16 March 2021

ASX Announcement

Financial Report – Half-year ended 31 December 2020

GWR Group Limited ("GWR" or the "Company") encloses its interim financial report for the half-year ended 31 December 2020.

Yours faithfully

Mark Pitts
Company Secretary

This announcement has been authorised for release by Mr Mark Pitts, Company Secretary, GWR Group Limited.

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GWR

GWR GROUP LIMITED

HALF YEAR REPORT
DECEMBER 2020

ABN 54 102 622 051

Contents

Corporate Directory

Board of Directors:

Gary Lyons (Non-executive Chairman)
Tan Sri Dato' Tien Seng Law (Non-executive Deputy Chairman)
Michael Wilson (Executive Director)
Datuk Chin An Lau (Non-executive Director)
Kong Leng (Jimmy) Lee (Non-executive Director)
Teck Siong Wong (Alternate for Mr Law)

Company Secretary:

Mark Pitts

Principal and registered office:

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Telephone: +61 8 9322 6666
Facsimile: +61 8 9312 2370
Email: admin@gwrgroup.com.au
Website: www.gwrgroup.com.au

Issued capital as at 31 December 2020:

Fully paid ordinary shares: 301,712,472
Quoted Options: 12,833,333
Unlisted Options: 1,000,000

Auditors:

Stantons International
Level 2, 1 Walker Avenue
West Perth, WA 6005
Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

Bankers:

National Australia Bank Limited
Level 1, 1238 Hay Street
West Perth, WA 6005

Share registry:

Automic Group
Level 2
267 St Georges Terrance
Perth WA 6000
Telephone: +61 2 8072 1400

Solicitors:

Bennett + Co
Ground Floor BGC Centre
28 The Esplanade
Perth WA 6000
Telephone: +61 8 6316 2200
Facsimile: +61 8 6316 2211

Stock exchange:

Australian Securities Exchange Limited
Company code: GWR

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2020.

Directors

The following persons were Directors of the Company during the half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Gary Lyons	Non-executive Chairman
Tan Sri Dato' Tien Seng Law	Non-executive Deputy Chairman
Michael Wilson	Executive Director
Datuk Chin An Lau	Non-executive Director
Kong Leng (Jimmy) Lee	Non-executive Director
Teck Siong Wong	Alternate for Mr Law

Company Secretary

Mark Pitts
Simon Borck (resigned 23 July 2020)

Dividends

No amounts have been paid or declared by way of dividend by the Company during the half-year or in the period to the date of this report.

Principal activities

The principal activities of the Company and its subsidiaries during the course of the half-year continued to be the exploration, evaluation and development of its mining projects in Australia.

Operating results

During the period, revenue earned was $742,381 (December 2019: $1,138,085), the decrease from the prior period was principally $875,000 from the sale of unlisted options which occurred as a one-off transaction during the previous half-year.

With exploration and evaluation expenditure of $541,597 (Dec 2019: $1,080,348) the consolidated loss after income tax for the period was $785,136 (Dec 2019: $1,348,186 loss).

During the period, net cash used in operating activities was $1,102,963 (Dec 2019: $1,727,129), which included $557,008 of exploration and evaluation expenditure. Net cash outflows from investing activities for the period were $412,523 (Dec 2019: inflow of $975,000), comprised mostly of the payments for mining development expenditure of $723,633 (Dec 2019: nil) and receipts from the Mining Rights Agreement of $250,000 (2019: $250,000).

At period end, the Group held $4,411,627 (June 2020: $1,381,137) in cash and cash equivalents.

Review of Operations

Wiluna West – C4 Iron Ore Project

During the half-year, the Group entered into an Alliance Mining Contract with Pilbara Resource Group ("PRG") for the development of the C4 Iron deposit, which covers all aspects of the operations from pit to port including mining crushing and transport services on a cost-plus basis for Stage 1 of the C4 Iron Deposit.

