



GWR Group Limited

Half Year Report  
December 2015

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### Competent Person's Statement

*The information in this report which relates to Exploration Targets, Exploration Results and Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 35 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.*

## Corporate Directory

### Board of Directors:

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

### Chief Executive Officer:

Craig Ferrier

### Company Secretary:

Mark Pitts

### Principal and registered office:

97 Outram Street  
West Perth, WA 6005

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

### Issued capital as at 31 December 2015:

Fully paid ordinary shares: 242,282,737  
Options: 3,100,000

### Auditors:

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

### Bankers:

National Australia Bank Limited  
6/259 Bannister Road  
Canning Vale, WA 6155

### Share registry:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross, WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### Solicitors:

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

### Stock exchange:

Australian Securities Exchange Limited  
Company code: GWR

## Directors' Report

Your Directors submit their report for the half-year ended 31 December 2015.

### Directors

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

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

### Dividends

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

### Principal activities

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

### Operating results

The consolidated loss after income tax for the half-year was \$10,552,150 including an impairment of \$8,626,062 (2014: loss of \$2,682,478). During the period net cash used in operating activities amounted to \$1,545,990 (2014: \$2,176,477). With the provision of a \$1,000,000 loan to associate entity Tungsten Mining NL pursuant to a formal funding agreement the cash flow used in investing activities for period was \$1,009,308 (2014: cash from investing activities \$63,596).

### Review of Operations

The Company has continued to investigate a number of other mineral opportunities and continues to provide management services to Tungsten Mining NL. Limited exploration activities were undertaken during the period other than for work undertaken on progressing the scoping study on the Hatches Creek Project in the Northern Territory.

The Company and Tungsten Mining NL an associated entity, have entered into a Funding Deed by which the Company advanced to Tungsten Mining NL a \$1,000,000 interest bearing unsecured loan to facilitate the acquisition of two tungsten projects in Western Australia. Further details of this agreement are described elsewhere in this report.

Due to the prolonged deterioration in the iron ore market, the Company has recognised an impairment charge of \$8,626,062 against the Wiluna West Iron Ore Project during the period. Exploration and evaluation expenditure for the period amounted to \$1,095,114 compared to \$1,354,178 in the prior half year.

## Directors' Report

### **After balance date events**

There is no other matter or circumstance that has arisen since the balance sheet date to the date of this report, which has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity subsequent to the reporting date.

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



Gary Lyons  
**Chairman**

Dated at Perth this 11<sup>th</sup> day of March 2016

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

**For the half year ended 31 December 2015**

|   | Note | Consolidated        |                    |
|---|------|---------------------|--------------------|
|   |      | 31 December 2015    | 31 December 2014   |
|   |      | \$                  | \$                 |
| Revenue   | 4    | 312,913             | 437,643            |
| Employee expenses   | 5(a) | (526,942)           | (692,953)          |
| Depreciation expense  |      | (39,209)            | (51,914)           |
| Other expenses  | 5(b) | (1,399,722)         | (1,867,781)        |
| Impairment of assets  | 5(c) | (8,626,062)         | -                  |
| Loss on disposal of fixed assets  |      | -                   | (47,752)           |
| Loss on available-for-sale financial assets                               | 7(a) | (48,897)            | -                  |
| Share of loss of an associate   | 9    | (224,231)           | (459,721)          |
| <b>Loss before income tax</b>   |      | <b>(10,552,150)</b> | <b>(2,682,478)</b> |
| Income tax expense  |      | -                   | -                  |
| <b>Loss for the period</b>  |      | <b>(10,552,150)</b> | <b>(2,682,478)</b> |
| Loss attributable to members of the Parent                                |      | <b>(10,552,150)</b> | <b>(2,682,478)</b> |
| <b>Other comprehensive income/(loss)</b>                                  |      |                     |                    |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |      |                     |                    |
| Disposal of available-for-sale financial assets                           |      | (13,359)            | -                  |
| Share of other comprehensive income of an associate                       |      | 27,023              | -                  |
| Net fair value loss on available-for-sale financial assets                |      | 48,450              | (1,647)            |
| <b>Other comprehensive income/(loss) for the period</b>                   |      | <b>62,114</b>       | <b>(1,647)</b>     |
| <b>Total comprehensive loss for the period</b>                            |      | <b>(10,490,036)</b> | <b>(2,684,125)</b> |
| Total comprehensive loss attributable to Parent                           |      | <b>(10,490,036)</b> | <b>(2,684,125)</b> |
| <b>Basic loss per share in cents</b>                                      |      | <b>(4.39)</b>       | <b>(1.12)</b>      |

