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**GWR GROUP LIMITED**  
**2023 ANNUAL REPORT**

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# 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 2023.

## 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 as a director on 2 June 2010 and elected Chairman on 8 February 2012.

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

*Previous ASX company directorships (last 3 years): Nil*



#### **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*



#### **Teck Siong Wong - Non-executive Director (appointed 3 February 2023)**

Mr Wong was appointed as an non-executive Director on 9 August 2022. Prior to this appointment, he was alternate director for Tan Sri Dato' Tien Seng 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 the 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.

*Other present ASX company directorships: eMetals Limited, Western Gold Resources Limited and Tungsten Mining NL.*

*Other previous ASX company directorships (last 3 years): Nil*

# Directors' Report

## **Wai Ho Law – Alternative Director and Non-executive Director (appointed 3 February 2023)**

Mr Law is currently the Group Deputy Chief Operating Officer of Hiap Teck Venture Berhad, a public listed company on Bursa Malaysia with core business in the manufacturing, trading and distribution of steel products.

Mr Law also sits on the board of a private limited companies within TSLAW Group, a diversified group engaged in steel production, mining, property development and investments in Malaysia, China, Australia, United Kingdom and the USA. He graduated with a Master of Engineering in Civil and Environmental Engineering from Imperial College London in 2019 with First Class Honours. He was the Alternative Director for Teck Siong Wong until July 2023 where he was appointed as Non-executive Director.

Present ASX company directorships: Nil

Previous ASX company directorships (last 3 years): Nil



## **Tan Sri Dato' Tien Seng Law - Non-executive Director and Deputy Chairman (resigned 3 February 2023)**

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*



## **Datuk Chin An Lau - Non-executive Director (resigned 31 December 2022)**

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*

# Directors' Report



## **Kong Leng (Jimmy) Lee - Non-executive Director (resigned 31 December 2022)**

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.

*Present ASX company directorships: Tungsten Mining NL*  
*Previous ASX company directorships (last 3 years): Nil*

## **Company Secretaries**

### **Sonu Cheema (appointed 3 February 2023)**

As a Director at Nexia Perth, Mr Cheema has over 12 years' experience working with public and private companies in Australia and abroad. Roles and responsibilities he conducts include completion and preparation of statutory financial reports, investor relations, initial public offers (IPO), reverse takeovers (RTO), management of capital raising activities and auditor liaison.

He currently serves as a Non-executive Director and Company Secretary for several ASX listed companies within the mineral exploration and technology sectors.

Mr Cheema has completed a Bachelor of Commerce majoring in Accounting at Curtin University and is a CPA member. Having completed the CPA Program, his core competencies and key areas of focus include Financial Reporting, Management Accounting and Ethics & Governance.

### **Rhys Davies – Joint Company Secretary (appointed 24 March 2023)**

Mr Davies is a Member of Chartered Accountants Australia, Fellow of the Association of Certified Chartered Accounts (UK), Chartered Company Secretary and Graduate of the Australian Institute of Company Directors. He holds a Bachelor of Science in Applied Accounting from Oxford Brookes University. Mr Davies has over 19 years' experience working with public and private companies in Australia, New Zealand and UK both in commerce and practice. His experience covers a range of industries from mining, agriculture, wholesale distribution, oil & gas to public practice.

### **Mark Pitts (resigned 3 February 2023)**

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 2023.

## **Principal activities**

The principal activities of the Company and its subsidiaries during the course of the year is the continued exploration on the Group's tenement portfolio. The C4 and JWD iron ore mining mineral rights were sold to Gold Valley Iron Ore Pty Ltd on 22 July 2022.

# Directors' Report

## Review of Operations

### GWR Group Limited – Overview of Assets

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:

- Wiluna West Iron Ore - ~131 million tonne resource at 60% Fe of high-grade hematite
- Prospect Ridge Project - 25 million tonne magnesite Resource at 42.4% MgO
- Tungsten - Investments in Tungsten Mining NL (ASX:TGN) and Hatches Creek JV
- Cornerstone and Equity Investments - eMetals Ltd (ASX:EMT)

### Wiluna West Iron Ore Project

On 20 July 2022 GWR announced the execution of a Binding Term Sheet (Term Sheet) to grant the Mining Rights for its C4 Iron Deposit and to transfer its residual rights in relation to the JWD Iron deposit for, at the time of signing, 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; and
- continue the review and evaluation of other business opportunities.

The initial agreement, as signed, provided for the consideration to be paid in three instalments; the first \$5,000,000 was paid upon signing the Term Sheet, along with the \$5,000,000 payable for the acquisition of sundry plant, stores and stockpiles within 21 days of signing. The remaining amount was due as follows:

- \$10,000,000 within 45 days of signing the Term Sheet; and
- \$15,000,000 upon the earlier of:
  - 18 months after signing the Term Sheet; and
  - the date immediately after GV had shipped or otherwise sold an aggregate of 1,000,000 tonnes of iron ore from the C4 Deposit.

An additional royalty, based on the Platts index for 62% Fe and payable across all shipments (lump and fines) was to be paid on the following basis:

- <US\$135/t – US\$1 per tonne payable to GWR
- >US\$135/t – US\$2 per tonne payable to GWR

On 27 September 2022 the Company announced that the Term Sheet had been subject to a variation, allowing the second tranche of the consideration (being \$10,000,000 within 45 days of signing the Term Sheet) to be split into two tranches:

- \$5,000,000 within 45 days of signing the Term Sheet, which was received; and
- \$5,000,000 due on 19 March 2023, together with interest at a rate of 8% p.a.

The second tranche above also included a requirement for payment within 30 days if the Platts Index for 62% Fe reached a 20-day trading average of US\$120 prior to 15 February 2023.

On 11 January 2023 the Company announced that it had entered into a further variation to the Binding Term Sheet. The agreed variation substitutes the obligations for GV to pay the sum of \$5,000,000 on 19 March 2023 (together with interest) and to pay \$15,000,000 upon the earlier of 18 months after signing the Term Sheet 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 with the following payment obligations:

- A royalty is payable to GWR across all tonnes (lump and fines) removed from the C4 Deposit and shipped by GV or otherwise sold by GV on or after 3 January 2023 as follows:
  - i. 9.00 per tonne in relation to the first 3,000,000 tonnes shipped or otherwise sold;
  - ii. \$4.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold;
  - iii. \$3.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold; and
  - iv. \$1.00 per tonne for any additional tonnes shipped or otherwise sold.



# Directors' Report

- Based on the above, GV is required to make the following minimum monthly repayments:
  - i. \$756,000 per month up until the earlier of such time as GV has shipped or otherwise sold 3,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 36 such monthly payments have been made;
  - ii. thereafter \$336,000 per month up until the earlier of such time as GV has shipped or otherwise sold 6,500,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made; and
  - iii. thereafter \$252,000 per month up until the earlier of such time as GV has shipped or otherwise sold 10,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made.
- The above minimum payments are based dry metric tonnes shipment of 84,000 tonnes of iron ore from C4 deposit and the payments are payable within 15 days of each shipment by GV or if otherwise sold by GV within the earlier of 15 days of shipment by the purchaser.
- In the event that GV has made monthly payments pursuant to the above minimum monthly payments and in any subsequent month GV ships in excess of 84,000 tonnes of iron ore from the C4 deposit, GV shall be entitled to a credit on the royalty otherwise payable to GWR on the amount shipped in excess of 84,000 tonnes, with such credit limited to the sum of any prior monthly payments made which have not previously been subject to such credit.
- In addition to payment of the royalty and monthly payments to GWR, GV will be required to pay all state government royalties and all royalties pursuant to the Mining Agreement with Traditional Owners payable upon the extraction of the iron ore from the Wiluna West tenement area and GV must pay those to GWR within 15 days of each shipment by GV or if otherwise sold by GV within the earlier of 15 days of such sale by GV or 15 days of shipment by the purchaser.

If the GV does not make any monthly payment due pursuant to the above, GWR may terminate this Term Sheet or the Mining Rights Agreement as applicable in the event GV does not cure such default within 2 months.

Additionally, GV is required to maintain all the tenements referred as per Term Sheet or the Mining Rights Agreement in good standing including complying with all minimum expenditure requirements and payments of all Mining Rehabilitation Fund (MRF) levies.

GWR retains both legal and beneficial ownership to all tenements and all other iron ore deposits at Wiluna West Iron Ore Project and is responsible for the rehabilitation of Wiluna West (C4 and JWD) as per Mine Closure Plans. GV is required to make payments to GWR to be held in trust to the value of the estimated rehabilitation for both the C4 Deposit and JWD Deposit and to ensure that the monies will be held in trust by GWR reflecting the estimated rehabilitation expenditure as per the relevant Mine Closure Plans. As at 30 June 2023, cash received in respect of C4 and JWD rehabilitation from GV and CuFe is \$1,050,000 (note 15). As at 30 June 2023, receivable from CuFe and GV for rehabilitation expenditure is \$2,624,968 (note 11).

The effect of the variation means that GWR will receive a minimum \$51,912,000 from GV over the next 10 years compared to the minimum of approximately \$20,000,000 GWR was entitled to receive from GV under the initial arrangement.

The Group received the first four payments of \$756,000, bringing the total funds received to date to \$13,108,766 from the sale of the mining rights and \$5,000,000 from the sale of sundry plant, equipment and stockpiles. \$1,427,234 is past due but not impaired and yet to be received from GV as at 30 June 2023 in respect of part May 2023 and June 2023 instalments.

# Directors' Report

## Prospect Ridge Magnesite Project

GWR holds a 70% interest in the advanced Prospect Ridge Magnesite project located in northwest Tasmania with Dynamic Metals Limited (ASX: DYM) holding 30%. 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.

The project sits upon granted Exploration Licence (EL5/2016), it is 11km long and 52km<sup>2</sup> in area and contains two magnesite deposits, the Arthur River and Lyons River deposits containing the third largest Magnesite inventory in Australia.

### Drilling Program

In late December 2022 GWR was granted approval from Mineral Resources Tasmania (MRT) for 31 drill holes for 4650m at the Arthur River deposit. The proposed infill drilling is designed to increase confidence in the Mineral Resource estimate and provide additional samples for metallurgical testwork. One condition of the drilling approvals was that a fauna survey targeting Tasmanian Devils, Quoll and Eagles was to be carried out and this was completed in early January with positive results. Importantly the recent survey showed that the project is currently easily accessible via the Tiger Bend Ford.

The Arthur River prospect is a large high grade magnesium deposit where the previous exploration has identified an Inferred Mineral Resource estimate of 25.1Mt @42.4% MgO (refer to ASX announcement 27<sup>th</sup> January 2022). This is based upon previous diamond drilling over a strike length of approximately 800m, where a total of 44 holes was completed for 6.929m on lines approximately 150m to 50m apart.

During the year, Phase 1 diamond drilling program was completed at the Arthur River deposit consisting of four HQ3 diamond drill holes for an aggregate of 485.3m. The drilling tested the central portion of the Arthur River deposit to investigate continuity, gain an understanding of drilling conditions and provide additional samples for metallurgical test work. All four drillholes have been submitted for assay and results are pending.