The PRG Alliance Contract covers just 1 million tonnes and the Group is not required to provide any significant upfront capital expenditure, while retaining a 70% share of profit over the project.

In addition to this, the Group secured access to the Rosslyn Hill Mining Camp for accommodation. The mining camp is located 22km north of the C4 Iron Deposit.

The Group also signed binding Port Access and Services Agreements with Midwest Ports Authority for the Geraldton Port, which includes access to Shed 88. This storage facility has the capacity to hold 100,000 tonnes of iron ore.

Furthermore, an Offtake Agreement with Pacific Minerals Ltd for the sale of the entire 1,000,000 tonnes of iron ore from C4 was signed, and the Group has appointed a Shipping Agent and other associated logistics services providers.

On 2 December 2020, the Department of Water and Environmental Regulation approved the Works Approval for the crushing and screening operations. Additionally, conditional approval was gained from the Western Australian Main Roads Department ("MRD") for the construction of an intersection located on the Wiluna to Meekatharra Road section of the Goldfields Highway, and establishment of a road user agreement with the MRD for the haulage on the Goldfields Highway (Wiluna – Meekatharra road).

With the above contracts and approvals in place, the Group has also now completed the pit optimisation mine planning and final mine design and commissioning of the mine has commenced. The Group expects this phase of operations to be completed within the second quarter of 2021, once the mining, processing and transport of ore to port reaches the levels expected under the C4 mining plan. However, during this phase, sales of ore have commenced and the first shipment was dispatched in early-February 2021, providing the Group with gross proceeds from the sale of US$8,228,606.

Wiluna West – JWD Iron Ore Project

During the half-year, work progressed on the development and final approvals for the JWD Joint Venture by Fe Limited ("FEL") with completion of mine planning work and logistics studies, and lodgement of a Works Approval application.

FEL, who has acquired the rights to the JWD agreement with the Group from Gold Valley Iron Ore Pty Ltd during the half-year, made payments totalling $250,000 to the Group during the period.

Wiluna West – Gold Project

The Group completed comprehensive review of the Project and the Group expects to lodge a Program of Works shortly with respect to additional drill targets. Additionally, a review of JORC 2004 Resources has been initiated with a view of updating to comply with JORC 2012.

Investments

The Group continues to hold 70,000,000 shares (approximately 9.1%) in Tungsten Mining NL and 30,788,460 shares (approximately 7.5%) in eMetals Limited.

Events subsequent to balance date

Other than the matters disclosed in note 16 of the financial statements, there has been no matter or circumstances that has arisen since the balance sheet date to the date of this report, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to the reporting date.

This report is signed in accordance with a resolution of the Directors.

Gary Lyons
Chairman

Dated at Perth this 16th day of March 2021

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2020

	Note	Consolidated December 2020 $	Consolidated December 2019 $
Sundry income	4	19,648	3,200
Other revenue	4	742,381	1,138,085
Employee expenses	5(a)	(383,655)	(346,358)
Exploration and evaluation expenditure		(541,597)	(1,080,348)
Depreciation expense		(8,627)	(15,545)
Finance costs	5(c)	(225,193)	-
Other expenses	5(b)	(388,093)	(329,848)
Share of loss of an associate	10	-	(717,372)
Loss before income tax		**(785,136)**	**(1,348,186)**
Income tax expense		-	-
Loss for the period		**(785,136)**	**(1,348,186)**
Loss attributable to members of the Parent		**(785,136)**	**(1,348,186)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period		**-**	**-**
Total comprehensive loss for the period		**(785,136)**	**(1,348,186)**
Total comprehensive loss attributable to Parent		**(785,136)**	**(1,348,186)**
Basic loss per share in cents		(0.30)	(0.53)

Diluted loss per share is not disclosed as it would not reflect an inferior position.

