



31 October 2022

ASX Announcement

2022 Annual Report

GWR Group Limited ("GWR" or the "Company" or the "Group") (ASX:GWR) is pleased to attach its Annual Report for the year ended 30 June 2022.

For further information please contact:

Gary Lyons

Chairman

Ph: +61 8 9322 6666

E: garylions@heiniger.com.au

David Utting

David Utting Corporate

Ph: +61 416187462

E: david@davidutting.com

Mark Pitts

Company Secretary

E: markp@endeavourcorp.com.au

This ASX Announcement has been authorised for issue by Mark Pitts, Company Secretary, GWR Group Limited.

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Annual Report | 2022

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Corporate Directory

Directors

Gary Lyons

Non-executive Chairman

Tan Sri Dato Tien Seng Law

Non-executive Deputy Chairman

Kong Leng (Jimmy) Lee

Non-executive Director

Datuk Chin An Lau

Non-executive Director

Michael Wilson

Executive Director

Teck Siong Wong

Alternate Director for Mr Law

Company secretary

Mark Pitts

Principal & Registered office

Level 4, 46 Colin Street

West Perth WA 6005

Australia

P: +61 8 9322 6666

F: +61 8 9322 2370

E: admin@gwrgroup.com.au

W: <http://gwrgroup.com.au/>

Investor and Media Relations

David Utting (David Utting Corporate)

M: +61 416 187 462

E: david@davidutting.com

Corporate Governance

A summary statement reporting against the 4th Edition of the ASX Corporate Governance Recommendations which has been approved by the Board together with current policies and charters is available on the Company website.

<https://gwrgroup.com.au/about-us/corporate-governance/>

Share register

Automic

Level 5, 126 Phillip Street

Sydney NSW 2000

Australia

P (Australia): 1300 288 664

P (Overseas): +61 2 9698 5414

W: <https://automicgroup.com.au>

Auditors

Stantons

40 Kings Park Road

West Perth WA 6005

Bankers

National Australia Bank

Level 1, 1238 Hay Street

West Perth WA 6005

Australia

Legal Advisors

Bennett

Level 14, Westralia Square

141 St Georges Terrace

Perth WA 6000

Australia

Securities Exchange Listing

GWR Group Limited's shares are listed on the Australian Securities

Exchange (ASX:GWR)

ABN

54 102 622 051

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Contents

	Page
Corporate Directory	2
Letter from the Chairman	4
Review of Operations	5
Directors' Report	21
Auditor's Independence Declaration	38
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Consolidated Statement of Financial Position	41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43
Notes to the Financial Statements	44
Directors' Declaration	88
Independent Auditor's Report	89
Additional ASX Information	94
Tenement Interests	95
Annual Mineral Resources and Ore Reserves Statement	96

Letter from the Chairman

Dear Shareholders,

I am delighted to present the GWR Group Limited (“GWR”, the “Company” or the “Group”) 2022 Annual Report, in what has been a very busy year. The Company continued with its mining operations at the Wiluna West Iron Ore project and completed the acquisition of the Prospect Ridge magnesium project in Tasmania.

Wiluna West Iron Ore

Mining operations at our high-grade C4 Iron Ore Mine within the Wiluna West Iron Ore project continued and during the year to 30 June 2022 a total of 773,164 dry tonnes of high-grade iron ore lump and fines was exported.

On 22 September 2021 and following a significant and rapid decrease in the iron ore price, the Group advised that it had halted mining operations temporarily to assess the market with mining re-commencing in January 2022. In spite of the halt in mining operations there was a substantial inventory of ore either at the port or on the ROM pad ready for processing and or transport to the port.

In spite of a very professional approach the mining operation has not been without its challenges and the downturn in the iron ore price gave the Company reason to re assess its strategy and following the restart in January 2022 the Company looked at several alternatives which might alleviate the logistical issues faced by the project.

In July 2022 the Company announced that it had sold the mining rights for the C4 Iron Ore deposit together with its existing mining rights at the JWD deposit for a consideration of \$30,000,000 plus an additional \$5,000,000 for sundry plant equipment and C4 Stockpiles to Gold Valley Iron Ore Pty Ltd (“GV”). GV will also be required to make a royalty payment to GWR on all tonnes shipped from C4. The royalty will be based on the Platts index. The level of royalty paid shall be USD1.00 per tonne if the Platts index is <USD135 and USD2.00 if it is >USD135.

The iron ore price continues to trade erratically. The board of directors is investigating several options that could unlock further value from the remaining Wiluna West iron ore assets.

Prospect Ridge

GWR expanded its interests into critical minerals by completing the acquisition of a 70% interest in the advanced Prospect Ridge Magnesite project located in northwest Tasmania from Jindalee Resources Limited (**Jindalee**).

In addition, GWR raised \$2 million before costs via a Placement to assist with working capital and to fund work programs to advance the Project. Prospect Ridge has had substantial amount of previous work and is the 3rd largest magnesium deposit in Australia, with a JORC 2012 Inferred Mineral Resource estimate of 25 million tonnes of fresh magnesite grading 42.4% MgO, to an average depth of 100m below the surface at a cut-off of 40% MgO. Magnesium is on the Federal Government Critical Minerals list and is the lightest structural metal known to man. Increased demand is anticipated in the growing EV market.

Wiluna West Gold

The Group demerged its Gold assets into Western Gold Resources Limited (“WGR”), which listed on the ASX on 23rd of July 2021. GWR shareholders were distributed WGR shares on a pro-rata basis.

Investments – Tungsten Mining Ltd and eMetals Ltd

GWR holds 70 million shares in ASX listed Tungsten Mining NL (TGN), who hold 5 significant tungsten projects located in Western Australia, Northern Territory and Queensland. During the year they moved focus from, project work and feasibility studies to one that is directed at partnering to facilitate the development of their flagship Mt Mulgine Tungsten Project, including engagement with potential partners.

eMetals Limited (EMT) has a number of projects it is progressing in Western Australia with potential gold, tungsten and REE The Group holds 30.8 million shares or a 7.2% undiluted interest in EMT.

On behalf of the Board, I thank the Group’s executive team, all our staff and contractors for their exemplary and tireless efforts in 2022. I also extend thanks to my fellow Board members for their valued input and support throughout the year. In closing, I would like to thank all shareholders for their continued support and faith in our Company.

Yours sincerely,



Gary Lyons
Chairman

Review of Operations

Overview

GWR Group Limited ("GWR") or (the "Group" or the "Company") is an independent, Australian resource house, focused on creating shareholder wealth through the development of high-quality mineral exploration and development projects.

The Group has a portfolio of resources projects that includes projects held directly, in its own right, or indirectly through investment in other listed entities. These include:

- Iron Ore - ~131 Wiluna West tonne resource of high-grade quality hematite ore
- Magnesium – Prospect Ridge, 25 Million tonne Resource of high-grade magnesium
- Tungsten - Investments in Tungsten Mining NL & Hatches Creek JV
- Cornerstone and Equity Investments – eMetals Ltd

The Group aims to create value through operational excellence and innovation in exploration and project development. We collaborate with our stakeholders with the aim of building a sustainable mining business and the respect of our peers.

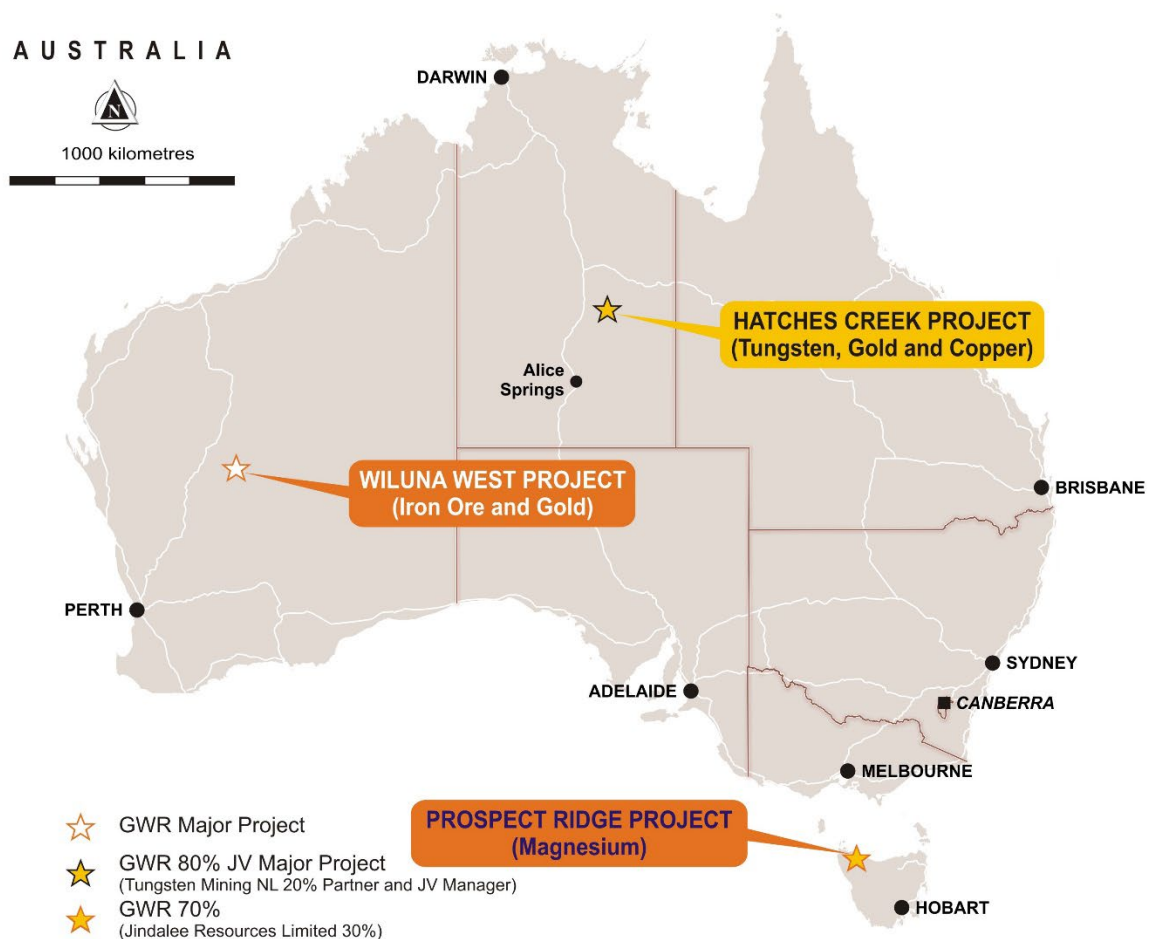


Figure 1: GWR Project Locations

Review of Operations

Wiluna West Iron Ore Project – Overview

The Wiluna West Iron Ore Project is located approximately 45 km south west of the township of Wiluna (Figure 2) in the Northern Goldfields region of Western Australia. The site is approximately 183 km west of Meekatharra and 750 km north east of Perth, Western Australia. Access to the site is via the partly sealed Wiluna – Meekatharra road (Goldfields Highway), approximately 28 km west from the township of Wiluna. Wiluna has a sealed airstrip to transport mine personnel by commercial or flight charter services.

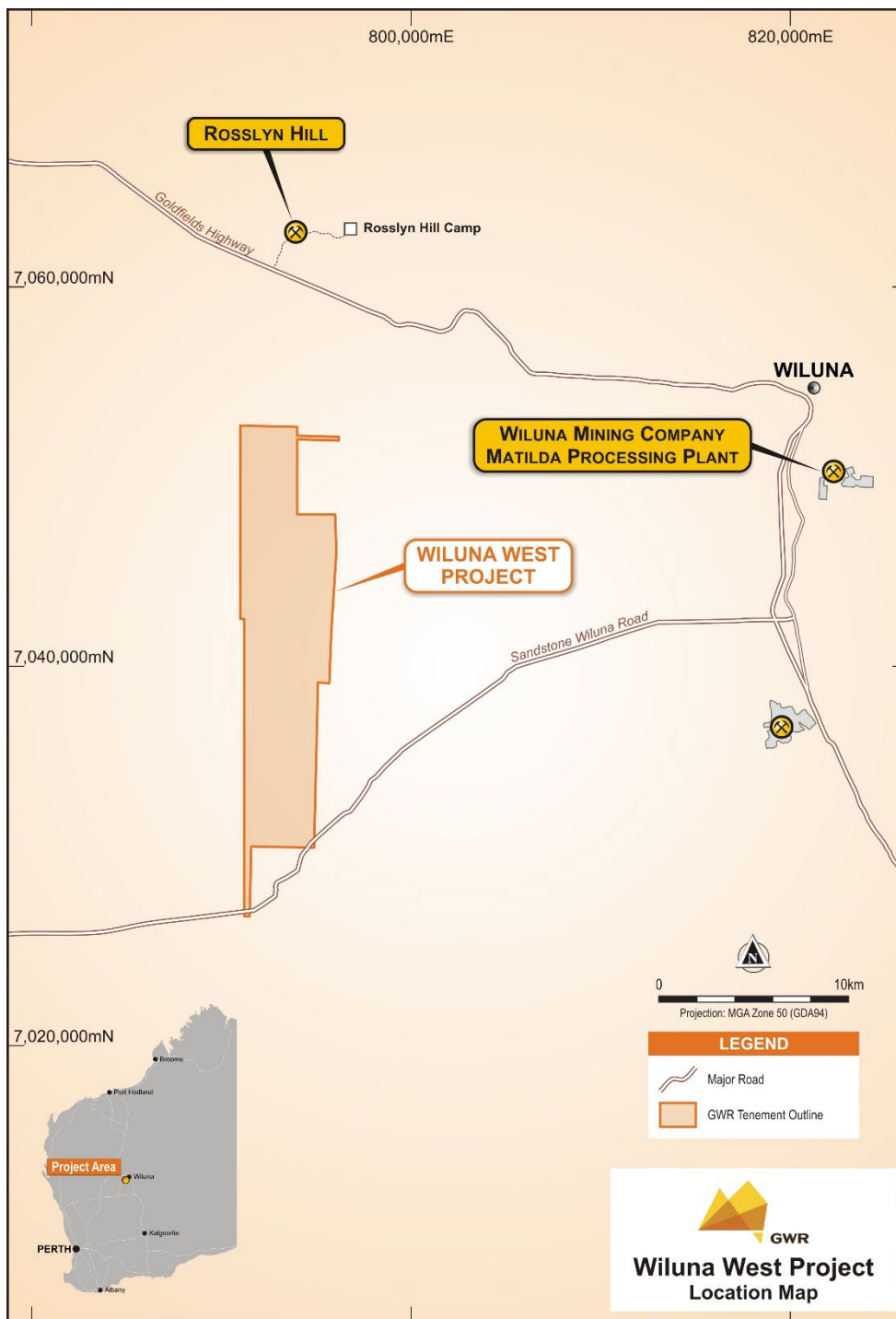


Figure 2: Wiluna West Project Location

Review of Operations

The Wiluna West Iron Ore Project (WWIOP) is an exceptional DSO iron ore deposit, which metallurgical tests and mining has demonstrated will produce a high-grade, low impurity iron ore.

The WWIOP project has a combined JORC 2004 Mineral Resource estimate of 131.1 Mt at 60.0% Fe, comprising of 10.1 Mt at 62.4% Fe Measured, 72.03 Mt at 60.0% Fe Indicated and 48.8 Mt @ 59.5% Fe Inferred.

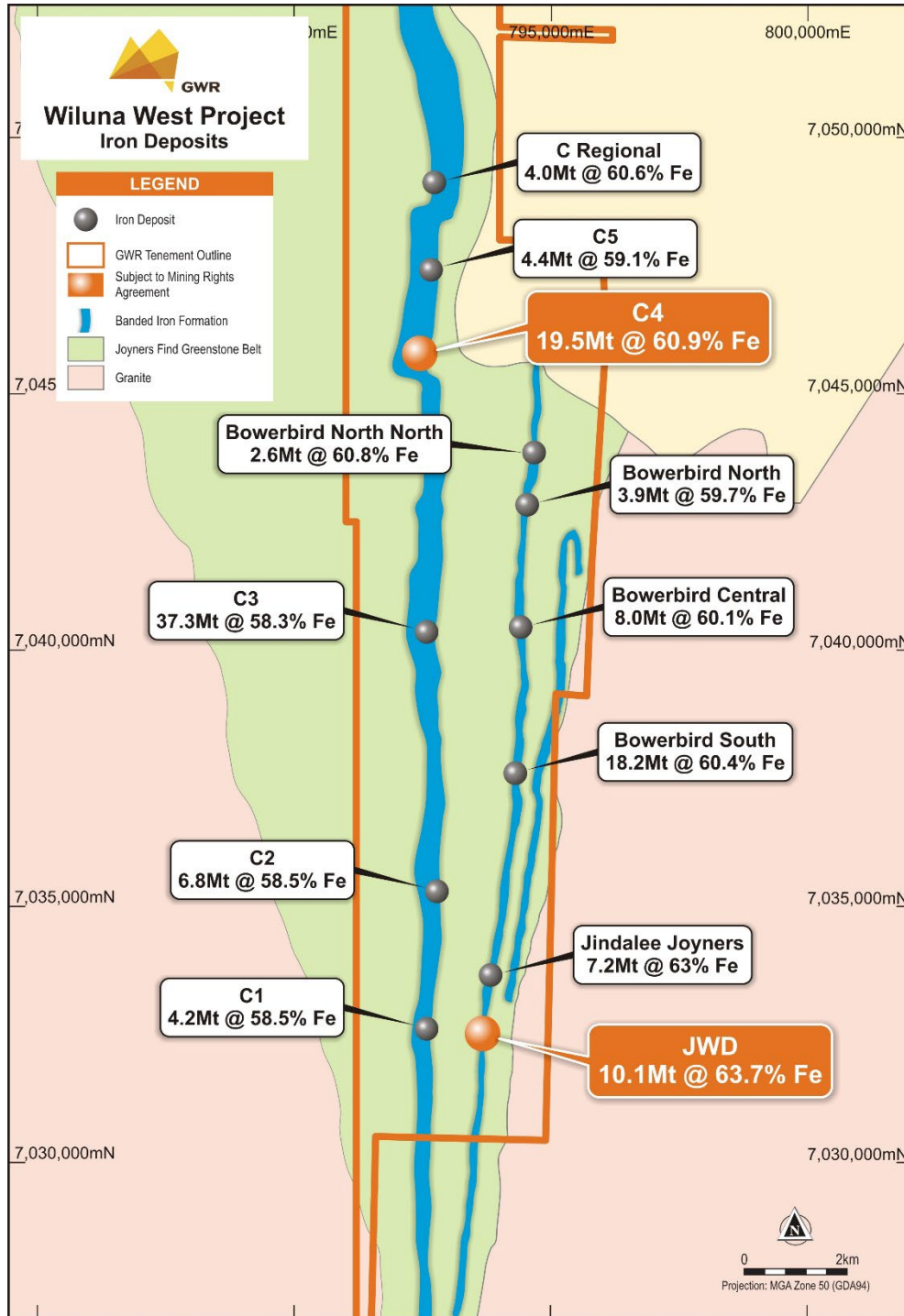


Figure 3: Wiluna West Iron Deposit Locations

The Mineral Resource estimate has not been updated to reflect mining operations at JWD and C4 as yet, however details of the estimated depletion for the WWIOP has been referenced in the Annual Mineral Resources and Ore Reserves Statement.

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Review of Operations

On 20 July 2022 GWR announced the execution of a Binding Term Sheet (Term Sheet) to grant the Mining Rights for its C4 and to transfer its residual rights in relation to the JWD Iron deposit for a total consideration of \$30,000,000 plus potential royalties to Gold Valley Iron Pty Ltd ("GV"). The agreement included an additional \$5,000,000 to be paid to GWR for the acquisition by GV of sundry plant, stores and stockpiles.

GWR retains both legal and beneficial ownership to all tenements and all other iron ore deposits at Wiluna West Iron Ore Project. The funds received under the Term Sheet are proposed to be used by the Group as follows:

- re-evaluate the development models for both the C3 and Bowerbird deposits;
- bring forward planned field work and development studies on the groups Prospect Ridge Magnesite project in Tasmania including a 7,350-meter RC drilling program
- continue the review and evaluation of other business opportunities

The grant of mining rights across just two of GWR's 13 Iron deposits highlights the potential value to be unlocked across the remaining 11 deposits.

