

14 March 2022

ASX ANNOUNCEMENT

**INTERIM FINANCIAL REPORT – HALF YEAR ENDED 31
DECEMBER 2021**

Western Gold Resources Limited (ASX:WGR) (“**WGR**” or “**the Company**”) encloses its interim financial report for the half year ended 31 December 2022.

Yours faithfully



Mark Pitts
Company Secretary

This announcement has been authorised for release by Mr Mark Pitts, Company Secretary, Western Gold Resources Limited.

For further information please contact:

Gary Lyons
Chairman

Warren Thorne
Managing Director

Mark Pitts
Company Secretary

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WESTERN GOLD

RESOURCES LIMITED

ABN 54 139 627 446

Half Year Financial Report | 31 December 2021

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Corporate Directory

Directors

Mr Gary Lyons

Non-executive Chairman

Mr Warren Thorne

Managing Director

Mr Patrick Burke

Non-executive Director

Mr Teck Siong Wong

Non-executive Director

Company Secretary

Mr Mark Pitts

Registered Office & Principal Place of Business

97 Outram Street, West Perth WA 6005

SHARE REGISTRY

Automic Group Australia
Level 5, 191 St Georges Terrace
Perth WA 6000

Auditors

Stantons International Audit and Consulting Pty Ltd
40 Kings Park Rd, West Perth WA 6005

Company Information

Incorporated in Western Australia, 24 September
2009

Securities Exchange

Australian Securities Exchange ("ASX")
Company code: WGR

Directors' Report

Your Directors submit their report for Western Gold Limited ("Western Gold" or the "Company") and its subsidiary (together, the "Group") for the half-year ended 31 December 2021.

Directors

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

Gary Lyons	Non-executive Chairman
Warren Thorne	Managing Director
Patrick Burke	Non-executive Director
Teck Siong Wong	Non-executive Director

Company Secretaries

Mark Pitts

Dividends

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

Principal activities

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

Operating results

The net loss of the Group for the half-year ended 31 December 2021 was \$1,958,986 (half-year ended 31 December 2020: profit of \$3,535,619).

Financial Position

The Group's net assets at the end of the half-year totalled \$4,516,512 (30 June 2021: \$25,344). As at 31 December 2021, the Group had \$4,108,351 in cash and cash equivalents (30 June 2021: \$31,253)

Review of Operations

Gold Duke Project

Western Gold Resources Limited holds the Gold Duke Project, an advanced exploration project with potential to move to gold production.

The Gold Duke Project (the Project) is located approximately 35 to 45 km southwest of the township of Wiluna (Figures 1) and 750 km northeast of Perth in the Northern Goldfields region of Western Australia. Access to the site is gained either via the partly sealed Wiluna – Meekatharra Road (Goldfields Highway) or via the unsealed Wiluna – Sandstone road (Ullalla Road) accessed from the Goldfields Highway.

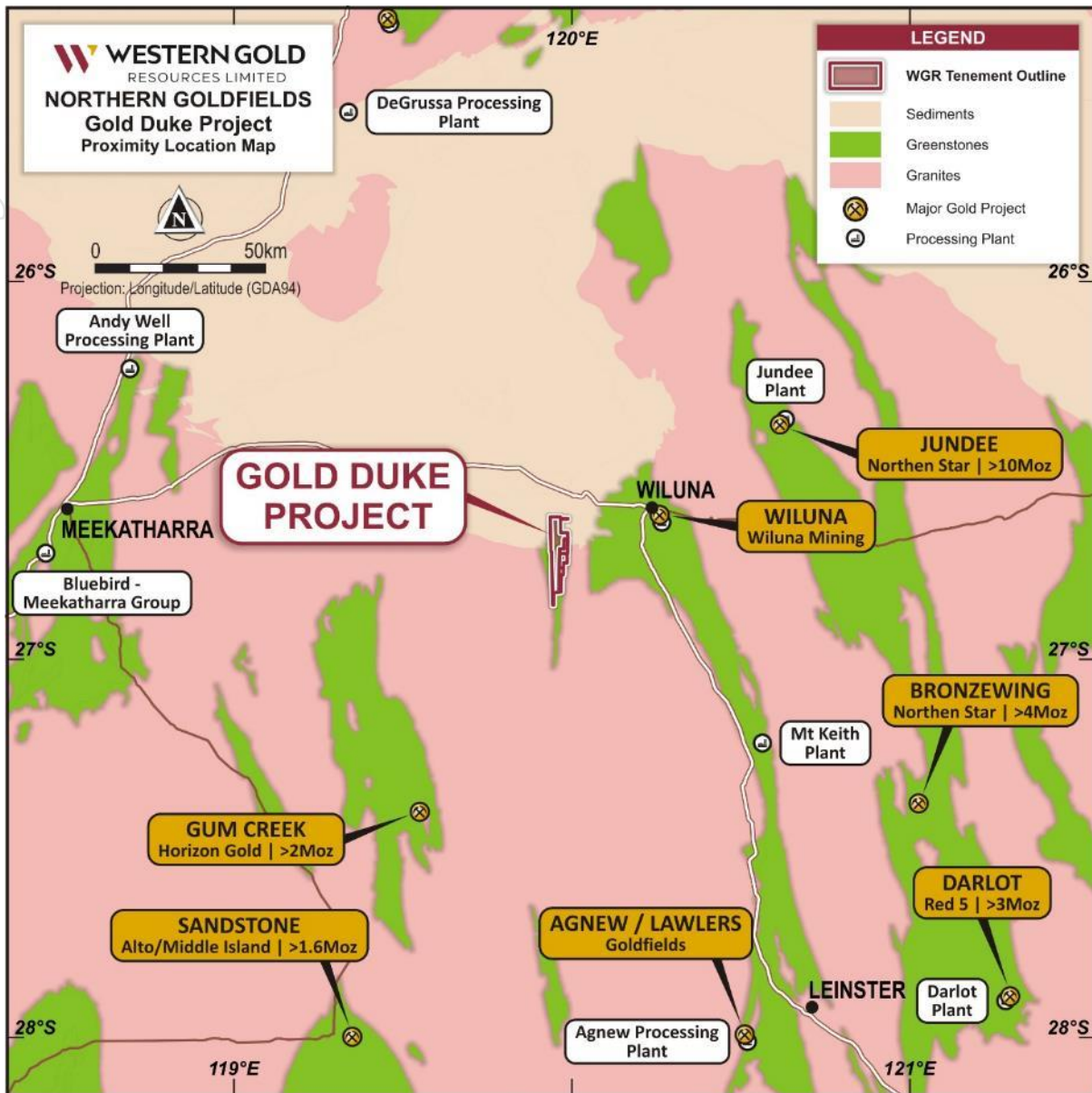


Fig. 1 - Location of Gold Duke Project with prominent greenstone belts, existing mines, and processing facilities.

The Project consists of 7 granted mining leases occupying a total area of 85.8 km². The mining leases are all held by GWR and are subject to a Deed of Co-operation between GWR and Wiluna West Gold. The Project covers 25 km of strike over the Joyners Find Greenstone Belt and is comprised of several deposits which are all located on granted mining leases and subject to a Native Title Agreement.

Since the commencement of modern exploration (up to 1990) more than 20 gold occurrences have been identified within the project area (Figure 2). Much of the gold mineralisation within the project area is related to the two major structural features, the Joyners Shear Zone and the Brilliant Shear Zone.

