



# **ANNUAL REPORT 2019**



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**GWR**

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## About GWR Group Limited

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

The Company has a portfolio of resources projects that includes projects held directly, in its own right, or indirectly through investment in other listed entities. GWR aims to create value through operational excellence and innovation in exploration and project development. We collaborate with our stakeholders with the aim of building a sustainable mining business and the respect of our peers.

## Corporate Governance

The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations. A summary statement which has been approved by the Board together with current policies and charters is available on the Company website at the following address [www.gwrgroup.com.au/about/corporate-governance](http://www.gwrgroup.com.au/about/corporate-governance).

## Chairman's letter

Dear Shareholders,

It's with great pleasure that I present to you the GWR Group Limited 2019 Annual Report. This past year has been an exciting and busy year at GWR with a number of key achievements being realised and progressed.

The strategic review carried out during 2018 provided the Company with a focused plan to bring the development options identified to fruition. In addition, GWR assessed a number of new opportunities and potential acquisitions.

### The Hatches Creek Farm in Agreement

Following on from the project portfolio review in 2018, it was agreed that the Hatches Creek asset was best monetised to enable GWR shareholders with the funding to pursue its core assets in Wiluna, GWR executed a Joint Venture and Farm-in Agreement with Tungsten Mining NL (ASX: TGN) ("TGN") for its 100% owned Hatches Creek Tungsten Project. This Agreement provided for an initial cash payment of \$1.72 million and gave TGN the opportunity to increase its interest to 51% by further expenditure of \$3 million on exploration, development and mining activities within 5 years of the commencement date, GWR is free carried during this phase. In addition, TGN holds an option to attain 100% equity in the project tenements by payment of approximately \$6 million to GWR.

The Company is delighted to have achieved an outcome which not only provides funding for its Wiluna West Gold and Iron Ore Projects but also sees the Hatches Creek Project explored and developed by a dedicated tungsten company.

### Wiluna West Gold

A significant milestone was achieved subsequent to the financial year end with the execution of a Joint Venture Agreement with Blackham Resources Limited ("Blackham") (ASX:BLK), for the mining and processing of ore from the Wiluna West Gold Project at Blackham's nearby Wiluna Gold processing plant. Considerable effort had been directed at this outcome during the 2019 year and this landmark agreement is a significant milestone for the Company.

The Joint Venture Agreement provides GWR with the opportunity to transition from explorer through to production in partnership with an established producer in the Wiluna District.

### Wiluna West Iron Ore

The significant improvement in iron ore prices and changes in port and infrastructure options available gave GWR the opportunity to consider its options for the high grade Wiluna West Iron Ore project. After considerable discussion with a number of potential industry partners a Mining Rights Agreement was executed with Gold Valley Iron Ore Pty Ltd ("Gold Valley"). The Mining Rights Agreement specifically enables access to the high grade JWD Deposit on a trial mining basis in addition to providing an option for access to up to 3 million tonnes of iron ore from JWD Deposit. This transaction aims to provide not only a revenue stream but acts as a potential template for further exploitation of the larger 130 million tonne high grade Iron Ore deposit.

In addition to those achievements outlined, GWR remains a major shareholder in Tungsten Mining NL (TGN). TGN have made substantial progress during the past year growing its resource inventory through exploration and acquisition. TGN now has the platform to become a globally significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.

GWR shareholding in TGN also provides an ongoing exposure for shareholders to the Hatches Creek project.

I would like to thank members of the Board, senior management and all our staff and contractors for their hard work and contributions, they together with our shareholders can look forward to 2020 as the Company endeavours to capitalise on the achievements of this past year.

I look forward to reporting to you on our progress particularly with respect to the Wiluna West Gold Project and Iron Ore Mining Rights Agreement.

Yours sincerely



Gary Lyons  
Chairman

# Review of Operations

## Overview

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

The Company has a portfolio of resources projects that includes projects held directly, in its own right, or

indirectly through investment in other listed entities. GWR aims to create value through operational excellence and innovation in exploration and project development. We collaborate with our stakeholders with the aim of building a sustainable mining business and the respect of our peers.

GWR is entering an exciting phase as it looks to transform from a minerals explorer to a gold and iron ore producer from its Wiluna West project.

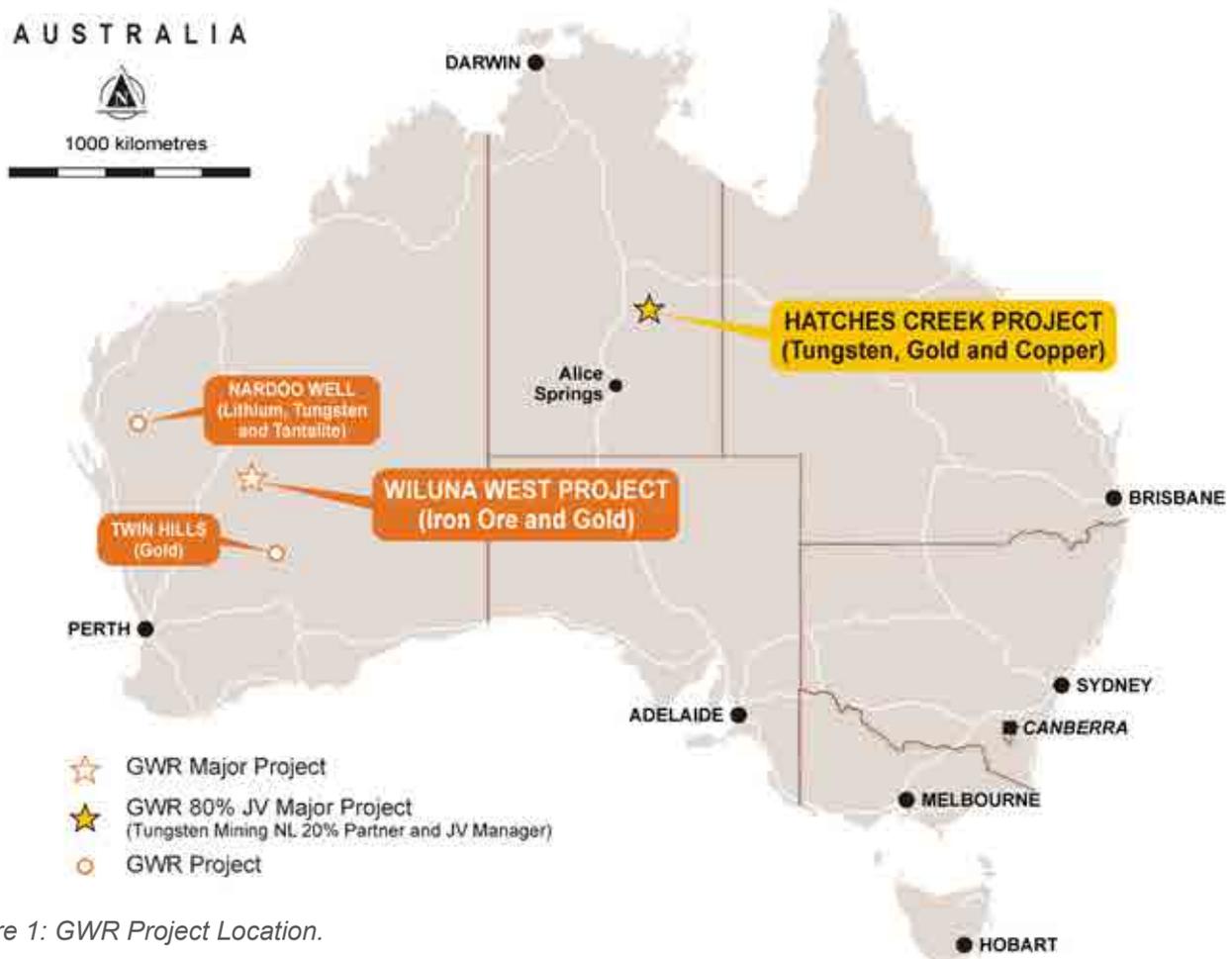


Figure 1: GWR Project Location.

An overview of the Group’s operating and financial activities, including the financial results is set out on page 21 under the heading “Operating and financial overview” of the accompanying Director’s Report.

Set out below are details of the operating activities conducted during the past financial year and information concerning the major projects and investments of the Group.

### New General Manager

The appointment of Mr Adrian Costello as General Manager of GWR took place during the year. Adrian

brings broad professional experience in both operations and project development in addition to corporate and regional management experience to the Company, with over 25 years’ experience in mining and related sectors. Immediate past positions include General Manager of Business Development and Commercial Services with mid-tier gold miner Minjar Gold, Finance Director at Grange Resources on the South Down Magnetite Project and Regional Business Manager of Newmont Asia Pacific. Adrian replaces Craig Ferrier, who stepped down to take on a full time role as CEO of Tungsten Mining NL (“TGN”).

## Wiluna West Gold Project

The Wiluna West Gold Project is located approximately 45 km south west of the Blackham Resources Limited (“Blackham”) (ASX:BLK) Matilda / Wiluna Gold Operation which includes a 2.1 million tonne per annum processing and treatment plant (“Matilda Operation”) (Figure 2).

Following the execution of a binding heads of agreement in November 2018, a significant milestone

was achieved for the Wiluna West Gold Project with the execution of Joint Venture Agreement (JVA) with Blackham, subsequent to the end of this financial year. The JVA outlines terms for the mining and processing of ore from the Wiluna West Gold Project at Blackham’s nearby Wiluna Gold processing plant. The JVA provides a framework for resource development, feasibility study work and the responsibilities of each party to progress to mining.

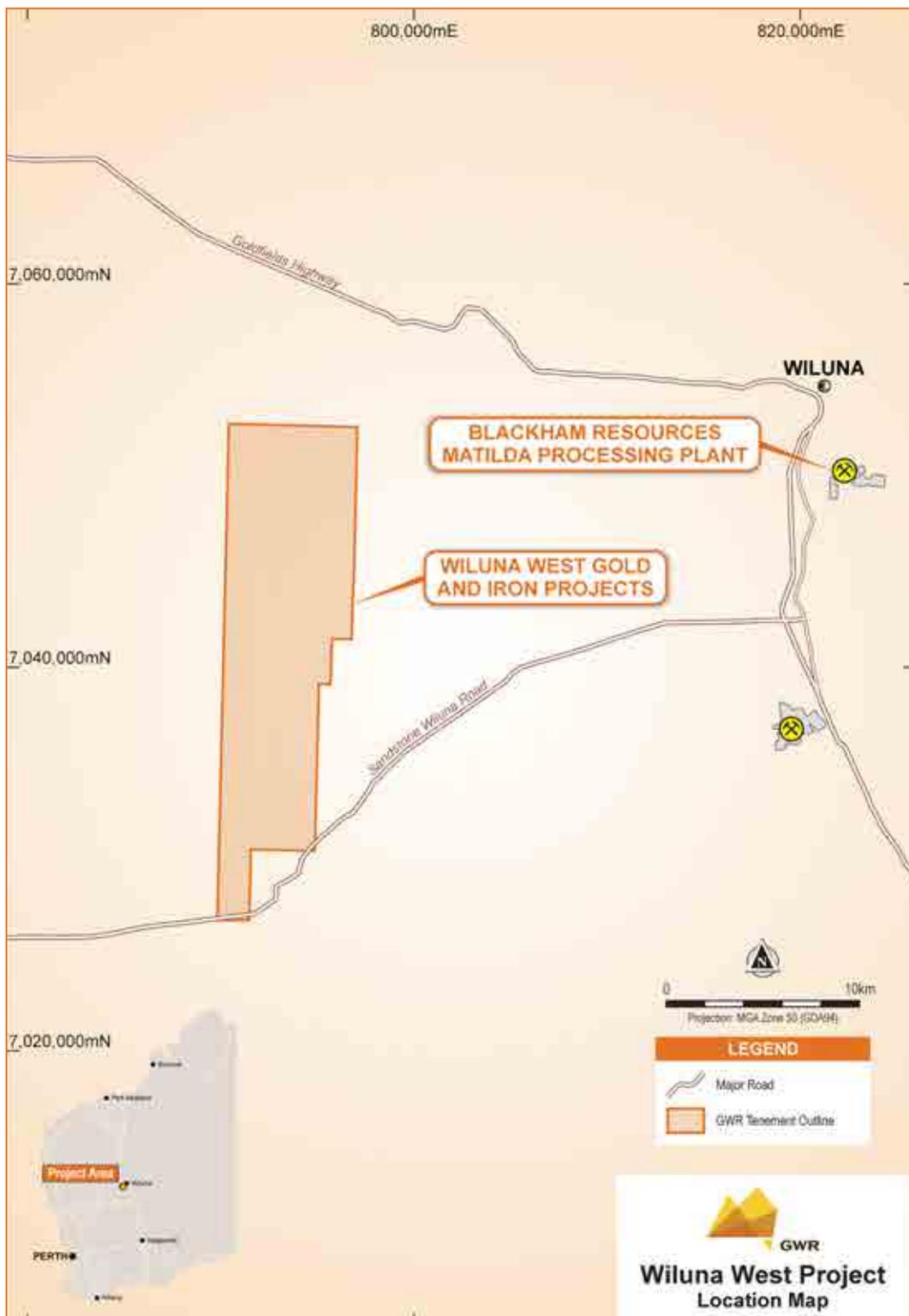


Figure 2: Wiluna West Gold and Iron Ore Project Location.

The JVA with Blackham is an important step in monetising the Wiluna West Gold Project and provides a significant opportunity for GWR. Access to Blackham's Gold Plant provides GWR with a low capital expenditure option for development and the opportunity to realise value for shareholders.

This landmark agreement is a significant milestone for the Company, that provides the platform to potentially transition us from developer to miner and producer, represents an opportunity to partner with an established producer in the Wiluna District.

Under the JVA, GWR is responsible for drilling deposits to JORC 2012 Indicated category and Blackham will conduct Feasibility Studies, and if positive, undertake mining, transport and processing of the gold deposits. This JVA aims to provide not only an immediate processing solution at the Wiluna West Gold Project Golden Monarch, then Emu and Eagle deposits, but also the impetus for further investment in exploration at the highly prospective Wiluna West Gold project tenements.



*Figure 3: Blackham Resources Matilda Processing Plant Located at Wiluna.*

The key terms of the joint venture are as follows:

- Respective Joint Venture Interests are 65% (BLK) and 35% (GWR) on both mining and processing costs and on the gold produced.
- The JVA provides for each party to contribute to mining and processing costs and take delivery of gold in proportion to their Joint Venture Interests.
- GWR will be responsible for drilling the gold deposits out to JORC 2012 compliant level with a minimum of 75% in the Indicated category, within an optimised pit shell.
- GWR will also be responsible for initial metallurgical test work and gaining statutory mining approvals.
- Following mineral resource definition and initial metallurgical test work, GWR may introduce gold deposits to Blackham as proposed Qualifying Deposits.
- Blackham will then undertake a Feasibility Study to determine the economic potential of the deposits.
- Upon completion of a positive Feasibility Study for a Qualifying Deposit, the deposit will be included in the Joint Venture.
- Blackham will be the manager of the Joint Venture, which includes pre-development/mine setup, mining operations and processing Qualifying Deposits from the Wiluna West Gold Project and refining of dore gold.