### University of Tasmania

GWR is an industry partner with the University of Tasmania (UTAS & CODES) who have been awarded \$3.5 million from the Australian Governments Regional Research Collaboration Program. This study will investigate environmentally sustainable production of critical minerals focusing on North West Tasmania, including the Prospect Ridge project. Work on Prospect Ridge has commenced with the appointment of a PhD student and has included to date ore characterisation studies based upon the existing data. Metallurgical testwork is also planned using the recently completed diamond drill core.

### CM Group

Draft report received from CM Group with important findings that suggest that Prospect Ridge has the potential to be one of the lowest carbon emission sources of magnesium metal in the world.

The Company continues to investigate:

- Which end-use Magnesium sectors it will target (building a portfolio or end use to products to reduce pricing risk and maximise returns) and is assessing metallurgical tests with potential off takers.
- Review of effective and low-cost, low carbon downstream processing for a high-quality low waste Magnesium product.
- Opportunities for a "green processing opportunity" with potential industrial hubs with nearby renewable energy sources.



# Directors' Report

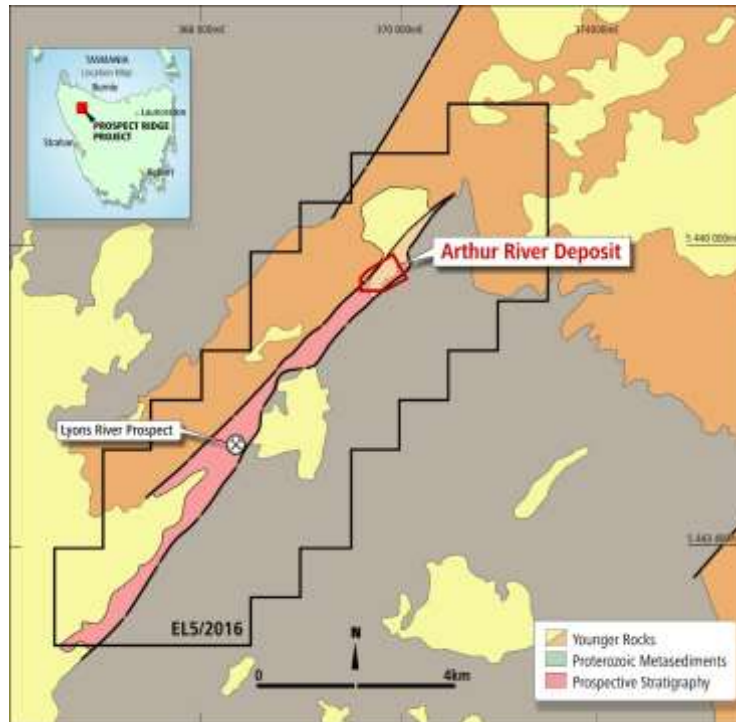


Figure 1: Prospect Ridge Location Plan showing tenure and summary geology

## Arthur River Inferred Mineral Resource Estimate

Cut-Off (MgO (%))	Tonnes	MgO (%)	SiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	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
<b>40</b>	<b>25,120,000</b>	<b>42.4</b>	<b>4.8</b>	<b>1.4</b>	<b>2.6</b>
42	15,280,000	43.3	4.2	1.3	2.2
44	3,040,000	44.5	3.0	1.0	1.9

(Refer ASX Announcement 27 January 2022)

## 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.  
(Source - [journals.sagepub.com/doi/full/10.1177/16878140211003398](https://journals.sagepub.com/doi/full/10.1177/16878140211003398))

# Directors' Report

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."

## Hatches Creek Tungsten Copper Gold Project

In June 2019 GWR announced that it had signed a Joint Venture and Farm in Agreement with Tungsten Mining NL (ASX: TGN) (refer to ASX announcement 3<sup>rd</sup> June 2019) and that TGN now holds a 20% interest in the project and that they have been appointed as project managers.

The Hatches Creek Tungsten, Gold and Copper Project is located 375km north-east of Alice Springs in the Northern Territory (Figure 2). Successful RC drilling programs completed in 2016, 2017 and 2019 confirmed multiple high-grade, polymetallic tungsten prospects and demonstrated potential for a large, high-grade polymetallic tungsten deposit.

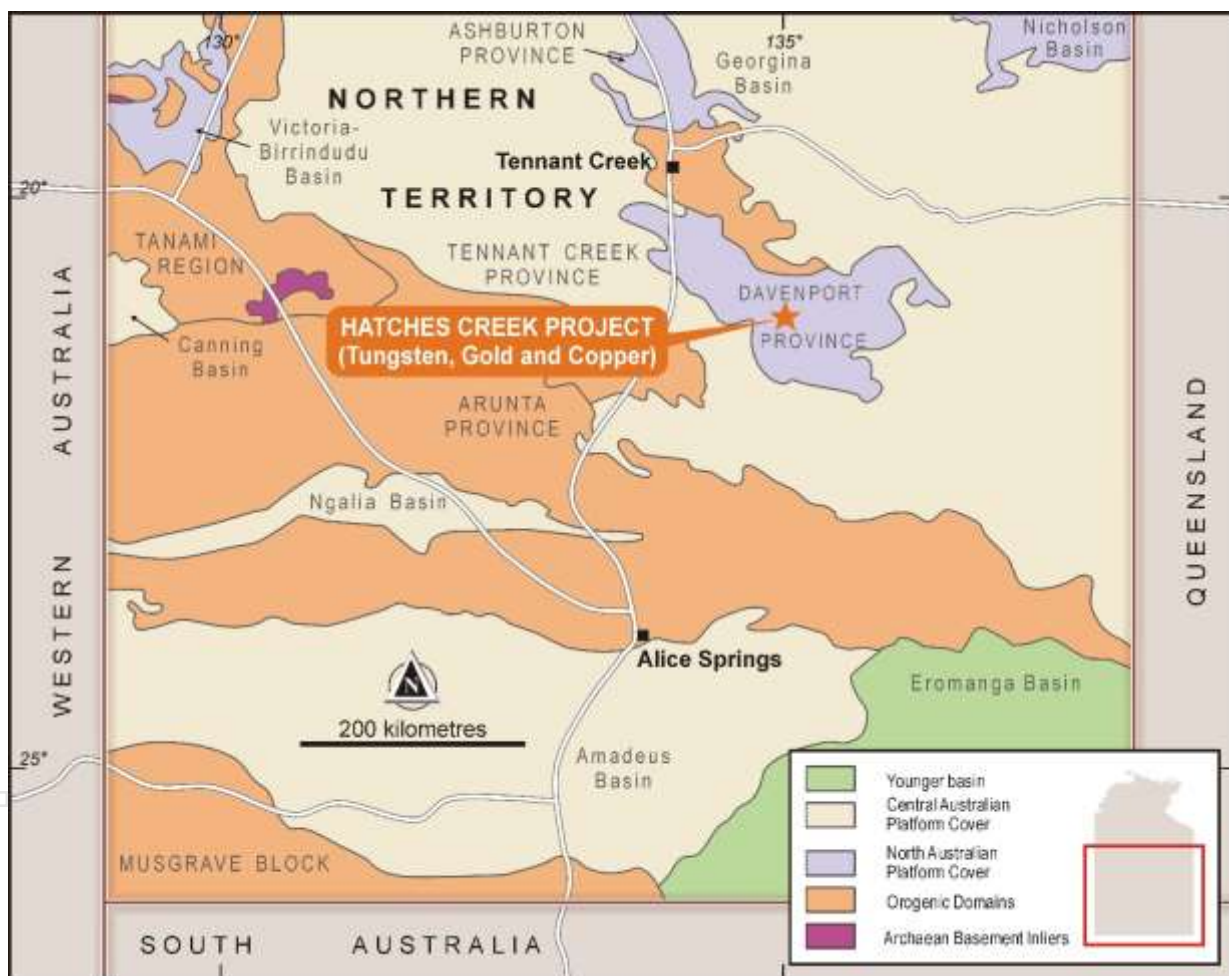


Figure 2: Hatches Creek Project Location

Historical production mainly between 1915 and 1960, reported production of approximately 284,000 MTU (metric tonne units) of 65% WO<sub>3</sub> concentrate at an average head grade of 2.5% WO<sub>3</sub>, with gold, copper and bismuth also produced. In 2014 an Inferred Resource estimate of 225,000 tonnes at 0.58% WO<sub>3</sub> for the historical mine dumps and stockpiles was defined (refer to Arunta Resources Limited ASX release 23 September 2014).

# Directors' Report

## Investments

The Group continues to hold 70,000,000 shares (approximately 8.9%) in Tungsten Mining NL and 30,788,460 shares (approximately 3.6%) in eMetals Limited. The Group has continued to account for this investment in Tungsten Mining NL as an associate.

## Operating results for the year

The consolidated profit after income tax for the period was \$57,627,369 (2022: loss of \$13,775,309). The result for the period included a gain of \$61,912,000 from the sale of mining rights at C4.

Cash and cash equivalents at 30 June 2023 were \$7,217,017 (2022: \$8,392,696).

Shareholders returns	2023	2022	2021	2020	2019
Net profit/(loss) (\$000)	55,627	(13,775)	7,469	(2,201)	(3,067)
Basic EPS (cents)	17.32	(4.45)	2.52	(0.87)	(1.21)
Return on assets (%)	77.25	(38.08)	15.33	(21.86)	(25.08)
Return on equity (%)	92.18	(291.75)	33.29	(23.99)	(27.26)

## Shares issued during the year

There are no shares issued during the year.

## Operating and Financial Risks

The Group's activities have inherent risk and the Board is unable to provide certainly of the expected results of activities, or that any or all of the likely activities will be achieved. The material business risks faced by the Group that could influence the Group's future prospects, and the Group manages these risks, are detailed below:

The Group may be affected by various operational factors. In the event that any of these potential risks eventuate, the Group's operational and financial performance may be adversely affected. No assurances can be given that the Group will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Group is able to realise value from its projects, it is likely to incur ongoing operating losses on the exploration activities. The Group is at risk from its royalty activities from any movements in the Iron ore commodity price and the risk of failure or payment risk from Gold Valley Iron Pty Ltd.

The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure such as power, water and transport, difficulties in commissioning and operating plant and equipment, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Groups Mineral Resource estimates are made in accordance with the 2012 edition of the JORC Code. Mineral resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

The tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Group.

## Further capital requirements

The Group's projects may require additional funding in order to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed to further exploration or possible development activities and operations or that, if available, the terms of such financing will be favourable to the Group.

# Directors' Report

## Native title and Aboriginal Heritage

There are areas of the Group's projects over which legitimate common law and/or statutory Native Title rights of Aboriginal Australians exist. Where Native Title rights do exist, the Group must obtain consent of the relevant landowner to progress the exploration, development and mining phases of operations. Where there is an Aboriginal Site for the purposes of the Aboriginal Heritage legislation, the Group must obtain consents in accordance with the legislation.

