthcoming year.

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.

The Company does not have a formal code of conduct, reflecting the Company's size and the close interaction of individuals throughout the organisation.

The Board of Directors continues to review, determine and implement the most appropriate and effective operational 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 however is being developed and will be adopted during the forthcoming year.

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

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 Technical Director and the Chief Financial Officer or Executive Director/Company Secretary 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. The Company has adopted a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below.

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

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

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

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

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

The Company has requested its external auditor to attend general meetings and this has been supported by the Company's audit partner at BDO Kendalls.

### **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 2009. 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 operating 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 and an Occupational Health and Safety programme was formally adopted by WPG in September 2008.

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 2008.



**Principle 8: Remunerate fairly and responsibly**

The Company has a Remuneration Committee comprising the four non-Executive Directors, Messrs Richardson, Lim, Dean and Mutton and is chaired by Mr Dean. The Committee meets as and when required, to review performance matters and remuneration. The qualifications of each member are set out in the Directors Report. This structure does not meet the ASX's guidance regarding independence, in that it does not have a majority of independent directors, however is considered to have an adequate and broad mix of skills 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 charter for the Remuneration Committee has not been adopted however is being developed and will be adopted during the forthcoming year.

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

The Remuneration Committee will seek independent external advice and market comparisons as necessary, when considering Director and senior executive emoluments. It was resolved in September 2008 that the Remuneration Committee and Board acquire external, independent advice on remuneration issues prior to the June 2009 remuneration review process.

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

The Company has an Employees and Officers Share Option Plan that was introduced in 2004 and a number of option issues have been made under that plan in the year ended 30 June 2008. Details are provided in the Directors Report.

**Ethical Standards**

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.

**"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."**



# Directors and Management



“The Board’s well balanced, and proven technical and commercial skills are being applied to maximising the value of WPG’s projects.”



## 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 Austrex 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 Company Secretary

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

Heath 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 13 years broad commercial experience with a range of ASX listed companies including WCP Resources Ltd, Michelago Ltd, Intec Ltd, Gloucester Coal Ltd and other unlisted resource and mining groups. He has participated as an adviser and principal in a number of ASX listings and corporate reconstructions. He was Company Secretary of the Sydney Kings basketball company in 2001. He has a strong corporate background and significant experience in project assessment and acquisition, transaction negotiation, capital markets and corporate administration.







### Gary J Jones – Technical Director

#### BSc MAusIMM MSEG

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

Prior to setting up his own consultancy Gary worked as an exploration geologist for Geopeko for 15 years in various parts of Australia including 12 years in

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

### Len Dean – Non-Executive Director

#### BSc (Met)

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



### Robert L Richardson – Non-Executive Director

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

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

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



### Lim See Yong – Non-Executive Director

#### BAA (Singapore)

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





### **Dennis Mutton – Non-Executive Director**

**BSc (Hons), Grad Dip Mgt, 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 wide portfolio of directorships including Elders Australia Ltd, and is Chair of the Natural Resource Management Council of South Australia. 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.

### **Martin Jacobsen – Chief Operating Officer**

**MSCC, MDP (Unisa)**

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



### **Greg Harding – Chief Financial Officer**

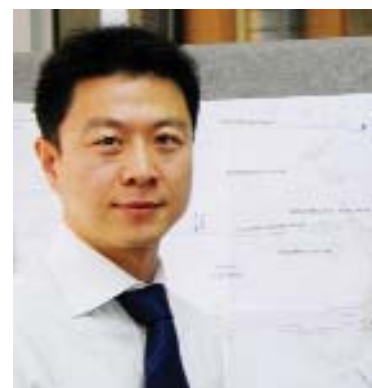
**FCPA, BBus, Grad Dip Tax Law**

Greg Harding is a commercially focussed and CPA qualified CFO with a strong track record of managing finance, accounting and administrative functions. He was General Manager Finance and Administration and Company Secretary with Savage Resources Limited for 7 years to 1993 and before that was Company Secretary of Savage Iron Investments Pty Limited. He has worked outside the resources sector for the last decade but is now returning to the mining industry. Greg's key function with WPG is the management of all financial functions of the group and to build and implement a modern and responsive management accounting and reporting system.

### **Myles Fang (rui) – Business Development Manager and China Representative**

**BE (Tianjin), MBA (Newcastle)**

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







### Ian White – General Manager – Port Solutions

#### BBus, MBA, Grad Dip CSP, FCPA, CIA

Ian White is an FCPA with over 30 years experience in all aspects of business and financial management. Ian has been a corporate consultant since 2005 and prior to that was CFO and Company Secretary for Scott Corporation Ltd. Prior to that he was Group Company Secretary for Amalgamated Holdings Limited, where he was also active in new business development, and the financial evaluation of all major business proposals.

Ian's principal responsibility is for the pursuit and development of export facilities for the Company's iron ore exports. To this end, Ian's first responsibility at WPG was the preparation of the Company's Expression of Interest in the development

of the Port Bonython bulk commodities loading facility. Ian will be responsible for representing the Company's interests in the development of this facility if the company is successful in its bid to develop Port Bonython.

### Larissa Brown – Assistant Company Secretary

#### BA Dip Ed

Larissa Brown has over 9 years experience in the administration of resource and resource technology companies. Larissa is proficient in compliance issues, ASIC, ASX and share registry matters, Annual Report and website preparation.

Larissa has strong corporate management and is currently undertaking a Graduate Diploma in Applied Corporate Governance. It is anticipated that, over time, Larissa will become group Company Secretary for WPG and its subsidiaries.



#### Explanation of qualifications

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

# Sustainability and Environmental Performance



“WPG has a strong commitment to best practice compliance with all relevant environmental conditions.”