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

Consolidated statement of financial position

As at 31 December 2020

	Note	Consolidated December 2020 $	June 2020 $
Current assets			
Cash and cash equivalents		4,411,627	1,381,137
Trade and other receivables		228,169	29,731
Financial assets	6	831,288	402,000
Inventories	7	1,821,405	-
Prepayments		468,028	14,686
Total current assets		**7,760,517**	**1,827,554**
Non-current assets			
Plant and equipment		81,472	70,910
Mine properties	9	8,465,686	-
Exploration and evaluation expenditure	8	6,878,379	8,050,275
Other financial assets	6	121,008	121,008
Total non-current assets		**15,546,545**	**8,242,193**
Total assets		**23,307,062**	**10,069,747**
Current liabilities			
Trade and other payables		8,346,149	311,135
Provisions	11	278,667	272,209
Total current liabilities		**8,624,816**	**583,344**
Non-current liabilities			
Provisions	11	1,567,436	310,846
Total non-current liabilities		**1,567,436**	**310,846**
Total liabilities		**10,192,252**	**894,190**
Net assets		**13,114,810**	**9,175,557**
Equity			
Contributed equity	12	158,897,649	154,735,910
Reserves	13	27,512,378	26,949,728
Accumulated losses		(173,295,217)	(172,510,081)
Total equity		**13,114,810**	**9,175,557**

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2020

	Contributed equity	Option reserve	Accumulated losses	Total Equity
	$	$	$	$
Balance as at 1 July 2019	154,610,483	26,949,728	(170,309,182)	11,251,029
Loss for the period	-	-	(1,348,186)	(1,348,186)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,348,186)	(1,348,186)
Shares issued in lieu of fees	127,500	-	-	127,500
Share issue costs	(2,073)	-	-	(2,073)
Balance as at 31 December 2019	**154,735,910**	**26,949,728**	**(171,657,368)**	**10,028,270**
Balance as at 1 July 2020	154,735,910	26,949,728	(172,510,081)	9,175,557
Loss for the period	-	-	(785,136)	(785,136)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(785,136)	(785,136)
Shares issued for cash	3,300,000	-	-	3,300,000
Shares issued in lieu of fees	178,413	-	-	178,413
Options exercised	1,444,500	-	-	1,444,500
Options issued for share issue costs	(562,650)	562,650	-	-
Other share issue costs incurred	(198,524)	-	-	(198,524)
Balance as at 31 December 2020	**158,897,649**	**27,512,378**	**(173,295,217)**	**13,114,810**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2020

	Note	Consolidated December 2020 $	Consolidated December 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(554,371)	(690,014)
Payments for exploration and evaluation		(557,008)	(1,055,591)
Interest received		1,983	15,276
Other proceeds		6,433	3,200
Net cash used in operating activities		**(1,102,963)**	**(1,727,129)**
Cash flows from investing activities			
Payment for application of shares		-	(150,000)
Proceeds from iron ore mining rights	4(c)	250,000	250,000
Proceeds from sale of unlisted investments	4(b)	-	875,000
Proceeds from sale of listed investments		61,110	-
Payments of mining development expenditure		(723,633)	-
Net cash (used in) / provided by investing activities		**(412,523)**	**975,000**
Cash flows from financing activities			
Proceeds from share issues		3,300,000	-
Proceeds from option exercises		1,444,500	-
Share issue costs paid		(198,524)	(2,073)
Net cash provided by / (used in) financing activities		**4,545,976**	**(2,073)**
Net increase/(decrease) in cash and cash equivalents		3,030,490	(754,202)
Cash and cash equivalents at beginning of the period		1,381,137	2,903,066
Cash and cash equivalents at the end of the period		**4,411,627**	**2,148,864**

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

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 1: Corporate information

The financial report of GWR Group Limited and its subsidiaries ('the consolidated entity' or 'the Group') for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 16th March 2021.

GWR Group Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

Note 2: Basis of preparation and accounting policies

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Notes 2(c) through (g) below.

c. Adoption of new and revised standards

New Standards and Interpretations applicable for the half year ended 31 December 2020

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

d. Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (GWR Group Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income.

