

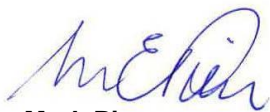
16 March 2022

## ASX Announcement

### Interim Financial Report – Half-year Ended 31 December 2021

GWR Group Limited (“GWR” or the “Company”) encloses its interim financial report for the half-year ended 31 December 2021.

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 2021**

ABN 54 102 622 051

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## 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:

97 Outram Street  
West Perth WA 6005

PO Box 517  
West Perth WA 6872  
Telephone: +61 8 9322 6666  
Facsimile: +61 8 9312 2370  
Email: [admin@gwrgroup.com.au](mailto:admin@gwrgroup.com.au)  
Website: [www.gwrgroup.com.au](http://www.gwrgroup.com.au)

### Issued capital as at 31 December 2021:

Fully paid ordinary shares: 303,569,596  
Quoted Options: 12,833,333

### Auditors:

Stantons  
Level 2, 40 Kings Park Road  
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:

Automatic Group  
Level 5  
191 St Georges Terrace  
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

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## Directors' Report

Your Directors submit their report for the half-year ended 31 December 2021.

### 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

### 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 C4 iron ore mining project and the continued exploration on the Group's tenement portfolio.

### Operating results

During the period, revenue earned was \$77,934,692 (December 2020: \$762,029), which has increased significantly due to the commencement of iron ore production during the second half of the financial year ended 30 June 2021. Costs of sales totalled \$83,572,113 (2020: nil) and Gross Loss from operations was \$3,294,528 (2020: profit of \$762,029)

The consolidated loss after income tax for the period was \$369,115 (2020: \$785,136). The result for the period included a gain of \$6,509,102 relating to the disposal of Western Gold Resources Limited.

During the period, net cash used in operating activities was \$17,759,306 (2020: \$852,963), which included \$76,133,205 of receipts from customers. Net cash inflows from investing activities for the period were \$107,123 (December 2020: outflows of \$662,523).

At period end, the Group held \$6,520,229 (June 2021: \$23,713,605) in cash and cash equivalents.

### Review of Operations

#### *Wiluna West – C4 Iron Ore Project*

Mining was ongoing at the Wiluna West C4 deposit during the period to December 2021 with a total of 786,193 wet metric tonnes (wmt) of iron ore shipped from the commencement of operations. A total of 447,932 wmt was shipped during the six month period ending 31 December 2021.

Following volatility in the Iron Ore markets, GWR suspended mining operations at the C4 Iron Ore Mine on 19 September 2021 initially for 30 days and subsequently extended the suspension whilst it was attempting to understand the volatility in the iron ore price and consider its position regarding the recommencement of operations.

Crushing and screening of existing stocks continued following the suspension and in January 2022 GWR advised the recommencement of mining operations at the C4 Stage 1 and Stage 2 pits.

## Directors' Report

### *Wiluna West – JWD Iron Ore Project*

Mining at the JWD iron deposit operated by CuFe (ASX:CuF) commenced in June 2021 and were suspended in October 2021. A total of 119,804 wmt of high grade ore has been produced.

Mining operations recommenced in January 2022.

### *Wiluna West – Gold Project*

During the half-year the Group completed its disposal of the Wiluna West Gold Project through its in-specie distribution to shareholders of its shares held in Western Gold Resources Limited.

### *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. The Group has continued to account for this investment in Tungsten Mining NL as an associate.

### **Events subsequent to balance date**

Other than the matters disclosed in note 19 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 16<sup>th</sup> day of March 2022

## Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
Ore Sales	4	75,507,370	-
Other Revenue	4	2,427,322	762,029
Cost of sales	5(a)	(83,572,113)	-
<b>Gross (Loss) / Profit</b>		<b>(5,637,421)</b>	<b>762,029</b>
Gain on disposal of Western Gold Resources Limited	16	6,509,102	-
Employee expenses	5(b)	(280,081)	(383,655)
Exploration and evaluation expenditure		(381,272)	(541,597)
Other expenses	5(c)	(449,594)	(388,093)
Depreciation		(9,896)	(8,627)
Profit share with production alliance partner		(271,815)	-
Finance Costs	5(d)	151,862	(225,193)
<b>Loss before income tax</b>		<b>(369,115)</b>	<b>(785,136)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(369,115)</b>	<b>(785,136)</b>
Loss attributable to members of the Parent		<b>(369,115)</b>	<b>(785,136)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(369,115)</b>	<b>(785,136)</b>
Total comprehensive loss attributable to Parent		<b>(369,115)</b>	<b>(785,136)</b>
<b>Basic loss per share in cents</b>		<b>(0.12)</b>	<b>(0.30)</b>