Western Plains Resources prides itself in recognising the biodiversity, ecological significance, and heritage value of the natural areas under its influence.

WPG 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.

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

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.

Extensive environmental studies have been conducted in the Peculiar Knob and Hawks Nest project areas and all project infrastructure is being designed and located with minimum environmental impact in mind.

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

## Environmental Performance

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

### Exploration Licences and Mineral Claims

The Company's activities on these tenements are directed towards mineral exploration (rather than development) and are directly and indirectly regulated by a range of state legislation. The exploration licence and mineral claim conditions require the

full rehabilitation of the areas on completion of exploration in accordance with various guidelines and standards. Each Mines Department holds a security bond to ensure compliance with this rehabilitation obligation and there have been no significant known breaches of the licence conditions.

### Mineral Lease

On 25 June 2008 the Company was granted a fourteen year mineral lease over the Peculiar Knob DSO iron project in South Australia. As part of mineral lease application and permitting process, the Company has carried out extensive environmental assessment of the impact of the mining proposal. This environmental assessment has been carried out by independent experts in relevant fields. 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).

### Port Bonython Development

WPG is part of a consortium which has expressed interest in constructing a dry bulk export facility at Port Bonython, approximately 25 km north of Whyalla, on the Spencer Gulf (the EOI). The EOI was lodged in response to a SA Government call for expressions of interest and, at the date of writing, the consortium awaits Government's deliberations on the matter. In preparing the EOI, the consortium has given appropriate and balanced consideration to the environmental affects of its proposals, and made significant allowances for measures to protect the environment.

### 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. WPG is committed to a programme of consultation with all key community groups in and around Port Bonython.

WPG is committed to working with local businesses.

### Safety Management Program

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

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

### Employment and Training

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

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

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

### Event Sponsorship

WPG has sponsored local events in the Coober Pedy area, including the Coober Pedy Races, William Creek Gymkhana and the Coober Pedy Gem Trade Show.

# Income Statements

for the year ended 30 June 2008

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>	2	622	145	622	145
ASX and ASIC fees		(69)	(48)	(69)	(48)
Contract administration services		(419)	(223)	(419)	(223)
Corporate advisory services		(49)	(149)	(49)	(149)
Directors' fees		(387)	(137)	(387)	(137)
Exploration expenditure written-off		(27)	(454)	(27)	(454)
Operating lease rental expense		(115)	(27)	(115)	(27)
Public relations		(97)	(50)	(97)	(50)
Share based payments		(1,988)	(341)	(1,988)	(341)
Travel and accommodation		(176)	(52)	(176)	(52)
Other expenses from ordinary activities		(334)	(145)	(334)	(145)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>		(3,039)	(1,481)	(3,039)	(1,481)
<b>INCOME TAX EXPENSE</b>	3	—	—	—	—
<b>LOSS AFTER TAX</b>		(3,039)	(1,481)	(3,039)	(1,481)
<b>LOSS ATTRIBUTABLE TO MEMBERS OF WESTERN PLAINS RESOURCES LTD</b>		(3,039)	(1,481)	(3,039)	(1,481)
Basic loss per share (cents per share)	15	(3.88)	(2.95)	(3.88)	(2.95)
Diluted loss per share (cents per share)	15	(3.88)	(2.95)	(3.88)	(2.95)

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

# Balance Sheets

as at 30 June 2008

as at 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	6,349	3,690	6,349	3,690
Trade and other receivables	6	173	96	7,178	2,216
Other financial assets	7	20	10	20	10
<b>TOTAL CURRENT ASSETS</b>		6,542	3,796	13,547	5,916
<b>NON-CURRENT ASSETS</b>					
Other financial assets	7	172	106	172	106
Plant, equipment and leasehold improvements	8	72	11	72	11
Deferred exploration and evaluation expenditure	9	14,934	10,011	1,429	1,391
Deferred port evaluation expenditure	9	406	–	406	–
Investment in subsidiary	10	–	–	4,870	4,870
<b>TOTAL NON-CURRENT ASSETS</b>		15,584	10,128	6,949	6,378
<b>TOTAL ASSETS</b>		22,126	13,924	20,496	12,294
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	771	285	771	285
<b>TOTAL CURRENT LIABILITIES</b>		771	285	771	285
<b>NON-CURRENT LIABILITIES</b>					
Provisions	12	1,630	1,630	–	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		1,630	1,630	–	–
<b>TOTAL LIABILITIES</b>		2,401	1,915	771	285
<b>NET ASSETS</b>		19,725	12,009	19,725	12,009
<b>EQUITY</b>					
Contributed equity	13	21,313	12,764	21,313	12,764
Reserves	14	3,461	1,255	3,461	1,255
Accumulated losses		(5,049)	(2,010)	(5,049)	(2,010)
<b>TOTAL EQUITY</b>		19,725	12,009	19,725	12,009

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



# Cash Flow Statements

for the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payments to suppliers and employees		(1,728)	(788)	(1,728)	(788)
Interest paid		(1)	(2)	(1)	(2)
Interest received		571	130	571	130
Rent received		21	–	21	–
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	23	(1,137)	(660)	(1,137)	(660)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of plant and equipment		(66)	(12)	(66)	(12)
Expenditure on mining interests (exploration)		(4,593)	(2,617)	(64)	(2,617)
Expenditure on mining interests (development)		(259)	–	–	–
Loan to subsidiaries		–	–	(4,788)	–
Payments for tenement security deposits		–	(15)	–	(15)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(4,918)	(2,644)	(4,918)	(2,644)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		8,766	6,290	8,766	6,290
Payments for equity raising expenses		(52)	(380)	(52)	(380)
NET CASH FLOWS FROM FINANCING ACTIVITIES		8,714	5,910	8,714	5,910
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents at the beginning of the year		3,690	1,084	3,690	1,084
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	23	6,349	3,690	6,349	3,690