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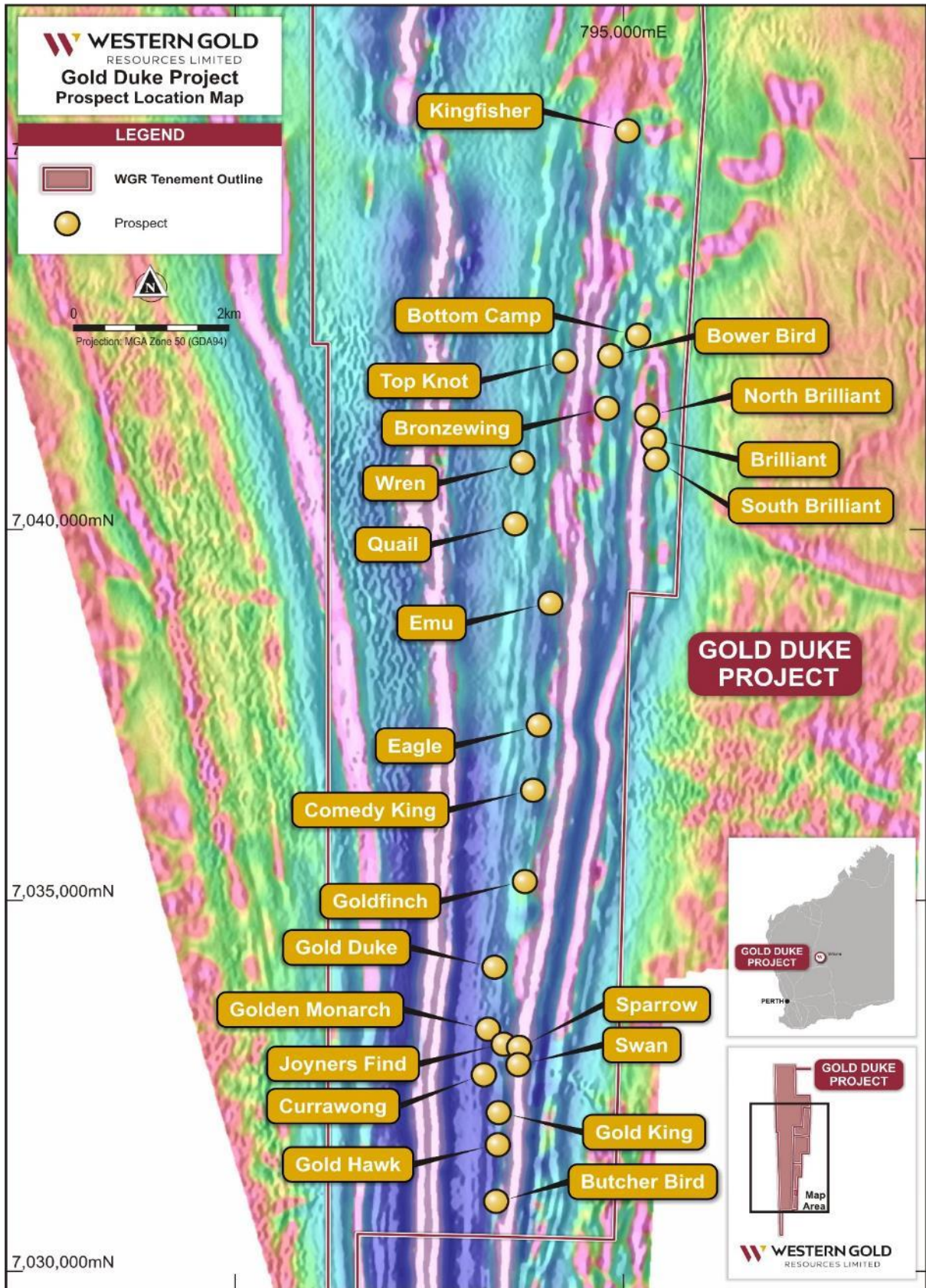


Fig. 2 – Gold Duke project on TMI (1VD) and with Gold Deposit prospects displayed

This belt of Archaean rocks is located on the northern margin of the Yilgarn Block 35km to the west of the northern part of the highly productive Norseman - Wiluna Greenstone Belt. To the north, Proterozoic sediments belonging to the Yerrida Basin overlie the northern end of the greenstone belt.

Directors' Report

Gold mineralisation is mostly very fine grained and occurs in three structural styles within the project area:

- Quartz reefs parallel to shear bands such as at Bronzewing, Bowerbird, Joyners Find, Brilliant, Bottom Camp, Wren, Quail, Swan and Sparrow.
- BIF hosted replacement deposits such as at Emu, Eagle, Comedy King, Goldfinch, Hawk, Golden Monarch, Iron King; and
- Shear zone hosted along the contact with BIF such as at Butcherbird, Currawong and Goldfinch (mine).

There remains significant potential to expand the Company's Resource inventory by following up known deposits and by greenfields exploration targeting of the relatively untested targets over the Joyners Find Greenstone belt.

Three drilling programs were completed during the half across the Eagle, Emu, Comedy King, and Blob prospects. The programs consisting of 185 RC drill holes for 10,608 m completed. Drilling was aimed at extending the Eagle and Emu deposits along strike and at depth, together with exploration of BIF-hosted mineralisation along 3km of strike length of the Joyners Shear Zone

Results of the drilling have been reported by WGR to the ASX (refer Announcements 16th August 2021, 20th October 2021, 16th December 2021, and 11th January 2022).

Eagle

A total of 108 RC drill holes for 6074 m was drilled at Eagle. Previous drilling at the Eagle deposit identified two sub-parallel north-trending mineralised BIF's units (see ASX announcements 20 October 2021, 16 December 2021 and 11 January 2022), The Eagle deposit contains a JORC (2012) Indicated and Inferred Mineral Resource estimate of 790,000 tonnes at 1.8 g/t Au for 45,000 oz (refer to Table 1).

Drilling during the half extended the strike of mineralisation of the eastern 100m to the south and north (Fig. 3). The eastern BIF remains open to the south and north and at depth. The strike extent of the western BIF has been extended approximately 300m to the south with further infill drilling required.

Significant results during the half include:

- 6m @ 11.66 g/t Au from 58m (including 2m @ 27.04 g/t Au) (WGRC0299)
- 10m @ 6.97 g/t Au from 78m (including 2m @ 23.36 g/t Au) (WGRC0242)
- 11m @ 3.80 g/t Au from 26m (including 2m @ 13.56 g/t Au) (WGRC0214)
- 7m @ 4.76 g/t Au from 29m (including 2m @ 12.37 g/t Au) (WGRC0218)
- 5m @ 6.78 g/t Au from 4m (including 1m @ 12.14 g/t Au) (WGRC0208)
- 11m @ 3.33 g/t Au from 29m (including 1m @ 10.44 g/t Au) (WGRC0206)
- 5m @ 5.84 g/t Au from 12m (including 2m @ 12.81 g/t Au) (WGRC0200)
- 4m @ 6.50 g/t Au from 19m (including 1m @ 14.49 g/t Au) (WGRC0284)
- 7m @ 15.16 g/t Au from 48m (including 2m @ 48.95 g/t Au) (WGRC0174)
- 4m @ 8.17 g/t Au from 37m (including 2m @ 13.77 g/t Au) (WGRC0169)
- 5m @ 5.53 g/t Au from 27m, (including 1m @ 24.64 g/t Au) WGRC0155
- 15m @ 1.44 g/t Au from 30m, (WGRC0167)
- 11m @ 2.34 g/t Au from 30m (WGRC0158)

The high-grade intercept in WGRC0174 which includes 7m @ 15.16 g/t Au from 48m, including 2 m @ 48.95 g/t Au demonstrates the presence of very high-grade lodes within the deposit. WGR are particularly excited that the results show the potential for extensions to the orebody to the north and south.