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

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

## Consolidated statement of financial position

As at 31 December 2015

|                                      | Note     | Consolidated      |                   |
|--------------------------------------|----------|-------------------|-------------------|
|                                      |          | 31 December 2015  | 30 June 2015      |
|                                      |          | \$                | \$                |
| <b>Current assets</b>                |          |                   |                   |
| Cash and cash equivalents            |          | 11,836,152        | 14,391,450        |
| Trade and other receivables          |          | 295,268           | 374,785           |
| Prepayments                          |          | -                 | 42,250            |
| Available-for-sale financial assets  | 7(a)     | 54,650            | 70,859            |
| Loan to associate                    | 8(a)     | 1,000,000         | -                 |
| Total current assets                 |          | <b>13,186,070</b> | <b>14,879,344</b> |
| <b>Non-current assets</b>            |          |                   |                   |
| Plant & equipment                    |          | 194,940           | 319,633           |
| Exploration & evaluation expenditure | 6        | 7,681,132         | 16,210,000        |
| Investments in associates            | 9(a)&(b) | 802,330           | 999,538           |
| Other financial assets               |          | 17,200            | 17,200            |
| Total non-current assets             |          | <b>8,695,602</b>  | <b>17,546,371</b> |
| Total assets                         |          | <b>21,881,672</b> | <b>32,425,715</b> |
| <b>Current liabilities</b>           |          |                   |                   |
| Trade and other payables             |          | 170,077           | 333,269           |
| Provisions                           |          | 125,542           | 150,006           |
| Total current liabilities            |          | <b>295,619</b>    | <b>483,275</b>    |
| <b>Non-current liabilities</b>       |          |                   |                   |
| Provisions                           |          | 292,848           | 254,824           |
| Total non-current liabilities        |          | <b>292,848</b>    | <b>254,824</b>    |
| Total liabilities                    |          | <b>588,467</b>    | <b>738,099</b>    |
| Net assets                           |          | <b>21,293,205</b> | <b>31,687,616</b> |
| <b>Equity</b>                        |          |                   |                   |
| Contributed equity                   | 10       | 153,897,416       | 153,801,791       |
| Reserves                             | 11       | 26,320,679        | 26,258,565        |
| Accumulated losses                   |          | (158,924,890)     | (148,372,740)     |
| Total equity                         |          | <b>21,293,205</b> | <b>31,687,616</b> |

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

## Consolidated statement of changes in equity

For the half-year ended 31 December 2015

|   | Ordinary<br>share<br>capital | Accumulated<br>losses | Option<br>reserve | Investments<br>revaluation<br>reserve | Translation<br>reserve | Total<br>Equity |
|---|------------------------------|-----------------------|-------------------|---------------------------------------|------------------------|-----------------|
|   | \$                           | \$                    | \$                | \$                                    | \$                     | \$              |
| <b>Balance at 1/7/2015</b>                                | 153,801,791                  | (148,372,740)         | 26,309,612        | (48,450)                              | (2,597)                | 31,687,616      |
| Loss for the period                                       | -                            | (10,552,150)          | -                 | -                                     | -                      | (10,552,150)    |
| Other comprehensive loss                                  | -                            | -                     | -                 | 35,091                                | 27,023                 | 62,114          |
| Total comprehensive loss for the period                   | -                            | (10,552,150)          | -                 | 35,091                                | 27,023                 | (10,490,036)    |
| Shares issued   | 95,625                       | -                     | -                 | -                                     | -                      | 95,625          |
| <b>Balance at 31/12/2015</b>                              | 153,897,416                  | (158,924,890)         | 26,309,612        | (13,359)                              | 24,426                 | 21,293,205      |
| <b>Balance at 1/7/2014</b>                                | 153,801,791                  | (88,507,556)          | 26,309,612        | (125,308)                             | (2,597)                | 91,475,942      |
| Retrospective adjustment from change in accounting policy | -                            | (55,336,615)          | -                 | -                                     | -                      | (55,336,615)    |
| Balance at 1/7/2014 (restated)                            | 153,801,791                  | (143,844,171)         | 26,309,612        | (125,308)                             | (2,597)                | 36,139,327      |
| Loss for the period                                       | -                            | (2,682,478)           | -                 | -                                     | -                      | (2,682,478)     |
| Other comprehensive loss                                  | -                            | -                     | -                 | (1,647)                               | -                      | (1,647)         |
| Total comprehensive loss for the period                   | -                            | (2,682,478)           | -                 | (1,647)                               | -                      | (2,684,125)     |
| <b>Balance at 31/12/2014</b>                              | 153,801,791                  | (146,526,649)         | 26,309,612        | (126,955)                             | (2,597)                | 33,455,202      |

