



GWR Group Limited

Half Year Report
December 2016

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Corporate Directory

Board of Directors:

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

Chief Executive Officer:

Craig Ferrier

Company Secretaries:

Mark Pitts
Simon Borck

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
Website: www.gwrgroup.com.au

Issued capital as at 31 December 2016:

Fully paid ordinary shares: 245,557,898
Unlisted Options: 20,000,000

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 Australia
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 2016.

Directors

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

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

Company Secretaries

Mark Pitts
Simon Borck (appointed as joint Company Secretary on 8 November 2016)

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

With exploration and evaluation expenditure of \$1,077,488 (2015: \$1,095,114) the consolidated loss after income tax for the half-year was \$1,830,592 (2015: \$10,552,150 loss). There were no impairment charges (2015: \$8,626,062) for the half-year.

During the half-year, net cash used in operating activities was \$1,444,303 (2015: \$1,545,990), which included \$1,084,338 of exploration and evaluation expenditure.

Net cash flow used in investing activities for the half-year was \$223,929 (2015: \$1,009,308), which included payments of \$523,929 for the Hatches Creek Project acquisition and the investment of \$700,000 in Tungsten Mining NL shares and unlisted options. These cash outflows were offset by the receipt of \$1,000,000, being the repayment of a loan by Tungsten Mining NL in December 2016.

Review of Operations

During the half-year the Company undertook exploration activities at the Hatches Creek Project in the Northern Territory with a reverse circulation drilling programme. The Wiluna West gold deposits have also been a focus for the Company with detailed geological mapping, rock chip sampling and soil samples being collected.

The Company has continued to investigate a number of other mineral opportunities and continues to provide management services to Tungsten Mining NL.

The Company took up its rights in a non-renounceable pro-rata entitlement offer by Tungsten Mining NL. Under the offer the Company subscribed for 17,500,000 shares and 8,750,000 unlisted options in Tungsten Mining NL for the cash consideration of \$700,000. The unlisted options are exercisable at \$0.04 on or before 31 December 2019.

Directors' Report

After balance date events

In February 2017, the Company issued 7,750,000 unlisted employee options, following shareholder approval at the Annual General Meeting held on 29 November 2016. These unlisted options were granted in three tranches and have the following terms:

- 1,550,000 unlisted options vested on grant, exercisable at \$0.04, expiring 6 February 2021.
- 1,550,000 unlisted options will vest on achievement of certain Key Performance Indicators and will have an exercise price of \$0.05, expiring 6 February 2021.
- 4,650,000 unlisted options will vest on achievement of certain Key Performance Indicators and will have an exercise price of \$0.06, expiring 6 February 2021.

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 8th day of March 2017

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2016

	Note	Consolidated	
		December 2016	December 2015
		\$	\$
Revenue	4	490,527	312,913
Employee expenses	5(a)	(660,792)	(526,942)
Exploration & evaluation expenditure		(1,077,488)	(1,095,114)
Depreciation expense		(17,155)	(39,209)
Other expenses	5(b)	(331,339)	(304,608)
Share of loss of an associate	9	(234,345)	(224,231)
Impairment of assets	5(c)	-	(8,626,062)
Loss on available-for-sale financial assets		-	(48,897)
Loss before income tax		(1,830,592)	(10,552,150)
Income tax expense		-	-
Loss for the period		(1,830,592)	(10,552,150)
Loss attributable to members of the Parent		(1,830,592)	(10,552,150)
Other comprehensive income/(loss)			
<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>		-	-
Net fair value gain/(loss) loss on available-for-sale financial assets	11	(9,196)	48,450
Disposal of available-for-sale financial assets		-	(13,359)
Share of other comprehensive income of an associate		-	27,023
Other comprehensive income/(loss) for the period		(9,196)	62,114
Total comprehensive loss for the period		(1,839,788)	(10,490,036)
Total comprehensive loss attributable to Parent		(1,839,788)	(10,490,036)
Basic loss per share in cents		(0.76)	(4.39)