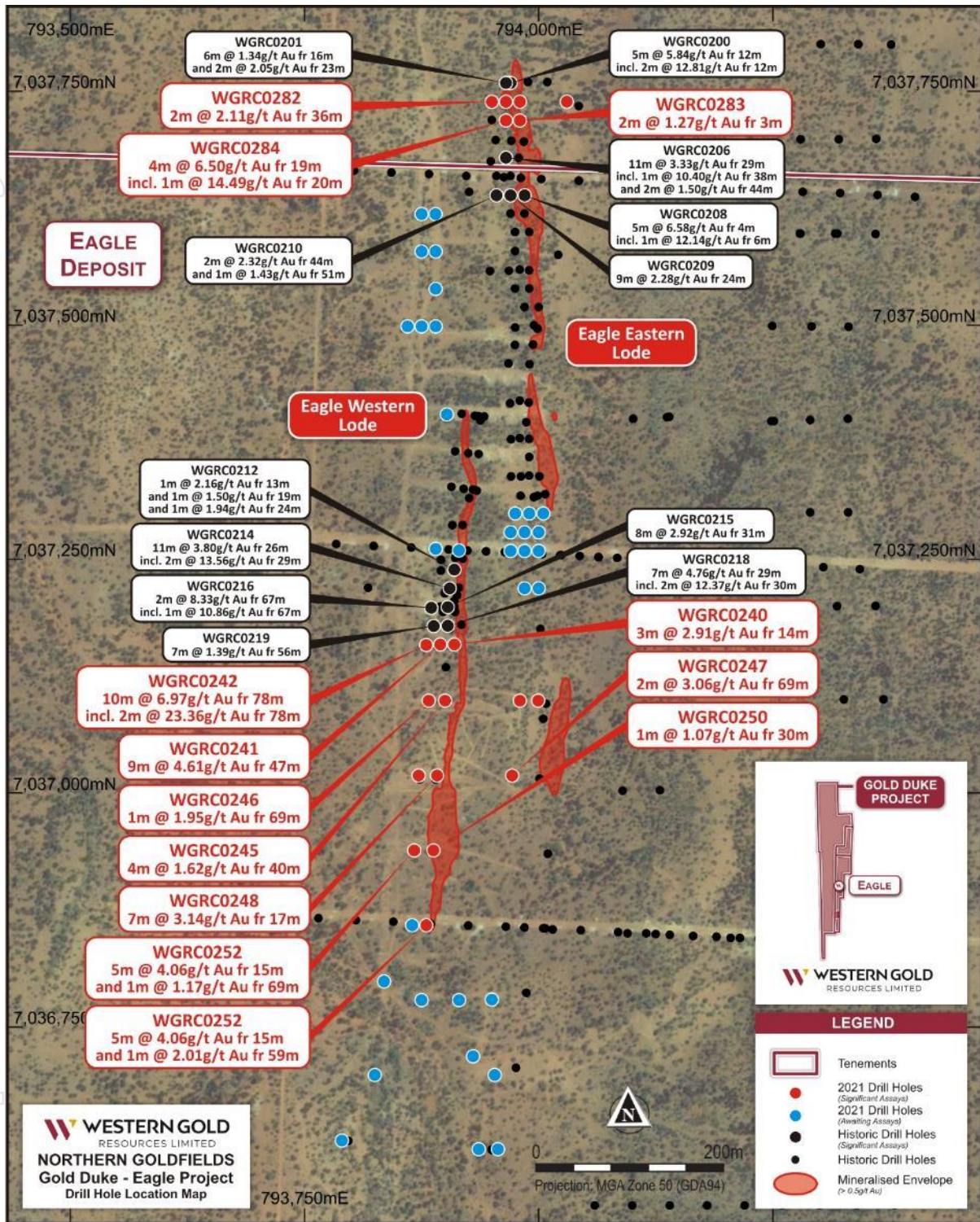


Fig. 3 – Eagle prospect showing significant drilling results

Emu

The Emu (Figure 4) prospect contains a JORC (2012) Inferred Mineral Resource estimate of 600,000 tonnes at 2.2 g/t Au for 42,000 oz (refer to Table 1). A total of 32 RC drill holes for 1,430 m (refer ASX 16th August 2021) was completed over a strike length of 720 m testing a mineralised BIF and Figure 4 shows the collar positions of drilling to date. The recently completed drilling has further infilled the pattern to a nominal 20m north and 15m east spacing, as well as testing northern and southern extensions to the known mineralisation.

Directors' Report

Significant intercepts include:

- 12m @ 2.73 g/t Au from 1m WGR0132
- 3m @ 7.26 g/t Au from 7m, (including 1m @ 12.71 g/t Au) (WGR0141)
- 8m @ 2.23 g/t Au from 93m WGR0151
- 6m @ 2.89 g/t Au from 39m WGR0146
- 7m @ 2.16 g/t Au from 15m WGR0136
- 9m @ 1.53 g/t Au from 2m WGR0133