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



## Consolidated statement of cash flows

For the half-year ended 31 December 2015

|   | Consolidated       |                    |
|---|--------------------|--------------------|
|   | December 2015      | December 2014      |
|   | \$                 | \$                 |
|   | <hr/>              | <hr/>              |
| <b>Cash flows from operating activities</b>               |                    |                    |
| Payments to suppliers and employees                       | (872,679)          | (1,285,685)        |
| Payments for exploration and development                  | (1,046,594)        | (1,382,798)        |
| Interest received   | 254,956            | 426,176            |
| Other Income  | 118,327            | 65,830             |
|   | <hr/>              | <hr/>              |
| <b>Net cash used in operating activities</b>              | <b>(1,545,990)</b> | <b>(2,176,477)</b> |
|   | <hr/>              | <hr/>              |
| <b>Cash flows from investing activities</b>               |                    |                    |
| Payments for plant and equipment                          | (11,711)           | (11,337)           |
| Proceeds from sale of plant and equipment                 | -                  | 7,051              |
| Proceeds from sale of available for sale assets           | 2,403              | -                  |
| Loan advanced to associate                                | (1,000,000)        | -                  |
| Refunds from security deposits/bonds                      | -                  | 67,882             |
|   | <hr/>              | <hr/>              |
| <b>Net cash (used in)/from investing activities</b>       | <b>(1,009,308)</b> | <b>63,596</b>      |
|   | <hr/>              | <hr/>              |
| Net decrease in cash and cash equivalents                 | (2,555,298)        | (2,112,881)        |
| Cash and cash equivalents at beginning of the period      | 14,391,450         | 18,297,792         |
|   | <hr/>              | <hr/>              |
| <b>Cash and cash equivalents at the end of the period</b> | <b>11,836,152</b>  | <b>16,184,911</b>  |
|   | <hr/> <hr/>        | <hr/> <hr/>        |

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

## Condensed notes to the financial statements

### For the half-year ended 31 December 2015

#### **Note 1: Corporate information**

The financial report of GWR Group Limited and its subsidiaries ('the consolidated entity' or 'the Group') for the half-year ended 31 December 2015 was authorized for issue in accordance with a resolution of the directors on 11<sup>th</sup> March 2016.

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

#### **Note 2: Basis of preparation and accounting policies**

##### **a. Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the following half-year.

##### **b. Accounting Policies**

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

##### **c. New & Revised Accounting Standards Applicable to the Current Half-year Reporting Period**

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

## Condensed notes to the financial statements

### For the half-year ended 31 December 2015

#### d. Basis of Consolidation

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

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

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

#### Note 3: Segment information

##### Determination and identification of reportable segment

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

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

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

#### Note 4: Revenue

|                   | Consolidated   |                |
|-------------------|----------------|----------------|
|                   | December 2015  | December 2014  |
|                   | \$             | \$             |
| Interest received | 194,567        | 306,676        |
| Sundry Income     | 118,346        | 130,967        |
|                   | <u>312,913</u> | <u>437,643</u> |

## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### Note 5: Expenses

#### (a) Employee expenses

|                         | Consolidated   |                |
|-------------------------|----------------|----------------|
|                         | December 2015  | December 2014  |
|                         | \$             | \$             |
| Salary and wages        | 443,998        | 595,589        |
| Superannuation          | 30,312         | 47,703         |
| Other employee expenses | 52,632         | 49,661         |
|                         | <u>526,942</u> | <u>692,953</u> |