Condensed notes to the financial statements

For the half-year ended 31 December 2020

e. Mine Properties

Recognition and measurement

Mine properties represent the accumulation of all acquisition, exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of the mineral resource has commenced.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

Significant judgements and estimates

Ore reserves are estimates of the quantum of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth, and shape of the ore body and this requires complex geological judgements to interpret data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred assets, and depreciation and amortisation charges.

Pre-commencement of commercial production – C4 Iron Ore operations

The Group at 31 December 2020 assessed the progress of the C4 Iron Ore operations to determine if the commercial production stage has commenced.

The assessment considered the following:

i. All major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by the Group have been completed;

ii. The crushing facilities and other related infrastructure are capable of running at their designed capacities;

iii. Mining operations have reached a sufficient stage that their production levels have the ability to sustain the ongoing production of ore for transport at the required volumes; and

iv. Transport infrastructure and haulage are capable of running at the intended capacity and to meet the output volumes of the mining and processing operations.

The assessment concluded that the commercial production stage had not commenced at 31 December 2020 as mining, processing and transport operations had not yet reached their intended levels.

During the commissioning phase (before commencement of commercial production) expenditures of an operating nature are capitalised to mine development costs. Revenue from the sale of ore during this phase is to be treated as pre-production income and is to be credited to capitalised mine development costs.

f. Inventories

Inventories, comprising extracted and processed ore, are valued at the lower of weighted-average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs.

g. Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 3: Segment information

Determination and identification of reportable segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

The operations and assets of GWR Group Limited and its controlled entities are primarily employed in exploration and evaluation activities relating to minerals in Australia. The decision to allocate the resources to individual projects is predominantly based on available cash reserve, technical data and the expectation of future metal price. Accordingly, the Group has identified only one reportable segment, being mineral exploration activities undertaken in Australia. The financial information presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Note 4: Revenue

	Consolidated	
	December 2020	December 2019
	$	$
Sundry Income		
Government grant – cash flow boost	12,500	-
Rental income	7,148	3,200
	19,648	3,200
Other Revenue		
Interest received	1,983	13,085
Sale of unlisted investment (b)	-	875,000
Fair value gain on financial assets classified as FVTPL (a)	461,827	-
Gain on sale of investment in eMetals	28,571	-
Iron ore mining rights revenue (c)	250,000	250,000
	742,381	1,138,085
Total Revenue	762,029	1,141,285

(a) Fair value gain on financial assets classified as FVTPL

The Group has an investment in an ASX-listed entity, eMetals Limited, as described in Note 6, that is recognised as at Fair Value Through Profit or Loss.

(b) Sale of unlisted investment

During the prior period, the Group disposed of 8,750,000 unlisted options in Tungsten Mining NL, that were exercisable at $0.03 on or before 31 December 2020 for total consideration of $875,000. This consideration had been received during the period and no amounts are outstanding at balance date.

(c) Iron ore mining rights revenue

During the period, Fe Limited (ASX:FEL) acquired the rights to the Mining Rights Agreement with Gold Valley Iron Ore Pty Ltd ("Gold Valley"). This agreement, entered into during the previous year, is for mining of up to 3 million tonnes of iron ore from the JWD Deposit at the Wiluna West Iron Ore Project. This agreement is in two stages, as follows:

- Stage 1 – FEL has the right to mine and truck of up to 300,000 tonnes, and
- Stage 2 – option held by FEL to mine and truck a further 2.7 million tonnes,

FEL has the ability to mine and truck additional tonnes from the JWD deposit beyond this at a flat royalty rate.

For the half-year ended 31 December 2020

Note 4: Revenue (continued)

If certain condition precedents are met, the Group will earn payments from FEL, as follows:

- Stage 1 – $250,000 on the execution of this Mining Rights Agreement and staged payments totalling $750,000, which are paid in six quarterly payments of $125,000 commencing at the end of the quarter that the Project Management Plan is approved by the Department of Mines, Industry Regulation and Safety, and
- Stage 2 – upon FEL exercising the option to mine and truck a further 2.7 million tonnes, payment of $4,250,000

For all tonnes mined and trucked greater than 3 million noted above, a flat rate royalty of $3.50 per tonne is payable.