Subsequent to the execution of the term sheet the Company agreed with GV to vary the consideration terms.

The Term Sheet provided for the consideration to be remitted as follows:

Initial consideration

- \$5,000,000 paid upon signing the Binding Term Sheet;
- \$5,000,000 to be paid within 14 days being the Additional Payment for sundry plant and equipment, stores and C4 ore stockpiles;
- \$10,000,000 to be received within 45 days from execution (the initial consideration), of which \$5,000,000 has been received and \$5,000,000 is the subject of the variation; and

Balance consideration

- A final cash payment of \$15,000,000 is due upon the earlier of:
 - 19 January 2024; or
 - the date immediately after GV has shipped or otherwise sold an aggregate of 1,000,000 tonnes of iron ore from the C4 Deposit on commencing from 19 July 2022.

GWR has agreed to vary the terms of the Term Sheet such that GV will pay the balance of the 'initial consideration' being \$5,000,000 on 19 March 2023 together with interest at the rate of 8% pa until the date such payment is made. Provided that if the Platts index for 62% Fe achieves a 20 trading day average of USD\$120 prior to 15 February 2023 then GV will be required to make payment of the \$5,000,000 within 30 days of that event occurring.

In addition to the consideration a royalty is payable to GWR, based upon the Platts index for 62% Fe and payable across all tonnes (lump and fines) shipped or otherwise sold from the C4 Deposit based on the below pricing index:

< USD135/t USD \$1.00 per tonne is payable to GWR

> USD135/t USD \$2.00 per tonne is payable to GWR

Review of Operations

GWR Group Limited										
Wiluna West Global Fe Resources										
Classification	Deposit	Calc	Cut		Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
			Off							
Measured	JWD	Optiro 2013	55		6.40	64.07	2.63	1.51	3.07	0.034
	Bowerbird Central	Optiro 2011	50		1.20	62.27	6.25	2.74	1.60	0.038
	C3	Optiro 2011	50		2.50	58.38	8.46	2.39	5.14	0.107
	Total				10.10	62.45	4.50	1.87	3.41	0.053
Indicated	Bowerbird Central	Optiro 2011	50		5.90	59.86	7.76	3.44	2.65	0.054
	Bowerbird South	Optiro 2011	50		13.00	60.50	7.18	2.91	2.89	0.048
	JWD	Optiro 2013	55		0.90	63.61	2.76	1.33	3.57	0.030
	Jindalee Joyners	Optiro 2010	50		3.30	63.61	4.27	2.05	1.83	0.036
	C3	Optiro 2011	50		30.40	58.47	8.35	2.39	5.22	0.076
	C4	Optiro 2010	50		18.53	61.17	8.08	1.97	2.22	0.034
	Total				72.03	59.94	7.76	2.43	3.64	0.056
Inferred	Bowerbird Nth Nth	GWR 2009	50		2.58	60.84	5.19	2.19	3.64	0.050
	Bowerbird Nth	Snowden 2008	50		3.90	59.70	6.50	3.80	2.60	0.040
	Bowerbird Central	Optiro 2011	50		0.80	58.15	9.48	3.83	2.86	0.045
	Bowerbird South	Optiro 2011	50		5.20	60.03	8.33	2.42	2.36	0.038
	JWD	Optiro 2013	55		3.40	63.13	3.23	1.58	3.38	0.029
	Jindalee Joyners	Optiro 2010	50		3.90	62.47	4.81	2.12	2.16	0.057
	C1	Snowden 2007	50		4.20	58.50	7.20	3.30	5.20	0.088
	C2	GWR 2009	50		6.76	58.52	6.89	2.86	6.25	0.036
	C3	Optiro 2011	50		4.40	56.70	8.97	3.25	6.13	0.069
	C4	Optiro 2010	50		3.08	58.00	10.30	2.85	3.60	0.035
	C5	Snowden 2007	50		4.40	59.10	8.90	2.10	3.80	0.118
	CR	Snowden 2007	50		4.00	60.60	9.30	1.40	1.70	0.030
	South 2	Snowden 2008	50		2.20	56.20	9.10	2.03	7.80	0.077
	Total				48.82	59.45	7.45	2.57	4.03	0.055
Deposit Totals	Bowerbird Nth Nth	GWR 2009	50		2.58	60.84	5.19	2.19	3.64	0.050
	Bowerbird Nth	Snowden 2008	50		3.90	59.70	6.50	3.80	2.60	0.040
	Bowerbird Central	Optiro 2011	50		8.00	60.06	7.70	3.38	2.51	0.051
	Bowerbird South	Optiro 2011	50		18.20	60.37	7.51	2.77	2.74	0.045
	JWD	Optiro 2013	55		10.70	63.74	2.83	1.52	3.21	0.032
	Jindalee Joyners	Optiro 2010	50		7.20	62.99	4.57	2.09	2.01	0.047
	C1	Snowden 2007	50		4.20	58.50	7.20	3.30	5.20	0.088
	C2	GWR 2009	50		6.76	58.52	6.89	2.86	6.25	0.036
	C3	Optiro 2011	50		37.30	58.26	8.43	2.49	5.32	0.077
	C4	Optiro 2010	50		21.62	60.72	8.39	2.09	2.42	0.034
	C5	Snowden 2007	50		4.40	59.10	8.90	2.10	3.80	0.118
	CR	Snowden 2007	50		4.00	60.60	9.30	1.40	1.70	0.030
	South 2	Snowden 2008	50		2.20	56.20	9.10	2.03	7.80	0.077
	Grand Total				131.10	60.00	7.40	2.40	3.80	0.060

Table 1: Wiluna West Iron Ore Mineral Resource Estimate
(refer to the Annual Mineral Resource Statement for a note on depletion from mining)

Review of Operations

C4 Iron Ore Project

Mining operations continued and on 22 September 2021, following a significant and rapid decrease in the iron ore price, GWR halted mining operations temporarily to assess the market with mining re-commencing in January 2022.

Although mining operations were suspended, broken ground from a final blast carried out in September was retrieved from the pit floor, in addition crushing from the ROM pad and hauling to the port did continue between October and December enabling GWR to capitalise on a significant inventory of iron ore stockpiles that existed up until mining suspension. In spite of the halt in mining operations there was a substantial inventory of ore either at the port or on the ROM pad ready for processing and or transport to the port.

Following the decision to recommence operations in January 2022, the Company put considerable effort into logistical solutions to enable an appropriate level of shipping to be reached. However, ultimately competition for transport in the industry and region prevented a stable solution from being reached.

In July 2022 the Group signed a Binding Term Sheet to grant the mining rights to C4 to Gold Valley Iron Ore Pty Ltd.

A total of 1.58 million tonnes of ore was mined at a low stripping ratio of 1.1:1 and 773,164 tonnes of iron ore shipped from mining operations for the year ending 30 June 2022.



Image 1: C4 Open Pit – October 2022

Review of Operations

C4 Iron Ore Project - Key Performance Metrics

	September 21 Quarter	December 21 Quarter	March 22 Quarter	June 22 Quarter
Shipping (Wet Tonnes)				
Lump	255,463	115,007	123,099	189,395
Fines	87,460	-	19,469	-
Total Wet Tonnes Shipped	342,923	115,007	142,568	189,395
Shipping (Dry Tonnes)				
Lump	250,582	113,089	120,872	185,561
Fines	84,261	-	18,799	-
Total Dry Tonnes Shipped	334,843	113,089	139,671	185,561
Realised Average FOB Price US\$/dmt	103.52	86.50	105.13	100.27
Unaudited C1 Cost (A\$/wmt Shipped FOB)	136.66	114.55	135.20	188.33
Average Freight Cost US\$/dmt	33.42	*0.00	*0.00	*0.00

*All Shipments in the December March & June Quarters were FOB

	September 21 Quarter	December 21 Quarter	March 22 Quarter	June 22 Quarter
Mining (Tonnes)				
Ore	443,784	137,923	173,671	356,306
Low Grade (55%)	120,374	7,306	94,149	251,413
Total Ore Mined	564,158	145,229	267,820	607,719
Waste	289,802	13,054	399,522	1,081,780
Total Tonnes Mined	853,960	##158,283	667,342	1,689,499
Strip ratio	0.5	0.1	1.5	1.8
Crushing (Tonnes)				
Crushed	774,012	209,542	238,904	571,031
Lump	361,196	86,938	97,475	347,322
Fines	412,816	122,604	141,429	223,709
Total Tonnes Crushed	774,012	209,542	238,904	571,031
Hauling (Tonnes)				
Lump	269,638	110,874	113,214	237,623
Fines	73,285	-	21,005	-
Total Tonnes Hauled	342,923	110,874	134,219	237,623
## Note the tonnes shown as being mined in December equate to the already broken ground as at the end of the Sept Quarter and then removed from the pit floor to be crushed				

Review of Operations



Figure 4: Overview of C4 Project Location

JWD Mining Rights Agreement

CuFe Limited (ASX: CUF) continued mining operations at JWD and extracted a total of 697,248 tonnes of ore and shipped a total of 330,747 tonnes via the Port of Geraldton.

Subsequent to the end of the financial year the Company sold its residual rights to Gold Valley Iron Ore Pty Ltd.

Review of Operations

Prospect Ridge

GWR purchased a 70% interest in the advanced Prospect Ridge Magnesite project located in northwest Tasmania with Jindalee Resources Limited (**Jindalee**) holding the remaining 30% (refer ASX announcement 4 March 2022). The Project is an advanced asset where a substantial amount of work has previously been undertaken, including diamond drilling, metallurgical test work, hydrological test work, resource modelling and feasibility studies.

About Magnesium and Its Market

Magnesite is the principal ore for Magnesium which is the lightest structural metal known to man being two thirds lighter than aluminium. The Australian government has classified Magnesium as a critical mineral as are lithium and nickel.

The principal uses for Magnesium are as follows:

- Magnesium metal and its alloys are used extensively in automotive and aerospace industries in light weight bodies, engines, and other parts indispensable in modern vehicles (including EV's).
- Magnesium oxides are used in production of refractory linings necessary for production of steel, cement, and glass.
- Magnesium-ion batteries have the potential to improve on lithium-ion batteries in every phase of the lifecycle. In addition to increased energy capacities, magnesium-ion batteries have numerous other advantages. Magnesium does not tend to form dendrites, resolving the safety issues associated with lithium-ion batteries. As such, a magnesium-ion battery can last substantially longer than a lithium-ion battery. Additionally, magnesium-ion batteries can be charged faster since lithium-ion batteries charge times are constrained to avoid dendrite formation. Magnesium is also reported to be the eighth most abundant element on earth's crust alleviating depletion risk and potentially providing a cheaper product.

The project is on a granted Exploration Licence (EL5/2016), which is 51km² in size and located approximately 55km west southwest of the Port of Burnie, which is one of the States key deep-water Ports and the largest general cargo port in Tasmania. The project area was previously held as a Mining Lease (Figure 6).

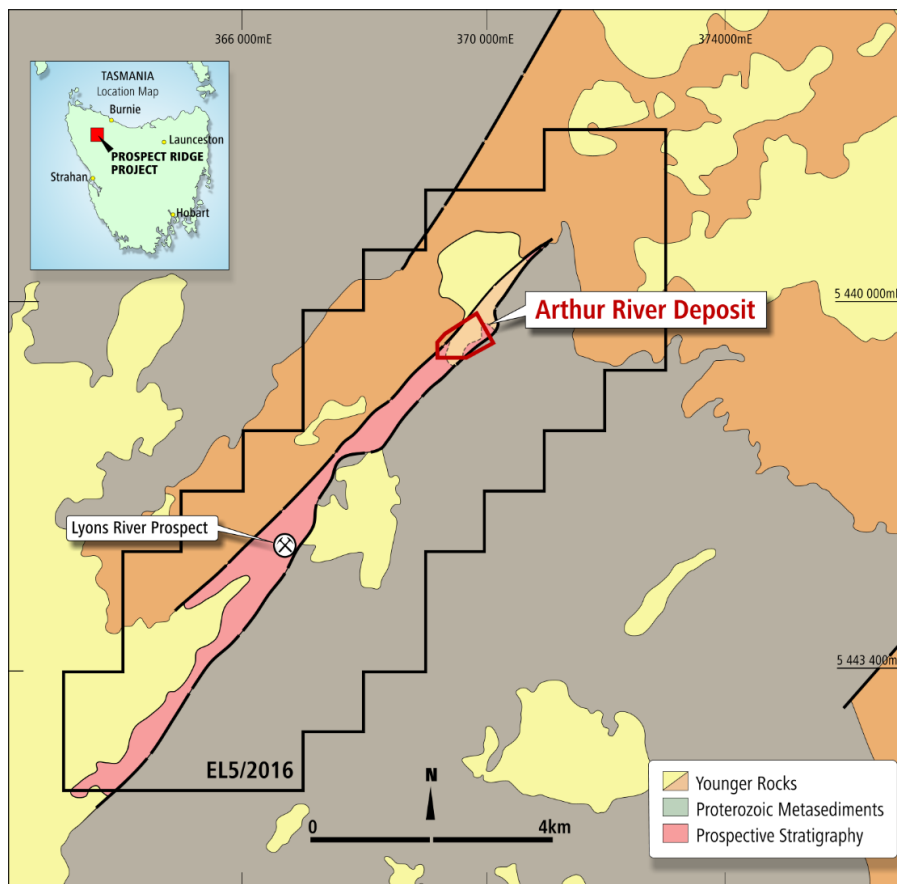


Figure 5: Prospect Ridge Location Plan showing tenure and summary geology

Review of Operations



Image 2: Sheeted access road, established by forestry – Prospect Ridge

GWR plans to undertake a comprehensive review of all previous exploration data with a view of defining an Exploration Target for areas outside of the Arthur River deposit.

GWR became an Industry Partner with the University of Tasmania (UTAS) who has been awarded \$3.5 million in Federal Government funding for a study titled “Environmentally Sustainable Production of Critical Minerals”. The focus of this study is the West Coast of Tasmania.

In September 2021, the Australian Federal Government announced that it will establish a \$2 billion fund to finance critical minerals production in Australia, it was stated that “Critical minerals include resources that are used in technologies such as mobile phones, computer monitors, electric cars and solar panels, such as lithium, **magnesium** and nickel.”

The Project contains a JORC 2012 Inferred Mineral Resource estimate of 25 million tonnes of fresh magnesite grading 42.4% MgO, to an average depth of 100m below the surface at a cut-off of 40% MgO (Table 2). (Refer ASX Announcement 4 March 2022).

Cut-Off (MgO (%))	Tonnes	MgO (%)	SiO2 (%)	Fe2O3 (%)	CaO (%)
36	36,820,000	41.1	5.9	1.7	2.9
38	32,090,000	41.7	5.4	1.6	2.8
40	25,120,000	42.4	4.8	1.4	2.6
42	15,280,000	43.3	4.2	1.3	2.2
44	3,040,000	44.5	3.0	1.0	1.9

Table 2: Arthur River Inferred Mineral Resource Estimate

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Review of Operations

Wiluna West Gold Project

Following the receipt of shareholder approval, the Wiluna West Gold project was disposed to shareholders with the demerger of Western Gold Resources Limited (“WGR”) being completed during the year.

An in-specie distribution of WGR shares to the GWR shareholders was affected on 13 July 2021 and WGR then completed a successful IPO with applications in excess of the maximum subscription of \$7,000,000, WGR was admitted to the official list of the ASX on 23rd July 2021.



Image 3: Wiluna West Project Landscape

Review of Operations

Tungsten Investments

The Group's significant exposure to Tungsten continues through direct holdings in Tungsten Mining NL (ASX: TGN) and its 80% share of the Hatches Creek joint venture (20% TGN). Tungsten is a high value industrial metal used in the manufacture of hardened metals (cemented carbides), steel alloys and mill products. Its application in heavy construction machinery, drilling for minerals and oil/gas and in high temperature equipment makes tungsten a mineral of strategic importance.

Investment in Tungsten Mining NL (ASX: TGN)

The Group holds a significant (8.9%) equity interest in ASX-listed Tungsten Mining NL ("TGN"), which is focussed on the discovery and development of tungsten deposits in Australia. TGN's vision is to become a world leading developer of low-cost tungsten concentrate, providing superior long term returns to our shareholders. TGN aims to achieve this through the acquisition and development of quality deposits, technical excellence in project development, collaboration and rigorous capital management.

Through exploration and acquisition, TGN has established a portfolio of advanced tungsten projects across Australia with the objective of controlling a globally significant inventory of in-ground tungsten.

Tungsten Mining continues to implement its strategy directed at building a tungsten business of scale, with a current resource inventory of **41 million MTU's (metric tonne units) of WO₃ (tungsten trioxide) and 71,000 tonnes of Mo (molybdenum), 1 million ounces of Au (gold), 44 million ounces of Ag (silver) and 92,000 tonnes of Cu (copper)** (refer to TGN Annual Report - ASX announcement 21 October 2022). This provides the platform for the Company to become a globally significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.

TGN has four advanced tungsten projects in Australia: the Mt Mulgine Project in the Murchison region, the Big Hill Project in the Pilbara region and the Kilba Project in the Ashburton region of Western Australia and the Watershed Project in far north Queensland. Details on TGN's projects and activities can be found at www.tungstenmining.com

The Mt Mulgine Tungsten Project is the cornerstone of the Company's strategic development plan, focussed on demonstrating a pathway to long term sustainable mining activities.

During the 2022 financial year, Tungsten Mining has continued to advance the feasibility studies for the Mt Mulgine Tungsten Project and seek suitable partners capable of supporting the Project's development. This follows reporting the successful maiden Ore Reserve and positive Pre-Feasibility Study for the Mt Mulgine Project, announced to the market on 29 January 2021, which assessed the technical and financial viability of large-scale mining and processing activities.

A PQ diamond drilling program was undertaken during the financial year to collect core for further metallurgical test work with the aim of de-risking the metallurgical flowsheet, with approximately 37 tonnes (2,647m) of core recovered. Holes were designed to collect representative material throughout the deposit within the various stages of the proposed 23-year pit design. The core recovered from the drilling program was scanned using Corescan's Hyperspectral Core Imager technology with the results used to assist in finalising the geo-metallurgical domaining within the Mulgine Trench deposit. The use of this material in future metallurgical test work will significantly de-risk the metallurgical flowsheet and process plant design.

In January 2022 the Company announced entering into a non-binding Memorandum of Understanding (MoU) with MCC International Incorporation Ltd (MCCI), a major global engineering company, to establish a program of collaboration between MCCI and the Company in respect to the completion of feasibility studies at Mt Mulgine. As contemplated under the MoU framework with MCCI, discussions occurred on a proposal from MCCI for a metallurgical test work program using a composite sample. Whilst the parties remain in discussion, no agreement has yet been reached concerning the testwork proposal or other matters contemplated by the MoU.

As a pre-cursor to this proposed program, a bulk sample of reserve material used for the PFS is undergoing preliminary "whole of ore" flotation test work in order to evaluate its viability to produce a saleable scheelite concentrate.

Review of Operations

Environmental studies continued during the financial year at Mt Mulgine, with completion of short range endemic (SRE) and P1 flora species *Acacia Sulcicaulis* surveys on the project and adjacent tenements. The *Acacia Sulcicaulis* flora survey included seed and genetic material collection to provide specific population data for the species and samples for seed viability investigations. Seeding trials using seeds collected from the site commenced with Natural Area, a Perth based leader in environmental management.

The Native Vegetation Clearing Permit (NVCP) for the Mulgine Hill deposit was formally withdrawn during the financial year. This decision was predicated on further progress of the larger Mt Mulgine Project.

Further details on these activities can be found elsewhere in this report and more fully in the relevant Company announcements and Quarterly Reports (refer www.tungstenmining.com).