#### (b) Other expenses

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Administration costs                 | 76,538           | 213,686          |
| Corporate costs                      | 110,870          | 85,480           |
| Consulting fees                      | 21,225           | 80,093           |
| Legal costs                          | 7,274            | 43,937           |
| Occupancy costs                      | 88,701           | 90,407           |
| Exploration & evaluation expenditure | 1,095,114        | 1,354,178        |
|                                      | <u>1,399,722</u> | <u>1,867,781</u> |

#### (c) Impairment of assets

|   |                  |          |
|---|------------------|----------|
| Capitalised Exploration and Evaluation – Wiluna West Iron Ore Project | 8,528,868        | -        |
| Plant and Equipment – Wiluna West Iron Ore Project                    | 97,194           | -        |
|   | <u>8,626,062</u> | <u>-</u> |

With the continued downturn in the iron ore price, the future recoverability of the carrying value of assets associated with the Wiluna West Iron Ore Project (“WWIOP”) was assessed by Management and an impairment loss of \$8,528,868 was recognised in relation to capitalised exploration and evaluation expenditure (refer note 6).

The analysis by management was based on a market based approach that assessed iron ore resource values based on the reported resources and enterprise values of comparable companies that resulted in the WWIOP being valued at \$7,082,132.

In addition, \$97,194 of associated plant and equipment at the WWIOP site camp was also impaired by management following action taken to place on care and maintenance.

## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### Note 6: Exploration and evaluation expenditure

|                                    | Consolidated  |            |
|------------------------------------|---------------|------------|
|                                    | December 2015 | June 2015  |
|                                    | \$            | \$         |
| <b>Non-current</b>                 |               |            |
| Balance at beginning of the period | 16,210,000    | 16,210,000 |
| Impairment (Note 5c)               | (8,528,868)   | -          |
| Balance at the end of the period   | 7,681,132     | 16,210,000 |

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.

### Note 7: Available-for-sale financial assets

|                                | Consolidated  |           |
|--------------------------------|---------------|-----------|
|                                | December 2015 | June 2015 |
|                                | \$            | \$        |
| <b>(a) Current</b>             |               |           |
| At fair value                  |               |           |
| Shares – Australian listed (a) | -             | 2,850     |
| Shares – UK listed (b)         | 54,650        | 68,009    |
|                                | 54,650        | 70,859    |

(a) The Company disposed of 570,000 ordinary shares in Classic Minerals Ltd (ASX Code: CLZ) during the period for a loss of \$48,897. The Company holds no shares in CLZ at the reporting date (December 2014: 570,000 shares).

(b) Western Gold Resources Limited, a wholly owned subsidiary of the Company, holds 1,795,803 ordinary shares in London Stock Exchange listed Stratex International Limited ("Stratex") at the reporting date.

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

#### Available-for-sale investments - listed shares

The fair value of listed available-for sale investments has been determined directly with reference to published price quotations in an active market.

## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### Note 8: Loan to associate

| (a) Current                | Consolidated  |           |
|----------------------------|---------------|-----------|
|                            | December 2015 | June 2015 |
|                            | \$            | \$        |
| Loan to Tungsten Mining NL | 1,000,000     | -         |
|                            | 1,000,000     | -         |

On 11 December GWR Group Limited ("GWR") and Tungsten Mining NL ("TGN") an associated entity, entered into a Funding Deed ("Deed"). The Deed provided for GWR to advance the Principal amount of \$1,000,000 by way of unsecured loan (Loan) to TGN to enable TGN to settle the acquisition of two tungsten projects in Western Australia. The Loan is repayable:

- out of proceeds of any future entitlements issue by TGN to the extent of GWR's subscription to the entitlements issue;
- by GWR subscribing to Convertible Notes in the TGN subject to shareholder approval; or
- in cash for any amount remaining outstanding on the Maturity Date (11 December 2016).

In the event GWR subscribes for Convertible Notes to be issued, the Convertible Notes will be on the following terms:

- a face value of \$1,000,000 (less any amount of the Loan repaid prior to the issue of the Convertible Notes);
- Interest to apply at the rate of 12%pa payable quarterly in arrears (as is the case with the Loan);
- Repayable on the Maturity Date (11 December 2016); and
- Conversion into fully paid ordinary shares in TGN ("Shares") at the election of GWR at any time prior to the Maturity Date at a share price of the lesser of:
  - 4 cents per Share;
  - the 30 day VWAP for Shares immediately prior to receipt of a Conversion Notice; or
  - the most recent issue price of Shares to raise at least \$1,000,000 prior to receipt of a Conversion Notice.