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

# Statements of Changes in Equity

for the year ended 30 June 2008

	Consolidated			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>AT 1 JULY 2006</b>	2,452	524	(529)	2,447
Loss for the period	–	–	(1,481)	(1,481)
Issue of share capital, net of transaction costs	10,312	–	–	10,312
Cost of share based payments taken directly to equity	–	731	–	731
<b>AT 30 JUNE 2007</b>	<b>12,764</b>	<b>1,255</b>	<b>(2,010)</b>	<b>12,009</b>
<b>AT 1 JULY 2007</b>	12,764	1,255	(2,010)	12,009
Loss for the period	–	–	(3,039)	(3,039)
Issue of share capital, net of transaction costs	8,549	–	–	8,549
Cost of share based payments taken directly to equity	–	2,206	–	2,206
<b>AT 30 JUNE 2008</b>	<b>21,313</b>	<b>3,461</b>	<b>(5,049)</b>	<b>19,725</b>

	Parent			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>AT 1 JULY 2006</b>	2,452	524	(529)	2,447
Loss for the period	–	–	(1,481)	(1,481)
Issue of share capital, net of transaction costs	10,312	–	–	10,312
Cost of share based payments taken directly to equity	–	731	–	731
<b>AT 30 JUNE 2007</b>	<b>12,764</b>	<b>1,255</b>	<b>(2,010)</b>	<b>12,009</b>
<b>AT 1 JULY 2007</b>	12,764	1,255	(2,010)	12,009
Loss for the period	–	–	(3,039)	(3,039)
Issue of share capital, net of transaction costs	8,549	–	–	8,549
Cost of share based payments taken directly to equity	–	2,206	–	2,206
<b>AT 30 JUNE 2008</b>	<b>21,313</b>	<b>3,461</b>	<b>(5,049)</b>	<b>19,725</b>

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



# Notes to the Financial Statements

## 1. Summary of Significant Accounting Policies

### (a) Basis of preparation

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

### (b) Statement of compliance

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

### (c) Basis of consolidation

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

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

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

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

#### *Impairment*

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

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the

carrying amount of the item) is included in the income statement in the period the item is derecognised.

### (e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

### (f) Interest in jointly controlled operations – joint ventures

The Company has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

### (g) Investments

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

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase the asset.

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

##### *Exploration and evaluation*

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

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

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

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

##### *Exploration and evaluation – impairment*

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

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

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

##### *Development*

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and

evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

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

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

##### *Restoration*

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

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

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

##### **(i) 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.

##### **(j) Cash and cash equivalents**

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

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

##### **(k) 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.



When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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 borrowing cost.

#### **(l) Employee leave benefits**

##### *Wages, salaries, annual leave and sick leave*

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

##### *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.

#### **(m) Superannuation**

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

#### **(n) 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 Black & Scholes option pricing model.

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which

the relevant employees become fully entitled to the award (the vesting period).

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

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

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

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

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

#### **(o) 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.

#### **(p) Revenue**

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

##### *Rendering of Services*

Revenue from consulting services is recognised when provided.

##### *Interest*

Revenue is recognised as the interest accrues.

##### *Royalties*

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

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

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

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

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

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

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

#### (r) Other taxes

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

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

- receivables and payables are stated with the amount of GST included.

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

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

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

#### (s) Currency

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

#### (t) Impairment of assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

**(u) 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.

**Share-based payment transactions**

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using 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(h) – refer note 9.

**(v) 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.

**(w) 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.

**(x) 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.

**(y) Accounting Standards Issued Not yet Effective**

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 30 June 2008. They have not been adopted in preparing the financial report for the year ended 30 June 2008 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these

standards from application date as indicated below:

AASB 3 Business Combinations: is effective for business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later. It has been released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.

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

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

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

AASB 127 Consolidated and Separate Financial Statements: was reissued in March 2008 and is applicable for annual reporting periods commencing on or after 1 July 2009. The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.

As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

AASB 2008-1 Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations: was issued in February 2008 and is applicable for annual reporting periods beginning on or after 1 January 2009. The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions.

To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

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

Interest received – other persons/corporations

Rent received

## 3. Income Tax Expense

Loss from continuing activities before tax expense

Prima facie tax benefit on loss from continuing activities at 30% (2007: 30%)

Tax effect of amounts which are not deductible in calculating taxable income:

Share-based payments

Movements in unrecognised temporary differences

Tax effect of current year tax losses for which no deferred tax asset has been recognised

Income tax expense

Unrecognised deferred tax assets

On income tax account

Capital raising costs

Tax effect of carry forward losses:

-Operating

Total

Consolidated		Parent	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
601	145	601	145
21	–	21	–
622	145	622	145
(3,039)	(1,481)	(3,039)	(1,481)
(912)	(444)	(912)	(444)
596	102	596	102
(316)	(342)	(316)	(342)
8	135	8	135
(308)	(207)	(308)	(207)
–	–	–	–
291	341	291	341
877	333	877	333
1,168	674	1,168	674

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 which 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.

The group has a deferred income tax liability of \$4,316,000 (2007 \$ 1,361,000) associated with exploration and evaluation expenses deferred for accounting purposes but expensed for taxation purposes. This liability has been brought to account and offset by deferred tax assets attributed to available taxation losses relating to exploration and evaluation expenses.