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 2016

	Note	Consolidated	
		December 2016	June 2016
		\$	\$
Current assets			
Cash and cash equivalents		7,205,714	8,873,946
Trade and other receivables		216,445	239,234
Prepayments		11,832	11,832
Available-for-sale financial assets	7	57,148	66,344
Loans and advances	8	2,250,000	3,250,000
Total current assets		9,741,139	12,441,356
Non-current assets			
Plant and equipment		155,912	173,069
Exploration & evaluation expenditure	6	8,155,061	8,155,061
Investments in associates	9	1,083,224	617,569
Other financial assets		59,406	37,000
Total non-current assets		9,453,603	8,982,699
Total assets		19,194,742	21,424,055
Current liabilities			
Trade and other payables		282,465	949,080
Provisions		177,884	152,549
Total current liabilities		460,349	1,101,629
Non-current liabilities			
Provisions		312,328	299,937
Total non-current liabilities		312,328	299,937
Total liabilities		772,677	1,401,566
Net assets		18,422,065	20,022,489
Equity			
Contributed equity	10	154,024,916	153,897,416
Reserves	11	26,410,615	26,307,947
Accumulated losses		(162,013,466)	(160,182,874)
Total equity		18,422,065	20,022,489

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 2016

	Contributed equity	Accumulated losses	Option reserve	Investments revaluation reserve	Translation reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1/7/2016	153,897,416	(160,182,874)	26,309,612	(1,665)	-	20,022,489
Loss for the period	-	(1,830,592)	-	-	-	(1,830,592)
Other comprehensive loss	-	-	-	(9,196)	-	(9,196)
Total comprehensive loss for the period	-	(1,830,592)	-	(9,196)	-	(1,839,788)
Shares issued	127,500	-	-	-	-	127,500
Unlisted options issued	-	-	111,864	-	-	111,864
Balance at 31/12/2016	154,024,916	(162,013,466)	26,421,476	(10,861)	-	18,422,065
Balance at 1/7/2015	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 income	-	-	-	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
Balance at 31/12/2015	153,897,416	(158,924,890)	26,309,612	(13,359)	24,426	21,293,205

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

Consolidated statement of cash flows

For the half-year ended 31 December 2016

	Consolidated	
	December 2016	December 2015
	\$	\$
	<hr/>	<hr/>
Cash flows from operating activities		
Payments to suppliers and employees	(888,313)	(872,679)
Payments for exploration and development	(1,084,338)	(1,046,594)
Interest received	286,948	254,956
Other income	241,400	118,327
Net cash used in operating activities	(1,444,303)	(1,545,990)
	<hr/>	<hr/>
Cash flows from investing activities		
Loan repaid by associate	1,000,000	-
Payments for shares in associate	(700,000)	-
Payments for Hatches Creek Tungsten Project	(523,929)	-
Payments for plant and equipment	-	(11,711)
Proceeds from sale of available for sale assets	-	2,403
Loan advanced to associate	-	(1,000,000)
Net cash used in investing activities	(223,929)	(1,009,308)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,668,232)	(2,555,298)
Cash and cash equivalents at beginning of the period	8,873,946	14,391,450
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	7,205,714	11,836,152
	<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 2016

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 2016 was authorized for issue in accordance with a resolution of the directors on 8th March 2017.

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 2016 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 2016, 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.

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.

Condensed notes to the financial statements

For the half-year ended 31 December 2016

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

Note 4: Revenue

	Consolidated	
	December 2016	December 2015
	\$	\$
Interest received	283,695	194,567
Sundry Income	206,832	118,346
	490,527	312,913

Note 5: Expenses

	Consolidated	
	December 2016	December 2015
	\$	\$
(a) Employee expenses		
Salary and wages	475,651	443,998
Share-based payments - Directors Options (Note 11)	111,864	-
Superannuation	33,359	30,312
Other employee expenses	39,918	52,632
	660,792	526,942

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 5: Expenses (continued)

	Consolidated	
	December 2016	December 2015
	\$	\$
(b) Other expenses		
Administration costs	64,451	76,538
Corporate costs	108,627	110,870
Consulting fees	10,000	21,225
Legal costs	35,894	7,274
Occupancy costs	112,367	88,701
	<u>331,339</u>	<u>304,608</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>-</u>	<u>8,626,062</u>

In the prior period, the carrying value of assets associated with the Wiluna West Iron Ore Project (“WWIOP”) were assessed by Management and an impairment loss of \$8,528,868 was recognised in relation to capitalised exploration and evaluation expenditure (refer note 6). For the period ended 31 December 2016, Management assessed carrying values of assets and determined that no further impairment was required.