Additionally, the agreement provides for a production royalty based on the current iron ore price, between $1.00 and $2.00 per tonne.

Note 5: Expenses

	Consolidated	
	December 2020	December 2019
	$	$
(a) Employee expenses		
Salary and wages	353,386	306,484
Superannuation	13,330	20,326
Other employee expenses	16,939	19,548
	383,655	346,358
(b) Other expenses		
Administration costs	86,538	98,221
Corporate costs	133,685	96,835
Consulting fees	78,265	24,809
Legal costs	22,211	29,427
Occupancy costs	67,394	80,556
	388,093	329,848
(c) Finance Costs		
Foreign currency hedging expense	225,193	-
	225,193	-

Details of Foreign currency hedging expenses

During the period, the Group entered into three foreign currency hedging contracts with a financial institution to mitigate the potential impact of large changes in the foreign exchange rates between Australian Dollars and US Dollars. The following contracts were in place during the year:

Transaction Amount	Transaction Date	Expiry Date	USD/AUD Strike Price	Fee on contract $	Total costs at 31 Dec 2020 $
Sell - US$8,505,080	21 Dec 2020	5 Feb 2021	0.7565	0.015	98,099
Sell - US$8,000,000	21 Dec 2020	5 Mar 2021	0.7565	0.0185	113,804
Sell - US$934,297	21 Dec 2020	5 Mar 2021	0.7565	0.0185	13,290
					225,193

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 5: Expenses (continued)

The hedging contract has the following terms attached to it:

1) If the Spot Rate is deemed by the financial institution to be above the Strike Price at the Expiration Time on the Expiration Date, the Group must exchange the Transaction Amount at the Strike Price plus the Fee on the Settlement Date; or
2) If the Spot Rate is deemed by the financial institution to be below the Strike Price at the Expiration Time on the Expiration Date, the Group must exchange the Transaction Amount at the Spot Rate plus the Fee on the Settlement Date.

As at 31 December 2020, the Group has accrued for the total hedge that it is contracted into. Subsequent to year end, the Group has settled US$8,505,080 of the hedging contracts and has rolled forward the remaining contracts.

Note 6: Financial Assets

	Consolidated	
	December 2020	**June 2020**
	$	**$**
Current		
Investments held at fair value through profit or loss		
Shares in ASX listed company – eMetals Limited	831,288	402,000
	831,288	402,000
Non-current		
Investments held at amortised cost		
Security Bonds	121,008	121,008
	121,008	121,008

Note 7: Inventories

	Consolidated	
	December 2020	**June 2020**
	$	**$**
Run-of-mine Inventory – at cost	1,821,405	-
Balance at the end of the period	1,821,405	-

Note 8: Exploration and evaluation expenditure

	Consolidated	
	December 2020	**June 2020**
	$	**$**
Balance at the beginning of the period	8,050,275	8,050,275
Transferred to mine properties (note 9)	(1,171,896)	-
Balance at the end of the period	6,878,379	8,050,275

Carrying value

The ultimate recoupment of exploration and evaluation expenditure relating to the Group's projects carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

Note 9: Mine Properties

	Consolidated	
	December 2020	June 2020
	$	$
Mine Properties	8,465,686	-
Movement in mine properties during the period		
Balance at beginning of the period	-	-
Development expenditure capitalised during the period	7,293,790	-
Transfer from Exploration and Evaluation Expenditure (Note 8)	1,171,896	-
Balance at end of the period	8,465,686	-

Mine properties

During the half-year ended 31 December 2020 the Group commenced production at its C4 iron ore project. Accordingly, the portion of the capitalized exploration and evaluation expenditure relating to the Stage 1 C4 iron ore project has been transferred to mine properties. Furthermore, additional costs were incurred which, up to 31 December 2020, were solely related to the commissioning of the mining operations and therefore have been classified in their entirety as mine properties assets.