## The Group's activities are subject to Government regulations and approvals

The Group is subject to certain Government regulations and approvals. Any material adverse change in government policies or legislation in Western Australian, Northern Territory, Tasmania and Australia that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidiaries and environmental issues may affect the viability and profitability of any planned exploration or possible development of the Company's portfolio of projects.

## Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Group's operations and financial performance, including the Group's exploration, development and production activities, as well as on its ability to fund those activities.

This is not an exhaustive list of risks faced by the Group. There are other risks generic to the stock market and the world economy as a whole and other risks generic to the extraction industry, all of which can impact on the Company. The management of risks is integrated into the development of the Company's strategic and business plans and is reviewed and monitored regularly by the Board. Further details on how the Company monitors, manages and mitigates these risks are included as part of the Audit and Risk Committee Report contained within the Corporate Governance Report.

## 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.

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.

# Directors' Report

## Significant changes in the state of affairs

As detailed in the Review of Operations.

## Significant events after the balance date

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.

## 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 no (2022: 17,774,509) unissued shares of the Company under option. The 17,774,509 listed options expired on 1 October 2022. During the year, no unquoted options were exercised (2022: Nil).

## 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 on page 15.

## 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' Report

## 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
M Wilson	2	2
T S Wong <sup>1</sup>	2	2
W H Law <sup>1</sup>	1	1
T S Law <sup>2</sup>	1	1
C A Lau <sup>3</sup>	1	1
K L Lee <sup>3</sup>	1	1

<sup>1</sup> Appointed on 3 February 2023

<sup>2</sup> Resigned on 3 February 2023

<sup>3</sup> Resigned on 31 December 2022

## 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.

## 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
<b>Directors</b>		
G Lyons	6,276,408	-
M Wilson	5,607,795	-
T S Wong	32,765,460	-
W H Law	-	-

As at the date of this report, there were no unissued ordinary shares of the Company under listed options held.

## Auditor's independence

The directors received the following declaration from the auditor of the Group which is set out on page 20 below.



# Directors' Report

## Remuneration report (audited)

This remuneration report for the year ended 30 June 2023 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 (resigned on 3 February 2023)
TS Wong	Director (appointed on 3 February 2023)
WH Law	Director (appointed on 3 February 2023)
CA Lau	Director (resigned on 31 December 2022)
KL Lee	Director (resigned on 31 December 2022)

#### Executive directors

M Wilson	Director and Exploration Manager
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#### Other executives

M Pitts	Company Secretary (resigned on 3 February 2023)
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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](http://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 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 inclusive of superannuation and \$90,000 inclusive of superannuation for the Chairman with effect from 1 July 2014 as a cost saving measure.

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 2023 and 30 June 2022.

The remuneration of non-executive directors for the reporting years ended 30 June 2023 and 30 June 2022 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 2023 and 30 June 2022 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.

The fixed remuneration component of Directors and executives for the reporting years ended 30 June 2023 and 30 June 2022 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 \$240,076 (2022: \$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. Mr Pitts resigned on 3 February 2023.

# Directors' Report

## Remuneration of key management personnel of the Company and Group

Table 1: Remuneration for the year ended 30 June 2023

	Salary & fees <sup>5</sup>	Cash Bonus	Short-term Annual Leave	Other	Post-employment Super	Long-term benefits Long Service Leave	Share-based payments	Termination benefits	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>										
G Lyons	139,402	-	-	-	14,347	-	-	-	153,749	-
TS Wong <sup>1</sup>	22,915	-	-	-	-	-	-	-	22,915	-
WH Law <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
TS Law <sup>2</sup>	66,458	-	-	-	-	-	-	-	66,458	-
CA Lau <sup>3</sup>	60,303	-	-	-	6,155	-	-	-	66,458	-
KL Lee <sup>3</sup>	60,303	-	-	-	6,155	-	-	-	66,458	-
<b>Sub total</b>	<b>349,381</b>	-	-	-	<b>26,657</b>	-	-	-	<b>376,038</b>	-
<b>Executive directors</b>										
M Wilson	240,076	-	(26,205)	-	23,450	(19,706)	-	-	217,615	-
<b>Other executives</b>										
M Pitts <sup>4</sup>	84,350	-	-	-	-	-	-	-	84,350	-
<b>Sub total</b>	<b>324,426</b>	-	<b>(26,205)</b>	-	<b>23,450</b>	<b>(19,706)</b>	-	-	<b>301,965</b>	-
<b>Total</b>	<b>673,807</b>	-	<b>(26,205)</b>	-	<b>50,107</b>	<b>(19,706)</b>	-	-	<b>678,003</b>	-

<sup>1</sup> Appointed on 3 February 2023.

<sup>2</sup> Resigned on 3 February 2023.

<sup>3</sup> Resigned on 31 December 2022.

<sup>4</sup> Resigned on 3 February 2023. Includes all Company Secretarial and Accounting Services paid to Endeavor Corporate, an entity related to Mark Pitts.

<sup>5</sup> Salaries and wages above include \$180,625 in deferred fees and salaries outstanding since 30 June 2022 and paid during the year 30 June 2023. \$122,966 in relation to Executive Director' salaries were forgone.

# Directors' Report

## Remuneration of key management personnel of the Company and Group

Table 2: Remuneration For the year ended 30 June 2022

	Salary & fees <sup>1, 4</sup>	Short-term Cash Bonus	Annual Leave <sup>3</sup>	Other <sup>2</sup>	Post-employment Super	Long-term benefits Long Service Leave <sup>3</sup>	Share-based payments	Termination benefits	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>217,176</b>	<b>-</b>	<b>-</b>	<b>14,250</b>	<b>2,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,445</b>	<b>-</b>
<b>Executive directors</b>										
M Wilson	210,797	-	2,430	-	23,568	4,298	-	-	241,093	-
<b>Other executives</b>										
M Pitts	96,000	-	-	-	-	-	-	-	96,000	-
<b>Sub total</b>	<b>306,797</b>	<b>-</b>	<b>2,430</b>	<b>-</b>	<b>23,568</b>	<b>4,298</b>	<b>-</b>	<b>-</b>	<b>337,093</b>	<b>-</b>
<b>Total</b>	<b>523,973</b>	<b>-</b>	<b>2,430</b>	<b>14,250</b>	<b>25,587</b>	<b>4,298</b>	<b>-</b>	<b>-</b>	<b>570,538</b>	<b>-</b>

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

<sup>2</sup> Other refers to fees paid and accrued for consultancy work performed for the Company.

<sup>3</sup> Remuneration includes movements in his accrued employee entitlements.

<sup>4</sup> 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

## Equity instruments

### Shareholdings of key management personnel

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

30 June 2023

	Balance at beginning of year or on appointment	Acquired during the year <sup>(1)</sup>	On exercise of options	Other net changes <sup>(2)</sup>	Balance at end of year or on ceasing office
<b>Directors</b>					
G Lyons	6,276,408	-	-	-	6,276,408
TS Law	45,500,994	-	-	(45,500,994)	-
M Wilson	5,607,795	-	-	-	5,607,795
CA Lau	6,934,602	-	-	(6,934,602)	-
KL Lee	4,851,687	-	-	(4,851,687)	-
T S Wong	21,908,333	10,857,127	-	-	32,765,460
<b>Other executives</b>					
M Pitts	700,000	-	-	(700,000)	-
<b>Total</b>	<b>91,779,819</b>	<b>10,857,127</b>	<b>-</b>	<b>(57,987,283)</b>	<b>44,649,663</b>

<sup>1</sup> Shares purchase of 10,857,127 in off-market transfer

<sup>2</sup> Their closing shareholding on resignation.

30 June 2022

	Balance at beginning of year or on appointment	Paid as Remuneration <sup>(1)</sup>	On exercise of options	Other net changes	Balance at end of year or on ceasing office
<b>Directors</b>					
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	-	-	6,934,602
KL Lee	4,682,772	168,915	-	-	4,851,687
T S Wong	21,908,333	-	-	-	21,908,333
<b>Other executives</b>					
M Pitts	700,000	-	-	-	700,000
<b>Total</b>	<b>79,096,666</b>	<b>783,153</b>	<b>-</b>	<b>11,900,000</b>	<b>91,779,819</b>

# 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 2023

	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
<b>Directors</b>						
G Lyons	-	-	-	-	-	-
TS Law	-	-	-	-	-	-
CA Lau	-	-	-	-	-	-
KL Lee	-	-	-	-	-	-
M Wilson	-	-	-	-	-	-
T S Wong	-	-	-	-	-	-
<b>Other executives</b>						
M Pitts	-	-	-	-	-	-
<b>Total</b>						

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
<b>Directors</b>						
G Lyons	-	-	-	-	-	-
TS Law	-	-	-	-	-	-
CA Lau	-	-	-	-	-	-
KL Lee	-	-	-	-	-	-
M Wilson	-	-	-	-	-	-
T S Wong	-	-	-	-	-	-
<b>Other executives</b>						
M Pitts	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

# Directors' Report

## Equity instruments (continued)

### Options granted to key management personnel during the year

No options over the Company's shares were granted during the year ended 30 June 2023 (2022: Nil).

### 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 (2022: Nil).

### Shares issued on exercise of options

No shares were issued to Key Management Personnel upon exercise of options during the year (2022: Nil).

### Shares paid as remuneration

No shares were issued as remuneration during the financial year.

During the 30 June 2022 financial year, 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 \$
<b>Directors</b>			
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	-	-	-
<b>Other executives</b>			
M Pitts	-	-	-
<b>Total</b>	<b>783,153</b>	<b>0.2442</b>	<b>191,250</b>

### END OF REMUNERATION REPORT

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



Gary Lyons  
Chairman

Dated at Perth, this 28<sup>th</sup> day of September 2023

28 September 2023

The Directors  
GWR Group Limited  
Level 4,  
46 Colin Street,  
West Perth, WA 6005

Dear Directors

**RE: GWR GROUP LIMITED**

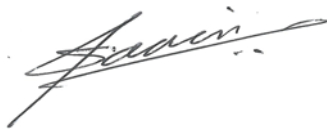
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GWR Group Limited.