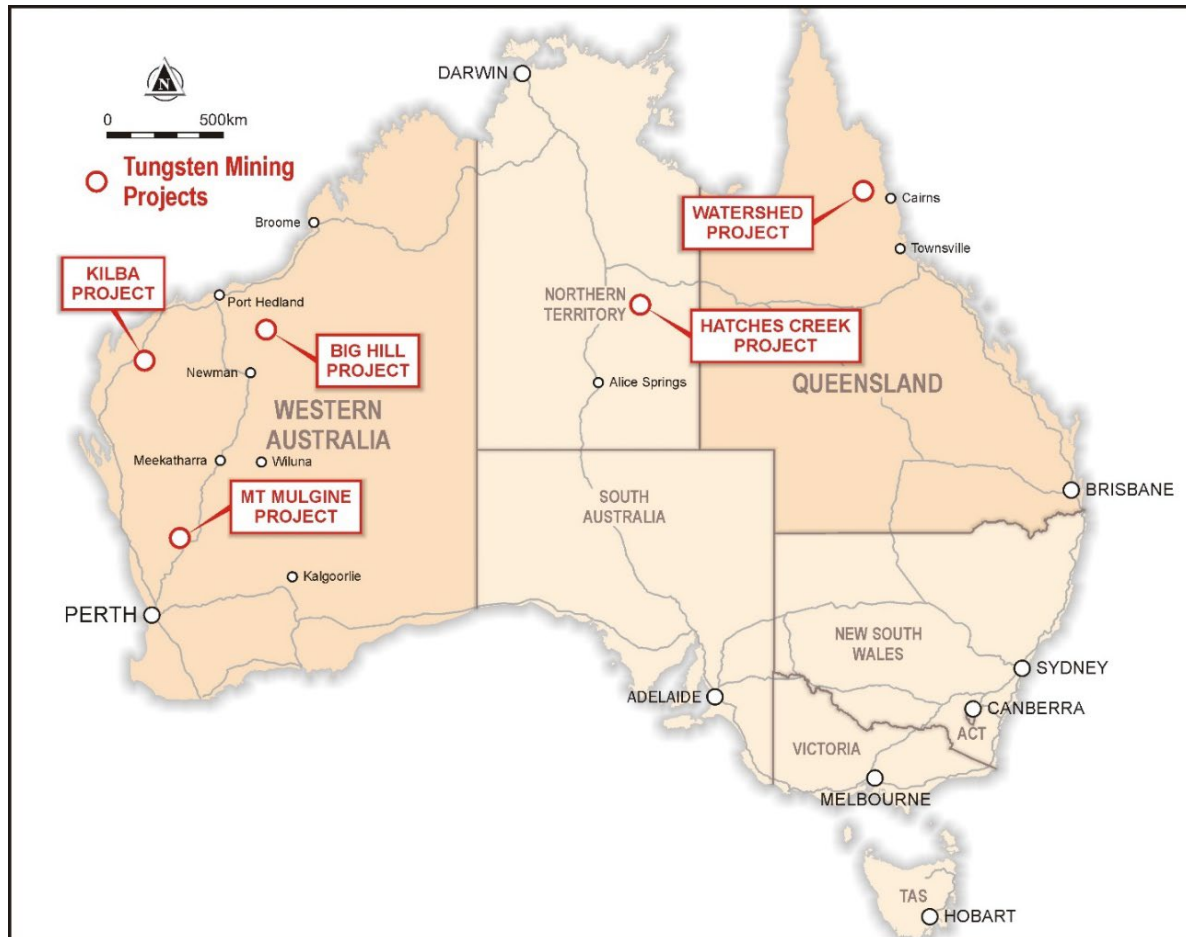


Figure 6: Tungsten Mining NL Project Locations

Hatches Creek Tungsten Project

The Group, through its wholly-owned subsidiary, NT Tungsten Pty Ltd (“NTT”), holds an 80% interest in the Hatches Creek Tungsten Project (“Project”) in the Northern Territory. Tungsten Mining NL holds the remaining 20%. This project is located 375 km north east of Alice Springs in the Northern Territory of Australia (Figure 12). The Hatches Creek Project consists of two granted exploration licences covering 31.4 km² (EL22912 and EL23462), which cover the entire historic Hatches Creek tungsten mining centre, which was a large, historical, high-grade tungsten mining centre. Mining was undertaken here between 1915 and 1957, and the previous recorded production is approximately 2,840 tonnes of 65% WO₃. Bismuth concentrate and copper ore have also been produced at Hatches Creek.

Review of Operations

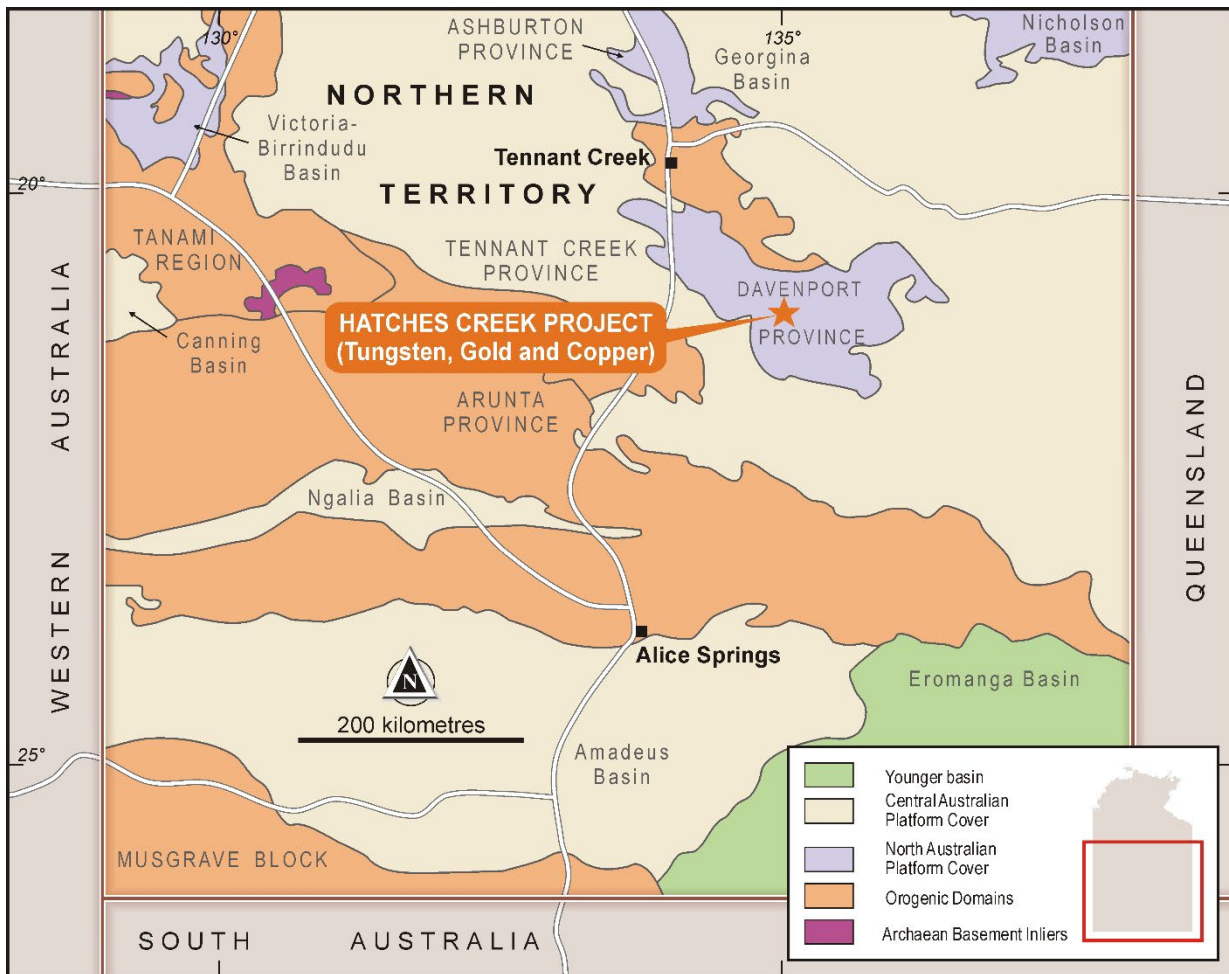


Figure 7: Hatches Creek Project

On 3 June 2019, the Company announced that it had executed an agreement with Tungsten Mining NL to farm-in to the Hatches Creek Project. Pursuant to the terms of the Farm-in Agreement, summarised in the announcement dated 3 June 2019, TGN has acquired an initial 20% interest in the Project by reimbursing the Group for past exploration expenditure in the amount of \$1.72m. TGN can increase its interest to 51% by the expenditure of \$3,000,000 on exploration, development and mining activities within 5 years of the commencement date. Should a decision to mine be made by TGN whilst in the sole fund stage, it has an option to acquire the Group's remaining interest for \$6.96m (indexed for CPI).

The Farm-in Agreement provides for TGN to direct and manage exploration and development activities at Hatches Creek where past drilling by the Group confirmed multiple high-grade polymetallic tungsten prospects and demonstrated potential for a large high-grade polymetallic tungsten deposit (refer GWR announcements dated 17 July 2018 and 22 May 2019).

Review of Operations

Equity Investments

Investment in eMetals Limited (ASX: EMT)

eMetals is an Australian based resources company whose prime focus is the exploration and development of tungsten, gold and rare earth projects in Australia.

eMetal's tenement interests include:

- Nardoo Well Rare Metals Project is located in the Gascoyne region of WA and is prospective for strategic metal and REE mineralisation including tungsten and REE bearing skarns
- Twin Hills gold project located 150 km north of Kalgoorlie
- Salmon Gums REE project is located 18 km north of the township of Salmon Gums. It is highly prospective for Ionic Absolute Clay (IAC) Rare Earth Metals

The Group currently holds 30.8 million shares or a 3.62% interest in EMT.

Further details on eMetals Limited's projects and activities can be found at www.emetalslimited.com.au

Competent Person's Statement

The information in this report which relates to Exploration Results and Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 40 continuous years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Where the Company refers to previous announcements noting the Mineral Resource estimate at Prospect Ridge, it confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the resource estimates with those announcements continue to apply and have not materially changed.

For personal use only



Directors' Report

Your directors submit their report for GWR Group Limited ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the financial year ended 30 June 2022.

Directors

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

Names, qualifications, experience and special responsibilities:



Gary Lyons - Non-executive Chairman

Mr Lyons is a successful and well respected Perth based businessman; being a shareholder and the Managing Director of the Heiniger Group's Australasian operations for the last 34 years.

Mr Lyons was appointed a director on 2 June 2010 and elected Chairman on 8 February 2012.

Mr Lyons is also a member of both the GWR Audit & Risk Management Committee and the GWR Remuneration Committee.

Present ASX company directorships: eMetals Limited, Tungsten Mining NL and Western Gold Resources Limited

Previous ASX company directorships (last 3 years): Nil



Tan Sri Dato' Tien Seng Law - Non-executive Deputy Chairman

Mr Law is a highly experienced investor in iron ore companies and was previously the Deputy Chairman and major shareholder of Midwest Corporation Limited. Mr Law also has extensive business interests and investments in China. Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia, covering a diverse range of industries. These companies include those with activities in steel making and distribution, property investment and development and food and beverage.

Mr Law is the appointed Malaysian Business Advisor of Jinan Group of Companies of the Shandong Province, the People's Republic of China. He has a substantial interest in Ji Kang Dimensi Sdn Bhd, a company within the Jinan Group of Companies operating a steel plates manufacturing plant in Malaysia.

Mr Law is a substantial stakeholder and Deputy Chairman of Hiap Teck Venture Berhad, a Malaysian listed company engaged in distribution and trading of steel related products and as well as manufacturing of steel pipes.

Mr Law through Hiap Teck Venture Bhd, entered into a joint venture with Shougang Group of China (JV company name Eastern Steel Sdn Bhd), to build a 1.5 million MT of production capacity Integrated Steel Mill located on the east coast of Peninsula Malaysia.

Mr Law was appointed a director on 22 July 2010 and elected Deputy Chairman on 8 February 2012.

Present ASX company directorships: Tungsten Mining NL

Previous ASX company directorships (last 3 years): Nil

Directors' Report



Michael Wilson - Executive Director

Mr Wilson is an exploration geologist with more than 25 years' experience in Australia and South East Asia.

Mr Wilson is a foundation Director of GWR and has a long association with the Wiluna West Project. He was instrumental in consolidating the ownership of the tenement package and bringing that tenement package to market.

Mr Wilson is also very well respected by the Aboriginal communities in and around Wiluna and takes a leading role in negotiating and resolving Heritage and Native Title matters.

Present ASX company directorships: Nil

Previous ASX company directorships (last 3 years): Nil



Datuk Chin An Lau - Non-executive Director

Datuk Lau is a qualified lawyer and owner of the legal practice Lau Moghan & Ee. Datuk Lau is also a director of LTS Properties (M) Sdn Bhd and LTS Capital Sdn Bhd which are both property development companies.

Datuk Lau is Chairman of both the GWR Remuneration Committee and the GWR Audit & Risk Management Committee.

Present ASX company directorships: Nil

Previous ASX company directorships (last 3 years): Nil



Kong Leng (Jimmy) Lee - Non-executive Director

Mr Lee is a mining engineer with more than 30 years of industry experience and is a member of AusIMM. He has successfully worked with a number of major Australian mining companies and has held senior positions with Hamersley Iron Ltd, Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd.

Mr Lee provides mining and corporate advisory services to the mining industry and was formerly a founding director of Terrain Minerals Limited. In addition, he has a successful track record with contract negotiations and company investment strategies.

Mr Lee is a member of the GWR Remuneration Committee and the GWR Audit & Risk Management Committee.

Present ASX company directorships: Tungsten Mining NL and Excelsior Gold Limited

Previous ASX company directorships (last 3 years): eMetals Limited

Directors' Report



Teck Siong Wong - Alternate Director for Mr Law

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne).

Mr Wong is involved with iron ore mining industry in Indonesia. He was previously involved in the sales and export of steel related products and was a director of a retail chain business in the United Kingdom, previously known as JW Carpenter Ltd. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

Present ASX company directorships: eMetals Limited, Tungsten Mining NL and Western Gold Resources Limited
Previous ASX company directorships (last 3 years): Nil

Company Secretary

Mark Pitts

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 30 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to, a number of public companies holding senior financial management positions. He is a Director of the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

Mr Pitts was appointed Company Secretary on 31 August 2012.

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2022.

Principal activities

The principal activities of the Company and its subsidiaries during the course of the year was the C4 iron ore mining project and the continued exploration activities on the Group's tenement portfolio.

Operating and financial overview

Group overview

During the 2022 financial year, the Group's continued its mining operations at its wholly owned Wiluna West C4 iron ore deposit. A total of 789,893 wet metric tonnes were shipped during the year.

On 13 July 2021 the Group's shares in, then wholly owned subsidiary, Western Gold Resources Limited were distributed to existing shareholders of GWR through an in-specie distribution. On 16 July 2021, an initial public offering of shares was finalised. Western Gold Resources Limited, which holds the gold interests in the Wiluna West project, was admitted to the official list of the Australian Securities Exchange ("ASX") on 21 July 2022.

The Directors and senior management continued to agree to receive salary and fees in a combination of cash and equity to preserve cash, this resulted in 783,153 (2021: 2,006,891) ordinary shares being issued to Directors and senior management to satisfy \$191,250 (2021: \$193,698) in accrued salary and fees.

Directors' Report

Business strategies and prospects for future financial years

The Board intends to continue to progress its exploration prospects, namely the Prospect Ridge Magnesite and Wiluna West Iron Ore Projects.

Management and Board changes

There were no changes to management and the Board during the year and to date of reporting.

Operating results for the year

The consolidated operating result was a loss after income tax of \$13,775,309 (2021: profit of \$7,468,510) for the financial year. The result for the year includes a loss from discontinued operations of \$11,887,441 (2021: restated gain of \$9,031,239).

Operating revenue, being sales of Iron Ore, for the financial year increased significantly to \$121,709,252 (2021: \$71,533,770). Expenditure for the financial year included mining operating expenses of \$136,225,014 (2021: \$53,472,833), exploration expenses of \$502,243 (2021: \$554,911) and employee expenses of \$448,904 (2021: \$660,786).

Net cash outflows from operating activities for the financial year were \$15,289,678 (2021: inflow of \$26,149,555) and cash outflows from investing activities were \$916,794 (2021: \$7,634,700).

Cash and cash equivalents at 30 June 2022 were \$8,392,696 (2021: \$23,713,605).

Shareholders returns	2022	2021	2020	2019	2018
Net profit/(loss) (\$000)	(13,775)	7,469	(2,201)	(3,067)	(3,878)
Basic EPS (cents)	(4.45)	2.52	(0.87)	(1.21)	(1.56)
Return on assets (%)	(38.08)	15.33	(21.86)	(25.08)	(25.88)
Return on equity (%)	(291.75)	33.29	(23.99)	(27.26)	(27.45)

Review of financial condition

Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2022 is cash and cash equivalents of \$8,392,696 (2021: \$23,713,605).

Shares issued during the year

As a measure to preserve cash, Directors and senior management agreed to receive their fees and salary in a combination of cash and equity. Pursuant to shareholder approval at the Company's 2021 Annual General Meeting, this resulted in 783,153 (2021: 2,006,891) ordinary shares with a weighted average fair value of \$0.2442 (2021: \$0.0965) per share being issued to Directors and senior management to satisfy \$191,250 (2021: \$193,698) in accrued salary and fees.

The Company completed a capital raising of 11,764,706 shares were issued under a placement on 3 February 2022 at an issue price of \$0.17 per share with 2,941,176 free attaching quoted options (GWROA) on a 4 to 1 basis, raising \$2,000,000 before costs. The Company also issued 2,000,000 GWROA quoted options to the lead manager of the placement in lieu of fees.

The Company also issued 4,411,765 shares at \$0.17 each on 3 March 2022 as part of the consideration to acquire the 70% interest in the Prospect Ridge Magnesite Deposit.

Finally, also on 3 March 2022, the Company issued 1,470,588 shares at \$0.17 each in lieu of facilitation fees associated with the acquisition of the Prospect Ridge Magnesite Deposit.

Risk management

The Board as a whole is ultimately responsible for establishing and reviewing the Company's policies on risk profile, oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Directors' Report

The Board has established an Audit and Risk Management Committee pursuant to an Audit and Risk Management Committee Charter whose mandate includes overseeing the implementation of the Company's risk management program and reporting to the Board as to the effectiveness of the Company's management of its material risks.

The Company's risk management program is implemented by its Chief Executive Officer or equivalent under the direction of the Audit and Risk Management Committee as follows:

- ensuring that matters affecting the goals, objectives and performance of the Company and the safety of its stakeholders are identified and assessed by an operational risk management framework in accordance with industry accepted standards;
- obtaining and regularly reviewing insurance for the Company relevant to managing material risks;
- implementing and maintaining internal control systems which will be identified in conjunction with the external auditors;
- monitoring and verifying the Company's compliance with record keeping and operating requirements, including all requirements of law including indigenous and community rights and environmental obligations;
- minimising the potential for loss or damage resulting from risks affecting the Company; and
- the Audit & Risk Management Committee shall report to the Board at least twice a year as to the effectiveness of the Company's management of its material risks.

Impact of COVID-19 Pandemic

The measures put in place by the Board during the year ended 30 June 2020 have remained as such during the current financial year, including the reduction of cash compensation. The Group continues to monitor the current status of the pandemic regularly, and adapt and change its operations to suit. While the Board acknowledges the continuing uncertainty surrounding the pandemic, the Group's operations have now fully resumed.

Significant changes in the state of affairs

During the financial year the Group continued mining operations on Stage 1 of its wholly-owned C4 iron ore project. Stage 1 related to the mining, processing and shipping of the first 1 million tonnes of ore from the C4 project, and was undertaken with mining alliance partner Pilbara Resource Group ("PRG"). As noted below, subsequent to year-end, the rights over the mining operations, along with the existing inventories and mining equipment, were sold. This sale represents approximately 24% of the total JORC Mineral Resources estimate for the Wiluna West Iron Ore deposit.

Also during the year, the Group acquired a 70% interest in the Prospect Ridge Magnesite Deposit in Tasmania.