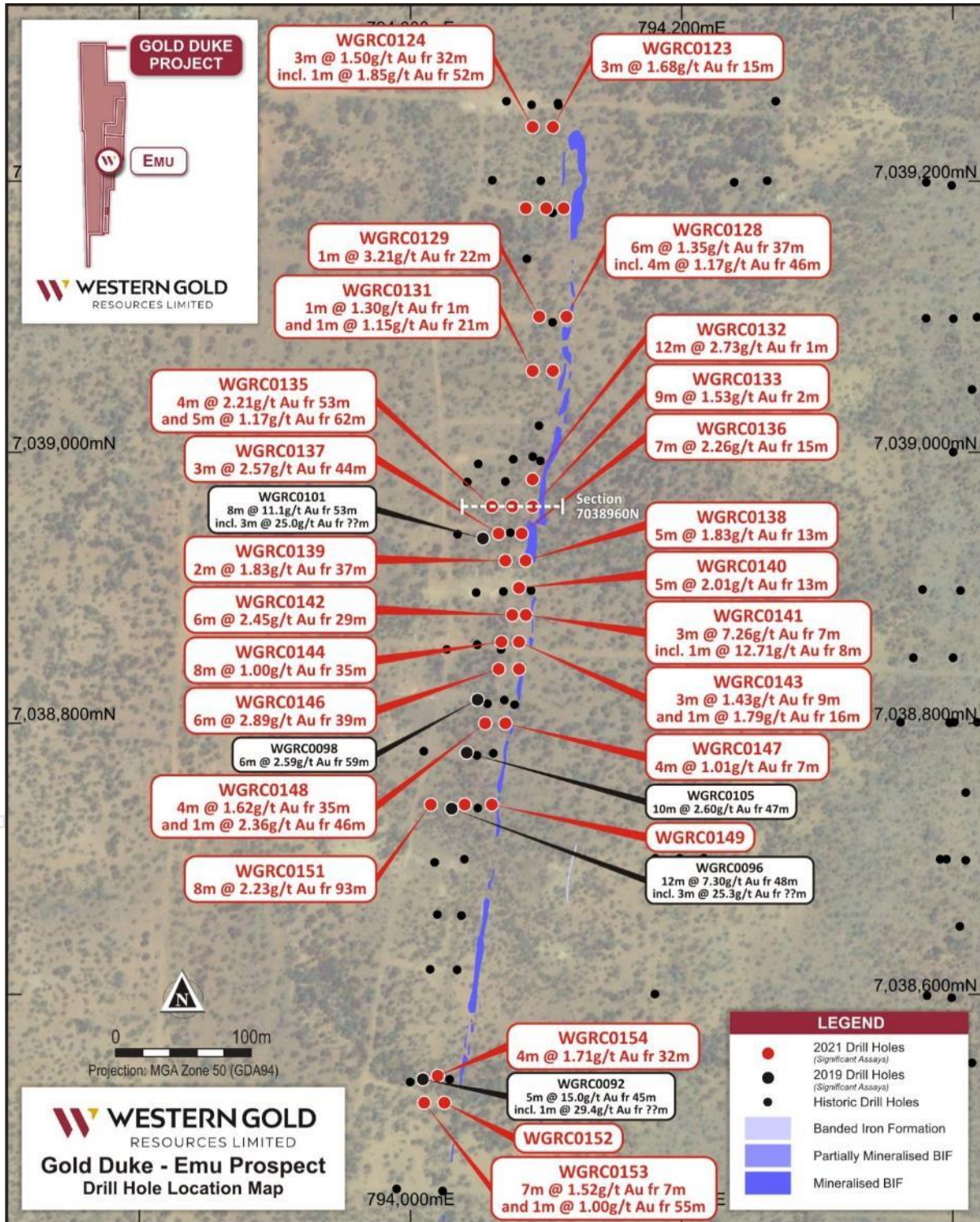


Fig. 4 – Emu prospect showing significant drilling results

Directors' Report

Comedy King

The Comedy King deposit contains a JORC (2012) Inferred Mineral Resource estimate of 260,000 tonnes at 1.5 g/t Au for 12,000 oz (refer to Table 1). A total of 37 RC drill holes for 2360m were drilled to test 1300m of strike (See ASX announcement 11th January 2022) to the north and south of the historic Comedy King shaft (Figure. 5). Drilling targeted hematite-goethite altered BIF as well as silicified ultramafics with extensive quartz veining.

Significant intercepts include:

- 2m @ 7.63 g/t Au from 44m (including 1m @ 14.05 g/t Au) (WGRC0237)
- 2m @ 1.85 g/t Au from 17m and 1m @ 3.85g/t Au from 24m (WGRC0226)
- 3m @ 1.12 g/t Au from 5m (WGRC0231)

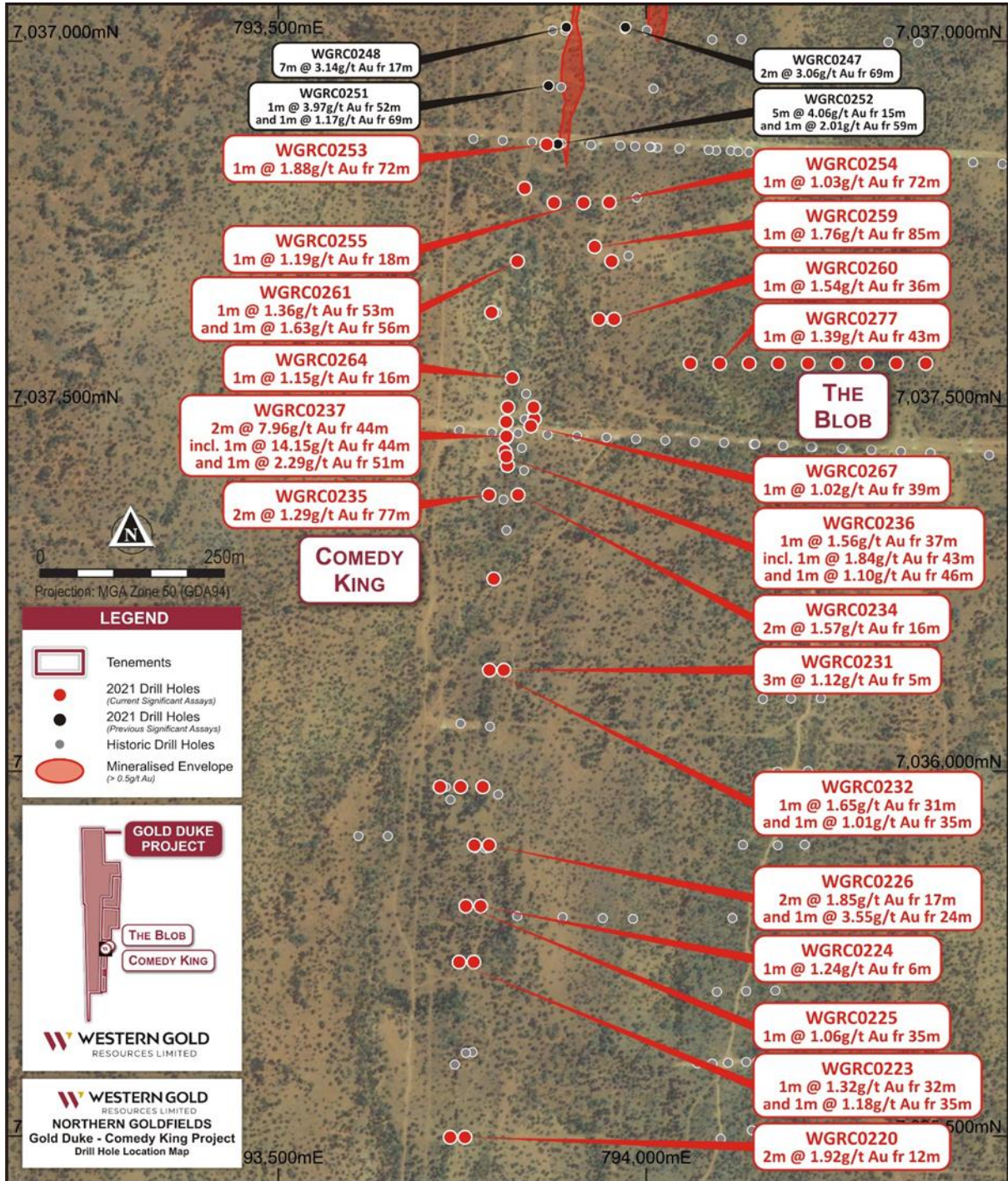


Fig. 5 – Comedy King prospect showing significant drilling results

Directors' Report

The high-grade intercept in WGRC0237 drilled under the historic Comedy King shaft to target the southern plunge of the ore shoot intersected 2m @ 7.63 g/t Au from 44m (including 1m @ 14.05 g/t Au) hosted within brecciated chert and hematite-goethite altered BIF. Further drilling aimed to intersect the quartz-hosted gold mineralisation to the north and south of the shaft failed to intersect significant mineralisation suggesting that mineralisation may plunge steeper to the southwest than previously expected.

Target Generation

Western Gold Resources has partnered with the CSIRO as an industry partner of the M462b UltraFine+ research project. The project calls upon CSIRO's world-leading expertise to analyse the soil sample geochemical assay data and provide new data analytics and targeting for mineral exploration (See ASX announcement 26th October 2021).