Under the Deed, if TGN does not obtain the requisite shareholder approval (for ASX Listing Rule and Corporations Act purposes) within 60 days of a request from GWR for TGN to seek shareholder approval the Loan shall become payable on demand.

## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### Note 9: Investments in associates

#### (a) West Peak Iron

At balance date the Company held a 12.85% interest in ASX listed West Peak Iron Limited ("WPI"). The following table illustrates the summarised financial information of the Company's investment in WPI:

Share of the associate's statement of financial position:

|  | Consolidated     |                 |
|--|------------------|-----------------|
|  | December 2015    | June 2015       |
|  | \$               | \$              |
| Current assets   | 114,023          | 100,738         |
| Non-current assets   | -                | 189             |
| Current liabilities  | (14,898)         | (15,603)        |
| Non-current liabilities  | -                | -               |
| <b>Equity/(deficiency)</b>   | <b>99,125</b>    | <b>85,324</b>   |
|  | 12.85%           | 16.03%          |
| Carrying amount of investment: opening balance                         | 160,000          | -               |
| <i>Share of the associate's loss</i>                                   |                  |                 |
| Revenue  | 371              | 20              |
| Expenses   | (130,922)        | (95,315)        |
| <b>Loss for the period <sup>1</sup></b>                                | <b>(130,551)</b> | <b>(95,295)</b> |
| <i>Share of the associate's other comprehensive income</i>             |                  |                 |
| Exchange difference on translation of foreign operations               | 27,023           | 13,145          |
| <b>Other comprehensive income</b>                                      | <b>27,023</b>    | <b>13,145</b>   |
| <b>Total comprehensive loss</b>  | <b>(103,528)</b> | <b>(82,150)</b> |
| <b>Less: comprehensive loss not recognised</b>                         | <b>-</b>         | <b>82,150</b>   |
|  | <b>(103,528)</b> | <b>-</b>        |
| Add: Additional Investment   | -                | 160,000         |
| <b>Carrying amount of the investment: Closing balance <sup>1</sup></b> | <b>56,472</b>    | <b>160,000</b>  |

<sup>1</sup> The share of unrecognised losses to date amount to \$136,738 (June 2015: \$136,738).

## Condensed notes to the financial statements

### For the half-year ended 31 December 2015

#### (b) Tungsten Mining NL

At balance date the Company held a 16.08% interest in Tungsten Mining NL ("TGN"), which is a listed company on the ASX. TGN is focused on the development and exploitation of Western Australian tungsten deposits. The following table illustrates the summarised financial information of the Company's investment in TGN:

|  | Consolidated    |                  |
|--|-----------------|------------------|
|  | December 2015   | June 2015        |
|  | \$              | \$               |
| Current assets   | 338,673         | 134,730          |
| Non-current assets   | 491,789         | 289,489          |
| Current liabilities  | (524,947)       | (45,948)         |
| Non-current liabilities                                      | -               | --               |
| <b>Equity</b>  | <b>305,515</b>  | <b>378,271</b>   |
|  | 16.08%          | 16.50%           |
| Carrying amount of investment: opening balance               | 839,538         | -                |
| Reclassification of investment from available for sale       | -               | 1,365,000        |
| Revaluation to original cost                                 | -               | 35,000           |
| Total Cost   | 839,538         | 1,400,000        |
| <i>Share of the associate's loss</i>                         |                 |                  |
| Revenue  | 4,892           | 25,820           |
| Expenses   | (98,572)        | (586,282)        |
| <b>Loss for the period <sup>1</sup></b>                      | <b>(93,680)</b> | <b>(560,462)</b> |
| Share of the associate's other comprehensive income          | -               | -                |
| <b>Total comprehensive loss</b>                              | <b>(93,680)</b> | <b>(560,462)</b> |
| <br>   |                 |                  |
| <b>Carrying amount of the investment: Closing balance</b>    | <b>745,858</b>  | <b>839,538</b>   |
| <br>   |                 |                  |
| <b>Total carrying amount of investments in an associates</b> | <b>802,330</b>  | <b>999,538</b>   |