Significant events after the balance date

On 20 July 2022, the Group announced the signing of a binding term sheet to sell the rights to mine the C4 Iron Ore Deposit, residual rights to income from the JWD Iron Deposit and plant, equipment and existing inventories associated with the C4 Iron Ore Deposit to Gold Valley Iron Ore Pty Ltd ("Gold Valley"). Total consideration for the sale was \$35,000,000, comprised of \$30,000,000 for the sale of the mining rights at the C4 Project and residual rights to income from the JWD project, and \$5,000,000 for the sale of the plant, equipment and existing inventories associated with the C4 Project. The Group has subsequently agreed to a variation in the timing of the consideration and to date, the Group has received \$15,000,000, with the remainder due to be received as follows:

- \$5,000,000 on or before 19 March 2023; and
- The remaining \$15,000,000 upon the earlier of 18 months after the date the agreement was signed (being 19 January 2024) and the date immediately after Gold Valley competes total shipments or sales of 1,000,000 tonnes of Iron Ore from the C4 Project.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial year.

Likely developments and expected results

As a result of the sale noted above, the Group now has significant resources to continue exploration, evaluation and development programs on its remaining Wiluna West iron ore projects, in particular the deposit known as C3, and the Company's Prospect Ridge Magnesite Deposit.

Directors' Report

Environmental regulation and performance

The Group's current development, evaluation and exploration activities have been undertaken under approved Programmes of Work on granted mining tenements in accordance with environmental regulations under both Commonwealth and State legislation. As stated in the Group's Environmental policy, it is committed to environmental sustainability, recognising our obligations to practice good environmental 'stewardship' of the tenements on which we operate. Our activities are conducted in a manner that minimises our environmental 'footprint' as much as possible and are conducted strictly in accordance with all necessary permits and approvals from regulators. The Company has employed environmental consultants to ensure it achieves its objectives by monitoring the Group's environmental exposures and compliance with environmental regulations. Results are reported to management and to the Board on a regular basis. There have been no significant known breaches of the Group's environmental regulations to which it is subject to.

Share options

At the date of this report, there were 17,774,509 (2021: 12,833,333) unissued shares of the Company under option. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or of any related body corporate. During the year, no unquoted options were exercised (2021: 27,750,000 at an average exercise price of \$0.054 each).

During the year, the Group issued 4,941,176 quoted (GWROA) options, exercisable at \$0.3762 on or before 1 October 2022 (2021: 12,833,333). 2,941,176 were issued as free-attaching options to the placement of 11,764,706 shares completed on 3 February 2022 and 2,000,000 were issued under a capital raising mandate with the lead manager of the placement.

During the previous year, 10,000,000 options exercisable at \$0.25 on or before 1 July 2024 were issued to the Directors of the Company's subsidiary, Western Gold Resources Limited ("WGR"), in conjunction with the demerger and initial public offering of shares in WGR. These options had a fair value of \$0.10 per share. No options were issued by the Company's subsidiaries during the current financial year. WGR is no longer a subsidiary of the Company.

Indemnification and insurance of directors and officers

The Company has made an agreement indemnifying all the directors and officers against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company to the extent permitted under the Corporations Act 2001. During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed. Therefore, the amounts relating to these premiums paid have not been disclosed in table 1 in the remuneration report.

Indemnification and insurance of auditors

The Company has not, during or since the end of the financial year, indemnified nor agreed to indemnify the auditors of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year the Company held 2 board meetings. There were no separate meetings of the audit and risk management committee, nor the remuneration committee held during the year.

	Board meetings	
	Number Eligible to attend	Number Attended
G Lyons	2	2
T S Law ¹	2	2
M Wilson	2	2
C A Lau	2	2
K L Lee	2	2

¹ Mr Law's alternate director, Mr Teck Wong attended all Board meetings at which Mr Law was unable to attend.

Directors' Report

Committee membership

As at the date of this report, the Company had an Audit & Risk Management Committee and a Remuneration Committee. Members acting on the Committees during the year were:

Audit & Risk Management Committee	Remuneration Committee
C A Lau (Chairman)	C A Lau (Chairman)
G Lyons	G Lyons
K L Lee	K L Lee

Proceedings on behalf of the Company

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

Non-Audit Services

During the year the Group's auditors, Stantons, provided no non-audit services. However, during the previous financial year they did provide to the Group non-audit services pertaining to the preparation of the Investigating Accountants Report for inclusion in the prospectus for Western Gold Resources, totalling \$10,000. Refer Note 29 to the financial report. The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Interests in the shares and options of the Company

As at the date of this report, the interests of the key management personnel in the shares and unlisted share options of the Company were:

Directors	Ordinary shares	Share Options
Directors		
G Lyons	6,276,408	-
T S Law	45,500,994	-
M Wilson	5,607,795	-
C A Lau	6,834,602	-
K L Lee	4,851,687	-
T S Wong	21,908,333	-
Other executives		
M Pitts	700,000	-

As at the date of this report unissued ordinary shares of the Company under unlisted options were:

	Exercise price	Expiry date	Unlisted options outstanding	Vested and exercisable
	\$		Number	Number
GWROA quoted options	0.3762	1 October 2022	17,774,509	17,774,509
Total options on issue			17,774,509	17,774,509

The exercise price of these options was reduced from \$0.40 to \$0.3762 upon the effective return of capital that occurred on 16 July 2021 as a result of the in-specie distribution of shares held in Western Gold Resources Limited to shareholders.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of options are not entitled to any voting rights until the options are exercised into ordinary shares.

Auditor's independence

The directors received the following declaration from the auditor of the Group which is set out on page 38 below.

Directors' Report

Remuneration report (audited)

This remuneration report for the year ended 30 June 2022 outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term 'executive' encompasses executive directors and senior executives of the Parent and the Group.

Details of key management personnel

Non-executive directors

G Lyons	Chairman
TS Law	Deputy Chairman
CA Lau	Director
KL Lee	Director

Executive directors

M Wilson	Director and Exploration Manager
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Other executives

M Pitts	Company Secretary
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Remuneration committee

The Remuneration Committee is entrusted by the Board to provide appropriate guidance to the Board in relation to the following responsibilities:

- remuneration packages of senior executives (including executive directors);
- the remuneration framework for non-executive directors;
- employment incentive and equity based plans for senior executives, directors and employees generally including the appropriateness of performance hurdles and equity based incentives in the context of overall remuneration packages;
- remuneration policy generally including but not limited to fixed and performance based remuneration, non-cash remuneration including superannuation, and inclusive remuneration principles consistent with the Company's Diversity Policy; and
- retention and termination policies.

The remuneration committee assesses the appropriateness of the nature and amount of remuneration of senior executives (including executive directors) and non-executive directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit by balancing the Company's competing interests of attracting and retaining senior executives and directors and avoiding excessive remuneration.

The remuneration committee comprises three non-executive directors. Further information on the committee's role and responsibilities can be seen at www.gwrgroup.com.au.

Directors' Report

Remuneration philosophy

The performance of the Group depends upon the quality of its key personnel. To prosper, the Group must attract, motivate and retain high skilled directors and executives. Due to the nature of the Group's business activities the overall level of compensation does not focus on the earnings of the Company.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre personnel; and
- link rewards to shareholder value.

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and non-executive director remuneration is separate and distinct.

Non-executive director remuneration

Objective:

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure:

The Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. The latest determination was at the annual general meeting held on 25 November 2010 when shareholders voted to increase the aggregate remuneration to \$500,000 per year.

Non-executive directors, excluding consulting fees are remunerated by way of fees and statutory superannuation. The fees for non-executive directors were previously set by the board at \$65,000 per annum and \$100,000 per annum for the Chairman. Fees for non-executive directors were reduced to \$55,000 per annum and \$90,000 for the Chairman with effect from 1 July 2014 as a cost saving measure.

To further preserve cash, directors have agreed that a portion of their fees be settled in cash and the remainder in equity. Such an arrangement can only be implemented with prior shareholder approval. A resolution was approved by members at the 2021 Annual General Meeting in relation to the portion of fees agreed to be taken as equity. Fees accrued in respect of the financial year ended 30 June 2022 will similarly require shareholder approval prior to issue of shares in settlement of amounts outstanding.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors are remunerated by way of fees and statutory superannuation but no other retirement benefits. Non-executive directors are also reimbursed for all reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Non-executive directors are also paid consulting fees related to their participation in Executive Committee meetings and the provision of other services.

Non-executive directors participate in share option plans, although there are currently no such securities on issue.

No remuneration consultants were engaged for the reporting years ended 30 June 2022 and 30 June 2021.

The remuneration of non-executive directors for the reporting years ended 30 June 2022 and 30 June 2021 is detailed in Tables 1 and 2 of this Remuneration Report.

Directors' Report

Executive remuneration

Objective:

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure:

In determining the level and make up of executive remuneration, the remuneration committee engages external consultants as needed to provide independent advice. No remuneration consultants were engaged during the year.

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration comprising Short ('STI') and Long ('LTI') term incentives.

Directors and executives participate in share option plans, although there are currently no such securities on issue.

The proportion of fixed remuneration and variable remuneration of Directors and executives for the reporting years ended 30 June 2022 and 30 June 2021 is set out on Tables 1 and 2 of this Remuneration Report.

Fixed remuneration

Objective:

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the remuneration committee and the process consists of individual performance, relative comparative remuneration in the market and, where appropriate, external advice.

Structure:

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. Presently, executives fixed remuneration comprises only payment of salary and statutory superannuation.

As with the Non-Executive Directors, the Executives of the Company also agreed that a portion of their fees be settled in cash and the remainder in equity. Such an arrangement can only be implemented with prior shareholder approval. A resolution was approved by members at the 2021 Annual General Meeting in relation to the portion of fees agreed to be taken as equity. Fees accrued in respect of the financial year ended 30 June 2022 will similarly require shareholder approval prior to issue of shares in settlement of amounts outstanding.

The fixed remuneration component of Directors and executives for the reporting years ended 30 June 2022 and 30 June 2021 is set out on Tables 1 and 2 of this Remuneration Report.

Variable remuneration — short term incentive (STI)

Objective:

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure:

Actual STI payments granted to each executive depends on the remuneration committee's assessment of the individual's performance and the performance of their business unit. The aggregate of annual STI payments available for executives across the Group is subject to the approval of the remuneration committee.

Directors' Report

Variable remuneration — long term incentive (LTI)

Objective:

The objective of the LTI program is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

Structure:

LTI grants to executives may be delivered in the form of share options or performance rights.

Details of LTI options granted and exercised during the year are shown in the Option holdings for key management personnel table in this Directors' Report.

Employment contracts

The details of agreements are provided below.

Michael Wilson

Mr Wilson is a Director and the Exploration Manager and his remuneration, excluding share-based payments, annual and long service leave allowances, is \$281,064 (2021: \$281,064), plus superannuation contributions. Pursuant to his employment agreement, either the Company or Mr Wilson may terminate with three months' notice in writing to the other party and payment by the Company to Mr Wilson of one month's salary for every 12-month period of service, up to a maximum of 6 month's salary. The Company may pay Mr Wilson for any or all of the three months' notice period in lieu of notice. Mr Wilson is not entitled to any retirement benefits other than as noted above.

Mark Pitts

Mr Pitts is the Company Secretary. Pursuant to an agreement with Endeavour Corporate, an entity related to Mr Pitts, Endeavour Corporate is paid a monthly fee of \$8,000 for Company Secretarial services.

Directors' Report

Remuneration of key management personnel of the Company and Group

Table 1: Remuneration for the year ended 30 June 2022

	Short-term				Post-employment Super	Long-term benefits Long Service Leave ³	Share-based payments	Termination benefits	Total	Performance related
	Salary & fees ^{1,4}	Cash Bonus	Annual Leave ³	Other ²						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
G Lyons	77,275	-	-	-	977	-	-	-	78,252	-
TS Law	46,981	-	-	-	-	-	-	-	46,981	-
CA Lau	46,460	-	-	-	521	-	-	-	46,981	-
KL Lee	46,460	-	-	14,250	521	-	-	-	61,231	-
TS Wong	-	-	-	-	-	-	-	-	-	-
Sub total	217,176	-	-	14,250	2,019	-	-	-	233,445	-
Executive directors										
M Wilson	210,797	-	2,430	-	23,568	4,298	-	-	241,093	-
Other executives										
M Pitts	96,000	-	-	-	-	-	-	-	96,000	-
Sub total	306,797	-	2,430	-	23,568	4,298	-	-	337,093	-
Total	523,973	-	2,430	14,250	25,587	4,298	-	-	570,538	-

¹ Salary and fees paid and accrued during the year, except as shown in 4 below.

² Other refers to fees paid and accrued for consultancy work performed for the Company.

³ Remuneration includes movements in his accrued employee entitlements.

⁴ As detailed under the Executive and Non-Executive director remuneration sections of this report, the Directors agreed to defer a portion of their cash remuneration. Pursuant to shareholder approval at the Company's 2021 Annual General Meeting and ASX Listing Rules, this resulted in 783,153 ordinary shares with a weighted average fair value of \$0.2442 per share being issued to Key Management Personnel to satisfy \$191,250 in accrued fees and salary. As at 30 June 2022, an additional \$303,591 in deferred fees and salaries are outstanding.

Directors' Report

Remuneration of key management personnel of the Company and Group

Table 2: Remuneration For the year ended 30 June 2021

	Short-term				Post-employment Super	Long-term benefits Long Service Leave ³	Share-based payments	Termination benefits	Total	Performance related
	Salary & fees ^{1,4}	Cash Bonus	Annual Leave ³	Other ²						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors										
G Lyons	88,048	-	-	10,000	2,902	-	250,000 ⁷	-	350,950	--
TS Law	55,002	-	-	-	-	-	-	-	55,002	-
CA Lau	53,809	-	-	-	1,193	-	-	-	55,002	-
KL Lee	53,809	-	-	18,750	1,193	-	-	-	73,752	-
TS Wong	-	-	-	-	-	-	250,000 ⁷	-	250,000	-
Sub total	250,668	-	-	28,750	5,288	-	500,000⁷	-	784,706	-
Executive directors										
M Wilson	281,063	-	(2,710)	-	21,694	5,425	-	-	305,472	-
Other executives										
A Costello ⁵	162,466	22,500	(24,853)	-	15,296	(5,262)	-	-	170,147	13%
S Borck ⁶	-	-	-	-	-	-	-	-	-	-
M Pitts	42,000	-	-	-	-	-	-	-	42,000	-
Sub total	485,529	22,500	(27,563)	-	36,990	163	-	-	517,619	4%
Total	736,197	22,500	(27,563)	28,750	42,278	163	500,000⁷	-	1,302,325	2%

¹ Salary and fees paid and accrued during the year, except as shown in 4 below.

² Other refers to fees paid and accrued for consultancy work performed for the Company.

³ Remuneration includes movements in his accrued employee entitlements.

⁴ As detailed under the Executive and Non-Executive director remuneration sections of this report, the Directors and General Manager agreed to defer a portion of their cash remuneration. Pursuant to shareholder approval at the Company's 2020 Annual General Meeting and ASX Listing Rules, this resulted in 1,856,409 ordinary shares with a weighted average fair value of \$0.0923 per share being issued to Key Management Personnel to satisfy \$174,463 in accrued fees and salary. As at 30 June 2022, an additional \$213,548 in deferred fees and salaries are outstanding.

⁵ Mr Costello resigned on 31 January 2021. Accrued leave liabilities at the date of his resignation were paid out and are included in Salary and Fees above. Accordingly, there are significant negative movements in his annual leave and long service leave allowances noted above.

⁶ Mr Borck resigned on 23 July 2020.

⁷ Relates to the fair value of options issued over the shares of the subsidiary, Western Gold Resources Limited, during the financial year relating to the demerger of WGR and its initial public offering of shares.

Directors' Report

Equity instruments

Shareholdings of key management personnel

Details of Shares held in the Company at reporting date (number).

30 June 2022

	Balance at beginning of year or on appointment	Paid as Remuneration ⁽¹⁾	On exercise of options	Other net changes	Balance at end of year or on ceasing office
Directors					
G Lyons	6,000,000	276,408	-	-	6,276,408
TS Law	33,432,079	168,915	-	11,900,000	45,500,994
M Wilson	5,607,795	-	-	-	5,607,795
CA Lau	6,765,687	168,915	-	(100,000)	6,834,602
KL Lee	4,682,772	168,915	-	-	4,851,687
T S Wong	21,908,333	-	-	-	21,908,333
Other executives					
M Pitts	700,000	-	-	-	700,000
Total	79,096,666	783,153	-	11,800,000	91,679,819

30 June 2021

	Balance at beginning of year or on appointment	Paid as Remuneration ⁽¹⁾	On exercise of options	Other net changes	Balance at end of year or on ceasing office
Directors					
G Lyons	4,244,740	585,634	4,000,000	(2,830,374)	6,000,000
TS Law	29,074,192	357,887	4,000,000	-	33,432,079
M Wilson	2,657,313	150,482	4,000,000	(1,200,000)	5,607,795
CA Lau	2,407,800	357,887	4,000,000	-	6,765,687
KL Lee	2,212,800	357,887	4,000,000	(1,887,915)	4,682,772
T S Wong	21,908,333	-	-	-	21,908,333
Other executives					
A Costello ⁽³⁾	-	197,114	-	-	197,114
S Borck ⁽²⁾	100,000	-	-	-	100,000
M Pitts	100,000	-	750,000	(150,000)	700,000
Total	62,705,178	2,006,891	20,750,000	(6,068,289)	79,393,780

1) Represents amounts paid by equity to settle directors fees.

2) Mr Borck resigned on 23 July 2020. The 1,000,000 options held at the date of his resignation were exercised by Mr Borck during the financial year ended 30 June 2021 and subsequent to his resignation.

3) Mr Costello resigned on 31 January 2021.

Directors' Report

Equity instruments (continued)

Option holdings for key management personnel – GWR Group Limited

Details of vesting profiles of the options granted as remuneration to Key Management Personnel of the Company are detailed below (number).

30 June 2022

	Balance at beginning of year or on appointment	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year or on ceasing office	Exercisable at the end of the year
Directors						
G Lyons	-	-	-	-	-	-
TS Law	-	-	-	-	-	-
CA Lau	-	-	-	-	-	-
KL Lee	-	-	-	-	-	-
M Wilson	-	-	-	-	-	-
T S Wong	-	-	-	-	-	-
Other executives						
M Pitts	-	-	-	-	-	-
Total	-	-	-	-	-	-

30 June 2021

	Balance at beginning of year or on appointment	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year or on ceasing office	Exercisable at the end of the year
Directors						
G Lyons	4,000,000	-	(4,000,000)	-	-	-
TS Law	4,000,000	-	(4,000,000)	-	-	-
CA Lau	4,000,000	-	(4,000,000)	-	-	-
KL Lee	4,000,000	-	(4,000,000)	-	-	-
M Wilson	4,000,000	-	(4,000,000)	-	-	-
T S Wong	-	-	-	-	-	-
Other executives						
A Costello ⁽²⁾	-	-	-	-	-	-
S Borck ⁽¹⁾	1,000,000	-	-	-	1,000,000	-(2)
M Pitts	750,000	-	(750,000)	-	-	-
Total	21,750,000	-	(20,750,000)	-	1,000,000	-

1) Mr Borck resigned on 23 July 2020. The 1,000,000 options held at the date of his resignation were exercised by Mr Borck during the financial year ended 30 June 2021 and subsequent to his resignation.

2) Mr Costello resigned on 31 January 2021.

Directors' Report

Equity instruments (continued)

Option holdings for key management personnel – Western Gold Resources Limited

During the previous financial year the Groups' then subsidiary (prior to its initial public offering of securities), Western Gold Resources Limited, issued options to its directors, some of whom were also Directors of GWR Group Limited. No such options were issued during the current financial year. Details of vesting profiles of the options granted as remuneration to Key Management Personnel of Western Gold Resources Limited, are detailed below (number).

	Balance at beginning of year or on appointment	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year or on ceasing office	Exercisable at the end of the year
Directors						
G Lyons	2,500,000	-	-	-	2,500,000	-
T S Wong	2,500,000	-	-	-	2,500,000	-
Total	5,000,000	-	-	-	5,000,000	-

Options granted to key management personnel during the year

No options over the Company's shares were granted during the year ended 30 June 2022 (2021: nil).

5,000,000 options over shares of the Company's then subsidiary, Western Gold Resources Limited ("WGR"), were granted to directors of GWR during the previous year. These options are exercisable at \$0.25 each on or before 1 July 2024. These options were not exercisable until the successful initial public offering ("IPO") of the securities of WGR on the official list of the Australian Securities Exchange ("ASX") and were cancellable by WGR if the IPO was not successful. The IPO was successful and WGR was admitted to the official list of the ASX on 21 July 2021.