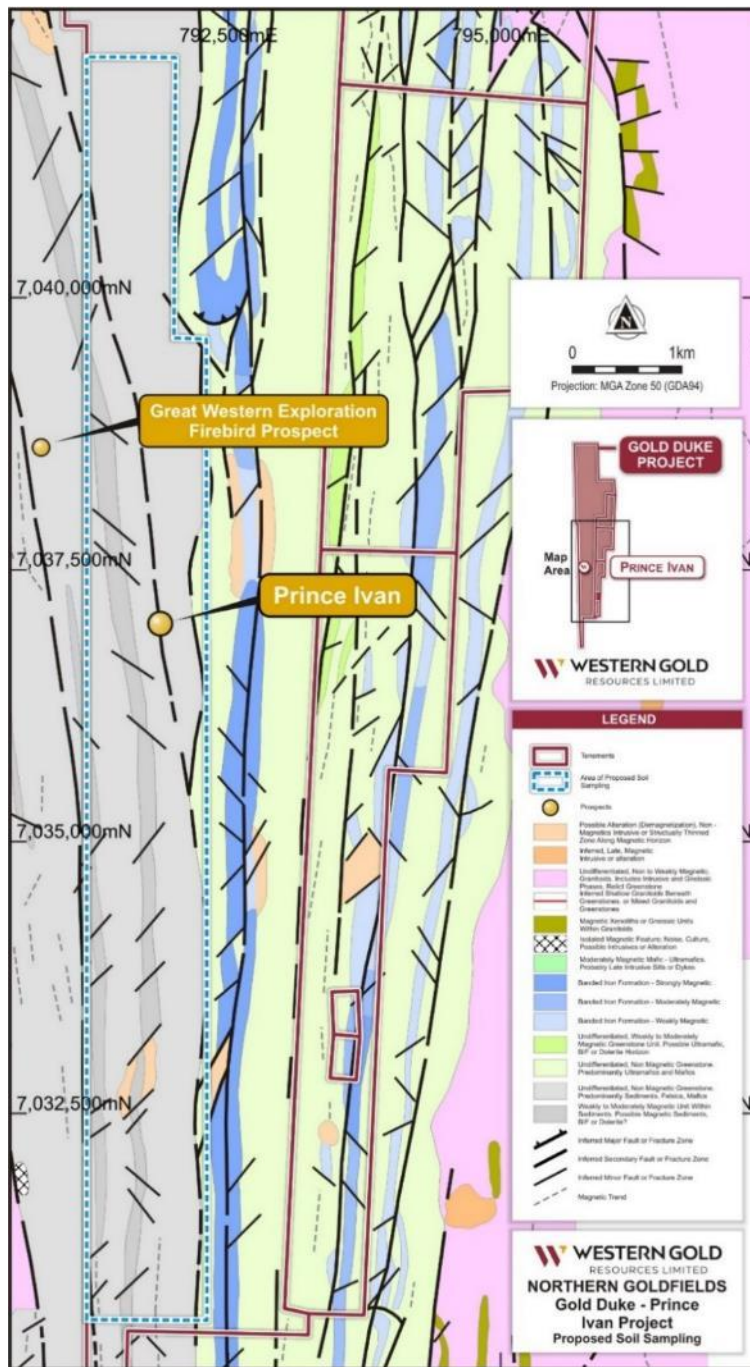


Fig. 6 - Gold Duke project on TMI interpretation displaying location of Prince Ivan Prospect, Ultrafines+ soil sampling area and adjacent Firebird Prospect

Directors' Report

The partnership between CSIRO and WGR aims to develop a robust set of measurable parameters and new data products using the UltraFine+ method (LabWest Minerals Analysis Pty Ltd, Malaga, WA) to fully assess the soil properties and relationships (to the geochemistry) to improve the chances of future discovery. The project aims to generate new, quality targets through cover by determining the relationships of the host mineral phases, size fraction, physicochemical parameters of the samples, landform setting, and how this relates to buried mineralisation at local and regional scales.

WGR has begun a regional-scale soil sampling program at its Prince Ivan prospect, located along the western margin of its tenement holdings (Fig. 86) within the Joyner's Find greenstone belt. No historic drilling or extensive soil sampling programs have been conducted at the prospect in an area the Company sees as having significant exploration potential. The soil sampling program covers an area of approximately 12km² and an estimated 2500 soil samples are to be collected (Figure 6).

The Prince Ivan prospect is interpreted to consist of a N to NNW-trending package of felsic sediments, ultramafics and banded iron formation. Numerous NE and NW-trending faults, interpreted from aeromagnetic data, are present within the area and are known to control gold mineralisation at the other prospects within the Gold Duke Project. The soil sampling program is adjacent to Great Western Exploration Limited's Firebird Gold. prospect, large, a strong gold in soil anomaly (peak Au of 20ppb) and an arsenic-in-soil anomaly that is some 2.1km long and 350m wide. This anomaly is associated with a series of interpreted NNW-SSE trending splay faults on the western edge of the Joyner's Find Greenstone sequence that extend into WGR tenure.

Sub-Audio Magnetism Survey

Shortly after listing WGR conducted a Sub-Audio Magnetic (SAM) survey over the 7.7km of strike length of the Joyner's Find and Brilliant Shear zones with the primary objective being to map structural and lithological detail in the bedrock (refer ASX 2nd August 2021). The survey has been arranged into three blocks (Figure 7), the Brilliant and Bottom Camp block, the Kingfisher block, and the Wren block. All three blocks are northerly portions of the Brilliant and Joyner's Find Shear zones, host to most significant gold resources on the project. Of particular interest is the use of SAM to map below the Permian cover in the north of the Kingfisher block.

Southern Geoscience Consultants completed data interpretation and targeting over the 3 blocks in conjunction with the WGR geology team.

Wren Block

Interpretation of the SAM survey over the Wren Block (see ASX announcement 9th November 2021) has identified ten (10) targets, including four high-priority targets (Figure 8) producing three datasets: TMI (magnetics), MMC (magneto-metric conductivity) and TFEM (Total Field Electromagnetics). TMI data is measured passively as a function of the Earth's magnetic field distorted by magnetic minerals in the rocks, MMC data is measured while current is flowing through the ground, and TFEM are measured as that current is switched off and there is a decay of potential.

The four high-priority targets are described below:

- Target 1a - Section of the metasedimentary unit adjacent to a major shear zone with the anomalous Au-As geochemistry defined from rock chip samples (see ASX release 22nd September 2021) and host to the Wren deposit JORC 2012 Inferred Resource estimate of 110,000 tonnes at 2.4 g/t Au for 8,000 ounces. A subtle bend of the unit as well as apparent narrowing of the chert horizon provides a favourable structural setting.
- Target 1b - Narrowing of the metasedimentary unit adjacent to a major shear zone with high values of gold from rock chip samples and host to the Quail prospect, that contains historic workings. Broad EM anomaly co-incident with a possible NE trending fault.