## Forward Work Plan

Initial focus will be on Golden Monarch and then the Emu and Eagle deposits. The Golden Monarch deposit to be submitted to Blackham as a proposed Qualifying Deposit to commence operations. Golden Monarch currently has a JORC 2012 combined Mineral Resource Estimate of 800,000 tonnes at 2.2 g/t Au for 55,000 oz (refer to ASX announcement 15 August 2019).

GWR is already well advanced with permitting, design and study works for Golden Monarch and the following activities have been undertaken or are in progress for the deposit.

- A Mining Agreement with Wiluna Traditional Owners is already in place, also a Mining Proposal and clearing permits has been approved by DMIRS and are in place.
- Project Management Plan has been submitted and review by DMIR's is well advanced; and

- A road access application has been submitted for access to the Ullalla Road and is well advanced and is awaiting approval from the Shire of Wiluna and Department of Main Roads.

The Eagle / Emu gold deposits have a combined JORC 2012 Inferred and Indicated Mineral Resource estimate of 1,390,000 tonnes at 1.9 g/t Au for 85,000 oz (refer to ASX announcement 15 August 2019). Infill RC drilling is planned to be undertaken in next few months designed to increase confidence in the Resource models with the objective of upgrading Inferred Resources to Indicated within an optimised pit shell as required under the JVA.

Work has commenced on fauna and flora surveys and waste rock characterisation to underpin the submission of clearing permits, a mining proposal and project management plan. Initial metallurgical test work and preliminary pit optimisations and design are also planned.



Figure 4: Local Wiluna Mardu Lady's and Fauna Consultants completing flora site reviews.

## Golden Monarch

A total of 37 RC holes for a total of 1,636 m was recently completed at Golden Monarch over a strike length of 1,040 m (Figure 5). There is a substantial amount of previous drilling (340 holes for 14,411m) and the recent program was designed to infill the overall drill hole spacing to a minimum of 20 m north and 10 m east. Significant intercepts from the recent RC drilling program include:

- WGR0054, 7 m @ 12.0 g/t Au from 28 m, including 1 m @ 72.0 g/t Au

- WGR0055, 4 m @ 4.4 g/t Au from 50 m, including 1 m @ 13.6 g/t Au
- WGR0061, 7 m @ 11.8g/t Au from 36 m, including 1 m @ 72.3 g/t Au
- WGR0073, 7 m @ 8.3 g/t Au from 18 m, including 1 m @ 38.1 g/t Au

The shallow and robust nature of these intercepts confirms the potential of Golden Monarch.

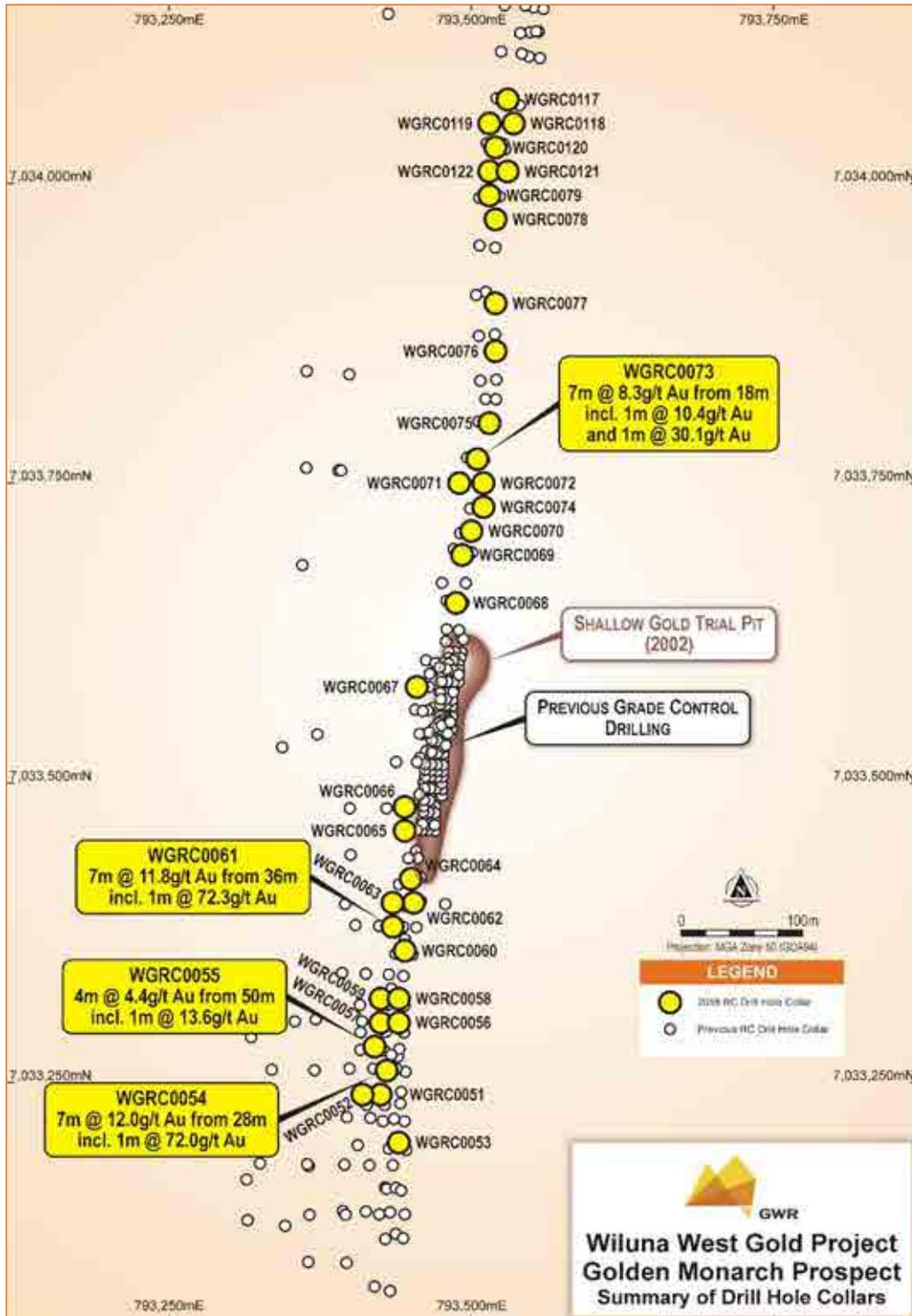


Figure 5: Golden Monarch Project Summary of Drill Hole Collars.

## Emu

The Emu prospect contains a JORC 2012 Inferred Mineral Resource estimate of 600,000 tonnes at 2.2 g/t Au for 40,000 oz (refer to ASX announcement dated 15 August 2019). A total of 17 RC drill holes for 1,124 meters was recently completed over a strike length of 440 m testing a mineralised BIF. Figure 6 shows the collar positions of drilling to date and provides a representative cross section of the mineralisation. The recently completed drilling has infilled the pattern to a nominal 40 m north and 15 m east spacing.

Significant intercepts included:

- WGR0092, 5 m @ 15.0 g/t Au from 45 m, including 1 m @ 69.4 g/t Au

- WGR0096, 12 m @ 7.3 g/t Au from 48 m, including 3 m @ 25.3 g/t Au
- WGR0101, 8 m @ 11.1 g/t Au from 53 m, including 3 m @ 25.0 g/t Au
- WGR0105, 10m @ 2.6 g/t Au from 47 m

The high grade intercepts achieved in some holes was unexpected and approximately 50% of recent drilling is outside of the current Resource model. Detailed geological mapping, plus review of optical televiewer data acquired from down hole surveys is planned to investigate potential structural controls to the high grade mineralisation.

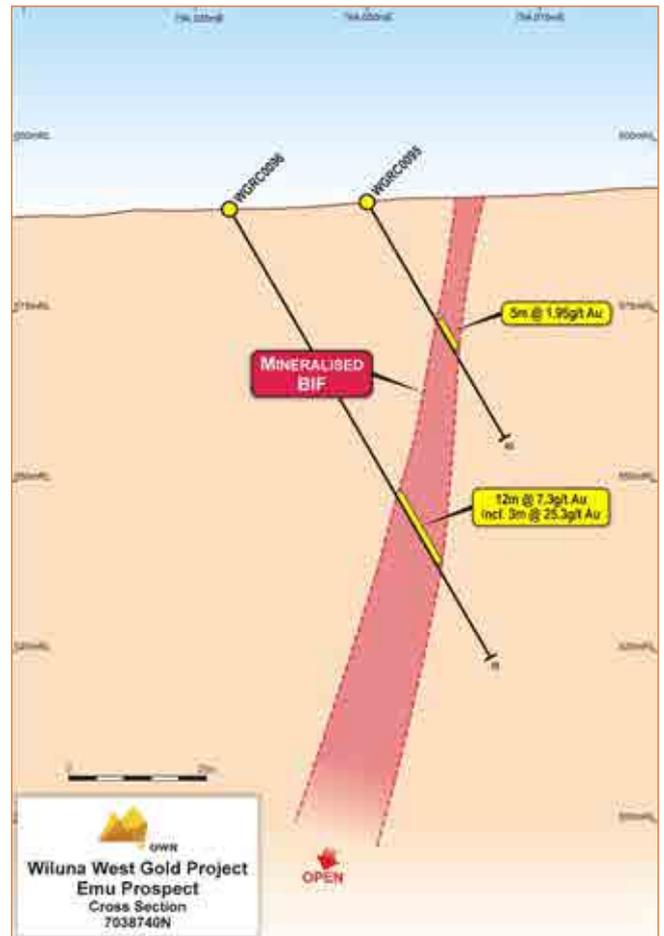
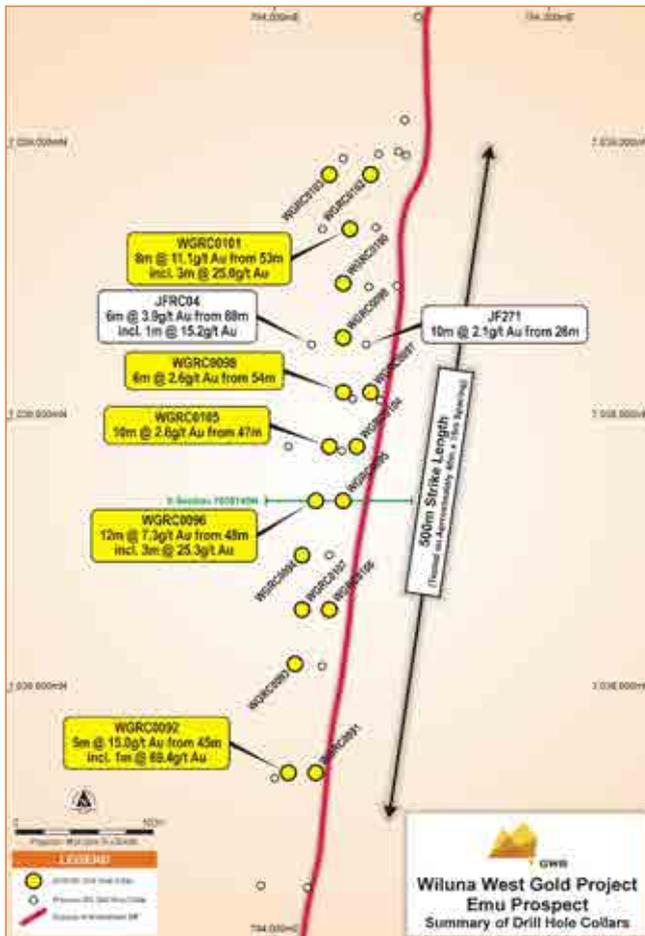


Figure 6: Emu Prospect Summary of Drill Collars and Cross Section 7038740N



Figure 7: RC Drilling Activities at the Emu Deposit.

### Eagle

The Eagle prospect contains a JORC 2012 combined Mineral Resource estimate of 790,000 tonnes at 1.8 g/t Au for 45,000 oz (refer to ASX announcement dated 15 August 2019). A total of 18 RC drill holes for 1,158 m was recently completed over a strike length of 240 m testing a mineralised BIF. Figure 8 shows the collar positions of drilling to date and provides a representative cross section of the mineralisation. The recently completed drilling has infilled the pattern to a nominal 20 m north and 20 m east spacing.