The fair value of these options was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

WGR – Director Options	
Underlying security spot price on grant date (a)	\$0.20
Exercise price	\$0.25
Grant date	12 March 2021
Expiration date	1 July 2024
Life (years)	3.31
Volatility	85%
Risk-free rate	0.10%
Expected dividend yield	-
Number of options (b)	5,000,000
Valuation per option	\$0.10
Total value	\$500,000

Directors' Report

Equity instruments (continued)

Notes:

(a) – WGR was unlisted at the date these securities were issued, and therefore the price utilised was the price of the initial public offering of securities, being \$0.20.

(b) – A total of 10,000,000 options were issued, however only 5,000,000 were issued to directors of WGR who are also directors of GWR.

Details of options over equity instruments of the Company granted as compensation

There were no options over equity instruments of the Company granted as compensation held at reporting date by Key Management Personnel (2021: Nil).

Shares issued on exercise of options

No shares were issued to Key Management Personnel upon exercise of options during the year (2021: 20,750,000).

Shares paid as remuneration

Pursuant to shareholder approval at the Company's 2021 Annual General Meeting 783,153 ordinary shares with a weighted average fair value of \$0.2442 per share were issued to Directors and senior management to satisfy \$191,250 in accrued fees and salary.

Amounts paid by issuing Company shares in lieu of accrued fees are detailed below (differences may occur due to rounding).

	Number of shares paid as Remuneration	Fair value per share \$	Total value paid as Remuneration \$
Directors			
G Lyons	276,408	0.2442	67,500
TS Law	168,915	0.2442	41,250
M Wilson	-	-	-
CA Lau	168,915	0.2442	41,250
KL Lee	168,915	0.2442	41,250
T S Wong	-	-	-
Other executives			
M Pitts	-	-	-
Total	783,153	0.2442	191,250

END OF REMUNERATION REPORT

Signed on behalf of directors and in accordance with a resolution of directors.



Gary Lyons
Chairman

Dated at Perth, this 30th day of September 2022

Auditor's Independence Declaration



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

30 September 2022

The Directors
GWR Group Limited
Level 4,
48 Colin 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 the Audit Director for the audit of the financial statements of GWR Group Limited for the year ended 30 June 2022, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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

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

Martin Michalik
Director

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Bedford International network of firms

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021 Restated
		\$	\$
Continuing Operations			
Other income	6(a)	971	113,634
Total income		971	113,634
Exploration & evaluation expenditure		(502,243)	(554,911)
Personnel expenses	7(a)	(448,904)	(660,786)
(Loss) / gain on revaluation of investments	16	(400,250)	307,885
Other expenses	7(b)	(537,442)	(768,551)
Loss from continuing operations before income tax		(1,887,868)	(1,562,729)
Discontinued operations			
<i>Discontinued operation – C4 Iron Ore Project (“C4”)</i>			
Ore sales	34	121,709,252	71,533,770
Royalty income	34	2,450,697	625,000
Total revenue		124,159,949	72,158,770
Costs of sales	34	(136,225,014)	(53,472,833)
Gross loss / (profit)		(12,065,065)	18,685,937
Profit share with production alliance partner		-	(176,196)
Impairment of inventories	12	(6,758,423)	(3,000,000)
Impairment of mine properties	15	-	(4,912,031)
Loss before tax from discontinued operation – C4		(18,823,488)	10,597,710
Income tax expense - C4		-	-
Loss after tax from discontinued operation – C4	34	(18,823,488)	10,597,710
<i>Discontinued operation – Western Gold Resources Ltd (“WGR”)</i>			
Gain / (loss) on disposal of discontinued operation	34	6,936,047	-
Exploration expenses		-	(318,120)
Share based payment expenses		-	(1,000,000)
Personnel expenses		-	(73,510)
Other expenses		-	(174,841)
Profit/(loss) before tax from discontinued operation – WGR		6,936,047	(1,566,471)
Income tax expense - WGR		-	-
Profit/(loss) after tax from discontinued operation – WGR	34	6,936,047	(1,566,471)
Total (loss) / profit after tax from discontinued operations		(11,887,441)	9,031,239
(Loss) / profit for the year		(13,775,309)	7,468,510

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021 Restated
		\$	\$
Income tax benefit / (expense) from continuing operations	8	-	-
(Loss)/profit for the year after income tax		(13,775,309)	7,468,510
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive (loss) / profit after tax		(13,775,309)	7,468,510
Basic and diluted gain / (loss) per share in cents			
From continuing operations	9	(0.61)	(0.52)
From discontinued operations	9	(3.84)	3.04
From continuing and discontinued operations	9	(4.45)	2.52

Diluted gain or 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.

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Consolidated statement of financial position as at 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
Current assets			
Cash and cash equivalents	10	8,392,696	23,713,605
Trade and other receivables	11	2,785,765	2,970,869
Inventories	12	6,775,053	12,360,836
Financial assets	16	277,096	677,346
Assets held for sale	34	5,000,000	488,968
Total current assets		23,230,610	40,211,624
Non-current assets			
Plant & Equipment	13	54,671	68,911
Exploration & evaluation expenditure	14	7,627,058	6,329,379
Financial assets	16	5,257,680	2,110,000
Total non-current assets		12,939,409	8,508,290
Total assets		36,170,019	48,719,914
Current liabilities			
Trade and other payables	18	25,491,411	23,315,522
Lease liabilities	19 (a)	186,895	240,000
Provisions	20 (a)	467,003	433,379
Other financial liabilities	21	1,078,806	-
Total current liabilities		27,224,115	23,988,901
Non-current liabilities			
Lease liabilities	19 (b)	624,730	811,625
Provisions	20 (b)	3,599,592	1,481,647
Total non-current liabilities		4,224,322	2,293,272
Total liabilities		31,448,437	26,282,173
Net assets		4,721,582	22,437,741
Equity			
Contributed equity	22	154,951,396	158,966,934
Reserves	23	27,552,378	28,512,378
Accumulated losses	24	(177,782,192)	(165,041,571)
Total equity		4,721,582	22,437,741

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Contributed Equity	Accumulated losses	Option reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	154,735,910	(172,510,081)	26,949,728	9,175,557
Profit for the year	-	7,468,510	-	7,468,510
Total comprehensive income for the year	-	7,468,510	-	7,468,510
Shares issued for cash	3,300,000	-	-	3,300,000
Shares issued in lieu of fees / salary	193,698	-	-	193,698
Options exercised	1,498,500	-	-	1,498,500
Share based payments	-	-	1,000,000	1,000,000
Options issued for share issue costs	(562,650)	-	562,650	-
Other share issue costs incurred	(198,524)	-	-	(198,524)
Balance at 30 June 2021	158,966,934	(165,041,571)	28,512,378	22,437,741
Loss for the year	-	(13,775,309)	-	(13,775,309)
Total comprehensive loss for the year	-	(13,775,309)	-	(13,775,309)
Shares issued for cash	2,000,000	-	-	2,000,000
Shares issued to acquire exploration assets	750,000	-	-	750,000
Shares issued in lieu of consulting costs	250,000	-	-	250,000
Shares issued in lieu of directors fees / salary	191,250	-	-	191,250
Deconsolidation of subsidiary – Western Gold Resources Limited (“WGR”)	-	34,688	-	34,688
In specie distribution of WGR	(7,032,759)	-	-	(7,032,759)
Options disposed of in WGR	-	1,000,000	(1,000,000)	-
Share based payments issued as payment for share issue costs to lead manager of placement	(40,000)	-	40,000	-
Other share issue costs incurred	(134,029)	-	-	(134,029)
Balance at 30 June 2022	154,951,396	(177,782,192)	27,552,378	4,721,582

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	Restated \$
Cash flows from operating activities			
Payments to suppliers & employees		(1,224,914)	(1,439,905)
Payments for exploration & evaluation		(502,243)	(954,294)
Government grants – cash flow boost received	6(a)	-	67,500
Interest received	6(a)	971	2,981
Other income		-	18,081
Net operating cash flows from discontinued operations – C4	34	(13,563,492)	28,455,192
Net cash (used in)/provided by operating activities	25	(15,289,678)	26,149,555
Cash flows from investing activities			
Payments for plant & equipment		(3,916)	(2,472)
Acquisition of exploration & evaluation project	14	(297,679)	-
Sale of financial assets – eMetals Limited		-	61,000
Net investing cash flows from discontinued operations – C4	34	(1,042,144)	(7,661,975)
Net investing cash flows from discontinued operations – WGR	34	426,945	(31,253)
Net cash (used in) investing activities		(916,794)	(7,634,700)
Cash flows from financing activities			
Proceeds from share issues		2,000,000	3,300,000
Proceeds from option exercises		-	1,498,500
Share issue costs paid		(134,028)	(198,524)
Net financing cash flows from discontinued operations – C4	34	(980,409)	(829,894)
Net financing cash flows from discontinued operations – WGR	34	-	47,531
Net cash provided by financing activities		885,563	3,817,613
Net (decrease)/increase in cash and cash equivalents		(15,320,909)	22,332,468
Cash and cash equivalents at the beginning of the financial year		23,713,605	1,381,137
Cash and cash equivalents at the end of the financial year	10	8,392,696	23,713,605

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

Notes to the Financial Statements

For the year ended 30 June 2022

Note 1: Corporate information

The financial report of GWR Group Limited ("the Company" or the "the Parent") and of the Group, being the Company and its controlled entities for the financial year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 30 September 2022.

GWR Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the directors' report.

Separate financial statements for GWR Group Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for GWR Group Limited as an individual entity is included in Note 33.

Note 2: Summary of significant accounting policies

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for held for sale investments, which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

b) Compliance with IFRS

The financial report complies with Australian Accounting Standards (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board.

c) New accounting standards and interpretations

New and Revised Accounting Standards adopted by the Group

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period beginning on or after 1 July 2021. As a result of this review, the Group has determined there is no material impact of the new and revised standards on the results for the financial year, and no changes required to Group Accounting Policies.

The new and revised standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised Accounting Standards for Application in Future Periods

Other standards not yet applicable

Certain new accounting standards and interpretations have been issued by the Australian Accounting Standards Board (AASB) that are not mandatory for 30 June 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

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. A list of the subsidiaries is provided in note 26(a).

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".

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

d) Basis of consolidation (continued)

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 statement of financial position and statement of comprehensive income.

e) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), 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.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. The Group determines and presents operating segments based on the information internally provided to the executive management team.

f) Revenue

The Group generates a significant proportion of revenue from the sale of iron ore. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and at the amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Iron Ore Sales

Sale of products Revenue from the sale of products is recognised when control has passed to the customer, no further work or processing is required by the Group, the quantity and quality of the products have been determined with reasonable accuracy, the price can be reasonably estimated and collectability is reasonably assured.

The above conditions are generally satisfied when title passes to the customer, typically on the bill of lading date when iron ore is delivered to the vessel, or alternatively on collection for port sales. Revenue is recorded at the invoiced amounts along with any associated shipping costs. GWR's sales contracts may provide for provisional pricing of sales at the time the product is delivered to the vessel with final pricing determined using the relevant price indices on or after the vessel's arrival at the port of discharge. Under AASB 9 the receivable asset is measured at fair value through profit and loss.

Interest Income

Revenue is recognised as the interest accrues using the effective interest method. This is the method of calculating the amortised costs of the financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grants

Government grants are recognised when there is reasonable assurance that (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received; they are then recognised in profit or loss or as a deduction against the carrying value of an underlying asset.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

h) Other taxes

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item; and
- receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

j) Plant and equipment

All plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated using diminishing balance method over the estimated useful life of the assets as follows:

- Leasehold improvements 5 to 10 years
- Motor vehicles 10 years
- Plant and equipment 5 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the item is derecognised.

k) Exploration and evaluation expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

l) 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.

Amortisation

Accumulated mine development costs are depreciated/amortised on a Unit Of Production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves. The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis whereby the denominator is the proven and probable reserves.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

m) Inventories

Iron ore inventory and finished goods are stated at the lower of cost and net realisable value. Cost for raw materials and stores is determined as the purchase price. For partly processed and saleable iron ore, cost is based on the weighted average cost method and includes:

- Materials and production costs, directly attributable to the extraction, processing and transportation of iron ore to the existing location;
- Production and transportation overheads; and
- Amortisation of capitalised mine development costs.

Iron ore stockpiles represent iron ore that has been extracted and is available for further processing or sale. Quantities are assessed primarily through internal and third-party surveys. Where there is an indication that inventories are low-grade or unlikely to be realised at the commercial prices, these inventories are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred. In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

n) Stripping (waste removal) costs (continued)

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

o) Investments in an associate

The Group's investment in its associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the associate and its carrying value, then recognises the loss as 'Share of Losses of an associate' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises the retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

p) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

p) Financial instruments (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

p) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

s) Employee benefits

(i) Wages salaries, annual leave and sick leave

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

(ii) Long service leave and other employment entitlements

The liability for long service leave and other employment entitlements is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

v) Share-based payment transactions

(i) Equity settled transactions

The Group may provide benefits to directors, employees and other parties in the form of share-based payment transactions, whereby directors, employees and other parties render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using the Black-Scholes model, further details where applicable are given in note 28. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GWR Group Limited ('market conditions') if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of profit or loss and other comprehensive income is the product of the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

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

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

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

v) Share-based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions

The Group also provides benefits to various parties in the form of cash-settled share based payments, whereby the various parties provides goods and services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of GWR Group Limited. The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the various parties, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

- At each reporting date between grant and settlement, the fair value of the award is determined;
- During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date; and
- All changes in the liability are recognised in profit or loss for the period.

The fair value of the liability is determined, initially and at each reporting date until it is settled, by applying a Black-Scholes option pricing model, taking into account the terms and conditions on which the award was granted, and the extent to which employees have rendered service to date (see note 28).

w) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

x) Impairment of assets

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

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

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increase amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

y) Fair value measurements

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; and
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Notes to the Financial Statements

For the year ended 30 June 2022

Note 2: Summary of significant accounting policies (continued)

y) Fair value measurements (continued)

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

z) 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 year ended 30 June 2022, the Group has recorded a consolidated loss after tax from continuing and discontinued operations of \$13,775,309 and net cash outflows from operating and investing activities of \$16,206,472. As at 30 June 2022 the Group had \$8,392,696 in cash and cash equivalents and net current liabilities of \$3,993,505.

Subsequent to year end, the Group sold its interest in the mining operations of the C4 Iron Ore Project for total proceeds of \$35,000,000. Of these proceeds, \$15,000,000 has been received up to the date of this report, with \$5,000,000 due on or before 19 March 2023 and the remaining \$15,000,000 due by the earlier of 18 months (being 19 January 2024) after the execution of the contract or the date upon which the purchaser completes sales of iron ore from the C4 project of 1,000,000 tonnes.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3: Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, short term deposits, trade and other receivables, available for sale investments, trade and other payables and interest bearing liabilities.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's activities, which mainly comprise of exploration and evaluation work that occurs solely within Australia, do not expose it, at this time, to any foreign currency risk or price risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial performance of the Group. The main risks arising from the Group's financial instruments are market risk (e.g. interest rate risk and price risk), credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessment of market forecasts for interest rates. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees procedures for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with management under the procedures approved by the Board. The Board reviews management's processes for managing each of the risks identified below including future cash flow forecast projections.

Risk exposures and responses

Market risk

Investment price risk

The Group's listed investments are susceptible to market risk arising from uncertainties about its future value. This risk is managed by investing decisions conducted by a committee and the Board.

At balance date, the Group is exposed to a investment price risk on its investments as noted above. The Group's exposure to share price movement is set out in the following tables:

	Post tax loss		Equity	
	Higher/(lower)		Higher/(lower)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consolidated				
+20%	55,419	135,469	55,419	135,469
-20%	(55,419)	(135,469)	(55,419)	(135,469)

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's interest-bearing cash and cash equivalents and other financial assets. The Group also holds small amounts of cash and cash equivalents in non-interest-bearing accounts for immediate use. Trade and other receivables disclosed in note 11 and Trade and other payables disclosed in note 18 are non-interest bearing.

At balance date, the Group had the following mix of financial assets exposed to variable interest rate risk:

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3: Financial Risk Management Objectives and Policies (continued)

Risk exposures and responses (continued)

	Consolidated	
	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	8,392,696	23,713,605
Other financial assets (non-current)	5,257,680	2,110,000
	13,650,376	25,823,605

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators over the next twelve months. At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss		Equity	
	Higher/(lower)		Higher/(lower)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consolidated				
+0.50% (50 basis points)	41,963	118,568	41,963	118,568
-0.25% (25 basis points)	(20,892)	(59,284)	(20,892)	(59,284)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure. The Group only trades with recognised, creditworthy third parties, and as such collateral is not requested, nor it is the Group's policy to securitise its trade and other receivables.

Financial instruments held by the Group are spread amongst a number of financial institutions all of which have credit ratings of AA or better, to minimise the risk of counterparty default. At balance date the cash and cash equivalents are held on account with two of the "big four" Australia banks. Financing and investing decisions are conducted by a committee and the Board. This includes an appropriate level of due diligence by the committee and the Board to determine the credit risk of the investment or financing decision prior to the commitment being undertaken by the Group.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group regularly monitors forecasts and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk. The remaining contract maturities of the Group's financial liabilities are set out as follows:

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3: Financial Risk Management Objectives and Policies (continued)

Risk exposures and responses (continued)

	Consolidated	
	2022	2021
	\$	\$
1 month or less	26,570,217	23,094,474
Over 1 month	811,625	1,272,673
	<u>27,381,842</u>	<u>24,367,147</u>

At balance date the Group had cash and cash equivalents of \$8,392,696 (2021: \$23,713,605) for its immediate use or within one month.

Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The fair values of financial assets and liabilities are approximately their carrying values.

The fair value of financial instruments as well as the methods used to estimate the fair value are summarised in the tables below.

	Quoted market price (Level 1)	Valuation technique: market observable inputs (Level 2)	Valuation technique: non-market observable inputs (Level 3)	Total
	\$	\$	\$	\$
30 June 2022				
Financial Assets				
Investment in listed securities	277,096	-	-	277,096
Other financial assets (non-current)	-	5,257,680	-	5,257,680
Total financial assets	<u>277,096</u>	<u>5,257,680</u>	<u>-</u>	<u>5,534,776</u>
30 June 2021				
Financial Assets				
Investment in listed securities	677,346	-	-	677,346
Other financial assets (non-current)	-	2,110,000	-	2,110,000
Total financial assets	<u>677,346</u>	<u>2,110,000</u>	<u>-</u>	<u>2,787,346</u>

Equity price risk

Price risk arises from investments in equity securities. All significant equity investments held by the Group are publicly traded on the ASX. The price risk for listed securities is material in terms of the possible impact on profit and loss or total equity and as such a sensitivity analysis related to *investment price risk* has been completed above. Furthermore, the capacity of the Company to raise capital from time to time may be influenced by either or both market conditions and the price of the Company's quoted shares at that time.

Commodity price risk

Price risk relates to the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The Group is exposed to gold, tungsten and iron ore commodity price risk. These commodity prices can be volatile and influenced by factors beyond the Company's control. No hedging or derivative transactions have been used to manage commodity price risk. Furthermore, the Company is subject to royalties which is impacted by the prevailing commodity price.

Commodity price risk also significantly impacts the operations of the Group, as the commodity price (iron ore spot price) has deteriorated significantly after year end to result in the suspension of mining operations.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 3: Financial Risk Management Objectives and Policies (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the Australian dollar, and assets denominated in currencies other than the Australian dollar. The Group is primarily exposed to changes in USD/\$ exchange rates for the year ended 30 June 2022, primarily through its USD-denominated bank account balances and foreign currency swaps (hedges). During the year the Group entered into forward currency hedging arrangements with the Group's banking institutions. As at 30 June 2022, the Group had outstanding liabilities associated with foreign exchange hedges of \$1,078,806 (2021: no hedging arrangements in place as at 30 June 2021).