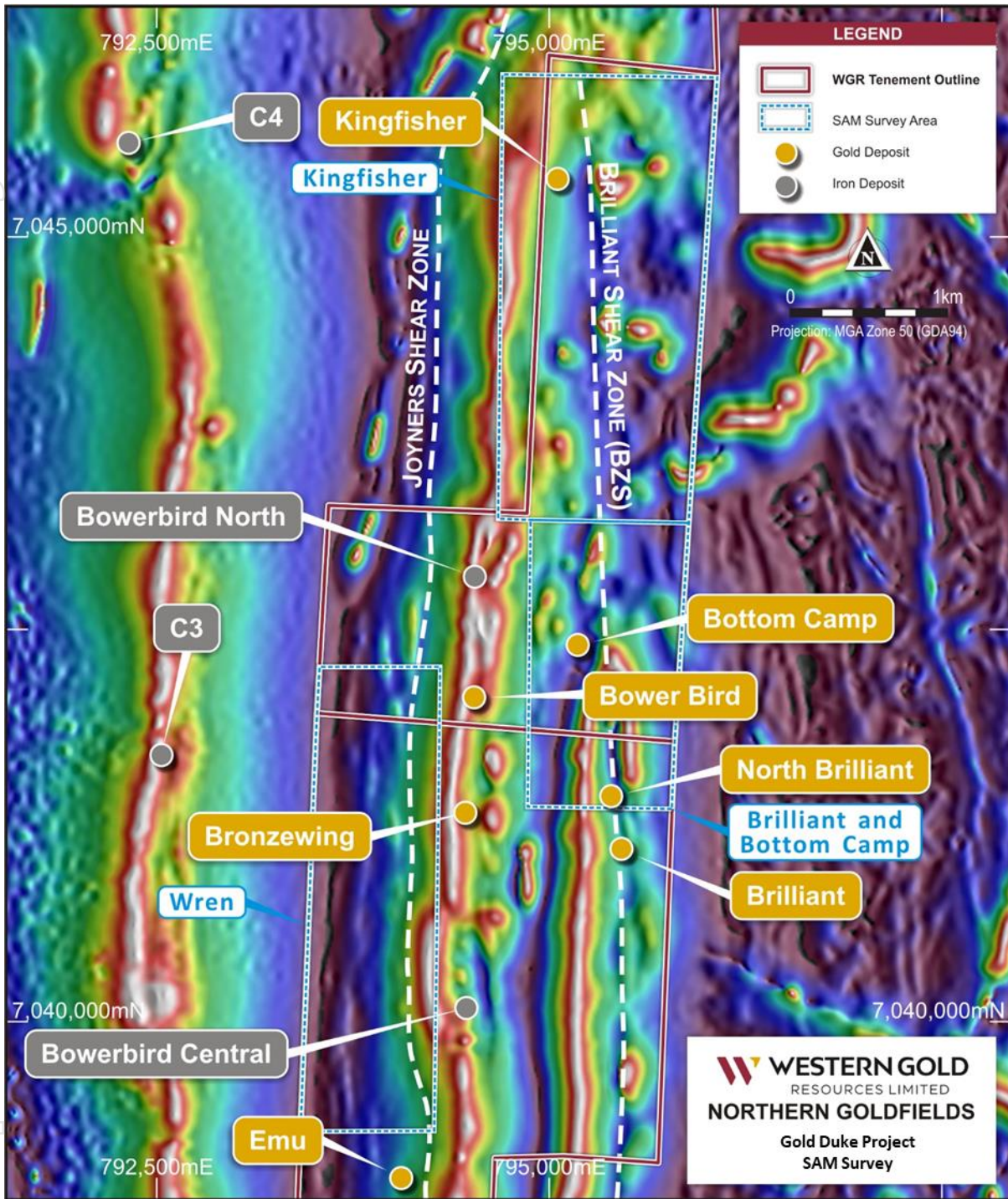


Fig. 7 – Gold Duke Project displaying SAM survey grids on TMI with prospects displayed

- Target 1c - Section of the metasedimentary unit adjacent to a major shear zone. A subtle bend of the unit provides a favourable structural setting as well as apparent widening of the unit.
- Target 1d - Section of the metasedimentary unit adjacent to a major shear zone at the intersection of major structure/drainage feature and a bend in the unit providing favourable structural setting.
- Target 2 is a N-S structure coincident with Top Knot historic mining area and adjacent to a major shear or fault with subtle bending. NE trending faults provide secondary controls to gold mineralisation.
- Target 3 is a N-S major structure coincident with a low in MMC and a 1000m northern extension of the Emu prospect trend that contains a JORC 2012 inferred resource estimate of 600,000 tonnes at 2.2 g/t Au for 42,000 ounces.

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Directors' Report

- Target 4 is N-S structure coincident with a strong low in MMC interpreted to be the stratigraphic horizon.

Brilliant-Kingfisher Block

Interpretation of the completed SAM survey (see ASX announcement 20th January 2022) identified nine high-priority targets (Fig. 9) over 5km of strike of the Brilliant Shear Zone (BSZ). The BSZ is interpreted to extend over a strike length of 16 km and is 0.5 km wide containing sheared mafic and ultramafic units with occasional intrusions of differentiated dolerite sills and quartz-feldspar porphyry dykes. Mineralisation within ultramafic host rocks is coincident with less frequent brittle-ductile mineralisation that occurs as quartz veins and stockwork within dolerite, gabbro, and felsic porphyry intrusions.

Nine (9) high-priority target areas and 9 lower priority targets have been identified (Fig. 5) and ranked from the SAM results, geochemical datasets, and geological understanding of the area:

- Target 1 - Northern extension of the Brilliant deposit with MMC low adjacent to Brilliant Shear Zone known to contain elevated levels of gold in soil geochemistry and drilling. Low MMC likely to be related to quartz veining.
- Target 2 - Broad MMC low adjacent to shear zone with cross cutting structure. Known to contain elevated levels of gold as evidenced by Bottom Camp deposit. Northern portion of target within creek zone not previously drilled.
- Target 3 (a, b, and c) – Kingfisher North Interpreted intrusive and associated alteration halo that is concealed below Proterozoic cover. Minor flexure of the BSZ along western contact of the intrusive.
- Target 4 - Broad MMC low adjacent to shear zone along strike from Brilliant and North Brilliant with cross cutting structure. Contains elevated As, Cr and Au in soil geochemistry and numerous small prospector pits present in this area.
- Target 5 - MMC low on NS structure with known elevated levels of gold as evidenced by historic shafts at the Kingfisher deposit. Vergence of cross cutting structure may create structural trap for gold
- Target 6, 7 and 8 - Broad MMC low flanked by prominent structure to the west and metasediment boundary to the east. Similar MMC signature as adjacent Brilliant deposit. Associated EM anomalies may indicate the presence of sulphides associated with gold mineralisation
- Target 9 - MMC low bounded by two interpreted metasedimentary units with cross cutting structure. Minor thinning of stratigraphy commonly associated with gold mineralisation within project area.

Nine Priority 2 Targets have been identified, Targets 10-18. The targets include areas of favourable structural setting which coincides with MMC lows or are adjacent to metasedimentary unit or to major structure, which could act as potential fluid pathway. Many of the targets follow a major N-trending structure that parallels the main BSZ and are located on flexures of the structure. The Kingfisher SAM survey block defined the concealed Kingfisher North Au-Cu intrusive target and alteration halo (Target 3a to 3c) that will be drill tested in Q2, 2022 as part of a WA Government EIS Co-funded drilling grant of \$118,500 (See ASX announcement 28 October 2021).

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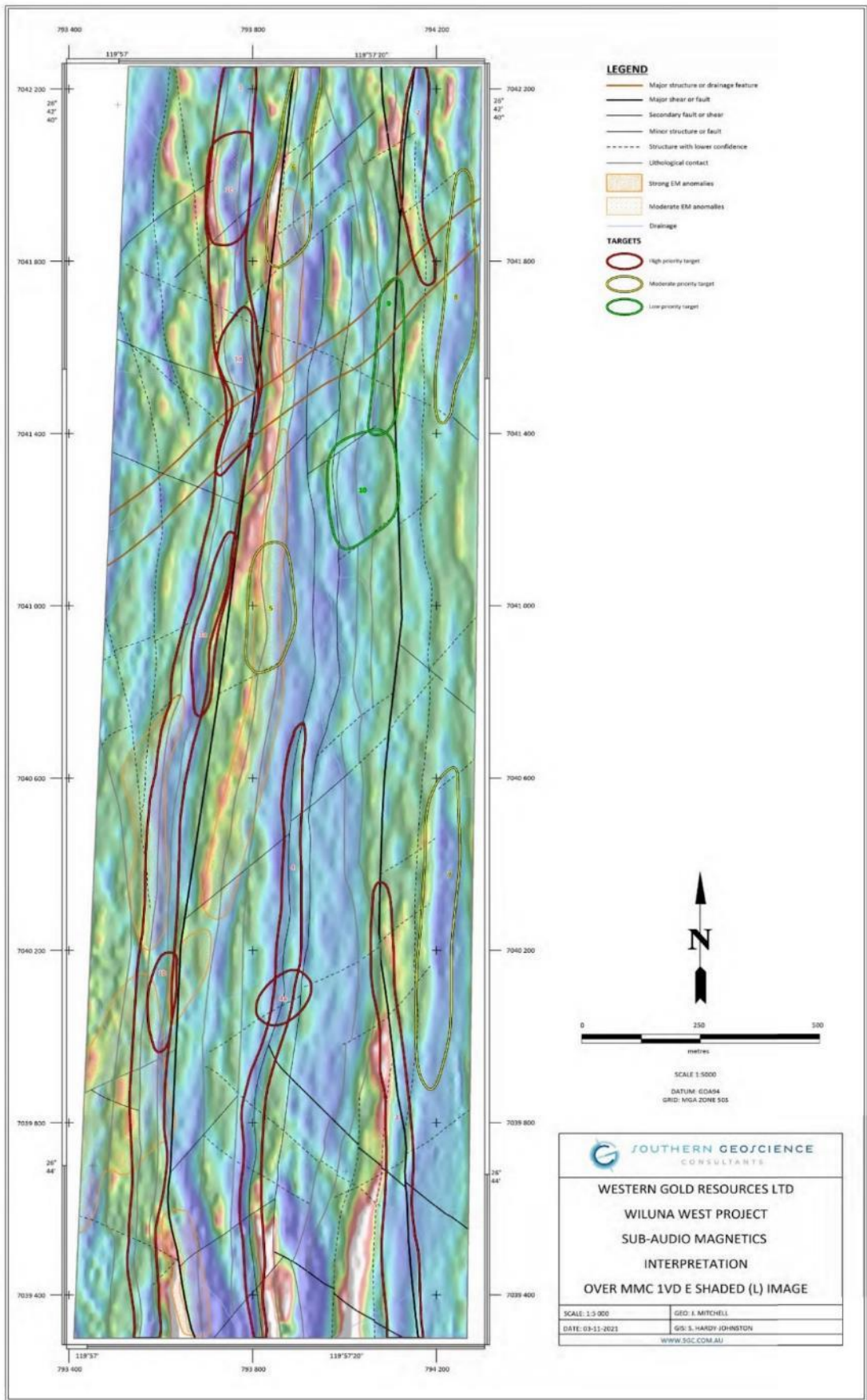