#### Note 10: Contributed equity

|   | Consolidated  |             |
|---|---------------|-------------|
|   | December 2015 | June 2015   |
|   | \$            | \$          |
| Issued capital  |               |             |
| 242,282,737 Ordinary fully paid shares<br>(30 June 2015: 240,178,059) | 153,897,416   | 153,801,791 |
|   | <b>Number</b> | <b>\$</b>   |
| <i>Movement in ordinary shares on issue</i>                           |               |             |
| At 1 July 2015  | 240,178,059   | 153,801,791 |
| Share issues  | 2,104,678     | 95,625      |
| At 31 December 2015   | 242,282,737   | 153,897,416 |



## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### Note 11: Reserves

|  | Consolidated      |                   |
|--|-------------------|-------------------|
|  | December 2015     | June 2015         |
|  | \$                | \$                |
| Options reserve  | 26,309,612        | 26,309,612        |
| Investments revaluation reserve                                | (13,359)          | (48,450)          |
| Foreign currency translation reserve                           | 24,426            | (2,597)           |
|  | <u>26,320,679</u> | <u>26,258,565</u> |
| <i>Movements:</i>  |                   |                   |
| <b>Option reserve</b>  |                   |                   |
| Balance at beginning of the period                             | 26,309,612        | 26,309,612        |
| Share based payments   | -                 | -                 |
| Balance at end of the period                                   | <u>26,309,612</u> | <u>26,309,612</u> |
| <b>Investments revaluation reserve</b>                         |                   |                   |
| Balance at beginning of the period                             | (48,450)          | (125,308)         |
| Reclassification of available-for-sale financial assets        | -                 | 35,000            |
| Impairment of available-for-sale financial assets              | -                 | 83,483            |
| Disposal of available-for-sale financial assets                | 48,450            | -                 |
| Net loss on revaluation of available-for-sale financial assets | (13,359)          | (41,625)          |
| Balance at end of the period                                   | <u>(13,359)</u>   | <u>(48,450)</u>   |
| <b>Foreign currency translation reserve</b>                    |                   |                   |
| Balance at beginning of the period                             | (2,597)           | (2,597)           |
| Net gain/(loss) on foreign currency translation                | 27,023            | -                 |
| Balance at end of the period                                   | <u>24,426</u>     | <u>(2,597)</u>    |
| <b>Total Reserves</b>  | <u>26,320,679</u> | <u>26,258,565</u> |

|                                     | Weighted Average Exercise Price | Number unlisted options |
|-------------------------------------|---------------------------------|-------------------------|
| <i>Movement in options on issue</i> |                                 |                         |
| At 1 July 2015                      | \$0.575                         | 24,600,000              |
| Issued of options                   | -                               | -                       |
| Options lapsed/expired (11a)        | \$0.575                         | (21,500,000)            |
| At 31 December 2015                 | <u>\$0.575</u>                  | <u>3,100,000</u>        |

(a) 21,500,000 unlisted options that were granted to Directors on 21 November 2011 expired during the period.

## Condensed notes to the financial statements

For the half-year ended 31 December 2015

### **Note 12: Contingent liabilities**

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

### **Note 13: Events subsequent to reporting date**

There is no other matter or circumstance that has arisen since the end of reporting period to the date of this report, which has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent to reporting date.

## Directors' declaration

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - i. Giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity; and
  - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
  
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Gary Lyons  
**Chairman**

Dated at Perth, this 11<sup>th</sup> day of March, 2016

## Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd  
trading as  
**Stantons International**  
Chartered Accountants and Consultants

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Tel: +61 8 9481 3188  
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ABN: 84 144 581 519  
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11 March 2016

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

Dear Sirs

**RE: GWR GROUP LIMITED**

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

As Audit Director for the review of the financial statements of GWR Group Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



**Samir Tirodkar**  
Director

## Independent auditor's review report

Stantons International Audit and Consulting Pty Ltd  
trading as  
**Stantons International**  
Chartered Accountants and Consultants

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

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GWR Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for GWR Group Limited (the consolidated entity). The consolidated entity comprises both GWR Group Limited (the Company) and the entities it controlled during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GWR Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

## Independent auditor's review report

### Stantons International

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of GWR Group Limited on 11 March 2016.

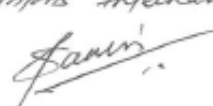
#### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**

**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
11 March 2016