Significant intercepts included:

- WGR0083, 12 m @ 2.1 g/t Au from 43 m
- WGR0086, 6 m @ 3.7 g/t Au from 10 m
- WGR0089, 7 m @ 3.0 g/t Au from 50 m
- WGR0108, 6 m @ 4.0 g/t Au from 118 m
- WGR0114, 5 m @ 9.7 g/t Au from 54 m, including 2 m @ 21.8 g/t Au

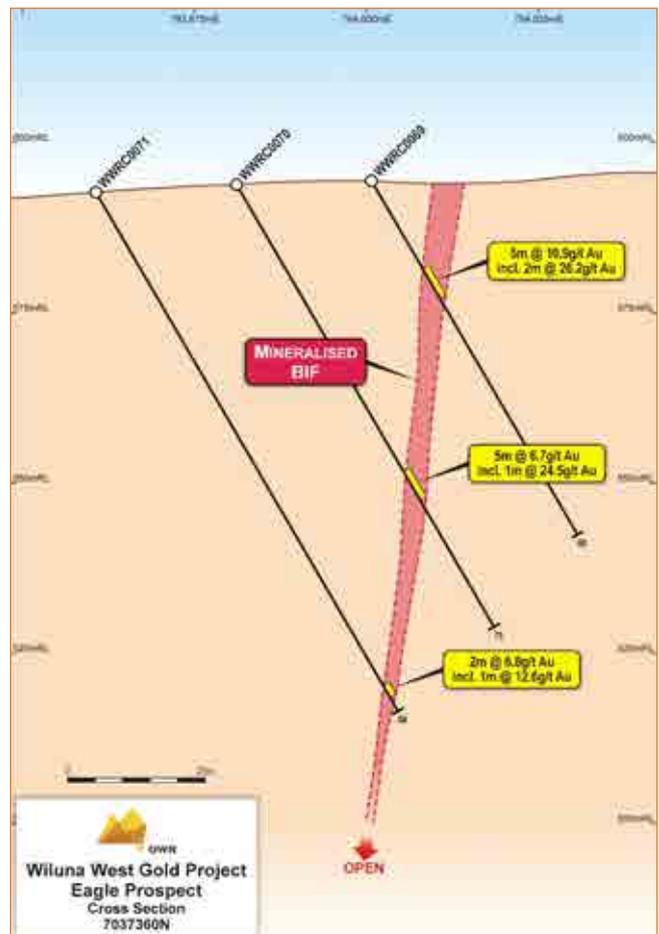
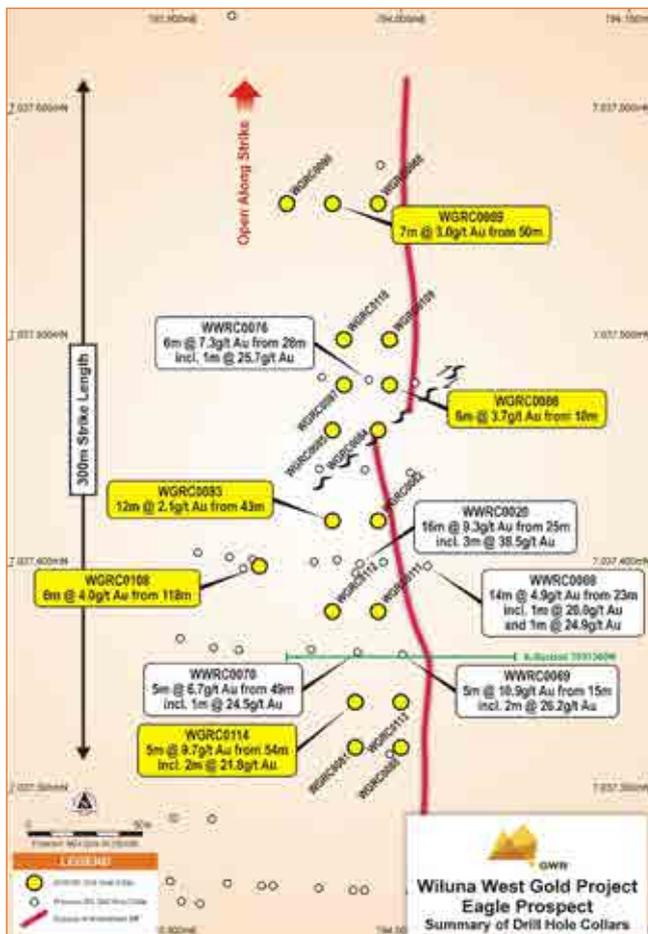


Figure 8: Eagle Prospect Summary of Drill Collars and Cross Section 7037360N

### JORC CODE 2012 Mineral Resource Update

GWR engaged independent consulting firm Optiro during the year to complete a JORC Code 2012 Mineral Resource Estimate update for the Golden Monarch, Eagle, Emu and Joyner's gold deposits (refer ASX 15 August 2019).

Combined Mineral Resource Estimate for the Wiluna West Gold Project is now 4.2 million tonnes at 2.2 g/t for 289,000 oz, representing an increase of 34,500 oz or 13.5%. The Emu deposit yielded the largest increase - up by 11,300 oz or approximately 40%, with the deposit open along strike.

The JORC 2012 Measured and Indicated Resources total 520,000 tonnes at 2.3 g/t for 43,000 oz.

### Resource Development Targets

GWR via its Joint Venture with Blackham which provides processing solution for the various gold deposits located at Wiluna West and will be seeking to build a portfolio and pipeline of potential mining projects at Wiluna West and has a developed a two-pronged strategy;

- Assessing its existing gold prospects that have the potential to be near term mining opportunities and generate positive cash flow, and
- Undertaking exploration activities designed to identify potential for "company making" gold deposits.



Figure 9: Drilling at Hatches Creek.

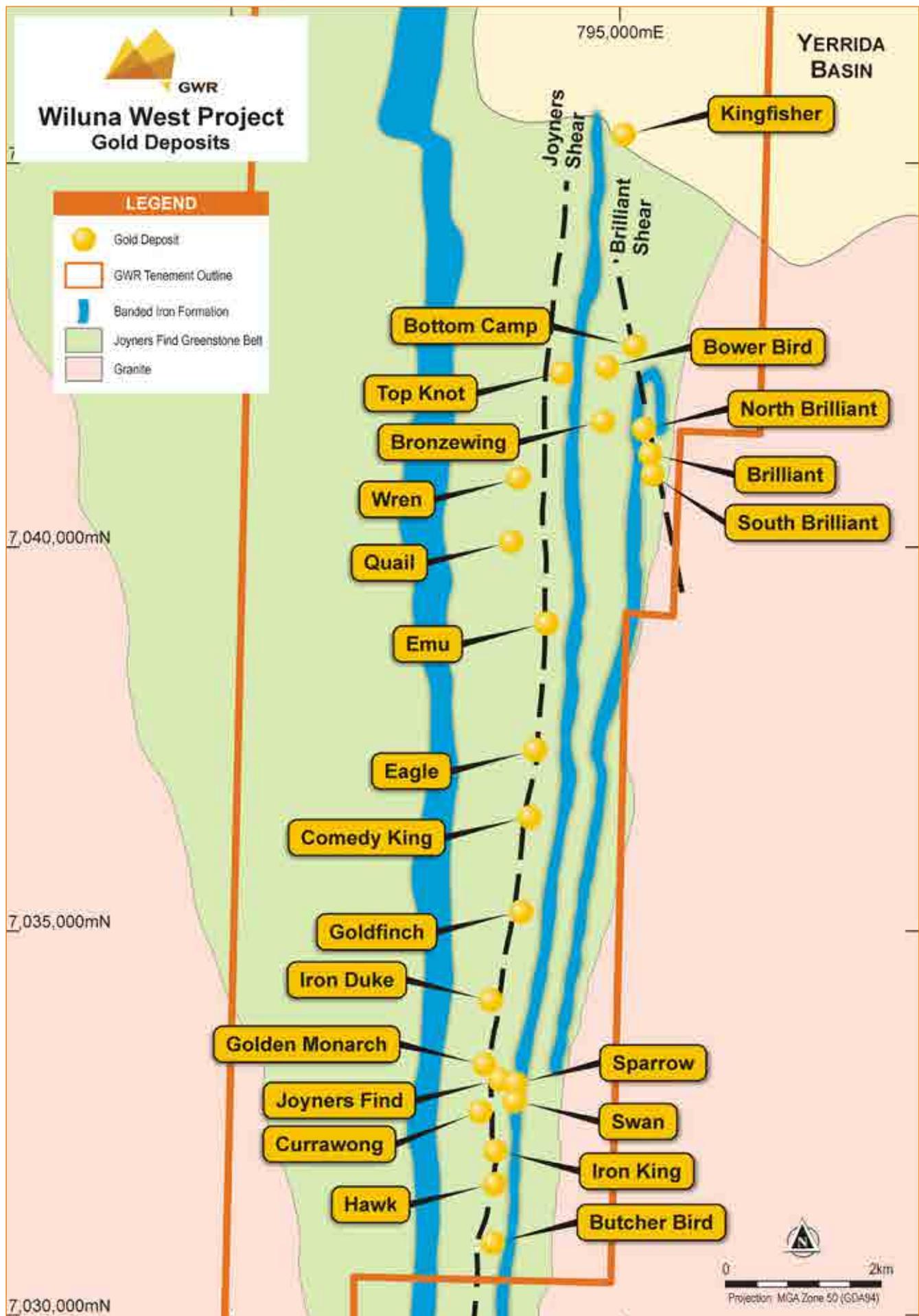


Figure 10: Wiluna West Gold Deposit Locations

## Wiluna West Iron Ore Project

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

The Wiluna West Iron project has a combined JORC 2004 Mineral Resource estimate of 131.1 Mt at 60.0% Fe, comprising of 10.1 Mt at 62.5% Fe Measured, 72.0 Mt at 59.9% Fe Indicated and 48.8 Mt @ 59.4% Fe Inferred. This includes the high-grade JWD Deposit, which has a combined JORC 2004 Mineral Resource estimate of 10.7 M tonnes at 63.7 % Fe, comprising 6.4 Mt at 64% Fe Measured, 0.9 Mt @ 63.6% Fe

Indicated and 3.4 Mt at 63.1% Fe Inferred (refer ASX announcements dated 8 July 2011 and 11 April 2013). Details of Mineral Resources and Ore Reserves for the WWIOP are set out in the Company's 2019 Annual Report refer page 82.

Mining approvals are in place for the high grade and quality JWD deposit of 1 Mtpa and large scale mining operations of up to 7 Mtpa both over an initial mine life of 3 and 10 years respectively. These approvals position the Company to derive maximum value from the project through the commodity price cycle. Expenditure exemptions under the Mining Act currently in place.

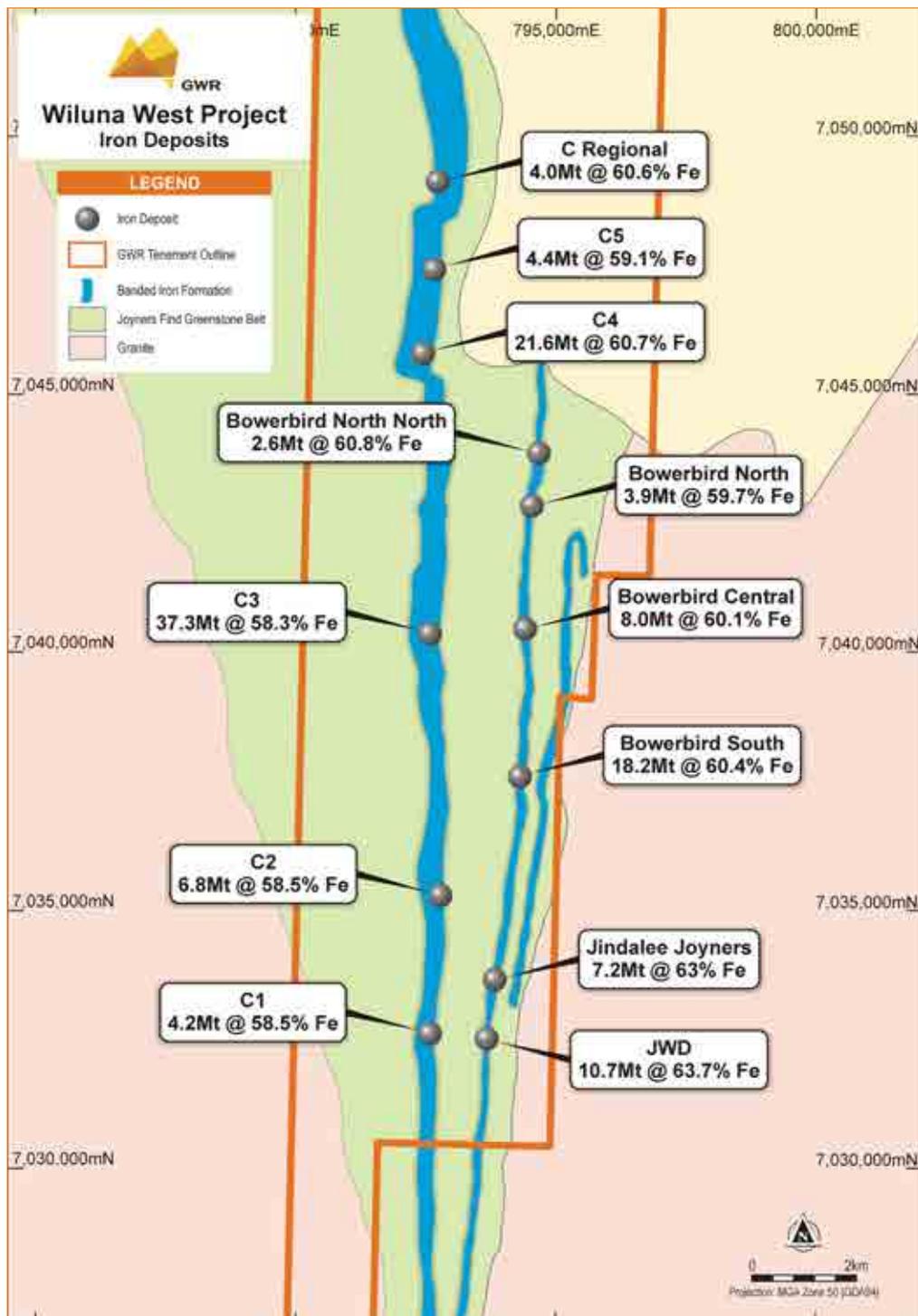


Figure 11: Wiluna West Iron Deposit Locations.

## JWD Mining Rights Agreement

Subsequent to the end of the financial year a Mining Rights Agreement was executed for the mining of up to 3 million tonnes of iron ore from JWD Deposit with Gold Valley Iron Ore Pty Ltd (“Gold Valley”) (refer ASX 3 October 2019). This is in two stages:

- Stage 1 - small scale mining operation for the mining and trucking of up to 300,000 tonnes
- Stage 2 - option to mine and truck a further 2,700,000 tonnes from the JWD deposit, with the ability to mine and truck additional tonnes from the JWD deposit beyond this at a flat royalty rate.

GWR will receive staged payments totalling up to \$1 million for Stage 1 and a further \$4.25 million on exercise of the Stage 2 Option. In addition, a production royalty is payable during both stages, which is linked to the iron ore price in the range of \$1 to \$2 per tonne.

This transaction aims to provide not only a revenue

stream but acts as a potential template for further exploitation of the larger 130 million tonne high grade Iron Ore deposit. JWD is adjacent to the Golden Monarch gold deposit, providing synergies for sharing resources and facilities for the joint development of these deposits.

Gold Valley is part of the Gold Valley Group, a diversified Australian based company with interests in mining agriculture and energy. Gold Valley is currently developing the Yarram iron ore deposit in the Northern Territory and has the right to mine the Ridges iron ore deposit owned by Kimberly Metals Group in Western Australia. Gold Valley plans to develop small to medium scale iron ore deposits to sell into niche markets. It also holds other mineral interests including Mount Holland Mining lithium (Li and Au in WA) and Mount Hampton Pty Ltd (Au in WA). Gold Valley recently acquired the assets of Territory Resources Limited which includes the Francis Creek Iron Project.



Figure 12: JWD iron ore body outcrop

## WWIOP Strategic Review

GWR is investigating opportunities to bring the high grade Wiluna West Iron Ore project into production and is evaluating the best path forward to unlock asset value.

Mining approvals are in place for large scale mining operations of up to 7 Mtpa over an initial mine life of 10 years and for the medium scale all mining approvals for JWD are in place and it is adjacent to the Golden Monarch gold deposit, providing synergies for sharing resources and facilities for the joint development of these deposits.