## 4. Auditors' Remuneration

Total amounts receivable by BDO Kendalls (2007 – Barnes Dowell James) for:

Audit or review of the financial report of the entity

## 5. Cash And Cash Equivalents

Cash at bank

Money market securities – bank deposits

Consolidated		Parent	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
15,796	19,400	15,796	19,400
160	243	160	243
6,189	3,447	6,189	3,447
6,349	3,690	6,349	3,690

**6. Trade and Other Receivables****Current**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	27	–	27	–
GST receivables	77	61	77	60
Interest receivables	45	14	45	14
Loan to subsidiary	–	–	7,005	2,121
Prepayments	18	12	18	12
Other receivables	6	9	6	9
	<b>173</b>	<b>96</b>	<b>7,178</b>	<b>2,216</b>

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

**7. Other Financial Assets****Current**

Deposit with government mines department *	20	10	20	10
	<b>20</b>	<b>10</b>	<b>20</b>	<b>10</b>

**Non Current**

Deposit with government mines department *	85	95	85	95
Rental lease deposit	87	11	87	11
	<b>172</b>	<b>106</b>	<b>172</b>	<b>106</b>

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

**8. Plant, Equipment And Leasehold Improvements****Plant and equipment – at cost**

Accumulated depreciation	82	15	82	15
	(25)	(4)	(25)	(4)
	<b>57</b>	<b>11</b>	<b>57</b>	<b>11</b>

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

Carrying amount at beginning	11	2	11	2
Additions	67	12	67	12
Disposals	–	–	–	–
Depreciation expense	(21)	(3)	(21)	(3)
	<b>57</b>	<b>11</b>	<b>57</b>	<b>11</b>

**Leasehold improvements – at cost**

Accumulated depreciation	16	–	16	–
	(1)	–	(1)	–
	<b>15</b>	<b>–</b>	<b>15</b>	<b>–</b>

Reconciliation of the carrying amount of leasehold improvements at the beginning and end of the current and previous financial year

Carrying amount at beginning	–	–	–	–
Additions	16	–	16	–
Disposals	–	–	–	–
Depreciation expense	(1)	–	(1)	–
	<b>15</b>	<b>–</b>	<b>15</b>	<b>–</b>
	<b>72</b>	<b>11</b>	<b>72</b>	<b>11</b>

## 9. Deferred Exploration And Evaluation Expenditure

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Costs brought forward	10,011	1,229	1,391	1,229
Costs incurred during the period	4,950	2,902	65	616
Expenditure written-off during period	(27)	(454)	(27)	(454)
Mining tenements acquired	–	6,334	–	–
Costs carried forward	14,934	10,011	1,429	1,391
Exploration expenditure costs carried forward are made up of:				
Expenditure on joint venture areas	690	677	690	677
Expenditure on non-joint venture areas	14,244	9,334	739	714
Costs carried forward	14,934	10,011	1,429	1,391

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

### Port Bonython

The Company has submitted an Expression of Interest to the South Australian Government in relation to the development of a bulk commodities export facility at Port Bonython. The costs of preparing the submission amounting to \$405,634 have been carried forward as an asset in accordance with the principles of the accounting policy set out in Note 1.

## 10. Investment In Subsidiary

Investments in controlled entities (note 16) – at cost	–	–	4,870	4,870
	–	–	4,870	4,870

## 11. Current Liabilities – Payables

Trade creditors and accruals	750	285	750	285
Other creditors	21	–	21	–
	771	285	771	285

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

## 12. Provisions

### Non-current

Deferred tax liability	1,630	1,630	–	–
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## 13. Issued Capital

### Contributed equity

#### Share capital

80,807,355 (2007: 70,301,722 fully paid ordinary shares) (a)	23,239	14,442	23,239	14,442
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Fully paid ordinary shares carry one vote per share and carry the right to dividends

#### Share capital applications

Nil (2007: 125,000) (b)	–	31	–	31
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#### Share issue costs

	(1,926)	(1,709)	(1,926)	(1,709)
	21,313	12,764	21,313	12,764



**13. Issued Capital (continued)****(a) Movements in ordinary share capital**

At beginning of the reporting period

Shares issued during the year

Shares issued under a Share Purchase Plan

Shares issued for purchase of Southern Iron

Exercise of options

At end of reporting period

Consolidated		Parent	
2008	2007	2008	2007
No.	No.	No.	No.
70,301,722	25,559,000	70,301,722	25,559,000
5,813,953	10,333,000	5,813,953	10,333,000
–	10,000,000	–	10,000,000
–	24,222,222	–	24,222,222
4,691,680	187,500	4,691,680	187,500
80,807,355	70,301,722	80,807,355	70,301,722

**(a) Share capital applications**

There were no share capital applications for year ended 30 June 2008.

**Terms and conditions of contributed equity****Ordinary Shares**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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

**Options**

There were 4,691,680 shares issued during the year ended 30 June 2008 by virtue of the exercise of options.

As at the end of the financial period, the Company had on issue:

- 2,875,000 options exercisable at 25 cents, expiry 28 September 2009
- 3,475,000 options exercisable at 35 cents, expiry 28 September 2009
- 1,000,000 options exercisable at 40 cents, expiry 29 November 2009
- 300,000 options exercisable at 40 cents, expiry 29 May 2010
- 200,000 options exercisable at 40 cents, expiry 16 June 2010
- 2,250,000 options exercisable at 25 cents, expiry 22 November 2011 \*
- 350,000 options exercisable at \$1.11, expiry 6 July 2012
- 1,300,000 options exercisable at \$1.14, expiry 17 September 2012
- 750,000 options exercisable at \$1.25, expiry 12 November 2012

\* 500,000 of these options carry the entitlement on exercise to the issue of a 1:1 40 cent exercise price option with a two year term.