*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 2021

	Note	Consolidated	
		December 2021	June 2021
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		6,520,229	23,713,605
Trade and other receivables	6	2,235,033	2,970,869
Financial assets	7	554,192	677,346
Inventories	8	9,024,425	12,360,836
Assets held for sale		-	488,968
<b>Total current assets</b>		<b>18,333,879</b>	<b>40,211,624</b>
<b>Non-current assets</b>			
Plant and equipment		61,891	68,911
Exploration and evaluation expenditure	9	6,329,379	6,329,379
Other financial assets	7	2,220,000	2,110,000
<b>Total non-current assets</b>		<b>8,611,270</b>	<b>8,508,290</b>
<b>Total assets</b>		<b>26,945,149</b>	<b>48,719,914</b>
<b>Current liabilities</b>			
Trade and other payables	10	8,521,914	23,315,522
Lease liabilities	11	210,893	240,000
Provisions	12	275,893	433,379
<b>Total current liabilities</b>		<b>9,008,700</b>	<b>23,988,901</b>
<b>Non-current liabilities</b>			
Lease Liabilities	11	720,732	811,625
Provisions	12	1,955,676	1,481,647
<b>Total non-current liabilities</b>		<b>2,676,408</b>	<b>2,293,272</b>
<b>Total liabilities</b>		<b>11,685,108</b>	<b>26,282,173</b>
<b>Net assets</b>		<b>15,260,041</b>	<b>22,437,741</b>
<b>Equity</b>			
Contributed equity	13	152,123,661	158,966,934
Reserves	14	27,512,378	28,512,378
Accumulated losses		(164,375,998)	(165,041,571)
<b>Total equity</b>		<b>15,260,041</b>	<b>22,437,741</b>

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 2021

	Contributed equity	Option reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>	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)
<b>Balance as at 31 December 2020</b>	<b>158,897,649</b>	<b>27,512,378</b>	<b>(173,295,217)</b>	<b>13,114,810</b>
<b>Balance as at 1 July 2021</b>	158,966,934	28,512,378	(165,041,571)	22,437,741
Loss for the period	-	-	(369,115)	(369,115)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(369,115)	(369,115)
Shares issued in lieu of fees	191,250	-	-	191,250
Deconsolidation of subsidiary - WGR	-	-	34,688	34,688
In specie distribution of- WGR	(7,032,759)	-	-	(7,032,759)
Options disposed of – WGR	-	(1,000,000)	1,000,000	-
Share issue costs	(1,764)	-	-	(1,764)
<b>Balance as at 31 December 2021</b>	<b>152,123,661</b>	<b>27,512,378</b>	<b>(164,375,998)</b>	<b>15,260,041</b>

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

## Consolidated statement of cash flows

For the half-year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		76,133,205	-
Payments to suppliers and employees		(95,511,616)	(554,371)
Proceeds from iron ore mining rights	4(c)	2,000,142	250,000
Payments for exploration and evaluation		(381,272)	(557,008)
Interest received		143	1,983
Other proceeds		92	6,433
<b>Net cash provided by / (used in) operating activities</b>		<b>(17,759,306)</b>	<b>(852,963)</b>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment		(2,877)	-
Rehabilitation bond funds received for JWD project from FE Limited		110,000	-
Proceeds from sale of listed investments		-	61,110
Payments of mining development expenditure		-	(723,633)
<b>Net cash provided by / (used in) investing activities</b>		<b>107,123</b>	<b>(662,523)</b>
<b>Cash flows from financing activities</b>			
Proceeds from foreign currency hedge	5(d)	151,862	-
Proceeds from repayment of loan - WGR	4(a)	426,945	-
Repayment of lease liabilities		(120,000)	-
Proceeds from share issues		-	3,300,000
Proceeds from option exercises		-	1,444,500
Share issue costs paid		-	(198,524)
<b>Net cash provided by / (used in) financing activities</b>		<b>458,807</b>	<b>4,545,976</b>
Net increase / (decrease) in cash and cash equivalents		(17,193,376)	3,030,490
Cash and cash equivalents at beginning of the period		23,713,605	1,381,137
<b>Cash and cash equivalents at the end of the period</b>		<b>6,520,229</b>	<b>4,411,627</b>

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 2021

### 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 2021 was authorised for issue in accordance with a resolution of the directors on 16<sup>th</sup> 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 2021 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 2021, 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)

#### c. Adoption of new and revised standards

The Group has considered the implications of new and revised Accounting Standards and Interpretations but determined that their application to the financial statements is either not relevant or not material.