Both the Esperance and Geraldton Ports are experiencing increased availability of capacity which will assist in the development of a long term infrastructure solution for the project, either via Esperance Port in the south of the state or through the Geraldton Port.

## Hatches Creek Tungsten Project

GWR through its wholly-owned subsidiary, NT Tungsten Pty Ltd (“NTT”) holds a 80% interest in the Hatches Creek Tungsten Project (“Project”) in the Northern Territory. The Project is located 375 km north east of Alice Springs in the Northern Territory of Australia

(Figure 13). The Hatches Creek Project consists of two granted exploration licences covering 31.4 km<sup>2</sup> (EL22912 and EL23462), which cover the entire historic Hatches Creek tungsten mining centre. Hatches Creek is a large historical high-grade tungsten mining centre where mining was undertaken between 1915 and 1957. Previous recorded production is approximately 2,840 tonnes of 65% WO<sub>3</sub>. Bismuth concentrate and copper ore have also been produced.

On 3 June 2019 the Company announced that it had executed an agreement with Tungsten Mining NL (TGN) to farm-in to the Hatches Creek Project. The Farm-in Agreement provides for Tungsten Mining to direct and manage exploration and development activities at Hatches Creek where past drilling by GWR confirmed multiple high-grade polymetallic tungsten prospects and demonstrated potential for a large high-grade polymetallic tungsten deposit (refer GWR announcements dated 17 July 2018 and 22 May 2019).

Pursuant to the terms of the Farm-in Agreement, summarised in the announcement dated 3 June 2019, TGN has acquired an initial 20% interest in the Project by reimbursing GWR for past exploration expenditure in the amount of \$1.72m. TGN can increase its interest to 51% by the expenditure of \$3,000,000 on

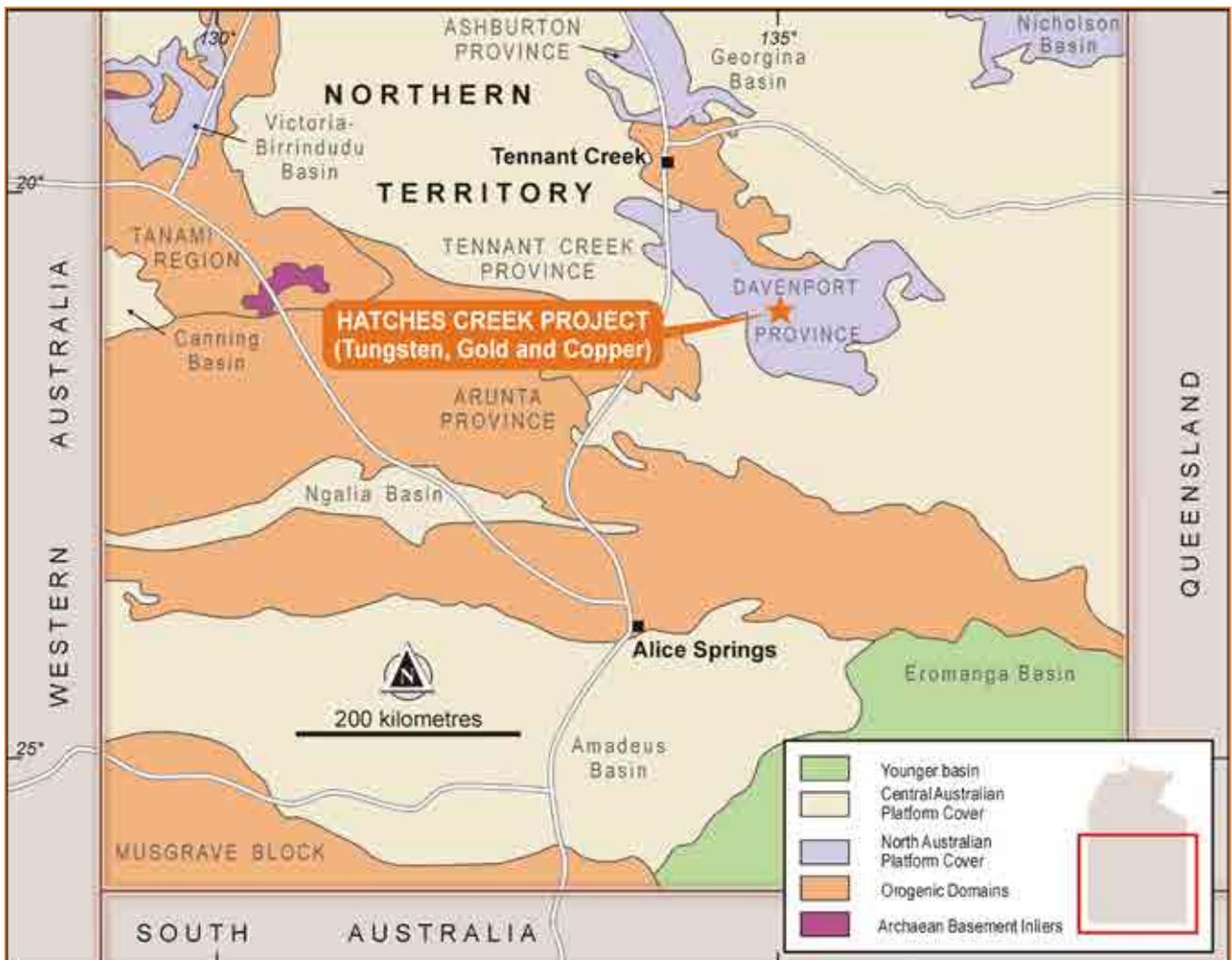


Figure 13: Hatches Creek.

exploration, development and mining activities within 5 years of the commencement date. Should a decision to mine be made by TGN whilst in the sole fund stage, the Company has an option to acquire GWR's remaining interest for \$6.96m (indexed for CPI).

On 22 May 2019 GWR reported high grade tungsten, copper and molybdenum results achieved from 13 RC drill holes for 1,524m completed at the Hit or Miss Prospect. All holes yielded multiple significant results which included: HCRC0053 - 6m at 0.42% WO<sub>3</sub> from 35m, including 1m at 1.88% WO<sub>3</sub> from 40m; HCRC0053 - 5m at 0.44% WO<sub>3</sub> and 1.00% Cu from 115m, including 1m at 0.72% WO<sub>3</sub> and 3.06% Cu from 115m; HCRC0054 - 3m at 0.82% WO<sub>3</sub>, from 100m, including 1m at 1.93% WO<sub>3</sub> from 100m. The RC drilling program was reported as being successful with all holes yielding multiple significant tungsten intercepts, anomalous and significant Cu and Mo mineralisation has also been intersected in some areas, demonstrating the polymetallic style of the mineralisation.

Further details on the results of recent and past drilling programs, Mineral Resource Estimate for surface dumps and the Exploration Target Estimate for the Hatches Creek Project are set out in GWR's ASX announcements dated 17 July 2018 and 22 May 2019.

## **RWG Minerals – WA Tenement Acquisitions**

GWR's 100% owned subsidiary, RWG Minerals Pty Ltd ("RWG"), has a mandate to seek opportunities throughout Western Australia, which are currently not held and can be acquired by applying for tenements. At the end of the financial year, RWG held the following

tenement interests: E09/2114 – Nardoo Well (tungsten, lithium, tantalum, beryllium); E29/950 – Twin Hills (gold); and E46/1095 and E46/1163 – Cookes Creek (tungsten).

## **Equity Investments**

### **Investment in Corizon Limited (ASX: CIZ)**

GWR held a 10.16% interest in ASX-listed company Corizon Limited (ASX:CIZ) as at 30 June 2019. CIZ reported a cash balance of \$0.269m as the end of the financial year. CIZ at the end of the financial year was suspended from the ASX.

CIZ shares on 16 September 2018 were consolidated on the basis on 1 share for every 2 shares held. As a result, the Company's holdings have been impacted by this consolidation adjustment from 32,000,000 to 16,000,000 shares now held.

### **Investment in Tungsten Mining NL (ASX: TGN)**

GWR has a 9.6% equity interest in ASX-listed company Tungsten Mining NL ("TGN"), an Australian based resources company whose prime focus is the exploration and development of tungsten projects in Australia. Since August 2014, GWR has been responsible for the provision of management and technical services to TGN. Tungsten is a high value industrial metal used in the manufacture of hardened metals (cemented carbides), steel alloys and mill products. Its application in heavy construction machinery, drilling for minerals and oil/gas and in high temperature equipment makes tungsten a mineral of strategic importance.

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



Figure 14: Hatches Creek.

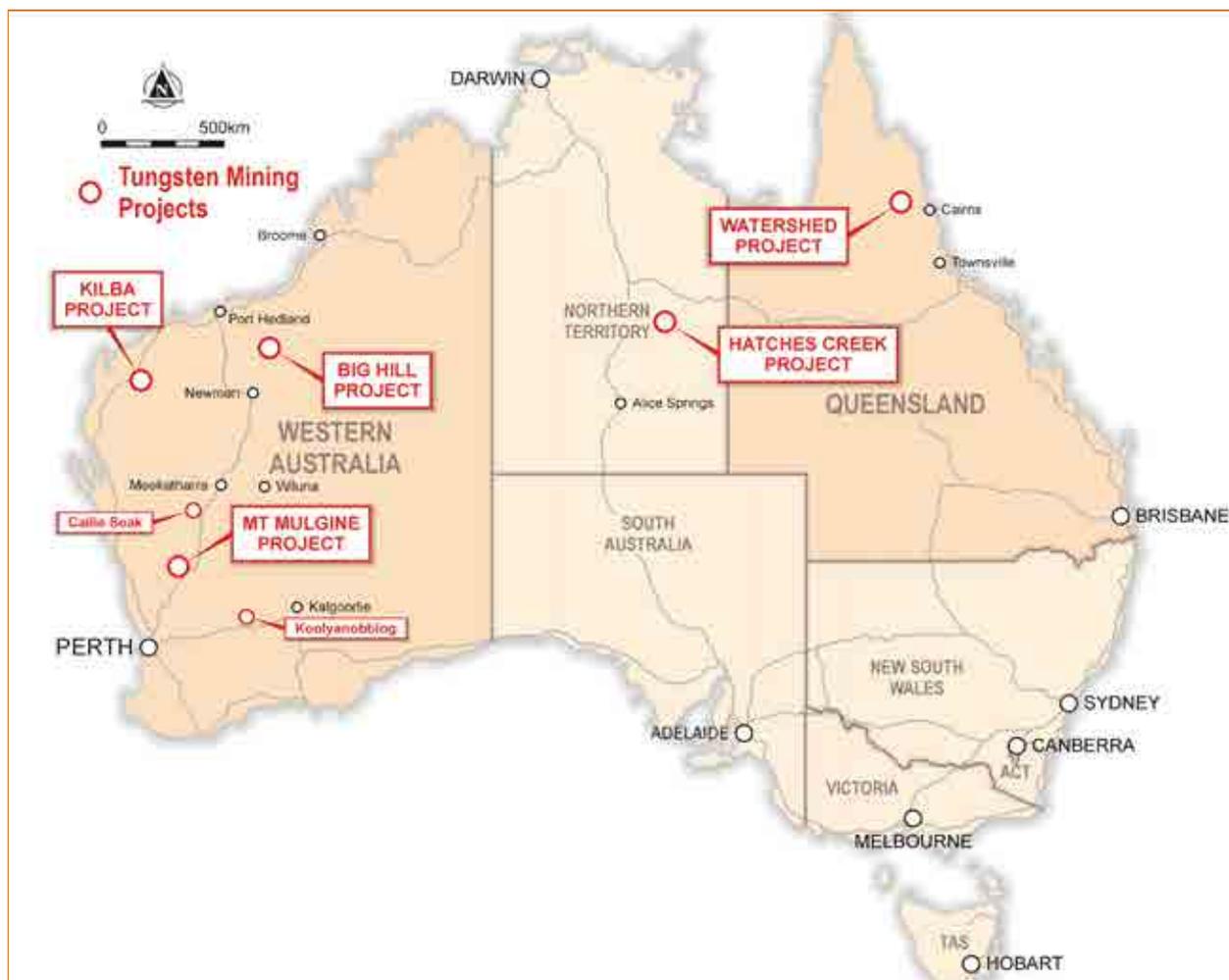


Figure 15: Tungsten Mining NL Project Locations Local Wiluna.

TGN has four advanced tungsten projects in Australia: the Mt Mulgine Project in the Murchison region, the Big Hill Project in the Pilbara region and the Kilba Project in the Ashburton region of Western Australia and the Watershed Project in far north Queensland.

Activities during the 2019 financial year have seen TGN Mining make substantial progress in terms of project development, equity raising and project acquisition.

TGN has reported a resource inventory of 25.8 million Metric Tonne Units of  $WO_3$  (tungsten trioxide) and

a further 19,500 tonnes of Mo (molybdenum oxide) at a cut-off grade of 0.05%  $WO_3$  (refer TGN ASX announcement - June 2019 Quarterly Report). This provides the platform for the Company to become a globally significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.

Details on Tungsten Mining's projects and activities can be found at [www.tungstenmining.com](http://www.tungstenmining.com)

## 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 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.



# Directors' Report



# 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 2019.

## 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 25 years.

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

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

*Present ASX company directorships: Corizon Limited and Tungsten Mining NL*

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



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

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

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

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

Mr Law through Hiap Teck Venture Bhd, entered into a joint venture with Shougang Group of China (JV company name Eastern Steel Sdn Bhd), to build an 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: Nil*

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

# Directors' Report



## **Michael Wilson - Executive Director**

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

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

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

*Present ASX company directorships: Nil*

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



## **Datuk Chin An Lau - Non-executive Director**

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

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

*Present ASX company directorships: Nil*

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



## **Kong Leng (Jimmy) Lee - Non-executive Director**

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

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

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

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

*Previous ASX company directorships (last 3 years): Corizon Limited*

## Directors' Report



### **Teck Siong Wong - Alternate Director for Mr Law**

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

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

*Present ASX company directorships: Corizon Limited and Tungsten Mining NL*

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

### **Former directors**

No former directors held office during the financial year or up to the date of this report.

## Company Secretaries



### **Mark Pitts**

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 25 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 Partner in 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.



### **Simon Borck**

Mr Borck was appointed as joint Company Secretary on 8 November 2016. He is a Chartered Accountant with 15 years experience in statutory, financial and management reporting for companies operating within the resources sector and has held senior financial management positions. .

He has a range of experience with mining service providers and has operated with resources companies in all stages of exploration, development and production. Past positions, include Financial Controller of iron ore producer Territory Resources Limited, which was listed on ASX prior to its acquisition by the Noble Group.