**14. Option Reserve**

Opening balance

Expensed

Share issue costs

Closing balance

Consolidated		Parent	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
1,255	524	1,255	524
1,988	341	1,988	341
218	390	218	390
3,461	1,255	3,461	1,255

The option reserve represents a valuation of options issued in September 2005 and November 2006, and in the current financial period.

## 14. Option Reserve (continued)

### Share Based Payments

The following share based payment arrangements were in existence during the current, and where applicable, comparative reporting period.

Issued under	No. of options issued	Grant Date	Share Price	Date issued	Exercise price	Expiry date	Volatility	Risk free rate	Expected life	Fair Value	Total \$	No. of options exercisable
<b>Employee and Officers Share Option Plan</b>												
Employees/Consultants	1,750,000	a	\$0.21	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1618	\$283,184	1,750,000
Employees/Consultants*	350,000		\$1.28	4.07.07	\$1.11	6.07.12	85.70%	6.50%	5 yrs	\$0.94	\$330,066	175,000
Employees/Consultants*	1,300,000		\$1.35	17.09.07	\$1.14	17.09.12	65.50%	6.75%	5 yrs	\$0.8763	\$1,139,235	650,000
	3,400,000										\$1,752,485	2,575,000
Directors*	750,000		\$1.61	12.11.07	\$1.25	12.11.12	68.20%	6.75%	5 yrs	\$1.0934	\$820,074	750,000
	4,150,000										\$2,572,559	3,325,000
Brokers	500,000		\$0.195	22.11.06	\$0.25	22.11.11	102.6%	6.41%	5 yrs	\$0.1478	\$73,900	500,000
	1,000,000 b*		\$0.195	29.11.07	\$0.40	29.11.09	102.6%	6.41%	2 yrs	\$0.1562	\$156,180	1,000,000
	300,000 b*		\$0.195	29.05.08	\$0.40	29.05.10	102.6%	6.41%	2 yrs	\$0.1562	\$46,854	300,000
	200,000 b*		\$0.195	16.06.08	\$0.40	16.06.10	102.6%	6.41%	2 yrs	\$0.1562	\$31,236	200,000
	2,000,000										\$308,170	2,000,000

\* issued during the current financial year

a Grant date 26 October 2006

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

The total value of the 2,400,000 options issued under the Employees and Officers Share Option Plan and to Directors during the current period is \$2,289,375 and of this amount \$1,987,857 was expensed in the income statement in line with AASB2 which requires amortisation of the Fair Value over the vesting period.

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted determined by using the Black Scholes option valuation methodology model, prepared by an external consultant having regard to historical volatility.

#### Employees and Officers Share Option Plan

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

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

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

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

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

## 15. Loss Per Share

		Consolidated	
		2008	2007
Basic loss per share	cents	(3.88)	(2.95)
Diluted loss per share	cents	(3.88)	(2.95)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	No.	78,352,422	50,155,024
Loss used in calculating basic and diluted EPS	\$	(3,038,830)	(1,481,245)

There were 12,500,000 options outstanding at the end of the year (2007 – 13,291,680) that have not been taken into account in calculating diluted EPS because their effect would be antidilutive.

## 16. Related Party Disclosures

No payments have been made to Related Parties other than those set out in Note 24 and the proposed issue of options to directors in Note 22.

### Subsidiaries

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

Name	Country of incorporation	% Equity interest		\$ Investment	
		2008	2007	2008	2007
Southern Iron Pty Ltd	Australia	100	100	4,870,206	4,870,206
WPG Ore Marketing Pty Ltd	Australia	100	–	1	–
Port Bonython Bulk Users Group Inc	Australia	100	–	1	–
Port Bonython Pty Ltd	Australia	100	–	1	–
Spencer Gulf Holdings Pty Ltd	Australia	100	–	1	–
Spencer Gulf Ports Pty Ltd	Australia	100	–	1	–
				4,870,211	4,870,206

## 17. Joint Ventures

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

Percentage equity interests in joint ventures at 30 June 2008 were as follows:

	Percentage Interest 2008	Percentage Interest 2007
<b>New South Wales</b>		
Euriowie*	60%	0% earning 60%
Trundle*	100% diluting to 30%	100%

\* Subject to royalties to third parties

## 18. Financial Report By Segment

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



## 19. Correction To Prior Year Financial Report And Variation From Half-Year Financial Report

### (a) Correction of error in recording of provision for deferred income tax in previous financial year

Provision for deferred income tax amounting to \$1,630,000 should have been brought to account in the year ended 30 June 2007 to recognise the existence of capitalised non-deductible exploration expenditure on consolidation at that date.

Group capitalised exploration and evaluation expenditure and group provision for deferred income tax were both understated by \$1,630,000 at 30 June 2007.

The accounts at 30 June 2007 and 30 June 2008 have both been amended for the change. There is no impact to the income statements in either year.

### (b) Variation from Half-year Financial Report

As a result of correction of the fair value calculation in the current year, share based payment expense should have been \$232,000 higher and share issue costs (deducted from contributed equity) should have been \$1,273,000 lower for the six months ended 31 December 2007.

As a result, the loss of the group for the six months ended 31 December 2007 should have been a loss of \$2,463,000 instead of a loss of \$2,230,000 as reported, and share issue costs (deducted from contributed equity) should have been nil instead of \$1,273,000 as reported.