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents – denominated in USD	8,154,644	4,024,739
Hedge liability – denominated in USD	(1,078,806)	-
Net exposure to foreign currency risk - USD	7,075,838	4,024,739

The following sensitivity analysis is based on the foreign currency exposures in existence at the balance sheet date after taking into account judgements by management of reasonably possible movements in foreign exchange after consideration of the views of market commentators over the next twelve months. At 30 June 2022, if foreign exchange rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss		Equity	
	Higher/(lower)		Higher/(lower)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consolidated				
+0.50% (50 basis points)	35,379	20,124	35,379	20,124
-0.25% (25 basis points)	(17,690)	(10,062)	(17,690)	(10,062)

Note 4: Significant accounting judgements, estimates and assumptions

a) Significant accounting judgements

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves, apart from the Hatches Creek Project, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The mineral resources for the Hatches Creek Project have been prepared in accordance with JORC 2012. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Notes to the Financial Statements

For the year ended 30 June 2022

Note 4: Significant accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the goods or services received in exchange if it can be reliably measured. If the fair value of the goods or services cannot be reliably measured, the costs is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date, if any, is disclosed in note 28.

Impairment of capitalised acquisition costs on exploration and evaluation projects

Acquisition costs incurred in acquiring exploration assets are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The future recoverability of these costs is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent these capitalised costs are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Deferred taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, base level of future taxable profits together with future tax planning strategies.

Environmental rehabilitation provisions

A provision has been made for the present value of anticipated costs for future restoration of mineral leases. The provision includes future cost estimates associated with rehabilitating areas of disturbance caused through the exploration and mining activities of the Group. The calculation of this provision requires assumptions such as the timing and cost estimates.

Mine properties

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.

Inventories

Accounting for inventories involves the use of estimates, particularly the measurement and valuation of inventory on hand. Critical estimates including pit volumes and density are calculated by consultants using available industry, engineering and scientific data.

Assessing Significant Influence on Companies in which the Group has an equity investment

For each equity investment held by the Group below 20% ownership interest of the voting rights, an assessment is made whether the Group has the practical ability to exercise significant influence over the investee company. In making their judgement, the directors considered the Group's absolute size of holding in the investee company and the relative size of the shareholdings owned by the other shareholders. Other factors are also considered, including common directors in the Company and investee.

After assessment, the directors concluded that the Group has a significant influence over Tungsten Minerals Limited, an entity in which the Group holds 8.9% of the voting rights, and has applied equity accounting as detailed in Note 17.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 5: Segment information

Determination and identification of reportable segment

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. The executive management team has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is currently one geographical segment, being Australia, and three reportable segments, being Mining Operations, Exploration Activities and Corporate-related operations.

Segment information

The following tables present revenue and profit information and certain asset and liability information regarding reportable segments for the years ended 30 June 2022 and 30 June 2021.

	Exploration	Corporate	Discontinued Operations – Mining (Note 34)(1)	Discontinued Operations - WGR (Note 34)	Total
	\$	\$	\$	\$	\$
30 June 2022					
Segment revenue / income	-	971	124,159,949	6,936,047	131,096,967
Segment profit / (loss) before income tax expense	(502,243)	(1,385,625)	(18,823,488)	6,936,047	(13,775,309)
Segment assets	7,627,058	11,510,229	17,032,732	-	36,170,019
Segment liabilities	-	4,059,367	27,389,070	-	31,448,437

- 1- Included within the segment assets and liabilities of the "Discontinued Operations - Mining" segment is an amount of \$5,000,000 pertaining to the net assets of the disposal group as documented in Note 34. The remaining assets and liabilities set out above were realised or discharged in the normal course of business and outside of the scope of the sale agreement.

	Exploration	Corporate	Discontinued Operations – Mining (Note 34)	Discontinued Operations - WGR (Note 34)	Total
	\$	\$	\$	\$	\$
30 June 2021 (restated)					
Segment revenue / income	-	113,634	72,158,770	-	72,272,404
Segment profit / (loss) before income tax expense	(554,911)	(1,007,818)	10,597,710	(1,566,471)	7,468,510
Segment assets	6,329,379	25,370,375	16,531,192	488,968	48,719,914
Segment liabilities	(143,329)	(899,454)	(25,239,390)	-	(26,282,173)

Notes to the Financial Statements

For the year ended 30 June 2022

Note 6: Revenue

	Consolidated	
	2022	2021 Restated
	\$	\$
(a) Other Revenue		
Rental income	-	8,848
Foreign exchange gain	-	5,062
Gain on sale of investment in eMetals (Note 16)	-	28,571
Government grant – cash flow boost	-	67,500
Interest income	971	2,981
Other sundry income	-	672
	971	113,634

Note 7: Expenses

	Consolidated	
	2022	2021
	\$	\$
(a) Personnel expenses		
Salary and wages	356,437	576,156
Superannuation	2,020	21,468
Other employee expenses	90,447	63,162
	448,904	660,786
(b) Other expenses		
Administration costs	22,182	187,719
Corporate costs	230,249	186,736
Consulting fees	172,371	248,590
Occupancy costs	112,640	145,506
	537,442	768,551

Notes to the Financial Statements

For the year ended 30 June 2022

Note 8: Income tax

	Consolidated	
	2022	2021
	\$	\$

A reconciliation of income tax expense applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:

Accounting profit / (loss) before income tax	(13,775,309)	7,468,510
At the statutory income tax rate of 30% (2021: 26%)	(4,132,593)	1,941,813
Non-deductible expenditure	(1,952,625)	16,875
Non-assessable income	-	(13,000)
Adjustments recognised in the current year in relation to the current tax of previous years	(4,596,659)	7,590
Impact from change in tax rate of unrecognised deferred tax assets	(7,131,424)	1,426,285
Temporary differences that would have been recognised in equity	(40,208)	(51,616)
Tax loss and temporary differences not brought to account as a deferred tax asset	17,853,509	(3,327,947)
At the effective income tax rate of 0% (2021: 0%)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The following calculation of unrecognised deferred tax assets and liabilities has been determined using an expected tax rate of 30%, which is the rate that is likely to apply when these assets and liabilities are realised.

	Consolidated	
	2022	2021
	\$	\$

Unrecognised deferred tax assets (liabilities)

Deferred tax assets have not been recognised for the following items:

Trade & other receivables	43,508	43,508
Prepayments	-	750,000
Inventories	12,597,423	
Intangible assets	1,046,111	2,682,859
Financial assets	4,174,873	4,074,810
Employee benefit liabilities	73,243	64,837
Trade and other payables	12,500	55,909
Lease liabilities	203,946	
Provisions	714,066	
Financial liabilities	617,559	-
Unused tax losses	33,113,963	28,320,003
Other future deductions	56,902	41,700
Deferred tax assets	52,654,094	36,033,626

Notes to the Financial Statements

For the year ended 30 June 2022

Note 8: Income tax (continued)

	Consolidated	
	2022	2021
	\$	\$
<i>Deferred tax liabilities have not been recognised in respect of the following items</i>		
Trade & other receivables		-
Capitalised exploration & evaluation expenditure		-
Prepayments	(9,921)	-
Inventories	(7,109,199)	-
Plant and equipment	(19,758)	(6,093)
Intangible Assets	(263,441)	-
Provisions	(209,860)	(370,412)
Deferred tax liabilities	(7,612,179)	(376,505)
Net unrecognised deferred tax asset	45,041,915	35,657,121

Net deferred tax assets have not been recognised because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits. The Group's carried forward tax losses at balance date are \$132,455,850 (2021: \$113,280,011).

Tax consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing agreement and a tax funding agreement. The head entity of the tax consolidated group is GWR Group Limited. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach with is consistent with the principle of AASB 112 Income Taxes.

Note 9: Gain / (Loss) per share

The following reflects the income and data used in the calculations of basic and diluted gain / (loss) per share:

	Consolidated	
	2022	2021 (restated)
	\$	\$
Profit / (Loss) used in calculating basic and diluted gain / (loss) per share:		
- From continuing operations	(1,887,868)	(1,562,729)
- From discontinued operations (refer Note 34)	(11,887,441)	9,031,239
- From continuing and discontinued operations	(13,775,309)	7,468,510
	No.	No.
Weighted average number of ordinary shares used in calculating basic gain / (loss) per share:	309,904,819	296,693,629
Basic gain / (loss) per share in cents:		
- from continuing operations	(0.61)	(0.52)
- from discontinued operations	(3.84)	3.04
- from continuing and discontinued operations	(4.45)	2.52

All potential ordinary shares are considered anti-dilutive as the average share price over the year was less than the exercise price of the options.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 10: Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	8,392,696	23,713,605
	<u>8,392,696</u>	<u>23,713,605</u>

Note 11: Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	842,235	7,797
Goods and services tax	1,357,098	2,210,356
Prepayments	417,784	646,287
Other receivables	168,648	106,429
	<u>2,785,765</u>	<u>2,970,869</u>

As of 30 June 2022, there were no trade and other receivables that have been determined as impaired or past due (2021: Nil).

Note 12: Inventories

	Consolidated	
	2022	2021
	\$	\$
Consumable fuel – at cost	280,958	-
Ore stockpiles – at cost	18,197,042	15,360,836
Less: Provision for impairment (Note 34)	(6,758,423)	(3,000,000)
Less: Transfer to assets held for sale (Note 34)	(4,944,524)	-
	<u>6,775,053</u>	<u>12,360,836</u>

The value of inventories at balance date represents ore stockpiles of 425,758 tonnes of iron ore product in various stages of production (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. 367,756 tonnes have been transferred to *assets held for sale* as set out in Note 34 as these were subsequently sold under the disposal of the C4 project.

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.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 13: Plant and equipment

	Consolidated	
	2022	2021
	\$	\$
Plant and equipment at cost	1,849,053	1,846,175
Less: accumulated depreciation	(1,808,128)	(1,794,086)
	40,925	52,089
Motor vehicles at cost	192,919	192,919
Less: accumulated depreciation	(182,401)	(180,216)
	10,518	12,703
Leasehold improvements at cost	14,669	14,669
Less: accumulated depreciation	(11,441)	(10,550)
	3,228	4,119
Total plant and equipment	54,671	68,911
<i>Reconciliation of the carrying amounts is set out below:</i>		
Plant and Equipment		
Carrying amount at beginning of year	52,089	50,300
Additions	66,380	2,472
Depreciation expense	(22,068)	(683)
Reclassified to discontinued operations (note 34)	(55,476)	-
Carrying amount at end of year	40,925	52,089
Motor vehicles		
Carrying amount at beginning of year	12,703	15,433
Depreciation expense	(2,185)	(2,730)
Carrying amount at end of year	10,518	12,703
Leasehold improvements		
Carrying amount at beginning of year	4,119	5,177
Depreciation expense	(891)	(1,058)
Carrying amount at end of year	3,228	4,119
Total carrying amount at end of year	54,671	68,911

Notes to the Financial Statements

For the year ended 30 June 2022

Note 14: Exploration and evaluation expenditure

	Consolidated	
	2022	2021
	\$	\$
Exploration and evaluation expenditure (a)	7,627,058	6,329,379
<i>Reconciliation of the carrying amounts is set out below:</i>		
Exploration and evaluation expenditure		
Carrying amount at beginning of year	6,329,379	8,050,275
Transferred to mine properties (refer Note 15)	-	(1,171,896)
Transferred to assets held for sale (refer Note 34)	-	(549,000)
Acquired during the year (b)	1,297,679	-
Carrying amount at end of year	7,627,058	6,329,379

(a) Carrying value

The Group capitalises the acquisition costs in accordance with its accounting policy for exploration and evaluation expenditure. The ultimate recoupment of exploration and evaluation expenditure relating to the Group's iron ore and gold projects carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

(b) Acquisition of Prospect Ridge Magnesite Deposit

On 3 March 2022 the Group acquired a 70% interest in the Prospect Ridge Magnesite Deposit in Tasmania. The consideration for the acquisition was a total of \$1,000,000, to be satisfied through the payment of cash of \$250,000 and the issue of 4,411,765 ordinary shares valued at \$750,000 to the vendors. Additionally, the Group issued 1,470,588 ordinary shares to a corporate advisor associated with the acquisition and incurred additional acquisition costs as detailed below.

	Consolidated	
	2022	2021
	\$	\$
Cash consideration paid to vendors	250,000	-
Issue of 4,411,765 shares at \$0.17 each to vendors (Note 22)	750,000	-
Issue of 1,470,588 shares at \$0.17 each to corporate advisor (Note 22)	250,000	-
Other acquisition costs incurred	47,679	-
Total acquisition consideration	1,297,679	-

Notes to the Financial Statements

For the year ended 30 June 2022

Note 15: Mine Properties

	Consolidated	
	2022	2021
	\$	\$
Mine Properties		
Carrying amount at beginning of the year	-	-
Development expenditure	-	5,591,974
Transferred from exploration and evaluation expenditure	-	1,171,896
Less: accumulated amortisation – development expenditure (refer Note 34)	-	(2,905,604)
Commissioning-phase costs capitalised (refer Note 34)	-	10,531,589
Less: Commissioning revenue offset (refer Note 34)	-	(10,531,589)
Right-of-use asset – transfer shed lease (refer Note 19)	-	1,071,625
Less: accumulated depreciation – right of use asset	-	(17,860)
Less: provision for impairment	-	(4,912,031)
	-	-

Mine properties

During the year ended 30 June 2021, the Group commenced production at its C4 iron ore project. Accordingly, the portion of the capitalised exploration and evaluation expenditure relating to the Stage 1 C4 iron ore project had been transferred to mine properties.

Furthermore, additional costs were incurred which, up until commercial levels of production was deemed to have been reached in March 2021, were solely related to the commissioning of the mining operations and were classified in their entirety as mine properties assets. These costs, amounting to \$10,531,589 were fully offset through the first iron ore sale in February 2021 as noted above.

Subsequent to the end of the year the Group entered into a Binding Term Sheet to grant mining rights to Golden Valley Iron Ore Pty Ltd, refer Notes 32 and 34.

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Notes to the Financial Statements

For the year ended 30 June 2022

Note 15: Mine Properties (continued)

Alliance Mining Contract with Pilbara Resource Group Pty Ltd

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

The key terms of the agreement were 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 would 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 would reimburse PRG for contract works and disbursements from the receipts of the first iron ore shipments net of various direct costs.
- The Group could suspend contract works if projected profitability falls below \$10 per tonne.
- The Group was to provide a payment guarantee of up to US\$1.75 million for transport infrastructure investment (Capital Costs) made by PRG. PRG was able to 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 granted 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 was responsible for the sales, strategy and timing.

Suspension of mining operations and provision for impairment

On 19 September 2021, the Group suspended mining operations at the C4 Iron Ore project in response to the volatility surrounding iron ore prices.

As a result of this suspension, it was determined that a provision for impairment of \$4,912,031 (refer to Note 34), being the full value of the carried forward mine properties assets at 30 June 2021 should be recognised. This represented the uncertainty surrounding the status of the operations at that time. Subsequently, on 2 February 2022, mining operations were fully recommenced and operated until 30 June 2022. On 20 July 2022 the Group announced the agreement with Gold Valley Iron Ore Pty Ltd ("Gold Valley") to sell the mining rights to the C4 project, along with associated assets and rights to royalty income.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 16: Financial assets

	Consolidated	
	2022	2021
	\$	\$
<i>Current</i>		
Shares held in eMetals Limited – at Fair Value through Profit or Loss (a)	277,096	677,346
Total Current Financial Assets	277,096	677,346
<i>Non-Current</i>		
Security Deposits – amortised cost	3,027,215	2,110,000
Funds held under trust (b)	2,230,465	-
Total Non-Current Financial Assets	5,257,680	2,110,000
	5,534,776	2,787,346

(a) A reconciliation of the movement in the carrying value of shares held in eMetals Limited during the year is as follows:

Opening balance	677,346	402,000
Disposal	-	(61,110)
Gain on sale of investment (Note 6(a))	-	28,571
Fair value adjustment	(400,250)	307,885
Closing balance	277,096	677,346

eMetals Limited (formerly Corizon Limited)

As at 30 June 2022, the Group held 30,788,460 shares in eMetals Limited. This investment is carried at fair value through profit or loss.

During the previous financial year, the Group disposed of 2,711,540 shares in eMetals Limited for consideration of \$61,110.

(b) As at 30 June 2022, the Group held \$2,230,465 in a trust account in accordance with the Mining Rights Agreement with FE Limited (ASX:FEL) as disclosed in note 31. The balance is made up of government and other royalties, and rehabilitation costs on the JWD Deposit.

Note 17: Investment in associate

Tungsten Mining NL

The Group has an 8.90% (2021: 8.90%) interest in Tungsten Mining NL ("TGN"), which is a listed company on the ASX. TGN is focused on the development and exploitation of tungsten deposits, in particular the Mt Mulgine project in Western Australia.

At balance date the Group held 70,000,000 shares in TGN with a market value of \$6,720,000 at a share price of \$0.096 per share.

As the Group's share of the associate's losses exceeds the initial cost of the investment the investment was previously written down to nil value.

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

Notes to the Financial Statements

For the year ended 30 June 2022

Note 17: Investment in associate (continued)

	Consolidated	
	2022	2021
	\$	\$
Proportion of the Company's ownership	8.90%	8.90%
<i>Share of the associate's statement of financial position:</i>		
Current assets	1,337,023	1,755,389
Non-current assets	1,955,305	2,060,286
Total liabilities	(139,262)	(210,443)
Equity	3,153,066	3,605,232
Carrying amount of the investment: Opening balance	-	-
<i>No additions or disposals during the financial year</i>	-	-
Total	-	-
<i>Share of the associate's loss</i>		
Revenue	48,065	72,889
Expenses	(500,702)	(493,205)
Loss for the year	(452,637)	(420,316)
Share of the associate's other comprehensive loss	-	-
Total comprehensive loss	(452,637)	(420,316)
Share of loss not recognised	452,637	420,316
Carrying amount of the investment: Closing balance	-	-
Total unrecognised share of losses of associate	(1,879,536)	(1,426,899)
Total carrying amount of investment in associate	-	-

Note 18: Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	12,626,609	14,160,016
Other payables	153,131	8,484
Other accruals	12,711,671	9,147,022
	25,491,411	23,315,522

Included in Other Accruals is an amount of \$303,591 (2021: \$213,548) of directors' fees to be paid through the issue of shares upon receipt of shareholder approval.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 19: Lease liabilities

	Consolidated	
	2022	2021
	\$	\$
(a) Current		
Lease liabilities – transfer shed	186,895	240,000
(b) Non Current		
Lease liabilities – transfer shed	624,730	811,625
	811,625	1,051,625
Amounts recognised in Profit or Loss for the year		
Interest paid on Lease Liabilities	-	-
	-	-
Cash flows		
Total cash outflows for Leases	240,000	20,000

On 8 June 2021, the group entered into a lease of a storage shed facility close to Geraldton port for 5 years. Discounted cash flows are calculated using the group's incremental borrowing rate of 6% per annum. Yearly rent is paid in advance.

The right of use asset carrying value was transferred to mine properties and subsequently fully impaired during the year ended 30 June 2021.