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# Directors' Report

## 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 2019.

## Principal activities

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

## Operating and financial overview

### Group overview

During the 2019 financial year, the Group's focus has been on the Wiluna West Gold and Iron Projects in Western Australia, and continued on the Hatches Creek Tungsten Project where a Joint Venture and Farm-in Agreement was executed with Tungsten Mining NL that resulted in the sale of 20% interest in the Project for a profit of \$1,616,156 being proceeds of \$1,720,942 with a carrying value of project interest disposed of \$104,786.

The Directors continued to agree to receive director's fees in a combination of cash and equity to preserve cash, this resulted in 1,023,028 (2018: 2,677,699) ordinary shares being issued to Directors to satisfy \$127,500 (2018: \$127,500) in accrued directors fees.

During the financial year Mr Adrian Costello joined the Group as General Manager, and Mr Craig Ferrier left the Group to be employed solely by Tungsten Mining NL.

### Business strategies and prospects for future financial years

The Board intends to continue to progress a strategy of developing GWR into a resource house with a number of projects across a selection of commodities at different stages of their "life cycle". GWR continues to assess a number of opportunities at both a project and corporate level, with a preference for advanced exploration projects that have the potential to generate cash flow in the short to medium term.

### Management and Board changes

Other than noted above, there were no changes to the management and Board during the year and to date of reporting.

### Operating results for the year

The consolidated operating result was a loss after income tax of \$3,067,161 (2018: \$3,877,944) for the financial year.

Revenue for the financial year increased to \$1,901,456 (2018: \$550,319), which included \$1,616,156 profit from the sale of a 20% interest in the Hatches Creek Project tenements. Expenditure for the financial year included Exploration activities of \$1,897,986 (2018: \$1,960,290), Employee expenses of \$1,143,481 (2018: \$1,090,826) and an equity accounted investment loss of \$1,249,578 (2018: \$483,449).

Net Cash used for the financial year on operating activities was \$3,039,625 (2018: \$2,839,476) and proceeds of \$1,720,942 was received from the Hatches Creek transaction.

Cash and cash equivalents at 30 June 2019 was \$2,903,066 (2018: \$4,278,677).

# Directors' Report

## Operating results for the year (continued)

Shareholders returns	2019	2018	2017	2016	2015
Net profit/(loss) (\$000)	(3,067)	(3,878)	(3,181)	(11,810)	(4,528)
Basic EPS (cents)	(1.21)	(1.56)	(1.30)	(4.89)	(1.89)
Return on assets (%)	(25.08)	(25.88)	(17.59)	(55.13)	(13.97)
Return on equity (%)	(27.26)	(27.45)	(18.44)	(58.98)	(14.29)

## Review of financial condition

### Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2019 is cash and cash equivalents of \$2,903,066 (2018: \$4,278,677) of which \$2,000,000 (2018: \$3,811,180) has been placed on short term deposit.

## Shares issued during the year

As a measure to preserve cash, Directors continued to agree to receive director's fees in a combination of cash and equity. Pursuant to shareholder approval at the Company's 2018 Annual General Meeting, this resulted in 1,023,028 (2018: 2,677,699) ordinary shares with a weighted average fair value of \$0.1246 (2018: \$0.0476) per share being issued to Directors to satisfy \$127,500 (2018: \$127,500) in accrued directors fees. There were no other shares issued during the year.

In the prior year the Company issued 4,258,813 ordinary shares under the Share Purchase Plan at 8.5 cents per share (\$0.085), raising \$362,000 before costs of the issue.

## 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.

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# Directors' Report

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

## Significant events after the balance date

On 17 September 2019 the Company announced it had executed a revised Term Sheet for a mining rights agreement with Gold Valley Iron Ore Pty Ltd for the mining of up to 3 million tonnes of iron ore from the JWD deposit at the Wiluna West Iron Project. The transaction includes staged payments, which are subject to certain conditions, to the Company totalling up to \$1 million for Stage 1 and a further \$4.25 million on exercise of the Stage 2 option by Gold Valley Iron Ore Pty Ltd. In addition, a production royalty is payable during both stages, which is linked to the iron ore price in the range of \$1 to \$2 per tonne.

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

## Likely developments and expected results

The Group intends to continue to undertake mineral exploration and investment activities within the exploration and mining sector.

## 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 27,750,000 (2018: 27,750,000) unissued shares under option. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or of any related body corporate.

## 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.

# 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 6 board meetings and 2 audit and risk management committee meetings. There were no meetings of the remuneration committee held during the year.

	Board meetings		Committee meetings			
	Number Eligible to attend	Number Attended	Audit		Remuneration	
Number Eligible to attend			Number Attended	Number Eligible to attend	Number Attended	
G Lyons	6	6	2	2	-	-
T S Law <sup>1</sup>	6	1	-	-	-	-
M Wilson	6	6	-	-	-	-
C A Lau	6	6	2	2	-	-
K L Lee	6	6	2	2	-	-

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

## Committee membership

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

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

## Proceedings on behalf of the Group

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

The Company did not receive any non-audit services from the auditor, Stantons International, during the year ended 30 June 2019.

# Directors' Report

## 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 <sup>3</sup>	3,823,200	4,000,000
T S Law <sup>2</sup>	28,819,945	4,000,000
M Wilson	2,657,313	4,000,000
C A Lau <sup>1</sup>	2,153,553	4,000,000
K L Lee	1,958,553	4,000,000
T S Wong	-	-
<b>Other executives</b>		
Adrian Costello	-	-
S Borck	100,000	1,000,000
M Pitts	100,000	750,000
C Ferrier <sup>4</sup>	-	5,000,000

<sup>1</sup> Ordinary shares held via indirect interest through Mr C A Lau's spouse.

<sup>2</sup> Ordinary shares held via indirect interest through HSBC Custody Nominees Australia (as registered holder) on behalf of Wynnes Investment Holding Ltd (as beneficial holder), of which Mr Tien Seng Law and his wife have control.

<sup>3</sup> Ordinary shares held via indirect interest through Lyons Super Fund.

<sup>4</sup> Held by Mr Ferrier on 1 January 2019, the date of his resignation as Chief Executive Officer of the Group.

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

	Exercise price	Expiry date	Unlisted options outstanding	Vested and exercisable
	\$		Number	Number
Director options – tranche 1	0.04	23 Dec 2020	4,000,000	4,000,000
Director options – tranche 2	0.05	23 Dec 2020	4,000,000	4,000,000
Director options – tranche 3	0.06	23 Dec 2020	12,000,000	12,000,000
Employee options – tranche 1	0.04	6 Feb 2021	1,550,000	1,550,000
Employee options – tranche 2	0.05	6 Feb 2021	1,550,000	1,550,000
Employee options – tranche 3	0.06	6 Feb 2021	4,650,000	4,650,000
<b>Total options on issue</b>			<b>27,750,000</b>	<b>27,750,000</b>

During the year ended 30 June 2017, 27,750,000 options were issued pursuant to terms approved by shareholders at the 2016 Annual General Meeting to Directors, Employees and Consultants or their nominees of the Company. No options were issued during the year ended 30 June 2019. During the year ended 30 June 2019, no vested options were converted to ordinary shares (2018: Nil). During the year ended 30 June 2019, no options expired (2018: Nil) and no options were cancelled (2018: Nil). Since the balance date to the date of this report, no options have been issued, exercised, cancelled or have reached expiry.

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

# Directors' Report

## Auditor's independence

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

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

19 September 2019

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 audit of the financial statements of GWR Group Limited for the year ended 30 June 2019, 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 LIMITED**



**Martin Michalik**  
Director

Liability limited by a scheme approved  
under Professional Standards Legislation

Member of Russell Bedford International



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# Directors' Report

## Remuneration report (audited)

This remuneration report for the year ended 30 June 2019 outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

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

### Details of key management personnel

#### Non-executive directors

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

#### Executive directors

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

Adrian Costello	General Manager (appointed on 11 July 2018)
M Pitts	Company Secretary
S Borck	Joint Company Secretary
Craig Ferrer	Chief Executive Officer (resigned on 1 January 2019)

### 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).

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# Directors' Report

## Remuneration philosophy

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

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

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

## Remuneration structure

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

### Non-executive director remuneration

#### *Objective:*

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

#### *Structure:*

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

Non-executive directors, excluding consulting fees are remunerated by way of fees and statutory superannuation. The fees for non-executive directors were previously set by the board at \$65,000 per annum and \$100,000 per annum for the Chairman. Fees for non-executive directors were reduced to \$55,000 per annum and \$90,000 for the Chairman with effect from 1 July 2014 as a cost saving measure. To further preserve cash, directors have agreed that half of the fees be settled in cash and the other half in equity. Such an arrangement can only be implemented with prior shareholder approval. A resolution was approved by members at the 2018 Annual General Meeting in relation to the portion of fees agreed to be taken as equity. Fees accrued in respect of the 2019 financial year will similarly require shareholder approval prior to issue of shares in settlement of amounts outstanding.

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

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

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

Non-executive directors participate in share option plans, as detailed in note 19 of the financial statements contained in this report.

No remuneration consultants were engaged for the reporting years ended 30 June 2019 and 30 June 2018.

The remuneration of non-executive directors for the reporting years ended 30 June 2019 and 30 June 2018 is detailed in Tables 1 and 2 of the Directors Report.

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# 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, as detailed in note 19 of the financial statements contained in this report

The proportion of fixed remuneration and variable remuneration of Directors and executives for the reporting years ended 30 June 2019 and 30 June 2018 is set out on Tables 1 and 2 of the Directors 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 2019 and 30 June 2018 is set out on Tables 1 and 2 of the Directors 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 depend 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.

Other than pursuant to employment agreement with the General Manager, who is entitled to annual \$30,000, inclusive superannuation contributions, bonus that is subject to the achievement of certain key performance indicators determined at the absolute and sole discretion of the Company there are no other cash bonus or other STI payments made or accrued in the current and prior financial years.

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# 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, is \$281,064 (2018: \$291,564), plus superannuation contributions. Pursuant with 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.

### *Adrian Costello*

Mr Costello is the General Manager and commenced employment with the Company on 11 July 2018. Pursuant to his employment agreement his remuneration is \$230,000 (2018: \$Nil), plus superannuation and a \$30,000 performance bonus, inclusive of superannuation. This bonus is subject to the achievement of key performance indicators that are determined by the Company. His employment agreement may be terminated by the giving of one months notice in writing.

### *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 \$3,500.

### *Simon Borck*

Mr Borck is the Group Financial Controller and Joint Company Secretary. On 1 June 2019 his employment agreement with the Group was mutually agreed to terminate and transferred to associate entity Tungsten Mining NL. From 1 June 2019 his remuneration, other than share-based payments, are remunerated by Tungsten Mining NL for the services he provides to the Group. Prior to his transfer to Tungsten Mining NL, his remuneration was \$153,150 (2018: \$153,150) per annum, plus statutory superannuation contributions. The Company was able to terminate his employment agreement by giving three months' notice in writing.

### *Craig Ferrier*

Mr Ferrier ceased being the Chief Executive Officer on 1 January 2019 and was seconded to Tungsten Mining from this date. On 1 June 2019 his employment agreement with the Company was terminated by mutual agreement upon commencing fulltime employment with Tugnsden Mining NL. Prior to his termination, his remuneration was \$334,600 (2018: \$334,600), plus superannuation contributions. Mr Ferrier was able to terminate his employment by the giving of one month's notice in writing to the Company. The Company was able terminate the agreement by giving three months' notice in writing. The Company was able to pay Mr Ferrier for any or all of the three months' notice period in lieu of notice.

# Directors' Report

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

Table 1: Remuneration for the year ended 30 June 2019

	Short-term		Other <sup>2,3</sup>	Post-employment Super	Long-term benefits Long Service Leave <sup>4</sup>	Share-based payments	Termination benefits	Total	Performance related	
	Cash Bonus	Annual Leave <sup>4</sup>								
Salary & fees <sup>1,5</sup>	\$	\$	\$	\$	\$	\$	\$	\$	%	
<b>Non-executive directors</b>										
G Lyons	82,194	-	8,750	8,640	-	13,241	-	112,825	-	
TS Law	55,002	-	-	-	-	13,241	-	68,243	-	
CA Lau	50,230	-	1,721	4,935	-	13,241	-	70,127	-	
KL Lee	50,230	-	15,500	4,772	-	13,241	-	83,743	-	
<b>Sub total</b>	<b>237,656</b>	-	<b>25,971</b>	<b>18,347</b>	-	<b>52,964</b>	-	<b>334,938</b>	-	
<b>Executive directors</b>										
M Wilson	281,064	21,615	-	26,701	4,685	13,242	-	347,307	-	
<b>Other executives</b>										
A Costello <sup>6</sup>	223,818	16,214	30,000	24,113	-	-	-	294,145	10%	
C Ferrer <sup>6</sup>	306,717	16,510	6,221	22,917	8,675	-	-	361,040	0%	
S Borck	140,387	3,433	-	13,337	-	-	-	157,157	0%	
M Pitts	42,000	-	-	-	-	-	-	42,000	0%	
<b>Sub total</b>	<b>993,986</b>	<b>57,772</b>	<b>36,221</b>	<b>87,068</b>	<b>13,360</b>	<b>13,242</b>	-	<b>1,201,649</b>		
<b>Total</b>	<b>1,231,642</b>	<b>57,772</b>	<b>62,192</b>	<b>105,415</b>	<b>13,360</b>	<b>66,206</b>	-	<b>1,536,587</b>		

<sup>1</sup> Salary and fees paid and accrued during the year, except as shown in 5 below

<sup>2</sup> Other refers to fees paid and accrued for consultancy work performed for the Company, except as shown in note 3 below.

<sup>3</sup> Mr Ferrer's contract entitled him to superannuation contributions at 9.5%, this amount represents the superannuation contributions which exceed the maximum SGC of \$25,000. Mr Costello contract entitles him to a annual bonus that is subject to the achievement of certain key performance indicators determined at the absolute discretion of the Company, this amount represents an accrual towards this bonus.

<sup>4</sup> Remuneration includes movements in his accrued employee entitlements.

<sup>5</sup> As detailed under Non-executive director remuneration of this report, the Non executive Directors agreed to defer 50% of their remuneration cash payments from 1 July 2014. Pursuant to shareholder approval at the Company's 2018 Annual General Meeting, this resulted in 1,023,028 ordinary shares with a weighted average fair value of \$0.1246 per share being issued to Directors to satisfy \$127,500 in accrued directors fees. As at 30 June 2019, there was \$95,625 in deferred director's fees outstanding.

<sup>6</sup> Mr Costello was as appointed as General Manager on 11 July 2018. Mr Ferrer resigned as CEO on 1 January 2019, however he was employed by the Company until 1 June 2019.