## 20. Financial Instruments

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

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

### Capital Risk Management

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

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

### Financial Risk Management

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

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

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

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

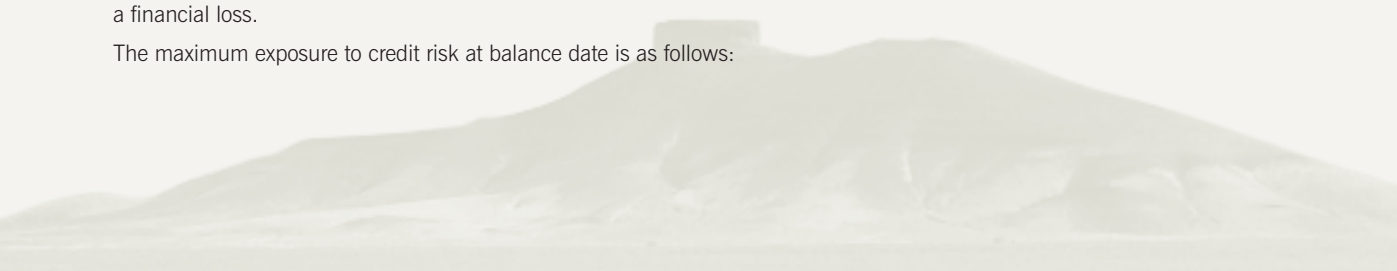
The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and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

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

#### (b) Credit Risk

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

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



**20. Financial Instruments (Continued)**

Cash and cash equivalents

Loans and receivables

Deposits with Government Departments

Lease Rental Deposit

Consolidated		Parent	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
6,349	3,690	6,349	3,690
155	84	7,160	2,214
105	105	105	105
87	11	87	11
6,696	3,890	13,701	6,020

There are two counterparties for Cash and cash equivalents which are Westpac Banking Corporation Limited and Bank of Western Australia Limited.

**(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 – 2008**

	Carrying Amount	Contractual Cash Flows	< 6 mths	6-12 mths	1-3 years	> 3 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>	–	–	–	–	–	–
Trade Creditors	750	750	750	–	–	–
<b>Total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

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

**Maturity Analysis – Consolidated – 2007**

<b>Financial Liabilities</b>						
Trade Creditors	285	285	285	–	–	–
<b>Total</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

Cash at Bank and Deposits at call	3,690	3,690	3,690	–	–	–
Trade debtors	–	–	–	–	–	–
Other receivables	84	84	84	–	–	–
Loans to related parties	–	–	–	–	–	–
Deposits with Government Departments	105	105	–	10	95	–
Lease Rental Deposit	11	11	–	–	–	11
<b>Total</b>	<b>3,890</b>	<b>3,890</b>	<b>3,774</b>	<b>10</b>	<b>95</b>	<b>11</b>

## 20. Financial Instruments (Continued)

### Maturity Analysis – Parent – 2008

	Carrying Amount	Contractual Cash Flows	< 6 mths	6-12 mths	1-3 years	> 3 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Liabilities</b>						
Trade Creditors	750	750	750	–	–	–
<b>Total</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial Assets (Loans and receivables including cash and cash equivalents)</b>						
Cash at Bank and Deposits at call	6,349	6,349	6,349	–	–	–
Trade debtors	27	27	27	–	–	–
Other receivables	128	128	128	–	–	–
Loans to related parties	7,005	7,005	–	7,005	–	–
Deposits with Government Departments	105	105	–	20	85	–
Lease Rental Deposit	87	87	–	–	–	87
<b>Total</b>	<b>13,701</b>	<b>13,701</b>	<b>6,504</b>	<b>7,025</b>	<b>85</b>	<b>87</b>

### Maturity Analysis – Parent – 2007

<b>Financial Liabilities</b>						
Trade Creditors	285	285	285	–	–	–
<b>Total</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial Assets (Loans and receivables including cash and cash equivalents)</b>						
Cash at Bank and Deposits at call	3,690	3,690	3,690	–	–	–
Trade debtors	–	–	–	–	–	–
Other receivables	83	83	83	–	–	–
Loans to related parties	2,121	2,121	–	2,121	–	–
Deposits with Government Departments	105	105	–	10	95	–
Lease Rental Deposit	11	11	–	–	–	11
<b>Total</b>	<b>6,010</b>	<b>6,010</b>	<b>3,773</b>	<b>2,131</b>	<b>95</b>	<b>11</b>

The Group holds sufficient deposits at banks to meet liquidity needs

#### (d) Interest rate risk

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

	Consolidated		Parent	
	2008	2007	2008	2007
Weighted average rate of cash balances	2.97%	3.22%	2.97%	3.22%
Cash balances	\$160,437	\$243,192	\$160,437	\$243,192
Weighted average rate of term deposits	8.01%	6.54%	8.01%	6.54%
Term deposits	\$6,188,792	\$3,447,013	\$6,188,792	\$3,447,013

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.



## 20. Financial Instruments (Continued)

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

### Sensitivity Analysis

#### Consolidated – 2008

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	6,349	63	–	(63)
Tax charge of 30%	–	(19)	–	19
After tax increase / (decrease)	<b>6,349</b>	<b>44</b>	<b>–</b>	<b>(44)</b>

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2007.

#### Consolidated – 2007

Cash and cash equivalents	3,690	37	–	(37)	–
Tax charge of 30%	–	(11)	–	11	–
After tax increase/ (decrease)	<b>3,690</b>	<b>26</b>	<b>–</b>	<b>(26)</b>	<b>–</b>

The above analysis assumes all other variables remain constant.

#### Parent – 2008

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

The above analysis assumes all other variables remain constant.

The same analysis was performed for the period ended 30 June 2007.

#### Parent – 2007

Cash and cash equivalents	3,690	37	–	(37)	–
Tax charge of 30%	–	(11)	–	11	–
After tax increase/ (decrease)	<b>3,690</b>	<b>26</b>	<b>–</b>	<b>26</b>	<b>–</b>

The above analysis assumes all other variables remain constant.