Note 20: Provisions

	Consolidated	
	2022	2021
	\$	\$
(a) Current		
Employee entitlements	467,003	433,379
(b) Non Current		
Rehabilitation provision	3,599,592	1,481,647
	4,066,595	1,915,026

The provision for rehabilitation has been determined by reference to the expected mine life of 9-10 years, discounted at a rate of 3.57-3.61%.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 21: Other financial liabilities

	Consolidated	
	2022	2021
	\$	\$
US Dollar foreign currency swap (hedge) liability	1,078,806	-
	1,078,806	-

As at 30 June 2022, the Group had entered into the following US Dollar foreign currency swap agreements in place:

Type of instrument	Expiry Date	Settlement Date	Strike Rate (AUD/USD)	AUD Value	USD Value	Mark-to-market liability
			US \$	\$	\$	\$
Foreign Exchange ("FX") Forward Contracts						
FX Forward – AUD/USD	8 Jul 2022	8 Jul 2022	0.7015	7,555,239	5,300,000	138,134
FX Forward – AUD/USD	9 Sep 2022	9 Sep 2022	0.7035	426,439	300,000	8,808
FX Forward – AUD/USD	11 Oct 2022	11 Oct 2022	0.7035	2,842,928	2,000,000	58,035
FX Forward – AUD/USD	9 Nov 2022	9 Nov 2022	0.7290	7,407,407	5,400,000	424,355
Currency Protection & Participation ("CCP") Contracts						
CCP Contract – AUD/USD	8 Aug 2022	10 Aug 2022	0.7000	7,571,429	5,300,000	202,665
CCP Contract – AUD/USD	9 Sep 2022	13 Sep 2022	0.7000	5,000,000	3,500,000	108,119
CCP Contract – AUD/USD	9 Sep 2022	13 Sep 2022	0.7000	2,142,857	1,500,000	46,337
CCP Contract – AUD/USD	11 Oct 2022	13 Oct 2022	0.7035	4,690,832	3,300,000	92,353
						<u>1,078,806</u>

Notes to the Financial Statements

For the year ended 30 June 2022

Note 22: Contributed equity

	2022	2021	2022	2021
			\$	\$
(a) Issued capital				
321,216,655 Ordinary fully paid shares (2021: 302,786,443)			154,951,396	158,966,934
	<i>Number</i>	<i>Number</i>	<i>\$</i>	<i>\$</i>
<i>Movement in ordinary shares on issue</i>				
Opening balance	302,786,443	254,696,219	158,966,934	154,735,910
Shares issued to Directors and senior management in lieu of cash payment	783,153	2,006,891	191,250	193,698
Placement at \$0.18 per share	-	18,333,333	-	3,300,000
Placement at \$0.17 per share	11,764,706	-	2,000,000	-
Options exercised	-	27,750,000	-	1,498,500
Shares to acquire tenements (Note 14)	5,882,353	-	1,000,000	-
Fair value of in-specie distribution of Western Gold Resources Limited (Note 34)	-	-	(7,032,759)	-
Listed options issued in lieu of share issue costs	-	-	(40,000)	(562,650)
Other share issue costs	-	-	(134,029)	(198,524)
Closing balance	321,216,655	302,786,443	154,951,396	158,966,934

Shares issued to Directors

During the year, in lieu of a cash payment of \$191,250 (2021: \$193,698) for accrued directors fees, the Company issued 783,153 (2021: 2,006,891) shares to Directors.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the equity market is constantly changing, management may issue new shares to provide for future exploration, evaluation and development activity. Management is currently considering a number of options to fund the development of its mining projects which may include the issue of shares and the borrowing of funds. The Group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 23: Reserves

	Consolidated	
	2022	2021
	\$	\$
Options reserve	27,552,378	28,512,378
Movements:		
Options reserve		
Opening balance	28,512,378	26,949,728
Options issued in Western Gold Resources Limited (note 28)	-	1,000,000
Options issued to lead manager of placement (note 28)	40,000	562,650
Free-attaching options issued under placement	-	-
Impact of the disposal of Western Gold Resources Limited (Note 34)	(1,000,000)	-
Closing balance	27,552,378	28,512,378
	<i>Number</i>	<i>Number</i>
Movement in options on issue – GWR Group Limited		
Opening balance	12,833,333	27,750,000
Options issued during the year	4,941,176	12,833,333
Options exercised during the year	-	(27,750,000)
Closing balance	17,774,509	12,833,333
Movement in options on issue – Western Gold Resources Limited		
Opening balance	10,000,000	-
Options issued during the year	-	10,000,000
Impact of the disposal of Western Gold Resources Limited (Note 34)	(10,000,000)	-
Options exercised during the year	-	-
Closing balance	-	10,000,000

(a) Summary of options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	Number		WAEP	
	2022	2021	2022	2021
GWR Group Limited				
Outstanding at beginning of year	12,833,333	27,750,000	\$0.3762 ^(a)	\$0.054
Granted during the year	4,941,176	12,833,333	\$0.3762	\$0.3762 ^(a)
Exercised during the year	-	(27,750,000)	-	\$0.054
Expired during the year	-	-	-	-
Outstanding at end of year	17,774,509	12,833,333	\$0.3762	\$0.3762 ^(a)
Exercisable at end of year	17,774,509	12,833,333	\$0.3762	\$0.3762 ^(a)

Notes to the Financial Statements

For the year ended 30 June 2022

Note 23: Reserves (continued)

During the year, 4,941,176 listed options were issued (2021: 12,833,333). 2,000,000 were issued to the lead manager of the placement as part of their lead manager fee (2021: 8,250,000), and form part of share-based payments as set out in Note 28. The remaining 2,941,176 were issued as free-attaching options to the placement, on a 1 for 4 basis (2021: 4,583,333).

	Number		WAEP	
	2022	2021	2022	2021
Western Gold Resources Limited				
Outstanding at beginning of year	10,000,000	-	\$0.25	-
Impact of disposal of WGR	(10,000,000)	-	\$0.25	-
Granted during the year	-	10,000,000	-	\$0.25
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at end of year	-	10,000,000	-	\$0.25
Exercisable at end of year	-	-	-	-

The following table illustrates options that have vested and are exercisable at year end:

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
Listed options – GWR					
<i>Granted on 7 Oct 2021</i>					
GWROA Listed Options	12,833,333	12,833,333	\$0.3762 ^(a)	1 Oct 2022	0.25 years
<i>Granted on 3 Feb 2022</i>					
GWROA Listed Options	4,941,176	4,941,176	\$0.3762	1 Oct 2022	0.25 years

(a) The exercise price of these options was reduced from \$0.40 to \$0.3762 upon the effective return of capital that occurred on 13 July 2021 as a result of the in-specie distribution of shares held in Western Gold Resources Limited to shareholders. The comparative financial information has been restated to reflect this.

Note 24: Accumulated losses

	Consolidated	
	2022	2021
	\$	\$
Opening balance	(165,041,571)	(172,510,081)
(Loss) / profit attributable to members of the Parent	(13,775,309)	7,468,510
Impact of the disposal of Western Gold Resources Limited (Note 34)	1,034,688	-
Closing balance	(177,782,192)	(165,041,571)

Notes to the Financial Statements

For the year ended 30 June 2022

Note 25: Cash flow statement reconciliation

	Consolidated	
	2022	2021
	\$	\$
Reconciliation of net cash and cash equivalents used in operating activities to profit / (loss) after income tax:		
(Loss) / profit after income tax	(13,775,309)	7,468,510
<i>Add back:</i>		
Depreciation	25,144	4,471
Profit on sale of financial asset (Note 16)	-	(28,571)
Fair value adjustment on financial assets (Note 16)	400,250	(307,885)
Income from JWD Mining Rights Agreement	(2,450,697)	(625,000)
Bank financing expenses	740,409	829,894
Impairment of mine properties	-	4,086,457
Amortisation of mine properties	1,517,946	2,905,604
Directors' salary and fees settled in shares	191,250	193,698
Profit / (loss) from discontinued operation - WGR	(6,936,047)	1,566,471
<i>Movements in assets and liabilities for operating activities</i>		
(Increase)/Decrease in trade and other receivables and prepayments	185,104	(481,311)
(Increase)/Decrease in inventories	5,585,783	(12,360,836)
(Increase)/Decrease in assets held for sale (Inventories only – Note 34)	(4,944,524)	-
Increase/(decrease) in trade and other payables	3,058,583	21,566,082
Increase/(decrease) in provisions	33,624	1,331,971
Increase/(decrease) in financial liabilities	1,078,806	-
Net cash provided by / (used in) operating activities	<u>(15,289,678)</u>	<u>26,149,555</u>

Note 26: Related party disclosure

	Country of Incorporation	Equity interest	
		2022	2021

(a) Subsidiaries

	Country of Incorporation	2022	2021
Iron West Resources Pty Ltd	Australia	100%	100%
Western Gold Resources Ltd	Australia	-	100% ⁽¹⁾
Wiluna West Gold Pty Ltd	Australia	-	100% ⁽¹⁾
NT Tungsten Pty Ltd	Australia	100%	100%
Tasmania Magnesium Pty Ltd	Australia	100%	-

(1) On 13 July 2021, the shares held by GWR Group Limited in Western Gold Resources Limited (formerly Western Gold Resources Pty Ltd) were distributed to shareholders and was therefore disposed. Refer Note 34. Wiluna West Gold Pty Ltd is a wholly-owned subsidiary of Western Gold Resources Limited.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 26: Related party disclosure (continued)

(b) Ultimate Parent

GWR Group Limited is the ultimate parent of the Group.

(c) Associates

Tungsten Mining NL (Tungsten)

Services received from / provided to Tungsten

The Group received and provided certain services with Tungsten as detailed in the table below.

	Consolidated	
	2022	2021
	\$	\$
<i>Services (received from) / provided to Tungsten</i>		
Management fees	-	-
Staff cost recoveries	(28,995)	(101,335)
Administration and recharges	-	(76)
Project related costs / reimbursements	10,930	20,124
Net income / (expense)	(18,065)	(81,287)

Management and Support Services Agreement with Tungsten

During the current year, this agreement to provide for the reimbursement of direct costs incurred on behalf of the Group continued.

At balance date \$3,374 (2021: \$21,976) remains outstanding in payables (inclusive of GST) to Tungsten.

Hatches Creek Project Farm-in Agreement with Tungsten

The Group has executed a Joint Venture and Farm-in Agreement ("the Agreement") with Tungsten for the Group-owned Hatches Creek Tungsten Project ("the Project") in the Northern Territory. The Agreement provided for an initial cash payment to the Group of \$1.72 million reimbursing the Group for past exploration expenditure in satisfaction for a 20% interest in the Project tenements being transferred to Territory Tungsten Pty Ltd, which is a wholly owned subsidiary of Tungsten.

Under this agreement Tungsten can increase its interest to 51% by further expenditure of \$3,000,000 on exploration, development and mining activities within 5 years of the commencement date ("the Sole Funding Stage") and the Agreement further provides for Tungsten Mining NL to be appointed manager of the Joint Venture and enables the Group to be free carried during the Sole Funding Stage. Should a decision to mine be made by Tungsten during the Sole Funding Stage, Tungsten has been granted an option to attain 100% equity in the project tenements by payment of approximately \$7 million to the Group.

(d) Key management personnel

Other than those disclosed in Notes 26(e) and 27, no other transactions with key management personnel occurred during the year.

(e) Transactions with related parties

Law Developments Pty Ltd (Law)

Law is controlled by the Company's Non-executive Deputy Chairman Tan Sri Dato' Tien Seng Law. The Company entered into an office lease agreement with Law at normal commercial terms for the period from 22 August 2014 to 21 August 2016. The agreement is currently operating on a month-to-month rental basis and the Company, in the current financial year, paid and or incurred \$95,641 excluding GST (2021: \$98,054) in rental and oncost expenses in relation to this rental agreement. There was \$Nil including GST due or outstanding to Law at balance date (2021: \$Nil).

Notes to the Financial Statements

For the year ended 30 June 2022

Note 26: Related party disclosure (continued)

Endeavour Corporate Pty Ltd (Endeavour)

Company Secretary, Mark Pitts is a Director of corporate advisory firm Endeavour which provides certain accounting services to the Company. The total of these services paid and or incurred was \$45,845 excluding GST (2021: \$54,000). A total of \$1,190 was due or outstanding to Endeavour in relation to these services at balance date (2021: \$4,500). Furthermore, up to the date of disposal of Western Gold Resources Limited ("WGR"), Mark Pitts provided consultancy services totalling \$Nil (2021: \$43,906) to WGR as part of its initial public offering of shares, of which \$Nil remains outstanding at 30 June 2022 (2021: \$35,186).

(f) Terms and conditions of transactions with related parties

Any outstanding balances at year-end are interest free and have no fixed repayment terms.

Note 27: Key management personnel disclosures

	Consolidated	
	2022	2021
	\$	\$
Compensation for key management personnel		
Short-term	540,653	759,884
Post-employment	25,587	42,278
Long-term	4,298	163
Share-based payments (note 28)	-	500,000
	<u>570,538</u>	<u>1,302,325</u>

Note 28: Share based payments

	Consolidated	
	2022	2021
	\$	\$
Continuing operations		
GWROA listed options – issued to lead manager ¹	40,000	562,650
GWROA listed options – free-attaching options to placement ²	-	-
Total share-based payments – continuing operations	<u>40,000</u>	<u>562,650</u>
Discontinued operations		
WGR unlisted options – issued to Directors of WGR ^{1, 3}	-	1,000,000
	<u>40,000</u>	<u>1,562,650</u>

1 - The options issued to the lead manager form part of the share issue costs incurred with respect to the placement, and the options issued to the directors of WGR form part of the loss from discontinued operations.

2 - The free-attaching options are deemed to be issued for nil value, as they form part of the value of equity issued for cash.

3 – Included in this amount are unlisted options issued to Mr G Lyons and Mr T S Wong totalling \$500,000, who, at 30 June 2022, were concurrently directors of both GWR and WGR.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 28: Share based payments (continued)

The listed GWROA options issued during the year were valued at the prevailing market price of the options on the grant date of the security, being \$0.02 each.

There were two issues of options during the year ended 30 June 2021. Both of these issues were valued using the Black-Scholes option pricing model. The following inputs were used in the measurement of the fair values at grant date of these share-based payments:

	Lead Manager Listed Options	WGR Director Options
Fair value at grant date	\$0.0682	\$0.10
Share price at grant date	\$0.195	\$0.20
Exercise price	\$0.40	\$0.25
Expected volatility	100%	85%
Option life	2.0 years	3.3 years
Expected dividends	-	-
Risk-free interest rate	0.16%	0.10%
Number of options issued	8,250,000	10,000,000
Total value	\$562,650	\$1,000,000

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

The total fair value of options issued during the year ended 30 June 2021 was \$1,562,650. Of this, \$1,000,000 relates to the WGR discontinued operation as disclosed in Note 34.

The lead manager listed options vested immediately. The WGR director options were granted during the year but were not exercisable until the completion of the IPO.

Note 29: Remuneration of auditors

	Consolidated	
	2022	2021
	\$	\$
Amount paid or due and payable to Stantons		
Audit services	151,985	72,060
Preparation of investigating accountants report for inclusion in the prospectus for the initial public offering of the securities of Western Gold Resources	-	10,000
	<u>151,985</u>	<u>82,060</u>

The Auditors of the Group are Stantons. The auditors did not receive any other benefit during the year.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 30: Commitments for exploration expenditure

Annual Tenement 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 \$740,095 (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 31: Contingencies

The Group has the following contingencies and commitments as at 30 June 2022:

1. Under the C4 Alliance Mining Contract, the Group is to pay to PRG 30% of the total project profit up to 31 May 2022, and 17.5% from 1 June 2022.
2. The Group has an agreement with the Wiluna Martu People for production royalty payments to be payable based on the quantify mined.
3. The Group is party to a Port Access and Services Agreement with Mid West Ports Authority ("MWSA"). This agreement provides the Group with access to and use of Geraldton Port facilities. Under this agreement, certain tariffs and charges are payable to MWSA based on their prevailing commercial rates.
4. 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.
5. As noted in Note 6(c), as part of the Mining Rights Agreement with FE Limited (ASX:FEL), relating to the JWD deposit, FEL was required to make milestone and royalty payments to the Company upon the satisfaction of certain production milestones. The rights to these payments were sold subsequent to year end, refer to Notes 32 and 34.
6. Under the Sale and Purchase Agreement with Jindalee Resources Limited to acquire the Prospect Ridge Magnesite Project in Tasmania, the Group has acquired a 70% interest in the project. The remaining 30% interest is held by HiTec Minerals Pty Ltd as a free-carried interest until the point at which a decision to mine has been reached. At this time, if either party does not contribute the appropriate share their interest will be diluted. If either party's interest is diluted below 5%, it will revert to a 1% FOB gross royalty.

Note 32: Events after balance date

On 20 July 2022, the Group announced the signing of a binding term sheet to sell the rights to mine the C4 Iron Ore Deposit, residual rights to income from the JWD Iron Deposit and plant, equipment and existing inventories associated with the C4 Iron Ore Deposit to Gold Valley Iron Ore Pty Ltd ("Gold Valley"). Total consideration for the sale was \$35,000,000, comprised of \$30,000,000 for the sale of the mining rights at the C4 Project and residual rights to income from the JWD project, and \$5,000,000 for the sale of the plant, equipment and existing inventories associated with the C4 Project. To date, the Group has received \$15,000,000, with \$5,000,000 due in March 2023 and the remainder due to be received upon the earlier of 18 months after the date the agreement was signed and the date immediately after Gold Valley competes total shipments or sales of 1,000,000 tonnes of Iron Ore from the C4 Project.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial year.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 33: Parent entity disclosures

	Parent	
	2022	2021
	\$	\$
(a) Financial position		
Assets		
Current assets	23,096,125	40,741,964
Non-current assets	11,278,063	8,022,236
Total assets	34,374,188	48,764,200
Liabilities		
Current liabilities	27,013,720	24,777,027
Non-current liabilities	4,411,217	1,481,647
Total liabilities	31,424,937	26,258,674
Equity		
Contributed equity	154,951,396	158,966,934
Accumulated losses	(179,554,523)	(163,973,786)
Reserves	27,552,378	27,512,378
Total equity	2,949,251	22,505,526
(b) Financial performance		
Profit / (loss) for the year	(15,580,737)	8,526,991
Other comprehensive income	-	-
Total comprehensive profit / (loss)	(15,580,737)	8,526,991
(c) Contingencies		
The contingencies of the Parent entity are the same as those disclosed for the Group in Note 31.		
(d) Guarantees		
The Company has not entered into any guarantees in relation to the debts of its subsidiaries. The Group has a payment guarantee to PRG as disclosed in Note 31, of which the Parent Entity is a party.		
(e) Commitments for exploration expenditure		
Annual Tenement expenditure commitments		
In order to maintain current rights of tenure to mining tenements, the Company has discretionary minimum annual tenement expenditure requirements and lease rentals of \$576,948 (2021: \$1,185,337). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.		

Notes to the Financial Statements

For the year ended 30 June 2022

Note 34: Assets Held for Sale and Discontinued Operations

Restatement of comparative financial information as a result of classification as discontinued operations

Subsequent to the end of the financial year, the Group disposed of its C4 Iron Ore Project (as noted below). As such, the assets and liabilities related to the C4 Iron Ore Project have been classified as *held for sale*. The income, expenditure and cash flows associated with the C4 Iron Ore Project in the statement of profit or loss and other comprehensive income and statement of cash flows, respectively, have been included in the discontinued operation. Due to this re-classification, the corresponding amounts in the statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 30 June 2021 have been restated.

Disposal of Western Gold Resources Limited via in-specie distribution to shareholders

At the Company's General Meeting held on 5 May 2021, the Company's shareholders approved an in-specie distribution of the then 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 a ruling is pending 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
	\$	\$

Net assets at 30 June 2021 and Disposal Date

Assets

Cash and cash equivalents	31,253	31,253
Prepayments	254,022	254,022
Property, plant & equipment	4,471	4,471
Exploration & evaluation expenditure (Note 14)	549,000	549,000
Total assets	838,746	838,746

Liabilities

Trade and other payables	(349,778)	(813,402)
Total liabilities	(349,778)	(813,402)
Net assets of disposal group	488,968	25,344

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)
Fair value of net assets disposed	523,657

Notes to the Financial Statements

For the year ended 30 June 2022

Note 34: Assets Held for Sale and Discontinued Operations (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 by GWR shareholders on demerger (a)	7,225,000
<i>Less:</i>	
Difference to the fair value of in-specie distribution to Company Shareholders (b)	<u>(192,241)</u>
Fair value of in-specie distribution attributed to share capital (Note 22)	<u>7,032,759</u>
<i>Less:</i>	
Fair value of net assets disposed	<u>(523,657)</u>
Gain recognised on demerger	<u><u>6,509,102</u></u>

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.