#### 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.

#### e. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2021, the Group has recorded a consolidated loss after tax of \$369,115 and net cash outflows from operating and investing activities of \$17,652,183. As at 31 December 2021 the Group had \$6,520,229 in cash and cash equivalents and net current assets of \$9,325,179.

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### 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 extraction of minerals in Australia, with minor operating segments consisting of exploration and corporate overheads. 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.

#### Segment information

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments:

	As at	Mining	Exploration	Corporate Overheads & Other	Discontinued Operations (Note 16)	Total
		\$	\$	\$	\$	\$
Segment assets	31 December 2021	13,479,458	6,329,379	7,136,312	-	26,945,149
	30 June 2021	17,441,705	6,329,379	24,459,862	838,746	49,069,692
Segment liabilities	31 December 2021	(11,409,215)	-	(275,893)	-	(11,685,108)
	30 June 2021	(25,239,390)	(143,329)	(899,454)	(349,778)	(26,631,951)
	For the half-year ended	Mining	Exploration	Corporate Overheads & Other	Discontinued Operations (Note 16)	Total
		\$	\$	\$	\$	\$
Segment income	31 December 2021	77,507,512	-	427,180	-	77,934,692
	31 December 2020	250,000	-	512,029	-	762,029
Segment profit / (loss) before income tax	31 December 2021	(6,184,554)	(381,272)	(312,391)	6,509,102	(369,115)
	31 December 2020	24,807	(541,597)	(268,346)	-	(785,136)

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 4: Revenue

	Consolidated	
	December 2021	December 2020
	\$	\$
Ore sales (a)	75,507,370	-
	75,507,370	-
Interest received	143	1,983
Sundry Income	92	19,648
Fair value gain on financial assets classified as FVTPL - note 5(c)	-	461,827
Gain from recovery of loan impaired - WGR (b)	426,945	-
Gain on sale of investment in eMetals	-	28,571
Iron ore mining rights revenue (c)	2,000,142	250,000
	2,427,322	762,029

#### (a) Ore Sales

During the period, the Group continued with mining operations at the C4 Project near Wiluna, Western Australia. 447,932 wet metric tonnes were shipped to customers, realising revenue of \$75,507,370.

#### (b) Gain from recovery of loan impaired – Western Gold Resources Limited

At 30 June 2021, the Group impaired the loan receivable from Western Gold Resources Limited (WGR), a wholly owned subsidiary of GWR until the Group's disposal of its interest on 13 July 2021. During the current period, WGR repaid \$426,945 in cash to the Group. As a result, the Company has recognised a gain in the profit or loss.

#### (c) Iron ore mining rights revenue

During the year ended 30 June 2020, Fe Limited (ASX:FEL) acquired the rights to the Mining Rights Agreement ("MRA") with Gold Valley Iron Ore Pty Ltd ("Gold Valley"). The agreement 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/Gold Valley has the right to mine and truck of up to 300,000 tonnes, and
- Stage 2 – option held by FEL/Gold Valley to mine and truck a further 2.7 million tonnes, with the ability to mine and truck additional tonnes from the JWD deposit beyond this at a flat royalty rate.

If certain condition precedents are met the Group will earn payments from FEL/Gold Valley, 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/Gold Valley exercising the option to mine and trucked a further 2.7 million tonnes, payment of \$4,250,000 and for all tonnes mined and trucked greater than 3 million a flat rate royalty of \$3.50/tonne is payable.
- Additionally, and for both stages, the agreement provides for a production royalty linked to the iron ore price, which provides cash payments to the Group in the range of \$1.00 to \$2.00 per tonne (depending on the iron ore price). The group received \$205,092 in relation to the production royalty during the period and the amount has been recognised as income in the statement of profit or loss and other comprehensive income.