As the Audit Director for the audit of the financial statements of GWR Group Limited for the year ended 30 June 2023, 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)



**Samir Tirodkar**  
Director

# Consolidated statement of profit or loss and other comprehensive income

## For the year ended 30 June 2023

		Consolidated	
		2023	2022
	Note	\$	\$
<b>Continuing Operations</b>			
Other revenue	6(a)	594,022	971
<b>Total revenue</b>		<b>594,022</b>	<b>971</b>
Exploration & evaluation expenditure		(1,244,789)	(502,243)
Personnel expenses	7(a)	(198,222)	(448,904)
Loss on revaluation of investments	16	-	(400,250)
Other expenses	7(b)	(696,428)	(537,442)
Finance costs	7(c)	(821,929)	-
<b>Loss from continuing operations before income tax</b>		<b>(2,367,346)</b>	<b>(1,887,868)</b>
<b>Discontinued operations</b>			
<i>Discontinued operation – C4 Iron Ore Project ("C4")</i>			
Ore sales	33A	9,205,717	121,709,252
Gain on disposal of C4	33A	61,912,000	-
Royalty income	33A	-	2,450,697
<b>Total revenue</b>		<b>71,117,717</b>	<b>124,159,949</b>
Costs of sales	33A	(13,123,002)	(136,225,014)
<b>Gross loss</b>		<b>57,994,715</b>	<b>(12,065,065)</b>
Impairment of inventories	12	-	(6,758,423)
<b>Profit/(Loss) before tax from discontinued operation – C4</b>		<b>57,994,715</b>	<b>(6,758,423)</b>
Income tax expense - C4		-	-
<b>Profit/(Loss) after tax from discontinued operation – C4</b>	33A	<b>57,994,715</b>	<b>(18,823,488)</b>
<i>Discontinued operation – Western Gold Resources Ltd ("WGR")</i>			
Gain on disposal of discontinued operation		-	6,936,047
<b>Gain before tax from discontinued operation – WGR</b>		<b>-</b>	<b>6,936,047</b>
Income tax expense - WGR		-	-
<b>Gain after tax from discontinued operation – WGR</b>		<b>-</b>	<b>6,936,047</b>
<b>Total profit/(loss) after tax from discontinued operations</b>		<b>57,994,715</b>	<b>(11,887,441)</b>
<b>Profit/(Loss) for the year</b>		<b>55,627,369</b>	<b>(13,775,309)</b>

# Consolidated statement of profit or loss and other comprehensive income

## For the year ended 30 June 2023

		Consolidated	
		2023	2022
	Note	\$	\$
Income tax benefit / (expense) from continuing operations	8	-	-
<b>Profit/(Loss) for the year after income tax</b>		<b>55,627,369</b>	<b>(13,775,309)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive income/(loss) after tax</b>		<b>55,627,369</b>	<b>(13,775,309)</b>
<b>Basic and diluted earnings/(loss) per share in cents</b>			
From continuing operations	9	(0.74)	(0.61)
From discontinued operations	9	18.05	(3.84)
From continuing and discontinued operations	9	<b>17.31</b>	<b>(4.45)</b>

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.



# Consolidated statement of financial position as at 30 June 2023

		Consolidated	
		2023	2022
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	10	7,217,017	8,392,696
Trade and other receivables	11	14,527,092	2,785,765
Inventories	12	-	6,775,053
Financial assets	15	2,277,096	277,096
Assets held for sale	33A	-	5,000,000
Total current assets		<b>24,021,205</b>	<b>23,230,610</b>
<b>Non-current assets</b>			
Trade and other receivables	11	38,746,455	-
Plant & equipment	13	43,667	54,671
Exploration & evaluation expenditure	14	7,627,058	7,627,058
Financial assets	15	1,570,495	5,257,680
Total non-current assets		<b>47,987,675</b>	<b>12,939,409</b>
Total assets		<b>72,008,880</b>	<b>36,170,019</b>
<b>Current liabilities</b>			
Trade and other payables	17	4,030,396	25,491,411
Lease liabilities	18 (a)	240,000	186,895
Provisions	19 (a)	421,348	467,003
Other financial liabilities	20	-	1,078,806
Total current liabilities		<b>4,691,744</b>	<b>27,224,115</b>
<b>Non-current liabilities</b>			
Lease liabilities	18 (b)	331,625	624,730
Provisions	19 (b)	6,636,560	3,599,592
Total non-current liabilities		<b>6,968,185</b>	<b>4,224,322</b>
Total liabilities		<b>11,659,929</b>	<b>31,448,437</b>
Net assets		<b>60,348,951</b>	<b>4,721,582</b>
<b>Equity</b>			
Contributed equity	21	154,951,396	154,951,396
Reserves	22	27,552,378	27,552,378
Accumulated losses	23	(122,154,823)	(177,782,192)
Total equity		<b>60,348,951</b>	<b>4,721,582</b>

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

## Consolidated statement of changes in equity

### For the year ended 30 June 2023

	Contributed Equity	Accumulated losses	Option reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	158,966,934	(165,041,571)	28,512,378	22,437,741
Loss for the year	-	(13,775,309)	-	(13,775,309)
Other comprehensive income	-	-	-	-
Total comprehensive income/(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 - 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	(40,000)	-	40,000	-
Other share issue costs incurred	(134,029)	-	-	(134,029)
<b>Balance at 30 June 2022</b>	<b>154,951,396</b>	<b>(177,782,192)</b>	<b>27,552,378</b>	<b>4,721,582</b>
Profit for the year	-	55,627,369	-	55,627,369
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	55,627,369	-	55,627,369
<b>Balance at 30 June 2023</b>	<b>154,951,396</b>	<b>(122,154,823)</b>	<b>27,552,378</b>	<b>60,348,951</b>

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

# Consolidated statement of cash flows

## For the year ended 30 June 2023

		Consolidated	
		2023	2022
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers & employee		(877,426)	(1,224,914)
Payments for exploration & evaluation		(1,442,292)	(502,243)
Interest received		50,621	971
Net operating cash flows from discontinued operations – C4	33A	(15,192,377)	(13,563,492)
<b>Net cash (used in) operating activities</b>	24	<b>(17,461,474)</b>	<b>(15,289,678)</b>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment	13	(2,053)	(3,916)
Acquisition of exploration & evaluation project	14(b)	-	(297,679)
Transfer to term deposit	15	(2,000,000)	-
Net investing cash flows from discontinued operations – C4	33A	19,668,980	(1,042,144)
Net investing cash flows from discontinued operations – WGR		-	426,945
<b>Net cash provided by / (used in) investing activities</b>		<b>17,666,927</b>	<b>(916,794)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		-	2,000,000
Share issue costs paid		-	(134,028)
Net financing cash flows from discontinued operations – C4	33A	(1,381,132)	(980,409)
<b>Net cash (used in) / provided by financing activities</b>		<b>(1,381,132)</b>	<b>885,563</b>
Net (decrease) in cash and cash equivalents		(1,175,679)	(15,320,909)
Cash and cash equivalents at the beginning of the financial year		8,392,696	23,713,605
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>7,217,017</b>	<b>8,392,696</b>

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

# Notes to the Financial Statements

## For the year ended 30 June 2023

### 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 2023 was authorised for issue in accordance with a resolution of the directors on 29 September 2023.

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 32.

### 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

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of the new or amended Accounting Standards and Interpretations did not result in any significant changes to the Group's accounting policies in the current or future period.

Those new or amended Accounting Standards and Interpretations which may be relevant to the Group are set out below:

*AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*

The Group adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

*AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### New and revised Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

*AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted. AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

*AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

*AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

*AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2021-7b makes various editorial corrections to AASB 17 Insurance Contracts which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### New and revised Accounting Standards for Application in Future Periods (continued)

*AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

#### 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 25(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".

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.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### g) Revenue (continued)

##### *Royalties*

Revenue from royalties, where the amount is known is recognised in the period which it applies, when the right to receive is established based on the agreement.

##### *Iron Ore Sales*

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.

#### h) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### g) Income tax (continued)

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.

#### 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### 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.

#### 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### 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.

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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### **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.

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).

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### p) Financial instruments (continued)

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.

##### **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.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### p) Financial instruments (continued)

##### **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.

#### 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### 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 27. 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.

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.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### v) Share-based payment transactions (continued)

##### (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 27).

#### 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 of 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 2023

### Note 2: Summary of significant accounting policies (continued)

#### y) Provision for rehabilitation

The Group is required to close and rehabilitate sites and associated facilities at the end of or, in some cases, during the course of production to a condition acceptable to the relevant authorities, as specified in licence requirements and the Group's closure performance requirements.

The key components of closure and rehabilitation activities are:

- the removal of all unwanted infrastructure associated with an operation.
- the return of disturbed areas to a safe, stable and self-sustaining condition, consistent with the agreed post-closure land use.

#### *Recognition and measurement*

Provisions for closure and rehabilitation are recognised by the Group when:

- it has a present legal or constructive obligation as a result of past events.
- it is more likely than not that an outflow of resources will be required to settle the obligation – the amount can be reliably estimated.

The individual site provisions are an estimate of the expected value of future cash flows required to close the relevant sites based on an independent assessment by an external consultant.

#### z) 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:

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 2: Summary of significant accounting policies (continued)

#### z) Fair value measurements (continued)

- 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:

#### *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:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### 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.

###### *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 holds a term deposit and of cash and cash equivalents in interest-bearing accounts. Trade and other receivables disclosed in note 11 and trade and other payables disclosed in note 17 are non-interest bearing.

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

	Consolidated	
	2023	2022
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	7,217,017	8,392,696
Other financial assets (non-current)	1,570,495	5,257,680
	<u>8,787,512</u>	<u>13,650,376</u>

# Notes to the Financial Statements

## For the year ended 30 June 2023

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

#### Risk exposures and responses (continued)

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 2023, 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)	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Consolidated</b>				
+0.50% (50 basis points)	895	41,963	895	41,963
-0.25% (25 basis points)	(1,342)	(20,892)	(1,342)	(20,892)

#### 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 counterparty, 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. As at 30 June 2023, \$1.427million of receivable from the sale of C4 is past due but not impaired.

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 a "big four" Australia bank. 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:

	Consolidated	
	2023	2022
	\$	\$
1 year or less	4,270,396	26,570,217
Over 1 year	331,625	811,625
	4,602,021	27,381,842

At balance date the Group had cash and cash equivalents of \$7,217,017 (2022: \$8,392,696) for its immediate use or within one month.

# Notes to the Financial Statements

## For the year ended 30 June 2023

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

#### Risk exposures and responses (continued)

##### 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
	\$	\$	\$	\$
<b>30 June 2023</b>				
<b>Financial Assets</b>				
Investment in listed securities (note 15)	277,096	-	-	277,096
Term deposit (note 15)	-	2,000,000	-	2,000,000
Other financial assets (non-current) (note 15)	-	1,570,495	-	1,570,495
<b>Total financial assets</b>	<b>277,096</b>	<b>3,570,495</b>	<b>-</b>	<b>3,847,591</b>
<b>30 June 2022</b>				
<b>Financial Assets</b>				
Investment in listed securities (note 15)	277,096	-	-	277,096
Other financial assets (non-current) (note 15)	-	5,257,680	-	5,257,680
<b>Total financial assets</b>	<b>277,096</b>	<b>5,257,680</b>	<b>-</b>	<b>5,534,776</b>

##### 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 is completed below. 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. At balance date, the Group is exposed to a securities equity 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 Higher/(lower)		Equity Higher/(lower)	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Consolidated</b>				
+20%	55,419	55,419	55,419	55,419
-20%	(55,419)	(55,419)	(55,419)	(55,419)

##### 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 2023

### 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\$/AUD\$ 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 ended 30 June 2022, the Group entered into forward currency hedging arrangements with the Group's banking institutions. As at 30 June 2023, the Group had outstanding liabilities associated with foreign exchange hedges of nil (2022: \$1,078,806).