# Directors' Report

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

Table 1: Remuneration for the year ended 30 June 2018

	Short-term		Post-employment	Long-term benefits	Share-based payments	Termination benefits	Total	Performance related <sup>3</sup>		
	Salary & fees <sup>1,5</sup>	Cash Bonus							Non-Monetary Benefit	Other <sup>2,6</sup>
<b>Non-executive directors</b>										
G Lyons	82,194	-	-	7,500	8,521	-	37,150	-	135,365	-
TS Law	55,002	-	-	-	-	-	37,150	-	92,152	-
CA Lau	50,230	-	-	1,658	4,930	-	37,150	-	93,968	-
KL Lee	50,230	-	-	26,750	4,772	-	37,150	-	118,902	-
<b>Sub total</b>	<b>237,656</b>	<b>-</b>	<b>-</b>	<b>35,908</b>	<b>18,223</b>	<b>-</b>	<b>148,600</b>	<b>-</b>	<b>440,387</b>	<b>-</b>
<b>Executive directors</b>										
M Wilson <sup>4</sup>	291,564	-	-	-	26,701	6,044	37,150	-	361,459	-
<b>Other executives</b>										
C Ferrier	334,600	-	-	6,787	25,000	-	68,673	-	435,060	16%
S Borck	153,150	-	-	-	14,549	-	13,735	-	181,434	8%
M Pitts	42,000	-	-	-	-	-	10,301	-	52,301	20%
<b>Sub total</b>	<b>821,314</b>	<b>-</b>	<b>-</b>	<b>6,787</b>	<b>66,250</b>	<b>6,044</b>	<b>129,859</b>	<b>-</b>	<b>1,030,254</b>	
<b>Total</b>	<b>1,058,970</b>	<b>-</b>	<b>-</b>	<b>42,695</b>	<b>84,473</b>	<b>6,044</b>	<b>278,459</b>	<b>-</b>	<b>1,470,641</b>	

<sup>1</sup> Salary and fees paid and accrued during the year, except as shown in 5 below

<sup>2</sup> Other refers to fees paid and accrued for consultancy work performed for the Company, except as shown in note 6 below.

<sup>3</sup> Performance related refers to the percentage of total remuneration that is performance related.

<sup>4</sup> Mr Wilson's remuneration includes movements in his accrued employee entitlements.

<sup>5</sup> As detailed under Non-executive director remuneration of this report, the Directors agreed to defer 50% of their remuneration cash payments from 1 July 2014. Pursuant to shareholder approval at the Company's 2017 Annual General Meeting, this resulted in 2,677,699 ordinary shares with a weighted average fair value of \$0.0476 per share being issued to Directors to satisfy \$127,500 in accrued directors fees. As at 30 June 2018, there was \$95,625 in deferred director's fees outstanding.

<sup>6</sup> Mr Ferrier's contract entitles him to superannuation contributions at 9.5%. This amount represents the superannuation contributions which exceed the maximum SGC of \$25,000.

# Directors' Report

## Equity instruments

### Shareholdings of key management personnel

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

	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	3,462,131	361,069	-	-	3,823,200
TS Law	28,599,292	220,653	-	-	28,819,945
M Wilson	2,657,313	-	-	-	2,657,313
CA Lau	1,932,900	220,653	-	-	2,153,553
KL Lee	1,737,900	220,653	-	-	1,958,553
T S Wong	-	-	-	-	-
<b>Other executives</b>					
A Costello <sup>2</sup>	-	-	-	-	-
C Ferrier <sup>2</sup>	-	-	-	-	-
S Borck	100,000	-	-	-	100,000
M Pitts	100,000	-	-	-	100,000
<b>Total</b>	<b>38,589,536</b>	<b>1,023,028</b>	<b>-</b>	<b>-</b>	<b>39,612,564</b>

### Option holdings for key management personnel

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

	Balance at beginning of year or on appointment	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Balance at end of year or on ceasing office
<b>Directors</b>						
G Lyons	4,000,000	-	-	-	4,000,000	4,000,000
TS Law	4,000,000	-	-	-	4,000,000	4,000,000
CA Lau	4,000,000	-	-	-	4,000,000	4,000,000
KL Lee	4,000,000	-	-	-	4,000,000	4,000,000
M Wilson	4,000,000	-	-	-	4,000,000	4,000,000
<b>Other executives</b>						
A Costello <sup>2</sup>	-	-	-	-	-	-
C Ferrier <sup>2</sup>	5,000,000	-	-	-	5,000,000	5,000,000
S Borck	1,000,000	-	-	-	1,000,000	1,000,000
M Pitts	750,000	-	-	-	750,000	750,000
<b>Total</b>	<b>26,750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,750,000</b>	<b>26,750,000</b>

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

2) Mr Ferrier resigned on 1 January 2019 and Mr Costello was appointed on 11 July 2018.

# Directors' Report

## Equity instruments (continued)

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

No options were granted during the year ended 30 June 2018 and 2019.

### Details of options over equity instruments granted as compensation

Options granted as compensation held at reporting date by Key Management Personnel of the Company are detailed below.

	Grant date	Number Granted as compensation	Fair value of granted options at grant date	No of options vested and exercisable during the year	Vested during the year %	Vested as of year- end %
<b>Directors</b>						
G Lyons	23 Dec 2016	4,000,000	96,499	2,400,000	60%	100%
TS Law	23 Dec 2016	4,000,000	96,499	2,400,000	60%	100%
CA Lau	23 Dec 2016	4,000,000	96,499	2,400,000	60%	100%
KL Lee	23 Dec 2016	4,000,000	96,499	2,400,000	60%	100%
M Wilson	23 Dec 2016	4,000,000	96,499	2,400,000	60%	100%
<b>Other executives</b>						
A Costello	-	-	-	-	0%	100%
C Ferrier	6 Feb 2017	5,000,000	101,691	-	0%	100%
S Borck	6 Feb 2017	1,000,000	20,338	-	0%	100%
M Pitts	6 Feb 2017	750,000	15,254	-	0%	100%
		<u>26,750,000</u>	<u>619,778</u>	<u>12,000,000</u>	<u>45%</u>	<u>100%</u>

The value of granted options is the fair value calculated at grant date. The total value is included in the table above. This amount is allocated to remuneration over the vesting period.

These share options do not carry any voting or dividend rights and can be exercised once the terms and conditions for the exercise of options have been met.

### Shares issued on exercise of options

There were no shares issued on the exercise of options by key management personnel for the current or prior year.

# Directors' Report

## Equity instruments (continued)

### Shares paid as remuneration

Pursuant to shareholder approval at the Company's 2018 Annual General Meeting 1,023,028 ordinary shares with a weighted average fair value of \$0.1246 per share were issued to Directors to satisfy \$127,500 in accrued directors fees.

Amounts paid by issuing Company shares in lieu of accrued fees are detailed below.

	Number of shares paid as Remuneration	Fair value per share	Total value paid as Remuneration
<b>Directors</b>			
G Lyons	361,069	0.1246	45,000
TS Law	220,653	0.1246	27,500
M Wilson	-	-	-
CA Lau	220,653	0.1246	27,500
KL Lee	220,653	0.1246	27,500
T S Wong	-	-	-
<b>Other executives</b>			
A Costello	-	-	-
C Ferrier	-	-	-
S Borck	-	-	-
M Pitts	-	-	-
<b>Total</b>	<b>1,023,028</b>	<b>0.1246</b>	<b>127,500</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 19<sup>th</sup> day of September 2019

# Consolidated statement of profit or loss and other comprehensive income

## For the year ended 30 June 2019

	Note	Consolidated	
		2019	2018
		\$	\$
Profit on sale of interest in Hatches Creek Project	6(a)	1,616,156	-
Other Revenue	6(b)	285,300	550,319
<b>Total Revenue</b>		<b>1,901,456</b>	<b>550,319</b>
Exploration & evaluation expenditure		(1,897,986)	(1,960,290)
Employee expenses	7(a)	(1,143,481)	(1,090,826)
Depreciation expense		(35,748)	(35,423)
Other expenses	7(b)	(575,618)	(553,809)
Share of losses of associates	15	(1,249,578)	(483,449)
Loss on sale of investment		-	(12,273)
Share-based payments		(66,206)	(292,193)
<b>Loss for year before tax</b>		<b>(3,067,161)</b>	<b>(3,877,944)</b>
Income tax expense	8	-	-
<b>Loss for the year after tax</b>		<b>(3,067,161)</b>	<b>(3,877,944)</b>
Loss attributable to members of the Parent		<b>(3,067,161)</b>	<b>(3,877,944)</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 loss after tax</b>		<b>(3,067,161)</b>	<b>(3,877,944)</b>
Total comprehensive loss attributable to members of the Parent		<b>(3,067,161)</b>	<b>(3,877,944)</b>
<b>Basic loss per share in cents</b>	9	(1.21)	(1.56)

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 30 June 2019

	Note	Consolidated	
		2019	2018
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	10	2,903,066	4,278,677
Trade and other receivables	11	21,759	69,533
Prepayments		25,329	21,186
Total current assets		<b>2,950,154</b>	<b>4,369,396</b>
<b>Non-current assets</b>			
Plant & Equipment	12	101,835	114,905
Exploration & evaluation expenditure	13	8,050,275	8,155,061
Investment in an associate	15	1,006,583	2,256,161
Other financial assets – security deposits		121,008	87,630
Total non-current assets		<b>9,279,701</b>	<b>10,613,757</b>
Total assets		<b>12,229,855</b>	<b>14,983,153</b>
<b>Current liabilities</b>			
Trade and other payables	16	555,765	296,932
Provisions	17 (a)	221,327	342,084
Total current liabilities		<b>777,092</b>	<b>639,016</b>
<b>Non-current liabilities</b>			
Provisions	17 (b)	201,734	217,417
Total non-current liabilities		<b>201,734</b>	<b>217,417</b>
Total liabilities		<b>978,826</b>	<b>856,433</b>
Net assets		<b>11,251,029</b>	<b>14,126,720</b>
<b>Equity</b>			
Contributed equity	18	154,610,483	154,485,219
Reserves	19	26,949,728	26,883,522
Accumulated losses	20	(170,309,182)	(167,242,021)
Total equity		<b>11,251,029</b>	<b>14,126,720</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 2019

	Contributed Equity	Accumulated losses	Option reserve	Investments revaluation reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1/7/2018	154,485,219	(167,242,021)	26,883,522	-	17,126,720
Loss for the year	-	(3,067,161)	-	-	(3,067,161)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	(3,067,161)	-	-	(3,067,161)
Shares issued	127,500	-	-	-	127,500
Share issue costs	(2,236)	-	-	-	(2,236)
Share-based payments	-	-	66,206	-	66,206
<b>Balance at 30/06/2019</b>	<b>154,610,483</b>	<b>(170,309,182)</b>	<b>26,949,728</b>	<b>-</b>	<b>11,251,029</b>
Balance at 1/7/2017	154,024,916	(163,364,077)	26,591,329	-	17,252,168
Loss for the year	-	(3,877,944)	-	-	(3,877,944)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	(3,877,944)	-	-	(3,877,944)
Shares issued	489,500	-	-	-	489,500
Share issue costs	(29,197)	-	-	-	(29,197)
Share-based payments	-	-	292,193	-	292,193
<b>Balance at 30/06/2018</b>	<b>154,485,219</b>	<b>(167,242,021)</b>	<b>26,883,522</b>	<b>-</b>	<b>14,126,720</b>

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

# Consolidated statement of cash flows

## For the year ended 30 June 2019

	Note	Consolidated	
		2019	2018
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers & employees		(1,612,361)	(1,482,829)
Payments for exploration & evaluation		(1,752,041)	(1,932,122)
Interest received		59,297	130,075
Other income		265,480	445,400
<b>Net cash (used in) operating activities</b>	21	<b>(3,039,625)</b>	<b>(2,839,476)</b>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment		(25,538)	(48,005)
Payments for investment in associate		-	(1,750,000)
Proceeds from sale of interest in Hatches Creek Project		1,720,942	-
Proceeds from sale of plant & equipment		4,000	33,820
Payments for security deposits/bonds		(33,155)	(28,224)
Proceeds from sale of other financial assets		-	35,804
<b>Net cash provided by/(used in) investing activities</b>		<b>1,666,249</b>	<b>(1,756,605)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		-	362,000
Share issue costs paid		(2,235)	(29,197)
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,235)</b>	<b>332,803</b>
Net (decrease) in cash and cash equivalents		(1,375,611)	(4,263,278)
Cash and cash equivalents at the beginning of the financial year		4,278,677	8,541,955
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>2,903,066</b>	<b>4,278,677</b>

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

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# Notes to the Financial Statements

## For the year ended 30 June 2019

### 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 2019 was authorised for issue in accordance with a resolution of the directors on 19 September 2019.

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 29.

### 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 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board.

#### c) New accounting standards and interpretations

##### New and amended standards adopted

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments which became effective for financial reporting periods commencing on or after 1 January 2018.

##### *AASB 15 Revenue from contracts with customers*

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group (or Company) as the Group (or Company) does not currently have any revenue from customers.

##### *AASB 9 Financial Instruments*

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### c) New accounting standards and interpretations (continued)

As a result of adopting AASB 9 Financial Instruments, the Group has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

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

*AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.*

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.

AASB 16 contains disclosure requirements for leases.

#### Lessor accounting

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

#### *Estimated impact of AASB 16 on the Group when the standard is applied*

Board has assessed impact and determined the application of AASB 16 will not have a significant impact on the financial report. The Group currently has no material leases of a term greater than 12 months.

#### *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### 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 22 (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 has applied AASB 15 Revenue from Contracts with Customers using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 111: Construction Contracts. The details of accounting policies under AASB 118 and AASB 111 are disclosed separately since they are different from those under AASB 15. The impact of these changes has not had an significant impact on the Group as it currently does not have any revenue from customers.

#### *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.

#### g) Income tax

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

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

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### g) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

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

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

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

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

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

#### h) Other taxes

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

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

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### 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.

#### 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.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### l) 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.

#### m) 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.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### m) Financial instruments (continued)

##### Classification and subsequent measurement

###### *Financial assets*

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

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

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

Classifications are determined by both:

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

###### *Financial assets at amortised cost*

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

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

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

###### *Financial assets at fair value through other comprehensive income*

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

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

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### m) Financial instruments (continued)

##### *Financial assets at fair value through profit or loss (FVPL)*

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.

##### **Impairment**

From 1 July 2018, 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.

##### **Comparative information**

The Group has applied AASB 9 Financial Instruments retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

##### *Classification*

Until 30 June 2018, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

#### n) 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.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### o) 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.

#### p) 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.

#### q) 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.

#### r) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### s) Leases

Leases are classified at the inception as either operating or finance leases, based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

##### (i) Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

##### (ii) Group as a lessor

Leases in which the group retains substantially all the risks and benefits and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

#### t) Share-based payment transactions

##### (i) Equity settled transactions

The Group provides 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').