## Condensed notes to the financial statements

### For the half-year ended 31 December 2021

#### Note 4: Revenue (continued)

On 11 November 2021, GWR and Fe Limited agreed to amend the MRA outlined in a Deed of Variation as follows:

Wiluna Fe has the option to mine up to 3,000,000 tonnes of Iron Ore from the JWD Deposit which is exercisable in stages as follows:

- Wiluna Fe has the exclusive right to mine up to 1,200,000 tonnes of Iron Ore from the JWD Deposit (inclusive of tonnes already mined) by paying the sum of A\$1,800,000 to GWR in two tranches;
  - A\$1,000,000 on or before 15 November 2021; and
  - A\$800,000 on or before 15 December 2021
- Wiluna Fe has the exclusive right to mine a further 900,000 tonnes of Iron Ore from the JWD Deposit by paying the further sum of \$2,225,000 to GWR on or before 30 June 2024.
- Wiluna Fe has the exclusive right to mine a further 900,000 tonnes of Iron Ore from the JWD Deposit by paying the further sum of \$2,700,000 to GWR on or before 30 June 2026

On 24 November 2021, Fe Limited changed its name to CuFe Limited.

#### Note 5: Expenses

	Consolidated	
	December 2021	December 2020
	\$	\$
<b>(a) Cost of Sales</b>		
Production costs	75,052,523	-
Royalties	5,031,212	-
Direct marketing and administration costs	151,966	-
Movement in inventories (Note 8)	3,336,412	-
	<u>83,572,113</u>	<u>-</u>
<b>(b) Employee expenses</b>		
Salary and wages	154,568	353,386
Superannuation	5,359	13,330
Other employee expenses	120,154	16,939
	<u>280,081</u>	<u>383,655</u>

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 5: Expenses (continued)

	Consolidated	
	December 2021	December 2020
	\$	\$
<b>(c) Other expenses</b>		
Administration costs	27,806	86,538
Corporate costs	160,489	133,685
Consulting fees	83,829	100,476
Occupancy costs	54,316	67,394
Fair value loss on financial assets classified as FVTPL (a)	123,154	-
	<u>449,594</u>	<u>388,093</u>
<b>(d) Finance Costs</b>		
Foreign currency hedging gain/loss	151,862	(225,193)
	<u>151,862</u>	<u>(225,193)</u>

During the period, the Group entered into a foreign currency hedging contract 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 contract was in place during the period:

Transaction Amount	Transaction Date	Expiry Date	USD/AUD Strike Price \$	USD/AUD Strike Price \$	Gain on Hedge \$
Sell - US\$4,675,000	06 Dec 2021	23 Dec 2021	0.7045	0.7210	151,862

As at 31 December 2021, the hedge has been settled and a gain of \$151,862 has been recognised in the Profit or Loss (2020: loss of 225,193).

### (e) Fair value loss on financial assets classified as FVTPL

The Group has an investment in an ASX-listed entity, eMetals Limited, as described in Note 7, that is recognised as at Fair Value Through Profit or Loss.

### Note 6: Trade and other receivables

	Consolidated	
	December 21	June 2021
	\$	\$
Trade receivables	383,908	7,572
Goods and services tax	791,469	2,210,356
Prepayments	248,266	646,287
Other receivables	811,390	106,654
	<u>2,235,033</u>	<u>2,970,869</u>

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 7: Financial Assets

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>Current</b>		
<i>Investments held at fair value through profit or loss</i>		
Shares in ASX listed company – eMetals Limited – (a)	554,192	677,346
	<u>554,192</u>	<u>677,346</u>
<b>Non-current</b>		
<i>Investments held at amortised cost</i>		
Security Bonds	2,220,000	2,110,000
	<u>2,220,000</u>	<u>2,110,000</u>

#### (a) eMetals Limited

There was no change in the number of shares held in eMetals during the period. The movement of \$123,154 is due to the change in fair value and is included in Other Expenses (refer Note 5(c))

### Note 8: Inventories

	Consolidated	
	December 2021	June 2021
	\$	\$
Run-of-mine Inventory – at cost	9,024,425	15,360,836
Less: Provision for impairment	-	(3,000,000)
Balance at the end of the period	<u>9,024,425</u>	<u>12,360,836</u>

The value of inventories at balance date represents ore stockpiles of 316,742 tonnes of iron ore product in various stages of production (June 2021: 429,764).

Inventory quantities are assessed primarily through surveys and assays. Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to completed production and bring the product to sale and royalties payable to the state government.

Pilbara Resource Group ("PRG") has 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.