	Consolidated	
	2023	2022
	\$	\$
Cash and cash equivalents – denominated in USD	-	8,154,644
Hedge liability – denominated in USD	-	(1,078,806)
Net exposure to foreign currency risk - USD	-	7,075,838

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 Higher/(lower)		Equity Higher/(lower)	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Consolidated</b>				
+0.50% (50 basis points)	-	35,379	-	35,379
-0.25% (25 basis points)	-	(17,690)	-	(17,690)

### 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 2023

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

#### *Trade and other receivables*

The collectability of trade and other receivables, including the receivable from the sale of mining rights, is assessed continuously. At the reporting date, no allowances were made for any expected credit losses based on a review of all outstanding amounts at reporting period-end. The present value of non-current trade and other receivables has been determined using a discount rate of 10%.

#### *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 27.

#### *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.

#### *Estimation of useful lives of property, plant and equipment*

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### 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 Western 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 2023 and 30 June 2022.

	Exploration	Corporate	Discontinued Operations – Mining (note 33A)	Total
	\$	\$	\$	\$
<b>30 June 2023</b>				
Segment revenue	-	594,022	71,117,717	71,711,739
Segment profit / (loss) before income tax expense	(1,244,789)	(1,122,557)	57,994,715	55,627,369
Segment assets	7,627,058	64,381,822	-	72,008,880
Segment liabilities	-	5,023,369	6,636,560	11,659,929

	Exploration	Corporate	Discontinued Operations – Mining (note 33A)	Discontinued Operations - WGR (note 33B)	Total
	\$	\$	\$	\$	\$
<b>30 June 2022</b>					
Segment revenue	-	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

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 6: Revenue

	Consolidated	
	2023	2022
	\$	\$

#### (a) Other Revenue

Rental income	240,000	-
Foreign exchange gain	33,991	-
Iron ore mining rights revenue	237,890	-
Interest income	65,436	971
Other sundry income	16,705	-
	<u>594,022</u>	<u>971</u>

### Note 7: Expenses

	Consolidated	
	2023	2022
	\$	\$

#### (a) Personnel expenses

Salary and wages	173,022	356,437
Superannuation	38,259	2,020
Other employee expenses	(13,059)	90,447
	<u>198,222</u>	<u>448,904</u>

#### (b) Other expenses

Administration costs	137,080	22,182
Corporate costs	264,902	230,249
Consulting fees	197,933	172,371
Occupancy costs	96,513	112,640
	<u>696,428</u>	<u>537,442</u>

#### (c) Finance costs

Foreign currency hedging loss	94,424	-
Interest expense on net present value on amount receivable from sale of C4	<u>727,505</u>	<u>-</u>
	<u>821,929</u>	<u>-</u>

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 8: Income tax

	Consolidated	
	2023	2022
	\$	\$

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	55,627,369	(13,775,309)
At the statutory income tax rate of 25% (2022: 30%)	13,906,842	(4,132,593)
Non-deductible expenditure	15,341	(1,952,625)
Adjustments recognised in the current year in relation to the current tax of previous years	5,451,501	(4,596,659)
Impact from change in tax rate of unrecognised deferred tax assets	-	(7,131,424)
Temporary differences that would have been recognised in equity	-	(40,208)
Tax loss and temporary differences not brought to account as a deferred tax asset	(19,373,684)	17,853,509
At the effective income tax rate of 0% (2022: 0%)	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% 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 25%, which is the rate that is likely to apply when these assets and liabilities are realised.

	Consolidated	
	2023	2022
	\$	\$

#### Unrecognised deferred tax assets (liabilities)

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

Trade & other receivables	-	43,508
Prepayments and plant and equipment	-	-
Inventories	-	12,597,423
Intangible assets	187,280	1,046,111
Financial assets	4,182,175	4,174,873
Employee benefit liabilities	106,704	73,243
Trade and other payables	11,250	12,500
Lease liabilities	142,906	203,946
Provisions	-	714,066
Financial liabilities	-	617,559
Unused tax losses	32,953,539	33,113,963
Other future deductions	40,061	56,902
Deferred tax assets	37,623,915	52,654,094

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 8: Income tax (continued)

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax liabilities have not been recognised in respect of the following items:</i>		
Trade & other receivables	(11,662,124)	-
Financial liabilities	(277,376)	-
Prepayments	(5,267)	(9,921)
Inventories	-	(7,109,199)
Plant and equipment	(10,917)	(19,758)
Intangible Assets	-	(263,441)
Provisions	-	(209,860)
Deferred tax liabilities	(11,955,684)	(7,612,179)
Net unrecognised deferred tax asset	25,668,231	45,041,915

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 \$131,814,156 (2022: \$132,455,850).

#### 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 which 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	
	2023	2022
	\$	\$
Profit / (Loss) used in calculating basic and diluted gain / (loss) per share:		
- From continuing operations	(2,367,346)	(1,887,868)
- From discontinued operations (refer note 33)	57,994,715	(11,887,441)
- From continuing and discontinued operations	55,627,369	(13,775,309)
	No.	No.
Weighted average number of ordinary shares used in calculating basic gain / (loss) per share:	321,216,655	309,904,819
Basic gain / (loss) per share in cents:		
- from continuing operations	(0.74)	(0.61)
- from discontinued operations	18.05	(3.84)
- from continuing and discontinued operations	17.31	(4.45)

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. There are also no outstanding options at 30 June 2023.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 10: Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$

Cash at bank	7,217,017	8,392,696
	<u>7,217,017</u>	<u>8,392,696</u>

### Note 11: Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$

#### Current

Trade receivables <sup>1</sup>	3,520,097	842,235
Goods and services tax refund	32,177	1,357,098
Amounts due from sale of C4 Mining Operations	9,072,000	-
Unexpired interest - C4 Mining Operations Sale Proceeds Receivable	1,455,009	-
Prepayments	278,290	417,784
Other receivables	169,519	168,648
	<u>14,527,092</u>	<u>2,785,765</u>

#### Non-current

Amounts due from sale of C4 Mining Operations (note 33A)	23,753,910	-
Unexpired interest - C4 Mining Operations Sale Proceeds Receivable (note 33A)	12,367,577	-
Rehabilitation receivable (note 33A)	2,624,968	-
	<u>38,746,455</u>	<u>-</u>

<sup>1</sup> Included in amount \$3,520,097, there is \$1,427,234 receivable relating to the consideration pertaining to mineral rights of C4 and JWD mining rights disposed to Gold Valley. The \$1,427,234 receivable from the sale of C4 is past due but not impaired as at 30 June 2023.

As of 30 June 2023, there were trade and other receivables that have been determined as past due but not impaired (2022: Nil).

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 12: Inventories

	Consolidated	
	2023	2022
	\$	\$
Consumable fuel – at cost	-	280,958
Ore stockpiles – at cost	-	18,197,042
Less: Provision for impairment	-	(6,758,423)
Less: Transfer to assets held for sale (note 33A)	-	(4,944,524)
	-	6,775,053

The value of inventories at 30 June 2022 represents ore stockpiles of 425,758 tonnes of iron ore product in various stages of production.

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 33A 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 2023

### Note 13: Plant and equipment

	Consolidated	
	2023	2022
	\$	\$
Plant and equipment at cost	1,851,077	1,849,053
Less: accumulated depreciation	(1,818,627)	(1,808,128)
	32,450	40,925
Motor vehicles at cost	192,919	192,919
Less: accumulated depreciation	(184,175)	(182,401)
	8,744	10,518
Leasehold improvements at cost	14,669	14,669
Less: accumulated depreciation	(12,196)	(11,441)
	2,473	3,228
Total plant and equipment	43,667	54,671
<i>Reconciliation of the carrying amounts is set out below:</i>		
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	40,925	52,089
Additions	2,053	66,380
Depreciation expense	(10,528)	(22,068)
Reclassified to discontinued operations (note 33A)	-	(55,476)
Carrying amount at end of year	32,450	40,925
<b>Motor vehicles</b>		
Carrying amount at beginning of year	10,518	12,703
Depreciation expense	(1,774)	(2,185)
Carrying amount at end of year	8,744	10,518
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	3,228	4,119
Depreciation expense	(755)	(891)
Carrying amount at end of year	2,473	3,228
Total carrying amount at end of year	43,667	54,671



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 14: Exploration and evaluation expenditure

	Consolidated	
	2023	2022
	\$	\$

Exploration and evaluation expenditure (a)	7,627,058	7,627,058
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*Reconciliation of the carrying amounts is set out below:*

#### Exploration and evaluation expenditure

Carrying amount at beginning of year	7,627,058	6,329,379
Acquired during the year (b)	-	1,297,679
Carrying amount at end of year	7,627,058	7,627,058

#### (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	
	2023	2022
	\$	\$

Cash consideration paid to vendors	-	250,000
Issue of 4,411,765 shares at \$0.17 each to vendors (note 21)	-	750,000
Issue of 1,470,588 shares at \$0.17 each to corporate advisor (note 21)	-	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 2023

### Note 15: Financial assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current</i>		
Shares held in eMetals Limited – at Fair Value through Profit or Loss (a)	277,096	277,096
Term deposit maturing on 1 November 2023	2,000,000	-
<i>Total Current Financial Assets</i>	<u>2,277,096</u>	<u>277,096</u>
<i>Non-Current</i>		
Security Deposits – amortised cost	520,495	3,027,215
Funds held under trust (b) (note 33A)	1,050,000	2,230,465
<i>Total Non-Current Financial Assets</i>	<u>1,570,495</u>	<u>5,257,680</u>
	<u>3,847,591</u>	<u>5,534,776</u>

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

Opening balance	277,096	677,346
Fair value adjustment	-	(400,250)
Closing balance	<u>277,096</u>	<u>277,096</u>

#### eMetals Limited

As at 30 June 2023, the Group held 30,788,460 shares in eMetals Limited. This investment is carried at fair value through profit or loss.

(b) As at 30 June 2023, the Group held \$1,050,000 in trust accounts in accordance with the Mining Rights Agreement with Gold Valley Iron Pty Ltd and CuFe Limited (ASX:CUF). The balance is made up of rehabilitation costs on the C4 and JWD Deposits. 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 30. The balance is made up of government and other royalties, and rehabilitation costs on the JWD Deposit.