There are currently two plans in place to provide these benefits:

- The Employee Option Incentive Scheme, which provides benefits to directors, executives and other parties
- The Employee Share Ownership Plan, which provides benefits to all employees, excluding KMP

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 24.

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.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

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

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.

#### (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.
- 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 24).

#### u) Comparative figures

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

#### v) 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).

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### w) Impairment of assets (continued)

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.

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

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

#### *Valuation techniques*

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

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

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### x) Fair value of measurements (continued)

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:

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

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

### 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.

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

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 also holds small amounts of cash and cash equivalents in non-interest bearing accounts for immediate use. Trade and other receivables disclosed in note 11 and Trade and other payables disclosed in note 16 are non-interest bearing.

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

	Consolidated	
	2019	2018
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	2,903,066	4,156,137
Other financial assets (non-current)	121,008	65,000
	3,024,074	4,221,137

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.

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### Risk exposures and responses (continued)

At 30 June 2019, 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)	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Consolidated</b>				
+0.50% (50 basis points)	(7,889)	(15,302)	(7,899)	(15,302)
-0.25% (25 basis points)	3,949	7,651	3,949	7,651

#### 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.

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

#### Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group does not have any significant financial liabilities as its objective has been to ensure continuity of funding through the use of ordinary shares. The Group regularly monitors forecasts and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk.

	Consolidated	
	2019	2018
	\$	\$
<i>The remaining contractual maturities of the Group's financial liabilities are</i>		
1 month or less	555,765	296,932
Over 1 month	-	-
	<u>555,765</u>	<u>296,932</u>

At balance date the Group had cash and cash equivalents of \$2,903,066 (2018: \$4,278,677) for its immediate use or within one month.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

### 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.

##### 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. As the Group is engaged in exploration and development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

### 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:

##### *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 24.

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# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### (b) Significant accounting estimates and assumptions (continued)

##### *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.

### Note 5: 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 reserves, 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.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 6: Revenue

	Consolidated	
	2019	2018
	\$	\$
<b>(a) Profit on sale of 20% interest in Hatches Creek Project</b>		
Proceeds from sale of interest in tenements to Associate Entity (note 22c)	1,720,942	-
Carrying value of project interest disposed (note 13)	(104,786)	-
	<u>1,616,156</u>	<u>-</u>
<b>(b) Other revenues</b>		
Interest income	49,790	120,766
Profit on disposal of Plant & Equipment	4,000	16,610
Sundry income	231,510	412,943
	<u>285,300</u>	<u>550,319</u>

### Note 7: Expenses

<b>(a) Employee expenses</b>		
Salary and wages	1,036,399	975,218
Superannuation	73,969	62,570
Other employee expenses	33,113	53,038
	<u>1,143,481</u>	<u>1,090,826</u>
<b>(b) Other expenses</b>		
Administration costs	147,300	143,751
Corporate costs	139,680	126,362
Consulting fees	52,806	90,960
Legal costs	44,022	13,581
Occupancy costs	191,810	179,155
	<u>575,618</u>	<u>553,809</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 8: Income tax

	Consolidated	
	2019	2018
	\$	\$

A reconciliation of income tax expense applicable to accounting 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 loss before income tax	(3,067,161)	(3,877,944)
At the statutory income tax rate of 27.5% (2018: 27.5%)	(843,469)	(1,066,435)
Non-deductible expenditure	18,619	204,533
Adjustments recognised in the current year in relation to the current tax of previous years	-	-
Temporary differences that would have been recognised in equity	(615)	-
Tax loss and temporary differences not brought to account as a deferred tax asset	825,465	861,902
At the effective income tax rate of 0% (2018: 0%)	-	-
<b>Unrecognised deferred tax assets (liabilities)</b>		
<i>Deferred tax assets have not been recognised for the following items:</i>		
Trade & other receivables	47,858	-
Provisions	70,652	156,447
Trade and other payables	55,784	32,622
Plant and equipment		5,484
Allowance for impairment loss	4,312,482	3,968,848
Unused tax losses	38,759,553	38,242,354
Other future deductions	5,546	13,417
Deferred tax assets:	43,251,875	42,419,172
<i>Deferred tax liabilities have not been recognised in respect of the following items</i>		
Trade & other receivables	(1,158)	(3,773)
Capitalised exploration & evaluation expenditure	(2,098,561)	(2,098,561)
Prepayments	(6,965)	-
Plant and equipment	(2,887)	-
Deferred tax liabilities	(2,109,571)	(2,102,334)
Net unrecognised deferred tax asset	41,142,304	40,316,838

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 Groups's carried forward tax losses at balance date are \$140,943,830 (2018: \$139,063,106).

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 8: Income tax (continued)

#### Tax consolidation

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

### Note 9: Loss per share

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

	Consolidated	
	2019	2018
	\$	\$
Loss used in calculating basic and diluted loss per share	(3,067,161)	(3,877,944)
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share:	253,071,790	249,168,685
Basic loss per share in cents	(1.21)	(1.56)
Diluted loss per share is not disclosed as it would not reflect an inferior position.		

### Note 10: Cash and cash equivalents

Cash on hand	368	387
Cash at bank	902,698	467,110
Term deposits	2,000,000	3,811,180
	2,903,066	4,278,677

### Note 11: Trade and other receivables

Trade receivables	-	41,632
Accrued interest	4,212	13,719
Goods and services tax	9,487	6,122
Other receivables	8,060	8,060
	21,759	69,533

As of 30 June 2019, there were no trade and other receivables that have been determined as impaired or past due.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 12: Plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Plant and equipment at cost	1,854,991	1,847,667
Less: accumulated depreciation	(1,778,662)	(1,762,699)
	<u>76,329</u>	<u>84,968</u>
Motor vehicles at cost	192,919	192,919
Less: accumulated depreciation	(173,912)	(169,526)
	<u>19,007</u>	<u>23,393</u>
Leasehold improvements at cost	14,669	13,315
Less: accumulated depreciation	(8,170)	(6,771)
	<u>6,499</u>	<u>6,544</u>
Total plant and equipment	<u>101,835</u>	<u>114,905</u>
<i>Reconciliation of the carrying amounts is set out below:</i>		
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	84,968	67,803
Additions	21,323	43,262
Depreciation expense	(29,962)	(26,097)
Carrying amount at end of year	<u>76,329</u>	<u>84,968</u>
<b>Motor vehicles</b>		
Carrying amount at beginning of year	23,393	47,095
Disposals	-	(16,010)
Depreciation expense	(4,386)	(7,692)
Carrying amount at end of year	<u>19,007</u>	<u>23,393</u>
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	6,544	8,178
Additions	1,355	-
Depreciation expense	(1,400)	(1,634)
Carrying amount at end of year	<u>6,499</u>	<u>6,544</u>
Total carrying amount at end of year	<u>101,835</u>	<u>114,905</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 13: Exploration and evaluation expenditure

	Consolidated	
	2019	2018
	\$	\$
Exploration and evaluation expenditure	8,050,275	8,155,061
<i>Reconciliation of the carrying amounts is set out below:</i>		
<b>Exploration and evaluation expenditure</b>		
Carrying amount at beginning of year	8,155,061	8,155,061
Sale of interest in Hatches Creek Project (note 6a)	(104,786)	-
Carrying amount at end of year	8,050,275	8,155,061

#### (b) Carrying value

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 14: Held for sale assets

	Consolidated	
	2019	2018
	\$	\$
Shares held in Corizon Limited	-	-
<i>A reconciliation of the movement during the year is as follows:</i>		
Opening balance	-	34,862
Disposals of Stratex shares	-	(34,862)
Closing balance	-	-

#### *Corizon Limited*

In the prior year the investment of 16,000,000 ordinary shares held in ASX listed Corizon Limited (ASX: CIZ) had been stated at the lower of the carrying value at date of reclassification as held for sale and the fair value. The carrying value of the Corizon Limited investment at date of reclassification as held for sale was \$Nil. Corizon Limited at balance date was suspended from the ASX.

#### *Stratex International PLC*

In the prior year the remaining shares in Stratex International PLC were sold for \$22,589, resulting in a loss of \$12,273.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 15: Investment in associate

#### Tungsten Mining NL

The Group has a 9.60% (2018: 11.14% 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 \$16,800,000 at a share price of \$0.24 per share.

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

	Consolidated	
	2019	2018
	\$	\$
Proportion of the Company's ownership	9.60%	11.14%
<i>Share of the associate's statement of financial position:</i>		
Current assets	3,293,189	5,867,793
Non-current assets	2,248,137	360,964
Total liabilities	(203,120)	(75,048)
<b>Equity</b>	<b>5,338,206</b>	<b>6,153,709</b>
Carrying amount of the investment: Opening balance	2,256,161	989,610
Additional investment – Rights issue	-	1,750,000
<b>Total</b>	<b>2,256,161</b>	<b>2,739,610</b>
<i>Share of the associate's loss</i>		
Revenue	95,015	59,583
Expenses	(1,344,593)	(543,032)
<b>Loss for the year</b>	<b>(1,249,578)</b>	<b>(483,449)</b>
Share of the associate's other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(1,249,578)</b>	<b>(483,449)</b>
<b>Carrying amount of the investment: Closing balance</b>	<b>1,006,583</b>	<b>2,256,161</b>
<b>Total share of losses of associate</b>	<b>(1,249,578)</b>	<b>(483,449)</b>
<b>Total carrying amount of investments in associate</b>	<b>1,006,583</b>	<b>2,256,161</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 16: Trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	85,773	49,756
Other payables	64,262	50,902
Rehabilitation accruals	87,224	25,000
Other accruals	318,506	171,274
	<u>555,765</u>	<u>296,932</u>

### Note 17: Provisions

	Consolidated	
	2019	2018
	\$	\$
<b>(a) Current</b>		
Employee entitlements	<u>221,327</u>	<u>342,084</u>
<b>(b) Non Current</b>		
Employee entitlements	<u>201,734</u>	<u>217,417</u>

### Note 18: Contributed equity

	2019	2018	2019	2018
			\$	\$
<b>(a) Issued capital</b>				
253,517,438 Ordinary fully paid shares (2018: 252,494,410)			<u>154,610,483</u>	<u>154,485,219</u>
	<i>Number</i>	<i>Number</i>	<i>\$</i>	<i>\$</i>
<i>Movement in ordinary shares on issue</i>				
Opening balance	252,494,410	245,557,898	154,485,219	154,024,916
Shares issued to Directors in lieu of cash payment	1,023,028	2,677,699	127,500	127,500
Shares issued under the Share Purchase Plan at \$0.085 per share	-	4,258,813	-	362,000
Share issue costs	-	-	(2,236)	(29,197)
Closing balance	<u>253,517,438</u>	<u>252,494,410</u>	<u>154,610,483</u>	<u>154,485,219</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 18: Contributed equity (continued)

#### *Shares issued to Directors*

During the year, in lieu of a cash payment of \$127,500 (2018: \$127,500) for accrued directors fees, shareholders at the 2018 AGM approved the issue of 1,023,028 (2018: 2,677,699) shares to Directors at a weighted average price of \$0.1246 (2018: \$0.0476) per share.

#### (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.

### Note 19: Reserves

	Consolidated	
	2019	2018
	\$	\$
Options reserve	26,949,728	26,883,522
<b>Movements:</b>		
<b>Options reserve</b>		
Opening balance	26,883,522	26,591,329
Share-based payment expense (note 24)	66,206	292,193
Closing balance	26,949,728	26,883,522
	<i>Number</i>	<i>Number</i>
<b>Movement in options on issue</b>		
Opening balance	27,750,000	27,750,000
Issued/(expired) options during the year	-	-
Closing balance	27,750,000	27,750,000

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 19: Reserves (continued)

#### (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	Number	WAEP
	2019	2019	2018	2018
Outstanding at beginning of year	27,750,000	\$0.054	27,750,000	\$0.054
Granted during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at end of year	27,750,000	\$0.054	27,750,000	\$0.054
Exercisable at end of year	27,750,000	\$0.054	27,750,000	\$0.054

#### Director options

No options were granted to directors during the year (2018: Nil). During the year ended 30 June 2017, 20,000,000 unlisted options were issued to Directors following shareholder approval at the Annual General Meeting held on 29 November 2016.

#### Employee options

No options were granted to directors during the year (2018: Nil). During the year ended 30 June 2017, 7,750,000 unlisted options were issued to employees and consultants following shareholder approval at the Annual General Meeting held on 29 November 2016.

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

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
<b>Director options</b>					
<i>Granted on 23 Dec 2016</i>					
Tranche 1	4,000,000	4,000,000	\$0.04	23 Dec 2020	1.49 years
Tranche 2	4,000,000	4,000,000	\$0.05	23 Dec 2020	1.49 years
Tranche 3	12,000,000	12,000,000	\$0.06	23 Dec 2020	1.49 years
<b>Employee options</b>					
<i>Granted on 6 Feb 2017</i>					
Tranche 1	1,550,000	1,550,000	\$0.04	6 Feb 2021	1.61 years
Tranche 2	1,550,000	1,550,000	\$0.05	6 Feb 2021	1.61 years
Tranche 3	4,650,000	4,650,000	\$0.06	6 Feb 2021	1.61 years
Outstanding at end of year	27,750,000	27,750,000	\$0.054		

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 20: Accumulated losses

	Consolidated	
	2019	2018
	\$	\$
Opening balance	(167,242,021)	(163,364,077)
Loss attributable to members of the Parent	(3,067,161)	(3,877,944)
Closing balance	<u>(170,309,182)</u>	<u>(167,242,021)</u>

### Note 21: Cash flow statement reconciliation

	Consolidated	
	2019	2018
	\$	\$

#### Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:

Loss after income tax	(3,067,161)	(3,877,944)
Depreciation	35,749	35,423
Profit on disposal of plant and equipment	(4,000)	(16,610)
Share of loss in associates (note 15)	1,249,578	483,449
Loss on sale of investment	-	12,273
Profit on sale of interest in Hatches Creek Project	(1,616,156)	-
Directors salary and fees settled in shares	127,500	127,500
Share-based payments expense	66,205	292,193

#### *Movements in assets and liabilities*

Decrease in trade and other receivables and prepayments	43,631	77,296
Increase/(decrease) in trade and other payables	261,468	(23,529)
Increase/(decrease) in provisions	(136,439)	50,473
Net cash (used in) operating activities	<u>(3,039,625)</u>	<u>(2,839,476)</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 22: Related party disclosure

	Country of Incorporation	Equity interest	
		2019	2018

#### (a) Subsidiaries

Iron West Resources Pty Ltd	Australia	100%	100%
Western Gold Resources Pty Ltd	Australia	100%	100%
Wiluna West Gold Pty Ltd	Australia	100%	100%
RWG Minerals Pty Ltd	Australia	100%	100%
NT Tungsten Pty Ltd	Australia	100%	100%

#### (b) Ultimate parent

GWR Group Limited is the ultimate parent of the Group.