## 21. Commitments

### Exploration licence expenditure requirements

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Payable not later than one year	482	298	482	298
Payable later than one year but not later than two years	12	247	12	247
	<b>494</b>	<b>545</b>	<b>494</b>	<b>545</b>

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

## 22. Subsequent Events

There were at the date of this report no matters or circumstances which have arisen since 30 June 2008 that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company other than as set out below.

- (a) At the Company's August 2008 Board Meeting it was resolved that, subject to shareholder approval at the 2008 Annual General Meeting, options be issued to Directors of the Company as follows:

Name and Position	Number of Options	Option Exercise Price
R Duffin – Executive Chairman	100,000	\$0.75
H Roberts – Executive Director and Company Secretary	75,000	\$0.75
G Jones – Technical Director	75,000	\$0.75

- (b) In accordance with their terms of engagement, Messrs Duffin, Roberts, Jones and Jacobsen were entitled to consideration for payment of a bonus for the year ended 30 June 2008. It was recommended by the Remuneration Committee and resolved by the Board to pay bonuses on 29 August 2008 to Mr Duffin (\$50,000), Mr Roberts (\$40,000), Mr Jones (\$40,000) and Mr Jacobsen (\$100,000).

The bonuses were determined relative to the Company's performance for the relevant year.

## 23. Cash Flow Statement

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Operating loss after income tax	(3,039)	(1,481)	(3,039)	(1,481)
Depreciation	22	3	22	3
Exploration write-off	27	244	27	244
Non-cash capitalised exploration	(467)	–	(467)	–
Share-based payments	1,988	341	1,988	341
<b>Change in assets and liabilities:</b>				
(Increase)/decrease in receivables	(78)	(41)	(78)	(41)
(Increase)/decrease in deposits	(76)	–	(76)	–
(Decrease)/increase in trade and other creditors	486	274	486	274
Net cash outflow from operating activities	(1,137)	(660)	(1,137)	(660)

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

The balance at 30 June 2008 comprised:

Cash assets (Note 5)	160	243	160	243
Bank deposits (Note 5)	6,189	3,447	6,189	3,447
Cash on hand	6,349	3,690	6,349	3,690

## 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		Parent	
	2008	2007	2008	2007
Short-term employee benefits	1,791,309	516,956	1,791,309	516,956
Post-employment benefits	32,289	1,930	32,289	1,930
Other long-term benefits	—	—	—	—
Termination benefits	—	—	—	—
Share-based benefits	2,045,921	291,479	2,045,921	291,479
	3,869,519	810,365	3,869,519	810,365

The following options have been granted under the Employees and Officers Share Option Plan during the year. None of the following held options as at the start of the year:

Name and Position	Option Issue Date	Option Expiry Date	Number of Options	Option Exercise Price	Vesting Conditions
M Fang <i>Business Development Manager – China</i>	4 Jul 2007	4 Jul 2012	300,000	\$1.11	nil
L Brown <i>Assistant Company Secretary</i>	4 Jul 2007	4 Jul 2012	50,000	\$1.11	nil
M Jacobsen <i>Chief Operating Officer</i>	17 Sep 2007	17 Sep 2012	1,000,000	\$1.14	nil
G Harding <i>Chief Financial Officer</i>	17 Sep 2007	17 Sep 2012	300,000	\$1.14	nil

Interests and movements in the shares and options of the Company held by Directors and their Director-related entities as at 30 June 2008:

### Shareholdings

Fully Paid Ordinary Shares	as at 30 June 2007	acquired during period	disposed during period	as at 30 June 2008
R H Duffin	12,550,000	5,000	—	12,555,000
H L Roberts	500,000	—	—	500,000
G J Jones	820,000	100,000	100,000	820,000
L A Dean	—	—	—	—
Lim See Yong *	—	—	—	—
D R Mutton	—	—	—	—
R L Richardson **	176,725	—	89,500	87,225
<b>Total</b>	14,046,725	105,000	189,500	13,962,225

\* Mr Lim is a director of Xin Sheng International Private Limited which holds 5,813,953 shares in the Company.

\*\* Mr Richardson is a director of PlatSearch NL which holds 6,375,000 shares in the Company, 1,375,000 WPG 25 cent options and 3,475,000 WPG 35 cent options.

### Options

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



## 24. Key Management Personnel Disclosures (continued)

### Key Management Personnel Compensation (continued)

#### Options (continued)

Nov. 2011 25c Options	as at 30 June 2007	granted	exercised	as at 30 June 2008
H L Roberts	1,000,000	–	–	1,000,000
G J Jones	500,000	–	–	500,000
R L Richardson	250,000	–	–	250,000
<b>Total</b>	<b>1,750,000</b>	<b>–</b>	<b>–</b>	<b>1,750,000</b>

Nov. 2012 \$1.25 Options	as at 30 June 2007	granted	exercised	as at 30 June 2008
L A Dean	–	250,000	–	250,000
Lim See Yong	–	250,000	–	250,000
D R Mutton	–	250,000	–	250,000
<b>Total</b>	<b>–</b>	<b>750,000</b>	<b>–</b>	<b>750,000</b>

All options are fully vested and exercisable.

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.

Mr R L Richardson is a Director of PlatSearch NL, which provided technical services to the Company during the period. Services provided during the year ended 30 June 2008, which are referred to in the remuneration of Directors, amounted to \$20,900 (2007 – \$30,927).