The analysis by management is based on a market based approach that assesses resource values based on the reported resources and enterprise values of comparable companies.

Note 6: Exploration and evaluation expenditure

	Consolidated	
	December 2016	June 2016
	\$	\$
Balance at beginning of the period	8,155,061	16,210,000
Impairment of Wiluna West Iron Ore Project (Note 5c)	-	(8,528,868)
Impairment of Earahedy Lee Streere Project	-	(50,000)
Acquisition of Hatches Creek Tungsten Project	-	523,929
Balance at the end of the period	<u>8,155,061</u>	<u>8,155,061</u>

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

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 7: Available-for-sale financial assets

	Consolidated	
	December 2016	June 2016
	\$	\$
Listed shares held at fair value (a)	57,148	66,344

(a) Shares – UK listed

The Group held 1,795,803 (June 16: 1,795,803) ordinary shares in Stratex International Limited (“Stratex”) at the reporting date. Stratex is listed on AIM, with the London Stock Exchange.

Available-for-sale investments consist of an investment in ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value of listed available-for sale investments has been determined directly with reference to published price quotation in an active market.

Note 8: Loans and advances

	Consolidated	
	December 2016	June 2016
	\$	\$
Loan to Tungsten Mining NL (a)	-	1,000,000
Loan to Excelsior Gold Limited (b)	2,250,000	2,250,000
	2,250,000	3,250,000

(a) Loan to Tungsten Mining NL

In the prior period, 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 a 12% pa interest bearing unsecured loan (Loan”) to TGN to enable TGN to settle the acquisition of two tungsten projects in Western Australia. This loan was repaid by TGN in December 2016.

(b) Loan to Excelsior Gold Limited

On 20 June 2016, GWR Group Limited (“GWR”) provided \$2,250,000 in funding to Excelsior Gold Limited (“Excelsior”) under a binding term sheet (“Term Sheet”) to advance mining and exploration activities at Excelsior’s Kalgoorlie North Gold Project. Pursuant to the Term Sheet the funding, which is unsecured, was provided by way of:

- GWR subscribing to 17,193,878 unlisted Convertible Notes (“Notes”) in Excelsior with the following terms:
 - exercise price of \$0.0387 per Note;
 - an interest rate of 12% per annum accruing quarterly in arrears payable in either cash or Excelsior shares at the holders election;
 - 12 Month term from 20 June 2016; with
 - conversion into Excelsior shares is at the holders election at any time prior to Maturity.
- lending Excelsior a further \$1,584,597 (“Loan”), with the following terms:
 - an interest rate of 12% per annum accruing quarterly in arrears in either cash or subject to ASX Listing rules Excelsior shares; and
 - 12 Month term from 20 June 2016.

Amounts owing to GWR by Excelsior are subject to the terms of a subordination deed between GWR, Excelsior and Macquarie Bank Limited, the first ranking secured lender.

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 9: Investments in associates

Tungsten Mining NL

On 31 December 2016, the Group held a 16.10% 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.

During the period the Group took up its rights in a non-renounceable pro-rata entitlement offer by TGN. Under the offer the Group subscribed for 17,500,000 shares and 8,750,000 unlisted options in TGN for the cash consideration of \$700,000. The unlisted options are exercisable at \$0.04 on or before 31 December 2019.

At balance date the Group holds 52,500,000 shares in TGN with a market value of \$2,047,500 and also holds 8,750,000 unlisted options.