Alliance Mining Contract with Pilbara Resource Group Pty Ltd

On 13 November 2020 the Group finalised the Alliance Mining Contract with experienced mining contractor Pilbara Resource Group Pty Ltd ("PRG") for the agreed works of development, mining and transport of Stage 1 of the C4 Iron Ore Deposit. Stage 1 covers 1 million tonnes of C4's Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe.

Under the terms of the agreement, the Group is not required to provide any significant upfront capital expenditure, while retaining a 70% share of the total Stage 1 project profit. The remaining 30% is payable to PRG. The Group retains the rights for the ore sales, strategy and timing of Stage 1 mining operations.

The key terms of the agreement are as follows:

- PRG to carry out agreed works incorporating all aspects of operation, including but not limited to, construction of the open pit, haul road and other required facilities and infrastructure, surveying, mining, crushing, screening and transport.
- The Group will undertake mine design, planning and optimisation.
- PRG to provide its own project capital for the purpose of funding its performance under the Alliance Mining Contract.
- The Group will reimburse PRG for contract works and disbursements from the receipts of the first iron ore shipments net of various direct costs.
- The Group may suspend contract works if projected profitability falls below $10 per tonne.
- The Group is to provide a payment guarantee of up to US$1.75 million for transport infrastructure investment (Capital Costs) made by PRG. PRG may call on the guarantee within 60 days of the project being suspended or terminated or if the Capital Costs have not been paid within 12 months from the start of the Alliance Mining Contract.
- The Group will grant PRG a first registered general security interest over up to 1 million tonnes of the C4 deposit as defined by the mine plan including the C4 stockpile for the purpose of securing payments to PRG under the Alliance Mining Contract.
- The Group will be responsible for the sales, strategy and timing.

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 10: Investments in associate

Tungsten Mining NL

The Group holds a 9.09% (June 2020: 9.10%) interest in Tungsten Mining NL which is a listed company on the ASX. Tungsten Mining NL is focused on the development and exploitation of Australian tungsten deposits. At balance date, the Group held 70,000,000 (June 2020: 70,000,000) shares in Tungsten Mining NL with a market value of $8,750,000 at a share price of $0.125 per share as at 31 December 2020.

As the Group's share of the associate's losses exceeds the initial cost of the investment, during the year ended 30 June 2020 the investment was written down to nil value.

The following table illustrates the summarised financial information of the Group's investment in Tungsten Mining.

	Consolidated	
	December 2020 $	**June 2020 $**
Percent of interest held in associate	9.09%	9.10%
Share of associate's statement of financial position:		
Current assets	1,972,780	2,126,624
Non-current assets	2,113,138	2,117,200
Total liabilities	(188,937)	(191,443)
Equity	**3,896,981**	**4,052,381**

	6 months ended December 2020 $	**12 months ended June 2020 $**
Carrying amount in associate at beginning of period	-	1,006,583
Share of the associate's loss:		
Revenue	65,304	105,132
Expenses	(284,767)	(1,224,617)
Loss for the period	**(219,463)**	**(1,119,485)**
Share of the associate's other comprehensive income	-	-
Total comprehensive loss	**(219,463)**	**(1,119,485)**
Share of the associate's loss not recognised	**219,463**	**112,902**
Carrying amount at end of period	**-**	**-**
Total share of losses in associate recognised for the period	**-**	**(1,006,583)**
Total carrying amount of investment in associate	**-**	**-**
Total share of losses in associate not recognised to date	**332,365**	**112,902**

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 11: Provisions

	Consolidated	
	December 2020	June 2020
	$	$
Current		
Employee entitlements	278,667	272,209
	278,667	272,209
Non-current		
Employee entitlements	195,429	195,429
Rehabilitation	1,372,007	115,417
	1,567,436	310,846

Rehabilitation provisions

During the half-year ended 31 December 2020 the Group commenced production at its C4 iron ore project. As a result, a significant rehabilitation provision liability has been incurred, relating to the initial development works for the mine and surrounding infrastructure.