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

#### Comparative year

##### Shareholdings

Fully Paid Ordinary Shares	at 30 June 2006	acquired during period	at 30 June 2007
R H Duffin	1,500,000	11,050,000	12,550,000
H L Roberts	500,000	–	500,000
G J Jones	795,000	25,000	820,000
R L Richardson	50,000	126,725	176,725
<b>Total</b>	<b>2,845,000</b>	<b>11,201,725</b>	<b>14,046,725</b>

##### Options

Sept. 2009 25c Options	at 30 June 2006	exercised during period	at 30 June 2007
R H Duffin	687,500	–	687,500
H L Roberts	250,000	–	250,000
G J Jones	225,000	–	225,000
<b>Total</b>	<b>1,162,500</b>	<b>–</b>	<b>1,162,500</b>

Nov. 2011 25c Options	at 30 June 2006	granted during period	at 30 June 2007
H L Roberts	–	1,000,000	1,000,000
G J Jones	–	500,000	500,000
R L Richardson	–	250,000	250,000
<b>Total</b>	<b>–</b>	<b>1,750,000</b>	<b>1,750,000</b>

## 25. Corporate Information

The financial report of the Company for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 26 September 2008.

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

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

# Directors' Declaration

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

(1) In the opinion of the Directors:

(a) financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and the consolidated entity; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

On behalf of the Board



**R H Duffin**

Executive Chairman

Sydney, 26 September 2008

# Independent Auditor's Report



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ANNUAL REPORT 2008

## To the Members of Western Plains Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of Western Plains Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

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

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

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

### 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.

BDO Kendalls is a national association  
of separate partnerships and entities.  
Liability limited by a scheme approved  
under Professional Standards Legislation.



**Auditor's Opinion**

In our opinion:

- (a) the financial report of Western Plains Resources Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 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).

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 4 to 7 of the directors' report for the year ended 30 June 2008. 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 Western Plains Resources Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

**BDO Kendalls**

Chartered Accountants

**Melissa Alexander**

Partner

Dated in Sydney, this 26th day of September 2008

# Shareholder Information

Information relating to shareholders at 16 October 2008 (per ASX Listing Rule 4.10)

## Substantial Shareholders

	Shareholding
Robert Duffin	12,550,000
PlatSearch NL	6,375,000
Xin Sheng International Private Limited	5,813,953

## Distribution of Shareholders

<i>Number of ordinary shares held</i>	<i>Number of Holders</i>	<i>Ordinary Shares</i>
1 – 1,000	155	101,700
1,001 – 5,000	399	1,286,376
5,001 – 10,000	274	2,358,897
10,001 – 100,000	426	14,129,039
100,001 – and over	89	62,931,343
	1,343	80,807,355

At the prevailing market price of \$0.49 per share, there are 98 shareholders with less than a marketable parcel of \$500.

## Top 20 Shareholders of Ordinary Shares as at 16 October 2008

	Shares	% Shares issued
National Nominees Limited	9,871,343	12.216%
Platsearch NL	6,375,000	7.889%
Irrawaddy Investments Pty Ltd <Wotrun Pty Ltd S/F A/C>	6,150,000	7.611%
Xin Sheng International Private Limited	5,813,953	7.195%
Irrawaddy Investments Pty Ltd <Duffin Family A/C>	3,900,000	4.826%
REC Investment Management Pty Ltd	2,500,000	3.094%
Mr David George Metford <STL Super Fund A/C>	1,437,336	1.779%
Mr Stacey Andrew Radford	1,400,000	1.733%
Clodene Pty Ltd	1,287,195	1.593%
Cazenove Pty Ltd <Cardinal Provident Fund A/C>	1,100,000	1.361%
Elphinstone Holdings Pty Limited	977,961	1.210%
Geared Investments Pty Ltd <Investment A/C>	900,000	1.114%
Peninsula Exploration Pty Ltd	900,000	1.114%
Geonz Associates Ltd	785,000	0.971%
J P Morgan Nominees Australia Limited	700,000	0.866%
P S Consulting Pty Limited <Superannuation Fund Account>	700,000	0.866%
PS Consulting Pty Ltd <No 2 Super A/C>	700,000	0.866%
Bluestar Management Pty Ltd <Super Fund A/C>	639,237	0.791%
HSBC Custody Nominees (Australia) Limited - A/C 3	635,405	0.786%
Presfan Pty Ltd <Waghorn Super Fund A/C>	632,500	0.783%
<b>Total of top 20 holdings</b>	<b>47,404,930</b>	<b>58.664%</b>
<b>Other holdings</b>	<b>33,402,425</b>	<b>41.336%</b>
<b>Total fully paid shares issued</b>	<b>80,807,355</b>	<b>100.000%</b>

**Employees and Officers Share Option Plan**

At a General Meeting held in 2004, shareholders approved the adoption of the Company's Employees and Officers Share Option Plan (the Plan). Options granted under the Plan are summarised in the Directors' Report.

**Voting rights**

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

**Audit Committee**

At the date of the Report of the Directors, the Company has an Audit and Risk Management Committee of four Non-Executive Directors, which meets with the Company's external auditors at least once during each half-year. These meetings will take place prior to the finalisation of the half-year financial statements and Annual Report and prior to the signing of the Audit Report.

**Options**

There are 25 holders of the 13,662,500 options at the date of this report.

**Restricted Securities**

There is no current on market buy back as per listing rule ASX 4.10.18.

## Corporate Directory

### 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

Heath L Roberts

### 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@westernplainsresources.com.au](mailto:info@westernplainsresources.com.au)  
*Website* [www.westernplainsresources.com.au](http://www.westernplainsresources.com.au)

### Share Registry

Registries Limited

*Address* 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 Kendalls

### Bankers

Westpac Banking Corporation

### Stock Exchange Listing

Listed on Australian Securities Exchange Limited  
ASX Code: WPG







**Western Plains**  
Resources Ltd

**REGISTERED AND ADMINISTRATION OFFICE**

Address Level 9, Kyle House, 27-31 Macquarie Place, Sydney NSW 2000  
PO Box N239, Grosvenor Place, NSW 1220 Australia

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