The following table illustrates the summarised financial information of the Company's investment in TGN:

	Consolidated	
	December 2016	June 2016
	\$	\$
Percent of interest held	16.10%	13.28%
Current assets	546,224	212,686
Non-current assets	393,336	325,282
Current liabilities	(64,178)	(172,823)
Non-current liabilities	-	-
Equity	875,382	365,145
Carrying amount of investment: opening balance	617,569	839,538
Additional investment – Rights Issue	700,000	
Total Cost	1,317,569	839,538
<i>Share of the associate's loss</i>		
Revenue	1,315	70,542
Expenses	(235,660)	(292,511)
Loss for the period	(234,345)	(221,969)
Share of the associate's other comprehensive income	-	-
Total comprehensive loss	(234,345)	(221,969)
Carrying amount of the investment: Closing balance	1,083,224	617,569

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 10: Contributed equity

	Consolidated	
	December 2016	June 2016
	\$	\$
Issued capital		
245,557,898 (June 2016: 242,282,737) Ordinary fully paid shares	154,024,916	153,897,416
	Number	\$
<i>Movement in ordinary shares on issue</i>		
Balance at beginning of the period	242,282,737	153,897,416
Shares issued to Directors in lieu of fees (a)	3,275,161	127,500
Balance at end of the period	245,557,898	154,024,916

(a) Shares issued

During the current period 3,275,161 shares were issued to Directors in lieu of accrued directors fees for the period 1 October 2015 to 30 September 2016 following shareholder approval at the Annual General Meeting held on 29 November 2016.

Note 11: Reserves

	Consolidated	
	December 2016	June 2016
	\$	\$
Options reserve	26,421,476	26,309,612
Investments revaluation reserve	(10,861)	(1,665)
	26,410,615	26,307,947
Option reserve movements		
Balance at beginning of the period	26,309,612	26,309,612
Share based payments – Director unlisted options (Note 5a)	111,864	-
	26,421,476	26,309,612
Investments revaluation reserve movements		
Balance at beginning of the period	(1,665)	(48,450)
Disposal of available-for-sale financial assets	-	48,450
Net loss on revaluation of available-for-sale financial assets	(9,196)	(1,665)
Balance at end of the period	(10,861)	(1,665)
Total Reserves	26,410,615	26,307,947

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 11: Reserves (continued)

	Weighted Average Exercise Price	Number unlisted options
<i>Movement in options on issue</i>		
Balance at beginning of the period	-	-
Issue of options (a)	\$0.054	20,000,000
Balance at end of the period	\$0.054	20,000,000

(a) Directors unlisted options

During the period 20,000,000 unlisted Options were issued to Directors following shareholder approval at the Annual General Meeting held on 29 November 2016. These unlisted options were granted in three tranches and have the following terms:

- Tranche 1 - 4,000,000 unlisted options vested on grant date, exercisable at \$0.04, expiring 23 December 2020.
- Tranche 2 - 4,000,000 unlisted options, vesting 23 December 2017, exercisable at \$0.05, expiring 23 December 2020.
- Tranche 3 - 12,000,000 unlisted options, vesting 23 December 2018, exercisable at \$0.06, expiring 23 December 2020.

(b) Directors unlisted options pricing model

The fair value of the equity-settled share options granted is estimated at the date of the grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the models used.

	Tranche 1	Tranche 2	Tranche 3
Expected volatility	83%	83%	83%
Risk-free interest rate	1.71%	1.71%	1.71%
Expected life of option	4 years	4 years	4 years
Unlisted option exercise price	\$0.040	\$0.050	\$0.060
Share price at grant date	\$0.043	\$0.043	\$0.043

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Note 12: Contingent liabilities

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

Condensed notes to the financial statements

For the half-year ended 31 December 2016

Note 13: Events subsequent to reporting date

In February 2017, the Company issued 7,750,000 unlisted employee options, following shareholder approval at the Annual General Meeting held on 29 November 2016. These unlisted options were granted in three tranches and have the following terms:

- 1,550,000 unlisted options vested on grant, exercisable at \$0.04, expiring 6 February 2021.
- 1,550,000 unlisted options will vest on achievement of certain Key Performance Indicators and will have an exercise price of \$0.05, expiring 6 February 2021.
- 4,650,000 unlisted options will vest on achievement of certain Key Performance Indicators and will have an exercise price of \$0.06, expiring 6 February 2021.

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.

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 2016 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 8th day of March, 2017

Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

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

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

8 March 2017

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 2016, 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

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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 2016, 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 2016 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

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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 8 March 2017.

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 2016 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
8 March 2017