Fig. 8 - Wren Block SAM interpretation over MMC IVD E Shaded (L) Image

Directors' Report

Next Steps

The Company is in the process of finalising its planning for exploration in the first quarter which will include a targeted drill program to identify the southern and northern extent of the Eagle deposit, and test depth extensions to high-grade lodes at the historic Joyners and Brilliant mines.

Upon receiving assays from the Eagle deposit, all drilling from 2021 and 2022 will form the basis for an upgrade to the current combined JORC-2012 Mineral Resource estimate expected in the first half of 2022. Additionally, targets from the Sub-Audio Magnetics (SAM) survey over 7.7km of the Brilliant and Joyners shear zones will be merged with results from the ongoing regional soil sampling programs to generate targets for the expected regional AC/RC drilling program to take place in late in the second quarter of 2022.

Continued exploration over the highly prospective western margin of the WGR's tenement holdings with completion of the regional soil sampling program using the Ultrafine+ technique. Drill targeting, supported by CSIRO interpretation of the results, will be planned.

Competent Persons Statements

The information in this report which relates to Exploration Results is based on information compiled by Dr Warren Thorne, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of the company. Dr Thorne who is an option-holder, 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). Dr Thorne 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 Exploration Results and to the Mineral Resource estimate included in its recently announced Prospectus dated 18 May 2021 and in previous announcements, it notes that the relevant JORC 2012 disclosures are included in the Prospectus and those previous announcements and it confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all information in relation to the Exploration Results and material assumptions and technical parameters underpinning the Mineral Resource estimate within those announcements continues to apply and has not materially changed.

Initial public offering of securities, demerger from GWR Group Limited and admission to the official list of the ASX

During the half-year the Group completed its initial public offering of securities and on 23 July 2021 was admitted to the official list of the ASX. Accordingly, on 13 July 2021, the Group's ultimate parent entity, GWR Group Limited ("GWR"), disposed of its 36,125,000 shares in the Group to the shareholders of GWR via an in-specie distribution. The Group continued its primary operation during the half year, being the exploration and evaluation of mineral resources at the Wiluna West Gold project.

Issued Capital

On 16 July 2021 the Company issued 10,250,000 ordinary shares to investors who contributed seed capital to the Company to facilitate the initial public offering. These shares were issued at an average issue price of \$0.0208, raising \$213,200 before costs.

Also on 16 July 2021, the Company issued 35,000,000 ordinary shares at \$0.20 under the initial public offering, raising \$7,000,000 before costs.

Directors' Report

Events after balance date

Other than those disclosed in Note 13, there has been no matter or circumstances that has arisen since balance date to the date of this report, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to the reporting date.

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



Gary Lyons
Chairman

Dated at Perth this 14th day of March 2022

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Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
Gain on forgiveness of loan from ultimate parent	5	36,679	3,612,121
Exploration and evaluation expenditure	4	(1,715,543)	(56,229)
Personnel expenses	3	(40,064)	-
Directors' expenses	3	(91,976)	-
Corporate, legal and compliance expenses	3	(110,703)	(20,273)
Occupancy expenses	3	(11,553)	-
Administration expenses	3	(24,576)	-
Depreciation	3	(855)	-
Interest expense	3	(395)	-
Profit/(Loss) before income tax		(1,958,986)	3,535,619
Income tax expense		-	-
Profit/(Loss) for the period		(1,958,986)	3,535,619
Other comprehensive income		-	-
Other comprehensive (loss) / income for the period		(1,958,986)	3,535,619
Total comprehensive (loss) / income for the period		(1,958,986)	3,535,619
Loss per share			
Basic and diluted loss per share (cents per share)	9	(2.52)	N/A

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

Consolidated statement of financial position

As at 31 December 2021

	Note	Consolidated	
		December 2021	June 2021
		\$	\$
Current assets			
Cash and cash equivalents		4,108,351	31,253
Trade and other receivables		169,345	-
Prepayments		12,775	254,022
Total non-current assets		4,290,471	285,275
Non-current assets			
Property, plant & equipment		16,499	4,471
Exploration and evaluation expenditure	4	549,000	549,000
Total non-current assets		565,499	553,471
Total assets		4,855,970	838,746
Current liabilities			
Trade and other payables		286,837	330,681
Provisions		18,477	-
Loan from ultimate parent entity	5	-	463,624
Total current liabilities		305,314	794,305
Non-current liabilities			
Rehabilitation provision		34,144	19,097
Total non-current liabilities		34,144	19,097
Total liabilities		339,458	813,402
Net assets		4,516,512	25,344
Equity			
Contributed equity	6	16,568,154	10,400,000
Reserves	7	1,282,000	1,000,000
Accumulated losses		(13,333,642)	(11,374,656)
Total equity		4,516,512	25,344

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2021

	Contributed equity	Accumulated losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2020	10,400,000	(13,425,716)	-	(3,025,716)
Profit for the period	-	3,535,619	-	3,535,619
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	3,535,619	-	3,535,619
Balance as at 31 December 2020	10,400,000	(9,890,097)	-	509,903
Balance as at 1 July 2021	10,400,000	(11,374,656)	1,000,000	25,344
Loss for the period	-	(1,958,986)	-	(1,958,986)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,958,986)	-	(1,958,986)
Shares issued for cash	7,000,000	-	-	7,000,000
Seed capital shares issued	213,200	-	-	213,200
Share based payments – options issued as share issue costs	(282,000)	-	282,000	-
Other share issue costs paid	(763,046)	-	-	(763,046)
Balance as at 31 December 2021	16,568,154	(13,333,642)	1,282,000	4,516,512

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

Consolidated statement of cash flows

For the half-year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(476,400)	-
Payments for exploration and evaluation		(1,715,543)	-
Net cash used in operating activities		(2,191,943)	-
Cash flows from investing activities			
Purchases of property, plant & equipment		(12,883)	-
Net cash used in investing activities		(12,883)	-
Cash flows from financing activities			
Proceeds from the issue of securities		7,000,000	-
Payment of share issue costs		(291,131)	-
Repayment of loan to GWR Group Limited		(426,945)	-
Net cash provided by financing activities		6,281,924	-
Net increase in cash and cash equivalents		4,077,098	-
Cash and cash equivalents at beginning of the period		31,253	-
Cash and cash equivalents at the end of the period		4,108,351	-

During the half-year ended 31 December 2020 the Group's operations were fully funded by its Ultimate Parent Company, GWR Group Limited, and therefore recorded no cash flows of its own.