### Note 16: Investment in associate

#### Tungsten Mining NL

The Group has an 8.90% (2022: 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 \$6,650,000 at a share price of \$0.095 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.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 16: Investment in associate (continued)

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

	Consolidated	
	2023	2022
	\$	\$
Proportion of the Company's ownership	8.90%	8.90%
<i>Share of the associate's statement of financial position:</i>		
Current assets	1,141,371	1,337,023
Non-current assets	1,979,307	1,955,305
Total liabilities	(229,204)	(139,262)
<b>Equity</b>	<b>2,891,474</b>	<b>3,153,066</b>
Carrying amount of the investment: Opening balance	-	-
Total	-	-
<i>Share of the associate's loss</i>		
Revenue	139,031	48,065
Expenses	(400,212)	(500,702)
<b>Loss for the year</b>	<b>(261,181)</b>	<b>(452,637)</b>
Share of the associate's other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(261,181)</b>	<b>(452,637)</b>
Share of loss not recognised	261,181	452,637
<b>Carrying amount of the investment: Closing balance</b>	<b>-</b>	<b>-</b>
<b>Total unrecognised share of losses of associate</b>	<b>(2,140,717)</b>	<b>(1,879,536)</b>
<b>Total carrying amount of investment in associate</b>	<b>-</b>	<b>-</b>

### Note 17: Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade payables	129,805	12,626,609
Other payables	256,411	153,131
Accrual of royalties payable	3,575,680	12,334,580
Other accruals	68,500	377,091
	4,030,396	25,491,411

Included in Other Accruals is an amount of nil (2022: \$303,591) 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 2023

### Note 18: Lease liabilities

	Consolidated	
	2023	2022
	\$	\$
<b>(a) Current</b>		
Lease liabilities – transfer shed	240,000	186,895
<b>(b) Non Current</b>		
Lease liabilities – transfer shed	331,625	624,730
	571,625	811,625
<b>Amounts recognised in Profit or Loss for the year</b>		
Interest paid on Lease Liabilities	-	-
	-	-
<b>Cash flows</b>		
Total cash outflows for Leases	240,000	240,000

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 19: Provisions

	Consolidated	
	2023	2022
	\$	\$
<b>(a) Current</b>		
Employee entitlements	421,348	467,003
<b>(b) Non Current</b>		
Employee entitlements	2,008	-
Rehabilitation provision	6,634,552	3,599,592
	6,636,560	3,599,592

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 20: Other financial liabilities

	Consolidated	
	2022	2022
	\$	\$

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 2023

### Note 21: Contributed equity

	2023	2022	2023	2022
			\$	\$

#### (a) Issued capital

321,216,655 Ordinary fully paid shares (2022:

321,216,655) 154,951,396 154,951,396

	Number	Number	\$	\$
<i>Movement in ordinary shares on issue</i>				
Opening balance at 1 July	321,216,655	302,786,443	154,951,396	158,966,934
Shares issued to Directors and senior management in lieu of cash payment	-	783,153	-	191,250
Placement at \$0.17 per share	-	11,764,706	-	2,000,000
Shares to acquire tenements (note 14(b))	-	5,882,353	-	1,000,000
Fair value of in-specie distribution of Western Gold Resources Limited	-	-	-	(7,032,759)
Listed options issued in lieu of share issue costs	-	-	-	(40,000)
Other share issue costs	-	-	-	(134,029)
Closing balance at 30 June	321,216,655	321,216,655	154,951,396	154,951,396

#### *Shares issued to Directors*

During the 30 June 2022 financial year, in lieu of a cash payment of \$191,250 for accrued directors fees, the Company issued 783,153 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 2023

### Note 22: Reserves

	Consolidated	
	2023	2022
	\$	\$

Options reserve	27,552,378	27,552,378
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#### Movements:

##### Options reserve

Opening balance	27,552,378	28,512,378
Options issued to lead manager of placement	-	40,000
Impact of the disposal of Western Gold Resources Limited	-	(1,000,000)
Closing balance	27,552,378	27,552,378
	Number	Number

##### Movement in options on issue – GWR Group Limited

Opening balance	17,774,509	12,833,333
Options issued during the year	-	4,941,176
Options exercised during the year	-	-
Options expired during the year	(17,774,509)	-
Closing balance	-	17,774,509

##### Movement in options on issue – Western Gold Resources Limited

Opening balance	-	10,000,000
Impact of the disposal of Western Gold Resources Limited	-	(10,000,000)
Closing balance	-	-

#### (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	
	2023	2022	2023	2022
<b>GWR Group Limited</b>				
Outstanding at beginning of year	17,774,509	12,833,333	\$0.3762	\$0.3762 <sup>(a)</sup>
Granted during the year	-	4,941,176		\$0.3762
Exercised during the year	-	-	-	-
Expired during the year	(17,774,509)	-	(\$0.3762)	-
Outstanding at end of year	-	17,774,509	-	\$0.3762
Exercisable at end of year	-	17,774,509	-	\$0.3762

<sup>(a)</sup> 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.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 22: Reserves (continued)

There are no options issued during the year. During the 30 June 2022 financial year, 4,941,176 listed options were issued. 2,000,000 were issued to the lead manager of the placement as part of their lead manager fee and form part of share-based payments as set out in note 27 below. The remaining 2,941,176 were issued as free-attaching options to the placement, on a 1 for 4 basis.

	Number		WAEP	
	2023	2022	2023	2022
<b>Western Gold Resources Limited</b>				
Outstanding at beginning of year	-	10,000,000	-	\$0.25
Impact of disposal of WGR	-	(10,000,000)	-	\$0.25
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at end of year	-	-	-	-
Exercisable at end of year	-	-	-	-

17,774,509 options expired during the year. The following table illustrates options that have expired at year end:

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Balance at year end
<b>Listed options – GWR</b>					
<i>Granted on 7 Oct 2021</i>					
GWROA Listed Options	12,833,333	12,833,333	\$0.3762 <sup>(a)</sup>	1 Oct 2022	-
<i>Granted on 3 Feb 2022</i>					
GWROA Listed Options	4,941,176	4,941,176	\$0.3762	1 Oct 2022	-

<sup>(a)</sup> 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.

### Note 23: Accumulated losses

	Consolidated	
	2023	2022
	\$	\$
Opening balance	(177,782,192)	(165,041,571)
Profit / (Loss) attributable to members of the Parent	55,627,369	(13,775,309)
Impact of the disposal of Western Gold Resources Limited	-	1,034,688
Closing balance	(122,154,823)	(177,782,192)

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 24: Cash flow statement reconciliation

	Consolidated	
	2023	2022
	\$	\$
<b>Reconciliation of net cash and cash equivalents used in operating activities to profit/(loss) after income tax:</b>		
Profit/(Loss) after income tax	55,627,369	(13,775,309)
Depreciation	13,057	25,144
Fair value adjustment on financial assets (note 15)	-	400,250
Gain on disposal of C4 (note 33)	(61,912,000)	-
Interest expense on C4 receivable (note 7(b))	727,505	-
Income from JWD Mining Rights Agreement	-	(2,450,697)
Bank financing expenses	62,326	740,409
Amortisation of mine properties	-	1,517,946
Directors' salary and fees settled in shares	-	191,250
Gain from discontinued operation - WGR	-	(6,936,047)
Rehabilitation provision	59,991	-
<i>Movements in assets and liabilities</i>		
Decrease in trade and other receivables and prepayments	83,168	185,104
Decrease in inventories	6,775,053	5,585,783
Decrease in other financial assets	2,256,720	-
(Increase) in assets held for sale (Inventories only – note 33A)	-	(4,944,524)
(Decrease)/increase in trade and other payables	(21,461,016)	3,058,583
Increase in provisions	306,353	33,624
Increase in financial liabilities	-	1,078,806
Net cash (used in) operating activities	(17,461,474)	(15,289,678)

### Note 25: Related party disclosure

	Country of Incorporation	Equity interest	
		2023	2022

#### (a) Subsidiaries

Iron West Resources Pty Ltd	Australia	100%	100%
NT Tungsten Pty Ltd	Australia	100%	100%
Tasmania Magnesium Pty Ltd	Australia	100%	100%

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 25: 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	
	2023	2022
	\$	\$
<i>Services (received from) / provided to Tungsten</i>		
Staff and admin costs recoveries	(64,932)	(28,995)
Project related costs / reimbursements	13,464	10,930
Net income / (expense)	(51,468)	(18,065)

##### *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 nil (2022: \$3,374) 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 25(e) and 26, no other transactions with key management personnel occurred during the year.

#### (e) Transactions with related parties

There are no transactions with related parties during the year.

##### *Law Developments Pty Ltd (Law)*

Law is controlled by the Company's former Non-executive Deputy Chairman Tan Sri Dato' Tien Seng Law, who resigned on 3 February 2023. 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 \$49,614 excluding GST (2022: \$95,641) in rental and oncost expenses in relation to this rental agreement. There was no amount outstanding to Law at balance date (2022: Nil).

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 25: Related party disclosure (continued)

*Endeavour Corporate Pty Ltd (Endeavour)*

Former 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 \$84,350 excluding GST (2022: \$45,845).

#### (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 26: Key management personnel disclosures

	Consolidated	
	2023	2022
	\$	\$
<b>Compensation for key management personnel</b>		
Short-term	647,602	540,653
Post-employment	50,107	25,587
Long-term	(19,706)	4,298
	<u>678,003</u>	<u>570,538</u>

### Note 27: Share-based payments

	Consolidated	
	2023	2022
	\$	\$
<b>Continuing operations</b>		
GWROA listed options – issued to lead manager <sup>1</sup>	-	40,000
Total share-based payments – continuing operations	<u>-</u>	<u>40,000</u>

<sup>1</sup> - 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.

There are no share-based payments during the financial year.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 28: Remuneration of auditors

	Consolidated	
	2022	2022
	\$	\$

#### Amount paid or due and payable to Stantons

Audit services	105,953	151,985
	105,953	151,985

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

### Note 29: 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 \$738,982 (2022: \$740,095). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

### Note 30: Contingencies

The Group has the following contingencies as at 30 June 2023:

- The Group has an agreement with the Wiluna Martu People for production royalty payments to be payable based on the quantify mined.
- The Group is party to a Port Access and Services Agreement with Mid West Ports Authority ("MWPA"). This agreement provides the Group with access to and use of Geraldton Port facilities. Under this agreement, certain tariffs and charges are payable to MWPA based on their prevailing commercial rates.
- The Group is also party to two agreements with Mainroads Western Australia ("MRWA") for the use of highways for the haulage of ore from the C4 mining project to the port of Geraldton.
- Under 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.
- The total indirect and contingency rehabilitation and closure costs for Wiluna West Iron projects is estimated to be \$2,930,974 for C4 project and \$2,413,392 for JWD project as per below:

	C4 Project (\$)	JWD Project (\$)
Non-distributable indirect costs – Post closure monitoring, reporting and owners management costs	1,290,000	1,290,000
Contingency (30%)	1,640,974	1,123,392
<b>Total contingencies</b>	<b>2,930,974</b>	<b>2,413,392</b>

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 31: Events after balance date

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.