While a significant portion of these ore stockpiles held at 31 December 2021, have subsequently been sold, a provision for impairment has been raised to reflect the minimum expected net realisable value less costs to sell of the remaining stockpiles.



## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 9: Exploration and evaluation expenditure

	Consolidated	
	December 2021	June 2021
	\$	\$
Balance at the beginning of the period	6,329,379	8,050,275
Transferred to mine properties	-	(1,171,896)
Transferred to assets held for sale	-	(549,000)
Balance at the end of the period	6,329,379	6,329,379

#### 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 10: Trade and Other Payables

	Consolidated	
	December 2021	June 2021
	\$	\$
Trade payables	4,474,067	14,160,016
Other payables	220,592	8,484
Other accruals	3,827,255	9,147,022
	8,521,914	23,315,522

Included in Other Accruals is an amount of \$149,708 (June 2021: \$213,548) of directors fees to be paid through the issue of shares upon receipt of shareholder approval.

None of the payables were past due at the reporting date.

### Note 11: Lease Liabilities

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>Current</b>		
Lease liabilities - transfer shed	210,893	240,000
	210,893	240,000
<b>Non-current</b>		
Lease liabilities - transfer shed	720,732	811,625
	720,732	811,625

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 12: Provisions

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>Current</b>		
Employee entitlements	275,893	433,379
	<u>275,893</u>	<u>433,379</u>
<b>Non-current</b>		
Employee entitlements	174,030	-
Rehabilitation	1,781,646	1,481,647
	<u>1,955,676</u>	<u>1,481,647</u>

### Note 13: Contributed equity

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>Issued capital</b>		
303,569,596 (June 2021: 302,786,443) Ordinary fully paid shares	152,123,661	158,966,934
	<u>152,123,661</u>	<u>158,966,934</u>
	Number	\$
<b>Movement in ordinary shares on issue</b>		
Balance at beginning of the period	302,786,443	158,966,934
Fair value of in-specie distribution attributed to issued capital (note 16)	-	(7,032,759)
Shares issued to Directors and employees in lieu of fees (a)	783,153	191,250
Share issue costs	-	(1,764)
Balance at end of the period	<u>303,569,596</u>	<u>152,123,661</u>

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

During the period, following shareholder approval at the Annual General Meeting held on 26 November 2021, 783,153 fully paid shares were issued to Directors and employees in lieu of accrued fees and salaries for the period 1 October 2020 to 30 September 2021.

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 14: Reserves

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>Options Reserve</b>		
Unlisted option reserve (a)	26,949,728	27,949,728
Listed option reserve	562,650	562,650
	<u>27,512,378</u>	<u>28,512,378</u>
	<b>Number</b>	<b>\$</b>
<b>(a) Movement in unlisted options on issue</b>		
Balance at beginning of the period	10,000,000	1,000,000
Options over shares in Western Gold Resources Limited disposed of (note 16)	(10,000,000)	(1,000,000)
Balance at end of the period	<u>-</u>	<u>-</u>
	<b>Number</b>	<b>\$</b>
<b>Movement in listed options on issue</b>		
Balance at beginning of the period	12,833,333	562,650
Balance at end of the period	<u>12,833,333</u>	<u>562,650</u>

### (b) Options issued by Western Gold Resources Limited ("WGR")

As a result of the disposal of WGR during the period (refer Note 16), the Unlisted Option Reserve reduced by \$1,000,000 being the value of the options issued by WGR.

### Note 15: Share-based payments

Details of the number and terms of shares issued is included in Note 14 above.

During the period, the Group made one share-based payment transaction, being the issue of shares in lieu of fees to directors and employees.

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).

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 16: Disposal of subsidiary and Assets held for sale

At the Company's AGM on 5 May 2021, the Company's shareholders approved an in-specie distribution of wholly owned subsidiary, Western Gold Resources Limited ("WGR"). WGR is an Australian registered public company which holds 100% of the Wiluna West Gold Project located approximately 35km from Wiluna in Western Australia. As at 30 June 2021, the net assets of WGR were considered held for sale in accordance with AASB 5. The 'disposal group' comprised Western Gold Resources Limited and its wholly-owned subsidiary, Wiluna West Gold Pty Ltd. The disposal of WGR was completed on 13 July 2021 via the in-specie distribution of the 36,125,000 WGR shares held by GWR on the disposal date. These shares were distributed to GWR shareholders on the basis of 1 WGR share for every 8.38 GWR shares held on the record date. The in-specie distribution of the shares in WGR has been recognised as a Capital Reduction pending a ruling from the Australian Taxation Office ("ATO").