Significant assumptions have been required in determining this liability, and to calculate the present value thereof. Particularly, the Group has calculated this present value using an estimated time period of 10 years and a discount rate of 6%.

Note 12: Contributed equity

	Consolidated	
	December 2020 $	June 2020 $
Issued capital		
301,712,472 (June 2020: 254,696,219) Ordinary fully paid shares	158,897,649	154,735,910

	Number	$
Movement in ordinary shares on issue		
Balance at beginning of the period	254,696,219	154,735,910
Shares issued for cash at $0.18 per share	18,333,333	3,300,000
Shares issued to Directors and employees in lieu of fees (a)	1,932,920	178,413
Unlisted options exercised	26,750,000	1,444,500
Listed options issued in payment of share issue costs (refer Note 13)	-	(562,650)
Other share issue costs incurred	-	(198,524)
Balance at end of the period	301,712,472	158,897,649

(a) Shares issued to Directors and employees in lieu of fees

During the period, following shareholder approval at the Annual General Meeting held on 27 November 2020, 1,932,920 fully paid shares were issued to Directors and employees in lieu of accrued fees and salaries for the period 1 October 2019 to 30 September 2020.

Condensed notes to the financial statements

For the half-year ended 31 December 2020

Note 13: Reserves

	Consolidated	
	December 2020 $	June 2020 $
Options Reserve		
Unlisted option reserve	26,949,728	26,949,728
Listed option reserve	562,650	-
	27,512,378	26,949,728

	Number	$
Movement in unlisted options on issue		
Balance at beginning of the period	27,750,000	26,949,728
Unlisted options exercised during the period	(26,750,000)	-
Balance at end of the period	1,000,000	26,949,728

	Number	$
Movement in listed options on issue		
Balance at beginning of the period	-	-
Listed options issued in payment of share issue costs	8,250,000	562,650
Listed options issued as free-attaching options to placement	4,583,333	-
Balance at end of the period	12,833,333	562,650

The following options were exercised during the period

	Number exercised	Exercise price	Expiry date
Director options			
Granted on 23 Dec 2016			
Tranche 1	4,000,000	$0.040	23 Dec 2020
Tranche 2	4,000,000	$0.050	23 Dec 2020
Tranche 3	12,000,000	$0.060	23 Dec 2020
Employee options			
Granted on 6 Feb 2017			
Tranche 1	1,350,000	$0.040	6 Feb 2021
Tranche 2	1,350,000	$0.050	6 Feb 2021
Tranche 3	4,050,000	$0.060	6 Feb 2021
	26,750,000	$0.054	

Note 13: Reserves (continued)

The following options were granted during the period

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
Listed options					
Granted on 7 October 2020					
GWROA Listed Options	12,833,333	12,833,333	$0.40	1 Oct 2022	1.75 years

The following options were on issue at the end of the period

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
Listed options					
Granted on 7 October 2020					
GWROA Listed Options	12,833,333	12,833,333	$0.40	1 Oct 2022	1.75 years
Employee options					
Granted on 6 Feb 2017					
Tranche 1	200,000	200,000	$0.04	6 Feb 2021	0.10 years
Tranche 2	200,000	200,000	$0.05	6 Feb 2021	0.10 years
Tranche 3	600,000	600,000	$0.06	6 Feb 2021	0.10 years
Outstanding at end of period	13,833,333	13,833,333	$0.37		

Note 14: Share-based payments

Details of the number and terms of shares and options issued is included in Notes 12 and 13 above.

During the period, the Group made two share-based payment transactions, being the issue of shares in lieu of fees to directors and employees, and the issue of listed options as payment for share issue costs.

The fair value of shares issued in lieu of fees to directors and employees was determined by reference to the services rendered, and the number of shares to be issued was calculated using a volume-weighted average share price pertaining to each period that the fees were incurred (monthly).