### Note 32: Parent entity disclosures

	Parent	
	2023	2022
	\$	\$

#### (a) Financial position

##### Assets

Current assets	23,927,196	23,096,125
Non-current assets	46,273,142	11,278,063
Total assets	70,200,338	34,374,188

##### Liabilities

Current liabilities	4,668,243	27,013,720
Non-current liabilities	6,968,185	4,411,218
Total liabilities	11,636,428	31,424,937

##### Equity

Contributed equity	154,951,396	154,951,396
Accumulated losses	(123,939,864)	(179,554,523)
Reserves	27,552,378	27,552,378
Total equity	58,563,910	2,949,251

#### (b) Financial performance

Profit / (loss) for the year	55,614,659	(15,580,737)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	55,614,659	(15,580,737)

#### (c) Contingencies

The contingencies of the Parent entity are the same as those disclosed for the Group in note 30.

#### (d) Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

#### (e) Commitments for exploration expenditure

In order to maintain current rights of tenure to mining tenements, the Company has discretionary minimum annual tenement expenditure requirements and lease rentals of \$738,982 (2022: \$576,948). 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 2023

### Note 33: Assets Held for Sale and Discontinued Operations

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

On 20 July 2022 GWR announced the execution of a Binding Term Sheet (Term Sheet) to grant the Mining Rights for its C4 Iron Deposit and to transfer its residual rights in relation to the JWD Iron deposit for, at the time of signing, 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; and
- continue the review and evaluation of other business opportunities.

The initial agreement, as signed, provided for the consideration to be paid in three instalments; the first \$5,000,000 was paid upon signing the Term Sheet, along with the \$5,000,000 payable for the acquisition of sundry plant, stores and stockpiles within 21 days of signing. The remaining amount was due as follows:

- \$10,000,000 within 45 days of signing the Term Sheet; and
- \$15,000,000 upon the earlier of:
  - 18 months after signing the Term Sheet; and
  - the date immediately after GV had shipped or otherwise sold an aggregate of 1,000,000 tonnes of iron ore from the C4 Deposit.

An additional royalty, based on the Platts index for 62% Fe and payable across all shipments (lump and fines) was to be paid on the following basis:

- <US\$135/t – US\$1 per tonne payable to GWR
- >US\$135/t – US\$2 per tonne payable to GWR

On 27 September 2022 the Company announced that the Term Sheet had been subject to a variation, allowing the second tranche of the consideration (being \$10,000,000 within 45 days of signing the Term Sheet) to be split into two tranches:

- \$5,000,000 within 45 days of signing the Term Sheet, which was received; and
- \$5,000,000 due on 19 March 2023, together with interest at a rate of 8% p.a.

The second tranche above also included a requirement for payment within 30 days if the Platts Index for 62% Fe reached a 20-day trading average of US\$120 prior to 15 February 2023.

On 11 January 2023 the Company announced that it had entered into a further variation to the Binding Term Sheet. The agreed variation substitutes the obligations for GV to pay the sum of \$5,000,000 on 19 March 2023 (together with interest) and to pay \$15,000,000 upon the earlier of 18 months after signing the Term Sheet 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 with the following payment obligations:

- A royalty is payable to GWR across all tonnes (lump and fines) removed from the C4 Deposit and shipped by GV or otherwise sold by GV on or after 3 January 2023 as follows:
  - v. 9.00 per tonne in relation to the first 3,000,000 tonnes shipped or otherwise sold;
  - vi. \$4.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold;
  - vii. \$3.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold; and
  - viii. \$1.00 per tonne for any additional tonnes shipped or otherwise sold.



# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### A. Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4") (continued)

- Based on the above, GV is required to make the following monthly repayments:
  - iv. \$756,000 per month up until the earlier of such time as GV has shipped or otherwise sold 3,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 36 such monthly payments have been made;
  - v. thereafter \$336,000 per month up until the earlier of such time as GV has shipped or otherwise sold 6,500,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made; and
  - vi. thereafter \$252,000 per month up until the earlier of such time as GV has shipped or otherwise sold 10,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made.
- The above minimum payments are based dry metric tonnes shipment of 84,000 tonnes of iron ore from C4 deposit and the payments are payable within 15 days of each shipment by GV or if otherwise sold by GV within the earlier of 15 days of shipment by the purchaser.
- In the event that GV has made monthly payments pursuant to the above minimum monthly payments and in any subsequent month GV ships in excess of 84,000 tonnes of iron ore from the C4 deposit, GV shall be entitled to a credit on the royalty otherwise payable to GWR on the amount shipped in excess of 84,000 tonnes, with such credit limited to the sum of any prior monthly payments made which have not previously been subject to such credit.
- In addition to payment of the royalty and monthly payments to GWR, GV will be required to pay all state government royalties and all royalties pursuant to the Mining Agreement with Traditional Owners payable upon the extraction of the iron ore from the Wiluna West tenement area and GV must pay those to GWR within 15 days of each shipment by GV or if otherwise sold by GV within the earlier of 15 days of such sale by GV or 15 days of shipment by the purchaser.

If the GV does not make any monthly payment due pursuant to the above, GWR may terminate this Term Sheet or the Mining Rights Agreement as applicable in the event GV does not cure such default within 2 months.

Additionally, GV is required to maintain all the tenements referred as per Term Sheet or the Mining Rights Agreement in good standing including complying with all minimum expenditure requirements and payments of all Mining Rehabilitation Fund (MRF) levies.

GWR retains both legal and beneficial ownership to all tenements and all other iron ore deposits at Wiluna West Iron Ore Project and is responsible for the rehabilitation of Wiluna West (C4 and JWD) as per Mine Closure Plans. GV is required to make payments to GWR to be held in trust to the value of the estimated rehabilitation for both the C4 Deposit and JWD Deposit and to ensure that the monies will be held in trust by GWR reflecting the estimated rehabilitation expenditure as per the relevant Mine Closure Plans. As at 30 June 2023, cash received in respect of C4 and JWD rehabilitation from GV and CuFe is \$1,050,000 (note 15). As at 30 June 2023, receivable from CuFe and GV for rehabilitation expenditure is \$2,624,968 (note 11).

The effect of the variation means that GWR will receive a minimum \$51,912,000 from GV over the next 10 years compared to the minimum of approximately \$20,000,000 GWR was entitled to receive from GV under the initial arrangement.

The Group received the first four payments of \$756,000, bringing the total funds received to date to \$13,108,766 from the sale of the mining rights and \$5,000,000 from the sale of sundry plant, equipment and stockpiles. \$1,427,234 is past due but not impaired and yet to be received from GV as at 30 June 2023 in respect of part May 2023 and June 2023 instalments.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### B. Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4") (continued)

The carrying value and net realisable value of assets and liabilities at the disposal date:

	Carrying Value	Adjustment	Net Realisable Value
	\$	\$	\$

#### Net assets at 30 June 2022 and 20 July 2022

##### Assets

Inventories	4,944,524 <sup>(1)</sup>	-	4,944,524
Property, plant & equipment	55,476	-	55,476
Total assets	5,000,000	-	5,000,000
Net assets of disposal group	5,000,000	-	5,000,000

1 – an impairment of inventories was performed at Group-level as at 30 June 2022 before the inventories were sold, refer to note 12.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### A. Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4") (continued)

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

	2023	2022
	\$	\$
<i>Ore Sales</i>		
Sales of iron ore from C4 project	9,205,717	121,709,252
<i>Total Ore Sales</i>	9,205,717	121,709,252
Royalty Income (a)	-	2,450,697
Gain on disposal of C4 project (b)	61,912,000	-
<i>Total Revenue</i>	71,117,717	124,159,949
<i>Costs of sales</i>		
Production costs	13,123,002	130,505,252
Royalties	-	8,812,638
Direct marketing and administration costs	-	407,954
Rehabilitation costs	-	1,517,946
(Increase) in inventories	-	(5,836,205)
Other costs of production	-	817,429
<i>Total Costs of Sales</i>	(13,123,002)	(136,225,014)
Gross Profit / (loss) from discontinued operation	57,994,715	(12,065,065)
<i>Other Expenses</i>		
Impairment of inventories (note 12)	-	(6,758,423)
<i>Total Other Expenses</i>	-	(6,758,423)
Profit / (loss) before tax from discontinued operation	57,994,715	(18,823,488)
Income tax expense	-	-
Profit / (loss) after tax from discontinued operation	57,994,715	(18,823,488)

#### (a) Ore Sales

During the year, the Group continued with mining operations at the C4 Project near Wiluna, Western Australia. 58,000 wet metric tonnes were shipped to customers (2022: 773,164), realising revenue of \$9,205,717 (2022: \$121,709,252).

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### A. Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4") (continued)

##### (b) Gain on disposal of C4 mining rights

The net gain on disposal at the disposal date of 20 July 2022 has been determined as follows:

	20 July 2022
	\$
Cash consideration received for sale of mining rights – initial consideration	5,000,000
Cash consideration received for sale of mining rights – second tranche	5,000,000
Cash consideration receivable for sale of mining rights – deferred consideration (c)	51,912,000
Cash consideration for sale of sundry plant, stores and stockpiles	5,000,000
<b>Total consideration</b>	<b>66,912,000</b>
Less: Net assets of disposal Group	(5,000,000)
<b>Gain on disposal</b>	<b>61,912,000</b>

##### (c) Cash consideration receivable for sale of mining rights – deferred consideration

The Term Sheet variation signed on 11 January 2023 includes deferred consideration totalling \$51,912,000 to be received over a term of 10 years as set out above. Accordingly, the present value of this long-term receivable as been determined (using an effective interest rate of 10% per annum) as \$37,361,910. The current and non-current portion of the present value of the receivable, and the corresponding components of the unexpired interest recognised as "other assets" in the Consolidated Statement of Financial Position is as follows:

	30 June 2023 \$	11 January 2023 \$
Present Value of Receivable – due within 12 months – current portion <sup>1</sup> (note 11)	9,072,000	9,072,000
Unexpired interest – current portion (note 11)	1,455,009	1,455,009
<b>Total current consideration receivable</b>	<b>10,527,009</b>	<b>10,527,009</b>
Present Value of Receivable – due in 2-10 years – non-current portion (note 11)	23,753,910	28,289,910
Unexpired interest – non-current portion (note 11)	12,367,577	13,095,081
<b>Total non-current consideration receivable</b>	<b>36,121,487</b>	<b>41,384,991</b>
<b>Total receivable / deferred consideration</b>	<b>46,648,496</b>	<b>51,912,000</b>

<sup>1</sup> Further to the above and as part of the current receivables (note 11) amounting to \$3,520,097, includes \$1,427,234 recoverable as at 30 June 2023 related to the consideration pertaining minerals rights of C4/JWD deposited to GV.