The net profit or loss from discontinued operations relating to the disposal of WGR is as follows:

	2022	2021
	\$	\$
Gain recognised on demerger	6,509,102	-
Gain on recovery of loan to discontinued operation	426,945	-
Exploration expenses	-	(318,120)
Share based payment expense	-	(1,000,000)
Personnel expenses	-	(73,510)
Other expenses	-	<u>(174,841)</u>
Gain / (loss) from discontinued operations before income tax expense	<u>6,936,047</u>	<u>(1,566,471)</u>
Income tax expense	-	-
Gain / (loss) from discontinued operations after income tax expense	<u><u>6,936,047</u></u>	<u><u>(1,566,471)</u></u>

Notes to the Financial Statements

For the year ended 30 June 2022

Note 34: Assets Held for Sale and Discontinued Operations (continued)

The cash flows from this discontinued operation are as follows:

	2022	2021
	\$	\$
<i>Cash flows from investing activities</i>		
Cash reallocated to held-for-sale	-	(31,253)
Receipt of loan funds from WGR	426,945	-
<i>Net investing cash flows from discontinued operations - WGR</i>	<u>426,945</u>	<u>(31,253)</u>
<i>Cash flows from financing activities</i>		
Seed capital funds received	-	213,200
Western Gold Resources share issue costs paid	-	(165,669)
<i>Net investing cash flows from discontinued operations - WGR</i>	<u>-</u>	<u>47,531</u>
<i>Net cash flows from discontinued operations - WGR</i>	<u>426,945</u>	<u>16,278</u>

Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4")

As described in Note 32 above, on 20 July 2022, the Group announced the signing of an agreement with Gold Valley Iron Ore Pty Ltd ("Gold Valley") to sell the mining rights to the C4 Iron Ore Project and the rights to royalties associated with the JWD Iron Ore Deposit for \$30,000,000. Additionally, the Group sold the remaining plant, equipment, stores and iron ore stockpiles already at C4 to Gold Valley for an additional \$5M.

The carrying value and net realisable value of assets and liabilities as at 30 June 2022:

	Carrying Value	Adjustment	Net Realisable Value
	\$	\$	\$
Net assets at 30 June 2022			
<i>Assets</i>			
Inventories	4,944,524 ⁽¹⁾	-	4,944,524
Property, plant & equipment (Note 13)	55,476	-	55,476
Total assets	<u>5,000,000</u>	-	<u>5,000,000</u>
Net assets of disposal group	<u>5,000,000</u>	-	<u>5,000,000</u>

1 – an impairment of inventories was performed at Group-level before any transfer to held for sale, refer to Note 12.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 34: Assets Held for Sale and Discontinued Operations (continued)

The net profit or loss from discontinued operations relating to the disposal of C4 is as follows:

	2022	2021
	\$	\$
<i>Ore Sales</i>		
Sales of iron ore from C4 project	121,709,252	82,065,359
Commission phase of operations revenue offset (Note 15)	-	(10,531,589)
Total Ore Sales	121,709,252	71,533,770
Royalty Income (a)	2,450,697	625,000
Total Revenue	124,159,949	72,158,770
 <i>Costs of sales</i>		
Production costs	130,505,252	70,705,345
Royalties	8,812,638	5,610,232
Direct marketing and administration costs	407,954	144,077
Amortisation of mine properties (Note 15)	-	2,905,604
Rehabilitation costs	1,517,946	-
(Increase) in inventories	(5,836,205)	(15,360,836)
Other costs of production	817,429	-
Less: Commissioning costs capitalised (Note 15)	-	(10,531,589)
Total Costs of Sales	(136,225,014)	(53,472,833)
Gross Profit / (loss) from discontinued operation	(12,065,065)	18,685,937
 <i>Other Expenses</i>		
Profit share with production alliance partner	-	(176,196)
Impairment of inventories (Note 12)	(6,758,423)	(3,000,000)
Impairment of mine properties (Note 15)	-	(4,912,031)
Total Other Expenses	(6,758,423)	(8,088,227)
Profit / (loss) before tax from discontinued operation	(18,823,488)	10,597,710
Income tax expense	-	-
Profit / (loss) after tax from discontinued operation	(18,823,488)	10,597,710

Notes to the Financial Statements

For the year ended 30 June 2022

Note 34: Assets Held for Sale and Discontinued Operations (continued)

(a) JWD Mining Rights income

During the year ended 30 June 2020, a Mining Rights Agreement was executed with Gold Valley Iron Ore Pty Ltd ("Gold Valley") for mining of up to 3 million tonnes of iron ore from the JWD Deposit at the Wiluna West Iron Ore Project. During the previous financial year, Gold Valley sold their interest in this agreement to Fe Limited (ASX: FEL).

The mining rights agreement is in two stages, as follows:

- Stage 1 – FEL had 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, with the ability to mine and truck additional tonnes from the JWD deposit beyond this at a flat royalty rate.

If certain conditions precedent were met, the Group would earn payments from FEL, as follows:

- Stage 1 - \$250,000 on the execution of the Mining Rights Agreement and staged payments totalling \$750,000 which was 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, immediate payment of \$4,250,000.

Additionally, and for both stages, the agreement provided for a production royalty linked to the iron ore price, which would have provided cash payments to the Group in the range of \$1.00 to \$2.00 per tonne, depending on the iron ore price.

During the previous year, the Group received four quarterly payments of \$125,000 each as well as an additional \$125,000 option fee for FEL to vary the agreement. During the current year, the Group earned \$2,450,697 of royalties under this agreement.

The Cash Flows from this discontinued operation are as follows:

	2022	2021
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	121,665,853	72,518,329
Payments to suppliers and employees	(137,680,042)	(44,688,809)
Proceeds from JWD Mining Rights Agreement	2,450,697	625,000
Other income	-	672
<i>Net operating cash flows from discontinued operations – C4</i>	<u>(13,563,492)</u>	<u>28,455,192</u>
<i>Cash flows from investing activities</i>		
Mine development and pre-production costs paid	-	(16,123,563)
Revenue received during pre-production phase of mining operations	-	10,531,589
Payments for property, plant & equipment	(62,465)	-
Payments for security deposits/bonds	(979,679)	(2,180,001)
Rehabilitation bond funds received for JWD project from FE Limited	-	110,000
<i>Net investing cash flows from discontinued operations – C4</i>	<u>(1,042,144)</u>	<u>(7,661,975)</u>
<i>Cash flows from financing activities</i>		
Bank foreign currency exchange fees paid	(740,409)	(829,894)
Lease payments made	(240,000)	-
<i>Net financing cash flows from discontinued operations – C4</i>	<u>(980,409)</u>	<u>(829,894)</u>
<i>Net cash flows from discontinued operations – C4</i>	<u>(15,586,045)</u>	<u>19,693,323</u>

Directors' Declaration

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

1. In the opinion of the directors:
 - (a) The financial statements and notes of GWR Group Limited for the financial year ended 30 June 2022 are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
 - (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

On behalf of the Directors,



Gary Lyons
Chairman

Dated at Perth, this 30th day of September 2022

Independent Auditor's Report



PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWR GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GWR Group Limited ("the Company") and its subsidiaries ("Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have defined the following matters to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Matters	How the matter was addressed in the audit
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Revenue Recognition

During the year ended 30 June 2022, the Group recognised revenue of \$124,159,949 from discontinued operations of which \$121,709,252 was from the sale of iron ore from its Wiluna West C4 Iron Ore Project (refer to note 34).

The Group produced and sold iron ore, and revenue is recognised at a point when control of the product is transferred to the customer.

Accounting for revenue recognition was a key audit matter due to the:

- significance (quantum) of revenue which was generated to arrive at the financial result of the Group;
- judgement required by the Group in applying the requirements of AASB 15 - *Revenue from Contracts with Customers* ("AASB 15"), such as:
 - identifying the performance obligations under its contracts with customers;
 - determining the transaction price, applying the expected value approach based on the initial assay and weight result and subsequent adjustment based on the final sampling and analysis results;
 - the method of allocating the transaction price in the contract to the performance obligations; and
 - identifying the timing of recognition of the revenue based on performance obligations satisfaction.

Inter alia, our audit procedures included the following:

- i. Assessing whether the Group's accounting policies were in accordance with the requirements of AASB 15;
- ii. Obtaining the contracts of sale and assessing against the amounts recorded in the financial records. Our procedures included examining corroborative evidence, inter alia, the volume of ore shipped, bills of lading, invoices and receipt of funds;
- iii. Ensured revenue was recognised when performance obligations had been satisfied; and
- iv. Evaluated the adequacy of the disclosures in respect of revenue recognition with the criteria prescribed by the applicable standard.

Measurement and valuation of inventory

At the reporting date, the Group had iron ore (inventory) located at the C4 Mine site and at the Geraldton Port. The carrying value of the inventory (including consumable fuel) at 30 June 2022 was \$6,775,053 (refer to Note 12).

As described in note 2(m) to the financial statements, the inventory is carried at a lower of cost or net realisable value on a weighted average basis in accordance with AASB 102 - *Inventories*.

Measurement and valuation of inventory is a key audit matter due to:

- The significance of the inventory balance (19% of total assets);
- Complexity involved in determining inventory quantities on hand due to assumptions such as iron ore grades, volumes and densities;
- Significant judgement in applying an appropriate costing methodology in accordance with the Group's accounting policy and estimates for calculating ore stockpiles on hand; and
- Judgements made in determining the net realisable value ("NRV"), which included estimating future sales prices, estimates of costs to complete production, processing and shipping.

Inter alia, our audit procedures included the following:

- i. Assessing and verifying ore production costs, inputs and methodology used to calculate the inventory balance;
- ii. Obtaining audit evidence relating to the existence of the inventory at the reporting date and corroborating to supporting documentation;
- iii. Evaluating management's NRV assessment and ensuring that the inventory is carried at the lower of cost or NRV. This included assessing:
 - Future iron ore pricing and exchange rates used;
 - Expected costs to complete production, processing and shipping;
 - Expected value from the sale of the inventory to a third-party after balance date; and
- iv. Assessed the adequacy of the related disclosures in the financial statements.

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Carrying value of Exploration and Evaluation Expenditure

At 30 June 2022, the carrying value of capitalised exploration and evaluation expenditure amounted to \$7,627,058 (refer to Note 14).

The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to:

- The significance of the balance (21%) of total assets;
- The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and
- The assessment of judgements made by management in relation to whether the resources may be economically viable to develop in the future, including transfers to mine development costs.

Inter alia, our audit procedures included the following:

- i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;
- ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure. This included ensuring the veracity of the data presented, the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6;
- iii. Evaluation of Group documents for consistency with the intentions for the continuation of exploration and evaluation activities in certain areas of interest. Inter alia, the documents we evaluated included:
 - Minutes of meetings of the Board and management;
 - Announcements made by the Group to the Australian Securities Exchange; and
 - Cash flow forecasts; and
- iv. Assessing the disclosures made by the Group in relation to AASB 6 in the financial statements.

Carrying value of Provision for Rehabilitation

At 30 June 2022, the Group recorded a liability of \$3,599,592 in relation to the estimated cost of rehabilitation, restoration and environmental costs to areas disturbed during operation of the yet to be rehabilitated Wiluna West Iron Ore Project. (refer to note 20(b)).

The provision is based on the forecasted costs of closure and restoration of the mine areas. The rehabilitation provision is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of the costs to be incurred based on the area of disturbance.

The rehabilitation liability is a key audit matter due to:

- The significance of the total balance (11% of total liabilities); and
- The estimates and judgements involved.

Inter alia, our audit procedures included the following:

- i. Examining the rehabilitation provision calculation prepared by management and agreeing to the general ledger;
- ii. Assessing management's considerations regarding the provision against the requirements of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*;
- iii. Evaluating the approach adopted by management in determining the value of the rehabilitation provision. This included assessing supporting evidence and reviewing the cost elements used; and
- iv. Assessing the appropriateness of the related disclosures within the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work

Independent Auditor's Report



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we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 37 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of GWR Group Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
30 September 2022

Additional ASX Information

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 17 October 2022.

(a) Ordinary Shareholders

Twenty largest holders of ordinary shares	Number of shares	% held
CITICORP NOMINEES PTY LIMITED	120,173,722	37.41%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,450,229	9.79%
HUNAN VALIN STEEL CO LTD	14,400,000	4.48%
BNP PARIBAS NOMS PTY LTD <DRP>	13,678,165	4.26%
MR CHIN AN LAU	6,739,602	2.10%
MR GARY LYONS & MS TATJANA CUSMANO <LYONS SUPER FUND A/C>	6,276,408	1.95%
MR MICHAEL REGINALD WILSON	5,607,795	1.75%
TA SECURITIES HOLDINGS BERHAD	5,315,430	1.65%
MR JIMMY KONG LENG LEE	4,851,687	1.51%
HITEC MINERALS PTY LTD	4,411,765	1.37%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,133,640	1.29%
MR TIEN SENG LAW	4,000,000	1.25%
DIZA SUPER PTY LTD <DIZA SUPER FUND A/C>	3,721,491	1.16%
SIMWISE DEVELOPMENTS PTY LTD	3,000,000	0.93%
WYNNES INVESTMENT HOLDING LTD	2,485,355	0.77%
MR ALESSANDRO TONINO GAMBOTTO	2,041,302	0.64%
	239,902,265	74.69%

Significant Shareholders are:

Shareholder	Number of Shares	% held
CITICORP NOMINEES PTY LIMITED	120,173,722	37.41%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,450,229	9.79%

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders and is entitled to dividends when declared.

The total number of shares on issue is 321,216,655.

The number of shareholders holding less than a marketable parcel is 1,348.

There is no current on market buy back and the Company has no ordinary shares which are subject to voluntary escrow.

Distribution of ordinary shareholders

Category of shareholding	Number of shareholders	Number of shares	%
1 – 1,000	494	172,897	0.05%
1,001 – 5,000	705	2,042,324	0.64%
5,001 – 10,000	319	2,544,165	0.79%
10,001 – 100,000	773	26,000,914	8.09%
100,001 and over	195	290,456,355	90.42%
Total	2,486	321,216,655	100.00%

(b) Unquoted securities

The Company has no unquoted securities on issue.

Tenement Interests

The Group's interest in tenements as at 17 October 2022 is as follows:

Location	Tenement	Percentage held	Notes
Western Australia			
Wiluna¹			
Wiluna West	L53/115	100%	
Wiluna West	L53/146	100%	
Wiluna West	L53/147	100%	
Wiluna West	L53/148	100%	
Wiluna West	L53/177	100%	
Wiluna West	L53/178	100%	
Wiluna West	L53/179	100%	
Wiluna West	L53/190	100%	
Wiluna West	M53/971-I	100%	
Wiluna West	M53/972-I	100%	
Wiluna West	M53/1016-I	100%	
Wiluna West	M53/1017-I	100%	
Wiluna West	M53/1018-I	100%	
Wiluna West	M53/1078-I	80%	JV with Jindalee Resources Ltd
Wiluna West	M53/1087-I	100%	Partial surrender completed
Wiluna West	M53/1096-I	100%	
Northern Territory			
Hatches Creek			
Hatches Creek	EL22912	80%	Pursuant to farm-in agreement with Tungsten Mining NL
Hatches Creek	EL23463	80%	
Tasmania			
Prospect Ridge			
Prospect Ridge	EL5/2016	70%	

¹ The Company has entered into a Deed of Co-operation with Wiluna West Gold Pty Ltd a wholly owned subsidiary of Western Gold Resources Limited (WGR) which provides for the co-ordination of their respective activities within the Wiluna West Iron Project and Gold Duke Project (formerly Wiluna West Gold) areas. WGR has been granted full, free and exclusive rights to exercise the mineral rights to all minerals other than iron ore in the tenement area.

Annual Mineral Resources and Ore Reserves Statement

Wiluna West Iron Ore Project

The Wiluna West Iron Ore Project is located approximately 35 km south west of Wiluna. The project area hosts both iron ore and gold deposits.

Annual Review

The Company has conducted a review of its Mineral Resources and Ore Reserves at the end of the financial year. As set out below, this review did not reveal any material change to the Mineral Resource and Reserve information for the Wiluna West Iron Ore Project as previously announced and disclosed in the Company's 2021 Annual Report which was last updated on 15 August 2019.

Resources

As at 30 June 2022 total JORC 2004 Measured, Indicated and Inferred mineral resources were as follows:

Wiluna West Iron Ore Project - Mineral Resource Reported above a 50% cut-off

Classification	Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Measured	10.1	62.5	4.5	1.9	0.05	3.4
Indicated	72.0	59.9	7.8	2.4	0.06	3.6
Inferred	48.8	59.4	7.4	2.6	0.06	4.0
Total	131.1	60.0	7.4	2.4	0.06	3.8

Reserves

As at 30 June 2022, total JORC 2004 Proven and Probable ore reserves were:

Wiluna West Iron Ore Project - Reserve Estimate Reported Above a 50% cut-off

Classification	Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Proven	2.9	59.7	7.6	2.6	0.07	4.0
Probable	66.4	60.3	7.2	2.5	0.05	3.6
Total	69.2	60.3	7.2	2.5	0.05	3.6

The Mineral Resource estimates were published pursuant to ASX announcements dated 8 July 2011 and 11 April 2013 and Reserve Statements dated 1 August 2011 for the Wiluna West Iron Project and are prepared in accordance with the 2004 edition of the JORC Code.

There was no material change in the Mineral Resources and Reserves of the Wiluna West Iron Ore Project during the year ending 30 June 2022, that is despite mining operations which were ongoing during the year. It is noted that mining to date from JWD and the C4 Iron Ore Project is estimated to have depleted reported Mineral Resources and Reserves by approximately 2.8 million tonnes.

The Group is working to update the Mineral Resource Estimates for both the JWD and C4 deposits to JORC 2012 which forms part of the overall Wiluna West Iron Ore Project.

Annual Mineral Resources and Ore Reserves Statement

Prospect Ridge Magnesite Project

GWR announced the purchase of a 70% interest in the advanced Prospect Ridge Magnesite project during the year with Jindalee Resources Limited (**Jindalee**) holding the remaining 30%. Prospect Ridge is located in northwest Tasmania and is an advanced asset where a substantial amount of work has previously been undertaken, including diamond drilling, metallurgical test work, hydrological test work, resource modelling and feasibility studies. The project had an existing Mineral Resource Estimate which is outlined below.

Resources

The Project contains a JORC 2012 Inferred mineral resource as follows:

Prospect Ridge Magnesite deposit estimate of 25 million tonnes of fresh magnesite grading 42.4% MgO, to an average depth of 100m below the surface at a cut-off of 40% MgO.

Cut-Off (MgO (%))	Tonnes	MgO (%)	SiO ₂ (%)	Fe ₂ O ₃ (%)	CaO (%)
36	36,820,000	41.1	5.9	1.7	2.9
38	32,090,000	41.7	5.4	1.6	2.8
40	25,120,000	42.4	4.8	1.4	2.6
42	15,280,000	43.3	4.2	1.3	2.2
44	3,040,000	44.5	3.0	1.0	1.9

Hatches Creek Tungsten Project

The Project is located 375 km north east of Alice Springs in the Northern Territory of Australia.

Resources

As at 30 June 2022, total JORC (2012) Inferred mineral resources were as follows:

Hatches Creek Mullock Dumps and Alluvial - Mineral Resource Reported above a 0.20% WO₃ cut-off and 1.5% upper cut

Classification	Tonnes	WO ₃ %	WO ₃ t
Indicated	-	-	-
Inferred	225,066	0.58	1,305
Total	225,066	0.58	1,305

The Mineral Resource estimate for the Hatches Creek Tungsten Project was published pursuant to ASX announcement of Arunta Resource Limited (ASX Code: AJR) dated 23 September 2014 and is prepared in accordance with the 2012 edition of the JORC Code.

There was no change in the Mineral Resources of the Hatches Creek Tungsten Project during the year ending 30 June 2022.

Annual Mineral Resources and Ore Reserves Statement

Governance and Internal Controls - Reserve and Resource Calculations

The Company used third party resource consultants to estimate its ore reserves and resources at Wiluna West according to the 2004 JORC Code and JORC2012, as have previously been reported.

No further mineral resource estimations or upgrading work has been undertaken on any of the Company's projects since the mandatory introduction of the 2012 JORC Code on 1 December 2013, and the Company is not aware of any additional information that would have a material effect on the estimates as reported.

The Company entered into an agreement to purchase the Hatches Creek Tungsten Project in May 2017 and settled the transaction on 23 August 2017. The Mineral Resource estimate was compiled by personnel engaged by the previous project owner, Davenport Resources Ltd (a subsidiary of Arunta Resources Ltd at the time the report was published).

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations.

The Company will report any future mineral reserves and resources estimates in accordance with the 2012 JORC Code.

Competent Person's Statement

The information in this Annual Mineral Resource and Ore Reserve Statement is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of AI Maynard & Associates Pty Ltd and has over 40 continuous years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

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GWR Group Limited
Annual Report | 2022
ASX | GWR
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