The carrying value of assets and liabilities as at 30 June 2021 and the date of disposal were:

	30 June 2021	13 July 2021
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	31,253	31,253
Prepayments	254,022	254,022
Property, plant & equipment	4,471	4,471
Exploration & evaluation expenditure	549,000	549,000
<b>Total assets</b>	<b>838,746</b>	<b>838,746</b>
<b>Liabilities</b>		
Trade and other payables	(349,778)	(813,402)
<b>Total liabilities</b>	<b>(349,778)</b>	<b>(813,402)</b>
<b>Net assets of disposal group</b>	<b>488,968</b>	<b>25,344</b>
<b>Carrying value of investment in WGR at disposal date</b>		<b>549,001</b>
<b>Fair value of net assets disposed</b>		<b>523,657</b>

The fair value of the investment disposed on 13 July 2021 is as follows:

	13 July 2021
	\$
Carrying value of investment in WGR at disposal date	549,001
Net assets disposed	(25,344)
<b>Fair value of net assets disposed</b>	<b>523,657</b>

## Condensed notes to the financial statements

For the half-year ended 31 December 2021

### Note 16: Disposal of subsidiary and Assets held for sale (continued)

The fair value of the gain on demerger at the disposal date of 13 July 2021 is as follows:

	13 July 2021
	\$
Notional value of shares received on demerger of WGR – (a)	7,225,000
Less:	
Difference to the fair value of in-specie distribution to Company shareholders - (b)	(192,241)
<b>Fair value of in-specie distribution attributed to issued capital (note 13)</b>	<b>7,032,759</b>
Less:	
Fair value of net assets disposed	(523,657)
<b>Gain recognised on demerger</b>	<b>6,509,102</b>

#### (a) Notional value of shares received on demerger

The notional value of the shares received on demerger has been calculated as 36,125,000 shares at the initial public offering (“IPO”) price of \$0.20 per share, being \$7,225,000

#### (b) Difference in fair value of in-specie distribution

The fair value of the WGR shares distributed to GWR shareholders has been determined by reference to the 5-day VWAP of WGR shares for the first 5 trading days after the admission of WGR to the official list of the ASX (23 July 2021), being \$0.1947 per share. The difference between this amount (36,125,000 shares at \$0.1947 per share, or \$7,032,759) and the notional value is \$192,241.

### Note 17: Contingent liabilities

The Group is not aware of any significant contingencies arising since the last annual reporting date.

### Note 18: Exploration expenditure commitments

In order to maintain current rights of tenure to mining tenements, the Group has discretionary minimum annual tenement expenditure requirements and lease rentals of \$1,188,127 (2021: \$1,188,127). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

### Note 19: Events subsequent to reporting date

- a) On 12 January 2022, the company announced they have recommenced mining operations, which included successfully negotiating fixed price sales contracts on an FOB basis for a total of 145,000 tonnes of product for January, February and March 2022. The FOB contracts will mean that the shipping costs are not borne by GWR.
- b) On 27 January 2022, the company signed a binding term sheet with Jindalee Resources Limited (ASX:JRL) for the acquisition of a 70% interest in the advanced Prospect Ridge Magnesite project located in north-west Tasmania. The acquisition was subsequently completed on 4 March 2022.
- c) On 27 January 2022, the company announced a placement to raise \$2,000,000 (before costs) through the issue of 11,764,706 shares to sophisticated and professional investors. The placement was subsequently completed on 3 February 2022.

## 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 2021 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 16<sup>th</sup> day of March 2022



PO Box 1908  
West Perth WA 6872  
Australia  
Level 2, 40 Kings Park  
West Perth WA 6005  
Australia  
Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204  
ABN: 84 144 581 519  
www.stantons.com.au

16 March 2022

Board of Directors  
GWR Group Limited  
97 Outram Street  
West Perth WA 6005

Dear Sirs

**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 2021, 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 faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

**Martin Michalik**  
**Director**



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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 2021, 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 2021 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 2022.

#### *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.

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*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 2021 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*.

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**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*

A handwritten signature in blue ink that reads "Martin Michalik".

**Martin Michalik**  
Director

West Perth, Western Australia  
16 March 2022

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