The fair value of services rendered in return for listed share options is based on the fair value of share options granted. Although the options listed are now quoted on a liquid market, this did not occur until after grant date and therefore these options are to be measured using the Black-Scholes option pricing model.

Note 14: Share-based payments (continued)

The following inputs were used in the measurement of the fair values at grant date of the share-based payments:

	Listed Options
Fair value at grant date	$0.0682
Share price at grant date	$0.195
Exercise price	$0.40
Expected volatility	100%
Option life	2 years
Expected dividends	-
Risk-free interest rate	0.16%
Number of options	8,250,000

Expected volatility is estimated, considering historic average share price volatility.

The total fair value of options issued during the period was $562,650. These share-based payments vest immediately and therefore the full expense has been recognised, as a reduction in issued capital, during the period.

Note 15: Contingent liabilities and commitments

The Group has the following contingencies and commitments as at 31 December 2020:

1. Under the C4 Alliance Mining Contract, the Group is to provide a payment guarantee of up to US$1.75 million for transport infrastructure investment (Capital Costs) made by PRG. PRG may call on the guarantee within 60 days of the project being suspended or terminated or if the Capital Costs have not been paid within 12 months from the start of the Alliance Mining Contract. Additionally, the Group will grant PRG a first registered GSI over up to 1 million tonnes of the C4 deposit as defined by the mine plan including the C4 stockpile for the purpose of securing payments to PRG under the Alliance Mining Contract.
2. Also, under the C4 Alliance Mining Contract, the Group is to pay to PRG 30% of the total project profit.
3. During the period the Group entered into a Capital Raise Mandate with GTT Ventures Pty Ltd (“GTT”), who acted as lead manager to the placement completed during the half-year. Under the terms of this agreement, for a period of 6 months from the completion of the placement, the Group will provide GTT with first option to act as lead manager on the same terms as the previous placement.
4. The Group has an agreement with the Wiluna Martu People for production payments of $250,000 to be payable after the first sales of ore from the Wiluna West Iron Ore project.
5. The Group is party to a Port Access and Services Agreement with Mid West Ports Authority (“MWPA”). This agreement provides the Group with access to and use of Geraldton Port facilities. Under this agreement, certain tariffs and charges are payable to MWPA based on their prevailing commercial rates.
6. The Group is also party to two agreements with Mainroads Western Australia (“MRWA”) for the use of highways for the haulage of ore from the C4 mining project to the port of Geraldton. Under this agreement, the Group has been required to provide a performance bond to MRWA totalling $100,000.

Note 16: Events subsequent to reporting date

On 10 February 2021, the Group completed its maiden shipment of iron ore from its C4 iron ore project. 52,425 tonnes of premium high-grade lump iron ore as successfully loaded onto the cargo ship "PANAFRICAN" for delivery to the Group's offtake partner. The first sale was completed returning net proceeds from the sale of this ore of US$8,228,606.

Also, on 10 February 2021, the Group issued 1,000,000 shares upon the successful exercise of the remaining unlisted options on issue and 73,971 shares were issued to employees and consultants in lieu of outstanding fees.

Other than the above, there were no matters or circumstances that have arisen since the balance sheet date to the date of this report, which have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the Group subsequent to the reporting date.

Directors' declaration

In accordance with a resolution of the directors of GWR Group Limited, I state that:

In the opinion of the Directors:

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

   i. Giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the Group; and
   ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

On behalf of the Board,

Gary Lyons
Chairman

Dated at Perth, this 16th day of March 2021

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16 March 2021

Board of Directors
97 Outram Street
West Perth
WA 6005

Dear Directors

RE: GWR GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GWR Group Limited.

As Audit Director for the review of the financial statements of GWR Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

Stantons International Audit and Consulting Pty Ltd trading as
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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
GWR GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of GWR Group Limited, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of GWR Group Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 16 March 2021.

Responsibility of the Directors for the Financial Report

The directors of GWR Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Stantons International

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
16 March 2021