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### A. Disposal of C4 Iron Ore Project Mining Operations and Associated Royalties ("C4") (continued)

The Cash Flows from this discontinued operation are as follows:

	2023	2022
	\$	\$
<i>Cash flows from operating activities</i>		
Receipts from customers	9,957,952	121,665,853
Payments to suppliers and employees	(26,473,279)	(137,680,042)
Proceeds from JWD Mining Rights Agreement	1,031,060	2,450,697
Other income	291,890	-
<i>Net operating cash flows from discontinued operations – C4</i>	<u>(15,192,377)</u>	<u>(13,563,492)</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of C4 mining operations	18,238,515	-
Receipts of security bonds from trust	1,430,465	
Payments for property, plant & equipment	-	(62,465)
Payments for security deposits/bonds	-	(979,679)
<i>Net investing cash flows from discontinued operations – C4</i>	<u>19,668,980</u>	<u>(1,042,144)</u>
<i>Cash flows from financing activities</i>		
Bank foreign currency exchange fees paid	(1,141,132)	(740,409)
Repayment of lease liabilities	(240,000)	(240,000)
<i>Net financing cash flows from discontinued operations – C4</i>	<u>(1,381,132)</u>	<u>(980,409)</u>
<i>Net cash flows from discontinued operations – C4</i>	<u>3,095,471</u>	<u>(15,586,045)</u>

# Notes to the Financial Statements

## For the year ended 30 June 2023

### Note 33: Assets Held for Sale and Discontinued Operations (continued)

#### B. 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 and GWR's capital gain tax of \$7,032,759. GWR has carried forward revenue losses that can be utilised to offset the capital gain to nil.

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

	2023	2022
	\$	\$
Gain recognised on demerger	-	6,509,102
Gain on recovery of loan to discontinued operation	-	426,945
Exploration expenses	-	-
Share based payment expense	-	-
Personnel expenses	-	-
Other expenses	-	-
Gain from discontinued operations before income tax expense	-	6,936,047
Income tax expense	-	-
Gain from discontinued operations after income tax expense	-	6,936,047

# 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 2023 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 2023 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 Group 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 2023.

On behalf of the Directors,



Gary Lyons  
**Chairman**

Dated at Perth, this 28<sup>th</sup> day of September 2023



**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 2023, the consolidated statement of profit or loss and other 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 2023 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 (including Independence Standards) (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this report.

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

**Material Uncertainty Related to the Recoverability of Trade and other Receivables**

We draw attention to Note 11 in the financial report, which indicates that the Group has a current receivable of \$11,954,243 as at 30 June 2023 from C4 mining Operations which includes \$1,427,234 receivable which is past overdue. In the event of decline in the iron ore prices, certain climate conditions which may hinder mining and processing of iron ore and due to economic conditions, such as high cost of production and increase in interest rates which may impact the ability of trade debtor to meet its financial obligation as when it falls due. There exists a material uncertainty that may cast significant doubt on the Group's ability to recover the receivable from C4 mining operations as and when it falls due.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

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.

Key Audit Matters	How the matter was addressed in the audit
<p><b>Revenue recognition</b></p> <p>During the year ended 30 June 2023, the Group recognised revenue of \$71,117,717 from discontinued operations of which \$9,205,717 was from the sale of iron ore from its Wiluna West C4 Iron Ore Project (refer to note 33.A).</p> <p>The Group produced and sold iron ore, and revenue is recognised at a point when control of the product is transferred to the customer.</p> <p>Accounting for revenue recognition was a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>▪ significance (quantum) of revenue which was generated to arrive at the financial result of the Group;</li> <li>▪ judgement required by the Group in applying the requirements of AASB 15 - <i>Revenue from Contracts with Customers</i> ("AASB 15"), such as: <ul style="list-style-type: none"> <li>○ identifying the performance obligations under its contracts with customers;</li> <li>○ 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;</li> <li>○ the method of allocating the transaction price in the contract to the performance obligations; and</li> <li>○ identifying the timing of recognition of the revenue based on performance obligations satisfaction.</li> </ul> </li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Assessing whether the Group's accounting policies were in accordance with the requirements of AASB 15;</li> <li>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;</li> <li>Ensured revenue was recognised when performance obligations had been satisfied; and</li> <li>Evaluated the adequacy of the disclosures in respect of revenue recognition with the criteria prescribed by the applicable standard.</li> </ol>
<p><b>Accounting for the sale of Mining Rights and amount due from the sale of the Mining Rights.</b></p> <p><b>A) Accounting for the sale of Mining Rights</b></p> <p>In July 2022, the Group executed a Binding Term Sheet to grant Mining Rights for its C4 Iron Ore deposit and transfer its residual rights in relation to the JWD Iron Ore deposit to Gold Valley Iron Ore Pty Ltd (GV) (the "Transaction").</p> <p>The Group then entered into a further variation of this Binding Term Sheet in January 2023 (refer to Note 33.A).</p> <p>During the year ended 30 June 2023, the Group recognised revenue of \$71,117,717 from discontinued operations of which \$61,912,000 was from the sale of its mining rights of its C4 Iron Ore Project and revenue is recognised at a point when control of the mining rights was transferred to the customer.</p> <p>The accounting for the sale of Mining Rights is considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The size and complexity of the Transaction and the impact on the Group's financial report.</li> <li>• Judgement required in the application of AASB 15 <i>Revenue from Contracts with Customers</i></li> <li>• The time and audit effort applied to gather sufficient appropriate audit evidence.</li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Obtaining an understanding of the Transaction including reviewing the Binding Term Sheet between the Group and GV.</li> <li>Assessing the nature of the Transaction and the accounting of the Transaction in accordance with the requirements of AASB 15. This includes: <ul style="list-style-type: none"> <li>• Identifying the contract with the customer.</li> <li>• Identifying the performance obligations in the contract.</li> <li>• Determining the Transaction price.</li> <li>• Allocating the Transaction price to the performance obligations.</li> <li>• Recognizing revenue when the performance obligations are satisfied.</li> </ul> </li> <li>Assessing the appropriateness of the disclosure in the financial statements.</li> </ol>

**Key Audit Matters**
**How the matter was addressed in the audit**
**B) Amount due from sale of Mining Rights**

As a result of the transaction with GV relating to the Mining Rights for its C4 Iron Ore deposit, the Group has reported a trade receivable of balance of \$48,075,730 at balance date. This balance has been classified as:

- Trade receivables – current of \$11,954,243; and
- Trade receivables – non-current of \$36,121,487 (refer to Note 11)

The amount due from sale of mining rights is considered a key audit matter due to:

- The size of the outstanding amount at balance date (67% of the total assets).
- The period of time of this outstanding amount (classified as current and non-current trade receivables).
- The collectability of the amount due from the sale of mining rights is a major element of the Group's working capital management that is managed on an on-going basis.
- Management makes significant judgements, estimates and assumption to measure and record recoverability and expected credit losses.

The time and audit effort applied to gather sufficient appropriate audit evidence.

Inter alia, our audit procedures included the following:

- i. Reviewing the Group's policy with respect to trade receivables including expected credit losses.
- ii. Reviewing the contract between the Group and GV to ascertain the terms and conditions of the repayment of the consideration.
- iii. Testing the receipts from GV to the Group's bank statement for the period.
- iv. Reviewing the classification between current and non-current trade receivables.
- v. Reviewing the reasonableness of expected credit losses.

Assessing the adequacy of the related disclosures in the financial statements.

**Carrying value of Exploration and Evaluation Expenditure**

At 30 June 2023, 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 considered a key audit matter due to:

- The significance of the balance (approximately 11%) 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 management's determination of its areas of interest to ensure consistency with the definition in AASB 6;
- ii. Assessing the Group's accounting policy for compliance with AASB 6
- iii. 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;
- iv. 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;
- v. 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
- vi. Assessing the disclosures made by the Group in relation to AASB 6 in the financial statements.

**Provision for Rehabilitation**

As a consequent of the Group's operations, the Group incurs obligations to restore and rehabilitate the environment in the areas of operations. These rehabilitation activities are governed both by legislative requirements and the Group's policies.

At 30 June 2023, the Group recorded a provision of \$6,634,552 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 19(b))

The provision for liability is a key audit matter due to:

- The size of the provision (approximately 57% of total liabilities).
- Inherent complexity in the Group estimating future forecasted costs of closure and restoration of the mine areas.
- The significant estimates and judgements applied by the Group to determine the provision.

Inter alia, our audit procedures included the following:

- i. Assessing the appropriateness of the Group's accounting policy for the recognition and measurement of the provision for rehabilitation in accordance with the requirements of AASB 137 Assessing the qualification, competence, scope and objectivity of the Group's external experts used in the determination of the provision for rehabilitation.
  - Ensuring the independence of the independent expert;
  - Assessing the credentials of the independent expert;
  - Assessing the appropriateness of the valuation method used;
  - Assessing the reasonableness of the assumptions and inputs used within the valuation model;
- ii. 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 2023 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 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.

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 the directors' report for the year ended 30 June 2023.



In our opinion, the Remuneration Report of GWR Group Limited for the year ended 30 June 2023 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 and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
Director

West Perth, Western Australia  
28 September 2023

## 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 21 September 2023.

### (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%
	<b>239,902,265</b>	<b>74.69%</b>

#### 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%
<b>Total</b>	<b>2,486</b>	<b>321,216,655</b>	<b>100.00%</b>

### (b) Unquoted securities

The Company has no unquoted securities on issue.



# Tenement Interests

The Group's interest in tenements as at 21 September 2023 is as follows:

Location	Tenement	Percentage held	Notes
Western Australia			
Wiluna <sup>1</sup>			
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%	

<sup>1</sup> 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.

\* Excludes tenement applications.



# 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 2022 Annual Report which was last updated on 15 August 2019.

### Resources

As at 30 June 2023 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 <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
<b>Total</b>	<b>131.1<sup>(a)</sup></b>	<b>60.0</b>	<b>7.4</b>	<b>2.4</b>	<b>0.06</b>	<b>3.8</b>

(a) Depleted due to mining. C4 and JWD projects are subject to Mining Rights Agreement with Gold Valley Iron Ore Pty Ltd.

### Reserves

As at 30 June 2023, 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 <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
<b>Total</b>	<b>69.2</b>	<b>60.3</b>	<b>7.2</b>	<b>2.5</b>	<b>0.05</b>	<b>3.6</b>

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 2023, 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 4.3 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. Prospect Ridge Magnesite deposit 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, refer to ASX announcement dated 27<sup>th</sup> January 2022 and is prepared in accordance with the 2012 edition of the JORC Code.

Cut-Off (MgO (%))	Tonnes	MgO (%)	SiO <sub>2</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	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
<b>40</b>	<b>25,120,000</b>	<b>42.4</b>	<b>4.8</b>	<b>1.4</b>	<b>2.6</b>
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 northeast of Alice Springs in the Northern Territory of Australia.

### Resources

As at 30 June 2023, total JORC (2012) Inferred mineral resources were as follows:

**Hatches Creek Mullock Dumps and Alluvial - Mineral Resource Reported above a 0.20% WO<sub>3</sub> cut-off and 1.5% upper cut**

Classification	Tonnes	WO <sub>3</sub> %	WO <sub>3</sub> t
Indicated	-	-	-
Inferred	225,066	0.58	1,305
<b>Total</b>	<b>225,066</b>	<b>0.58</b>	<b>1,305</b>

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 2023.

# 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 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 of Exploration Results and Mineral Resources it confirms that it is not aware of any new information or data that materially effects the information included in previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.