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

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 1: Corporate information

The financial report of Western Gold Resources Limited and its subsidiaries ('the consolidated entity' or 'the Group') for the half-year ended 31 December 2021 was authorized for issue in accordance with a resolution of the directors on 14 March 2022. Western Gold Resources Limited is a company limited by shares, incorporated in Australia. During the period up to 13 July 2021, the Western Gold Resources Limited was a wholly-owned subsidiary of GWR Group Limited.

Note 2: Basis of preparation and accounting policies

a. Basis of Preparation

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and Entities (including special purpose entities) controlled by the Group (its subsidiaries). The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the group controls another entity.

Unrealised gains or transactions between the group and its associates are eliminated to the extent of the group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

d. Going Concern

The financial statements have been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 2: Basis of preparation and accounting policies (cont'd)

e. Exploration, evaluation and development 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.

Note 3: Expenses

	Consolidated	
	December 2021	December 2020
	\$	\$
Exploration and evaluation expenditure	1,715,543	56,229
Personnel expenses	40,064	-
Directors' expenses	91,976	-
Corporate, legal and compliance expenses	110,703	20,273
Occupancy expenses	11,553	-
Administration expenses	24,576	-
Depreciation	855	-
Interest expense	395	-
	<u>1,995,665</u>	<u>76,502</u>

Note 4: Exploration and evaluation expenditure

	Consolidated	
	December 2021	June 2021
	\$	\$
Exploration & evaluation expenditure	<u>549,000</u>	<u>549,000</u>

During the half-year, the Group incurred \$1,715,543 (half-year ended 31 December 2020: \$56,229) of exploration and evaluation expenditure which, in accordance with the Group's accounting policies described in Note 2, was expensed as incurred.

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

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 5: Loan from GWR Group

	Consolidated	
	December 2021	June 2021
	\$	\$
Reconciliation:		
Balance at the beginning of the period	463,624	3,555,619
Increase in loan owing due to costs paid by GWR Group	-	622,339
Loan balance forgiven	(36,679)	(3,612,121)
Loan balance repaid	(426,945)	(102,213)
Balance at the end of the year	-	463,624

The Group repaid \$426,945 of the loan owing to GWR Group Limited (ASX:GWR) during the half-year ended 31 December 2021. The remaining balance of \$36,679 was forgiven and has been recognised as income in the statement of profit or loss and other comprehensive income.

Note 6: Contributed equity

	December 2021		June 2021	
	\$	No.	\$	No.
Ordinary Shares				
Issued and fully paid	16,568,154	81,375,000	10,400,000	36,125,000
Movement in ordinary shares on issue:				
At the beginning of the period	10,400,000	36,125,000	10,400,000	52,000,000
Consolidation of capital – (a)	-	-	-	(15,875,000)
Issue of shares for cash – seed capital – (b)	213,200	10,250,000	-	-
Issue of shares for cash – initial public offering (c)	7,000,000	35,000,000	-	-
Options issued as share issue costs – Refer Note 7	(282,000)	-	-	-
Other share issue costs paid	(763,046)	-	-	-
At the end of the period	16,568,154	81,375,000	10,400,000	36,125,000

- (a) On 12 March 2021 the Company consolidated its share capital on an approximate 1.44 to 1 basis.
- (b) The funds for these seed capital ordinary shares were received during the year ended 30 June 2021, and were recognised as liabilities until the issue of the shares during the current half-year on 16 July 2021. These shares were issued at an average price of \$0.0208 per share.
- (c) Initial Public Offering of shares was completed at \$0.20 per share on 16 July 2021.

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 7: Reserves

	Consolidated	
	December 2021	June 2021
	\$	\$
Share based payments reserve	1,282,000	1,000,000
	<u>1,282,000</u>	<u>1,000,000</u>
Movements:		
Balance at the beginning of the period	1,000,000	-
Options issued to directors (Note 8)	-	1,000,000
Options issued to brokers as share issue costs (Note 8)	282,000	-
Balance at the end of the period	<u>1,282,000</u>	<u>1,000,000</u>

Note 8: Share based payments

This issue of options during each period 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:

	Broker Options (a)	Director Options
Fair value at grant date	\$0.094	\$0.10
Share price at grant date	\$0.20	\$0.20 (b)
Exercise price	\$0.25	\$0.25
Expected volatility	87.5%	85%
Grant date	16 July 2021	12 March 2021
Expiry date	28 February 2024	1 July 2024
Option life	2.6 years	3.3 years
Expected dividends	-	-
Risk-free interest rate	0.15%	0.10%
Number of options issued	3,000,000	10,000,000
Total value	\$282,000	\$1,000,000

- (a) The value of these options has been expensed against the costs of raising capital, as they relate directly to the capital raising mandate between the Company and Lead Managers of the Initial Public Offering of the entities securities.
- (b) The underlying share price on grant date has been assumed to be \$0.20, as the Company was unlisted on this date and therefore the offer price of the initial public offering of securities has been used.

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 9: Loss per share

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

	Consolidated	
	December 2021	December 2020
	\$	\$
Basic and diluted loss per share (cents per share)	2.52	N/A – (a)
The Loss used in the calculation of basic and diluted loss per share is as follows:		
Loss used in the calculation of basic loss per share	1,958,986	N/A
The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:		
Weighted average number of ordinary shares for the purpose of basic loss per share	77,665,984	N/A
There are no potential ordinary shares as they are considered anti-dilutive	-	N/A
Weighted average number of ordinary shares for the purposes of diluted loss per share	77,665,984	N/A

(a) The comparative information for the loss per share for the period ended 31 December 2020 has not been included as the Company was not listed on a securities exchange at this time.

Note 10: Financial instruments

Fair value measurement

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no financial assets held at fair value during the current or comparative periods.

Transfers

There have been no transfers between the levels of the fair value hierarchy during the half year ended 31 December 2021.

Condensed notes to the financial statements

For the half-year ended 31 December 2021

Note 10: Financial instruments (cont'd)

Not measured at fair value (but fair value disclosures are required)

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair values.

Note 11: Contingent liabilities

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

Note 12: Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

Note 13: Events subsequent to reporting date

Subsequent to period end, 9,184,000 securities were released from escrow as follows:

- 4,704,000 released on 4 February 2022
- 107,692 released on 5 February 2022
- 2,132,308 released on 9 February 2022
- 1,292,308 released on 10 February 2022
- 947,692 released on 11 February 2022

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

Directors' declaration

In accordance with a resolution of the directors of Western Gold Resources Limited, I state that:

In the opinion of the Directors:

- (a) The condensed consolidated financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half-year ended on that date of the Group; and
 - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Gary Lyons
Non-Executive Chairman

Dated at Perth, this 14th day of March 2022



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14 March 2022

Board of Directors
Western Gold Resources Limited
97 Outram Street
West Perth WA 6005

Dear Directors

RE: WESTERN GOLD RESOURCES 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 Western Gold Resources Limited.

As Audit Director for the review of the half year financial statements of Western Gold Resources Limited for the period ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

A handwritten signature in blue ink, appearing to read "Martin Michalik".

Martin Michalik
Director



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WESTERN GOLD RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Western Gold Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 14 March 2022.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
14 March 2022