#### (c) Associates

##### Tungsten Mining NL (Tungsten)

##### *Services provided to Tungsten*

The Group provided certain management and technical services to Tungsten as detailed in the table below.

	Consolidated	
	2019	2018

##### *Services provided to Tungsten*

Executive management and administration	228,081	360,000
Corporate salaries recharged	200,786	-
Occupancy and recharges	6,580	73,687
Exploration and evaluation related activities	336,101	92,788
	<u>771,548</u>	<u>526,475</u>

Services to Tungsten were provided under a agreement that was terminated prior to balance date. At balance date \$Nil (2018: \$37,400) remains outstanding in receivables from Tungsten.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 22: Related party disclosure (continued)

#### (c) Associates (continued)

##### *Services received from Tungsten*

The Group received certain services from Tungsten as detailed in the table below.

	Consolidated	
	2019	2018
	\$	\$
<i>Services received from Tungsten</i>		
Corporate and financial	10,000	-
Administration and recharges	25,259	-
<i>Transfer of employee entitlements to Tungsten</i>		
Reimbursement of leave liabilities	189,290	-
	<u>224,549</u>	<u>-</u>

##### *Transfer of employee entitlements to Tungsten*

During the year it was mutually agreed with certain employees to transfer their employment to Tungsten and for their employment with the Company to terminate. This agreement was conditional upon Tungsten recognising employee commencement data and past service, which included the calculation of leave and other service-related entitlements. Pursuant to this agreement the Company paid \$189,290 (2018 \$Nil) to Tungsten for the recognition of such employee entitlements.

##### *Hatches Creek Project Farm-in Agreement with Tungsten*

During the year the Group executed a Joint Venture and Farm-in Agreement ("the Agreement") Tungsten for the Group owned Hatches Creek Tungsten Project ("the Project") in the Northern Territory.

The Agreement provides 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. Refer to note 6(a).

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.

At balance date \$20,603 (2018: \$Nil) remains outstanding in payables to Tungsten.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 22: Related party disclosure (continued)

#### (d) Key management personnel

Other than those disclosed in Note 22(e), no other transactions with key management personnel occurred during the year.

#### (e) Transactions with related parties

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

Law is controlled by the Company's Non-executive Deputy Chairman Tan Sri Dato' Tien Seng Law. The Company entered into an office lease agreement with Law at normal commercial terms for the period from 22 August 2014 to 21 August 2016. The agreement is currently operating on a month to month rental basis and the Company, in the current financial year, paid and or incurred \$145,544 including GST (2018: \$159,644) in rental and oncost expenses in relation to this rental agreement. There was \$21,031 including GST due or outstanding to Law at balance date (2018: Nil).

##### *Endeavour Corporate Pty Ltd (Endeavour)*

Company Secretary, Mark Pitts is a Partner at corporate advisory firm Endeavour which provided certain accounting services to the Company. These services for the current financial year, paid and or incurred were \$2,024 including GST (2018: \$Nil). There are no amounts due or outstanding to Endeavour in relation to these services at balance date (2018: Nil).

#### (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 23: Key management personnel disclosures

	Consolidated	
	2019	2018
	\$	\$
<b>Compensation for key management personnel</b>		
Short-term	1,351,606	1,101,665
Post-employment	105,415	84,473
Long-term	13,360	6,044
Share-based payments	66,206	278,459
	<u>1,536,587</u>	<u>1,470,641</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 24: Share based payments

	Consolidated	
	2019	2018
	\$	\$
Unlisted options - Directors	66,206	185,750
Unlisted options - employees and consultants	-	106,443
	<u>66,206</u>	<u>292,193</u>

These share-based payments expenses represent portion of vested expenses for options granted to to Directors, employees, consultants and contractors in the 2017 financial year under the share option plans detailed in note 19 of this financial report.

### Note 25: Remuneration of auditors

	Consolidated	
	2019	2018
	\$	\$
<b>Amount paid or due and payable to Stantons International</b>		
Audit services	44,334	35,575
Other services	-	-
	<u>44,334</u>	<u>35,575</u>

The Auditors did not receive any other benefit during the year.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 26: Commitments for 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 \$1,518,000, of which \$1,083,700 is subject to exemptions, resulting in \$434,300 in annual tenement commitments (2018: \$717,200). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

#### Mining Agreement with Traditional Owners

Under a certain mining agreement with Traditional Owners the Group has annual pre-production commitments of \$25,000.

	Consolidated	
	2019	2018
	\$	\$
<b>Office rental commitments</b>		
Less than one year	9,467	11,833
More than one year	-	-
	<u>9,467</u>	<u>11,833</u>

### Note 27: Contingencies

On 3 June 2019, the Company announced the execution of a Joint Venture and Farm-in Agreement with Tungsten Mining NL to dispose of a 20% interest in the Hatches Creek Tungsten Project (refer Note 22c for contingent asset).

The Group is not aware of any other significant contingencies as at the end of the financial year.

### Note 28: Events after balance date

On 17 September 2019 the Company announced it had executed a revised Term Sheet for a mining rights agreement with Gold Valley Iron Ore Pty Ltd for the mining of up to 3 million tonnes of iron ore from the JWD deposit at the Wiluna West Iron Project. The transaction includes staged payments, which are subject to certain conditions, to the Company totalling up to \$1 million for Stage 1 and a further \$4.25 million on exercise of the Stage 2 option by Gold Valley Iron Ore Pty Ltd. In addition, a production royalty is payable during both stages, which is linked to the iron ore price in the range of \$1 to \$2 per tonne.

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

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 29: Parent entity disclosures

	Parent	
	2019	2018
	\$	\$

#### (a) Financial position

##### Assets

Current assets	2,942,093	4,361,337
Non-current assets	9,255,632	10,574,620
Total assets	12,197,725	14,935,957

##### Liabilities

Current liabilities	601,260	592,879
Non-current liabilities	201,735	217,418
Total liabilities	802,995	810,297

##### Equity

Contributed equity	154,610,483	154,485,219
Accumulated losses	(170,165,481)	(167,243,081)
Reserves	26,949,728	26,883,522
Total equity	11,394,730	14,125,660

#### (b) Financial performance

Loss for the year	(2,922,400)	(3,872,946)
Other comprehensive income	-	-
Total comprehensive loss	(2,922,400)	(3,872,946)

#### (c) Contingencies

On 3 June 2019, the Company announced the execution of a Joint Venture and Farm-in Agreement with Tungsten Mining NL to dispose of a 20% interest in the Hatches Creek Tungsten Project (refer Note 22c for contingent asset). The Company is not aware of any other significant contingencies as at the end of the financial year.

#### (d) Guarantees

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

# Notes to the Financial Statements, For the year ended 30 June 2019

## Note 29: Parent entity disclosures (continued)

### (e) Commitments for expenditure

#### Annual Tenement expenditure commitments

In order to maintain current rights of tenure to mining tenements, the Company has discretionary minimum annual tenement expenditure requirements and lease rentals of \$1,400,000, of which \$1,083,700 is subject to exemptions, resulting in \$316,300 in annual tenement commitments (2018: \$101,800). This discretionary expenditure is capable of being varied from time to time in order to maintain these rights of tenure to mining tenements.

#### Mining Agreement with Traditional Owners

Under a certain mining agreement with Traditional Owners the Group has annual pre-production commitments of \$25,000.

#### Office rental commitments

	Parent	
	2019	2018
	\$	\$
Less than one year	9,467	11,833
More than one year	-	-
	<u>9,467</u>	<u>11,833</u>

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# 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 2019 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 2019 and of its performance for the year then ended; and
  - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Directors,



Gary Lyons  
**Director**

Dated at Perth, this 19<sup>th</sup> day of September 2019

# Independent Audit Report

## Auditor's independence

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

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

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### 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, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

##### Key Audit Matters

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 year. 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. We have determined the following matters described overleaf as key audit matters to be communicated in our report.

# Independent Audit Report

Stantons International

Key Audit Matters	How the matter was addressed in the audit
<p><b>Carrying Value of Exploration and Evaluation Assets (Note 2(k), Note 13)</b></p> <p>As at 30 June 2019, Capitalised Exploration and Evaluation expenditure totalled \$8,050,275 (refer to Note 13 of the financial report).</p> <p>The carrying value of Capitalised Exploration and Evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"><li>• The significance of the total balance (66% of total assets);</li><li>• 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</li><li>• The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure.</li></ul>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"><li>i. Assessing the Group's right to tenure and percentage holdings over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation;</li><li>ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against the requirements of AASB 6;</li><li>iii. Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included:<ul style="list-style-type: none"><li>▪ Minutes of meetings of the board and management;</li><li>▪ Announcements made by the Group to the Australian Securities Exchange; and</li><li>▪ Cash forecasts; and</li></ul></li><li>iv. Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to the requirements of AASB 6 to ensure appropriate disclosures are made.</li></ol>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, 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

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# Independent Audit Report

## Stantons International

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 Group 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 group 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 consolidated 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.

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# Independent Audit Report

Stantons International

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2019. 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.

## Opinion on the Remuneration Report

In our opinion the Remuneration Report of GWR Group Limited for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director

West Perth, Western Australia  
19 September 2019

# Additional Information

## Security holder information as at 17 October 2019

### Distribution schedule and number of holders of equity securities

Spread of Holdings	1-1,000	1,001-5,000	5,001-10,000	10,001-100,000	100,001-and over	Total	Number on issue
Listed ordinary shares	484	494	178	375	117	1,648	253,517,438
<i>Unquoted securities on issue</i>							
Unlisted Director options	-	-	-	-	5	5	20,000,000
Unlisted Employee options	-	-	-	-	5	5	7,750,000

There were 926 shareholders holding less than a marketable parcel of listed ordinary shares.

### 20 largest holders of quoted equity securities

Ordinary shares (ASX Code: GWR)

Holder Name	No. of ordinary fully paid shares held	Percentage of issued shares held
1 Citicorp Nom PL	66,542,773	26.25%
2 HSBC Custody Nom Aust Ltd	57,898,584	22.84%
3 Hunan Valin Steel Co Ltd	14,400,000	5.68%
4 Maxim Growth Cap Ltd	11,900,000	4.69%
5 Casaviva Inv Ltd	11,875,000	4.68%
6 J P Morgan Nom Aust PL	6,699,239	2.64%
7 TA Sec Hldgs Berhad	5,847,780	2.31%
8 Jupiter Mines Ltd	4,646,849	1.83%
9 Turnquest Inv Ltd	4,458,867	1.76%
10 BNP Paribas Noms PL	3,897,963	1.54%
11 Lyons Gary + Cusmano T	3,823,200	1.51%
12 Wilson Michael Reginald	2,657,313	1.05%
13 RHB Sec Singapore Pte Ltd	2,085,989	0.82%
14 Diza Super PL	2,063,005	0.81%
15 Lau Datuk Chin An	1,958,553	0.77%
16 Lee Kong Leng	1,958,553	0.77%
17 Wynnes Inv Hldg Ltd	1,958,553	0.77%
18 Bonaccorso Garry	1,685,000	0.66%
19 Yijian Inv Co Ltd	1,600,000	0.63%
20 Page Raymond Thomas	1,520,000	0.60%
<b>Total 20 largest holders</b>	<b>209,477,221</b>	<b>82.63%</b>

# Additional Information

## Substantial shareholders

The following substantial shareholders are recorded:

Name	Ordinary shares no.	Percentage of issued shares held
Wynnes Investment Holding Ltd	27,012,450	11.25%
Bluebay Investments Group Corporation	21,908,333	8.68%
Hunan Valin Iron and Steel Group CompanyLtd	14,400,000	6.00%

## Unquoted securities on issue

The following unquoted securities on issue are as follows:

	Exercise price	Expiry date	Number of unlisted options on issue	Number vested and exercisable
Unlisted Director options	\$0.04 – \$0.06	23 Dec 2020	20,000,000	20,000,000
Unlisted Employee options	\$0.04 – \$0.06	6 Feb 2021	7,750,000	7,750,000

## Voting Rights

The voting rights attached to each class of equity securities are set out below.

### (a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### (b) Unlisted options

Holders of unlisted options are not entitled to vote at a meeting of members in person, by proxy or upon a poll, in respect of their option holdings.

## On-market buy back

There is no current on-market buy back.

## Restricted securities

The Company has no restricted securities on issue.

# Additional Information

## Tenement Interests as at 17 October 2019

Location	Tenement	Percentage held
<b>Western Australia</b>		
<b>Wiluna</b>		
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%
Wiluna West	M53/1087-I	100%
Wiluna West	M53/1096-I	100%
<b>RWG Minerals</b>		
Nardoo Well	E09/2114	100%
Twin Hills	E29/950	100%
Cookes Creek	E46/1095	100%
Cookes Creek	E46/1163	100%
<b>Northern Territory</b>		
<b>Hatches Creek <sup>1 2</sup></b>		
Hatches Creek	EL22912	100%
Hatches Creek	EL23463	100%

1) Not including tenement applications.

2) 100% registered holder of the Hatches Creek tenements, however are only 80% beneficially held pursuant to an agreement with Tungsten NL.

# Annual Mineral Resources and Ore Reserves Statement

## 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 previously announced and disclosed in the Company's 2018 Annual Report. Subsequent to the end of the financial year on 15 August 2019 the Company announced a Resource update for the Wiluna West Gold project.

## Wiluna West Project

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

### Wiluna West Iron Project

#### Resources

As at 30 June 2019 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</b>	<b>60.0</b>	<b>7.4</b>	<b>2.4</b>	<b>0.06</b>	<b>3.8</b>

#### Reserves

As at 30 June 2019, 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 2019.

# Annual Mineral Resources and Ore Reserves Statement

## Wiluna West Gold Project

### Resources

As at 30 June 2019, total JORC 2004 and JORC 2012 Indicated and Inferred mineral resources were as follows:

#### Wiluna West Gold Project - Mineral Resources 30 June 2019

JORC Status	Prospect	Resource Type	Tonnes	Grade (g/t Au)	Ounces
JORC 2012	Golden Monarch	Indicated	474,000	2.4	36,600
at 0.5 g/t cut off		Inferred	273,000	1.8	15,800
		<b>Total</b>	<b>747,000</b>	<b>2.2</b>	<b>52,400</b>
JORC 2004	Bottom Camp	Inferred	329,000	2.0	21,100
at 1.0 g/t cut off	Bowerbird	Inferred	169,000	3.1	17,000
	Bronzewing	Inferred	104,000	2.4	8,000
	Brilliant	Inferred	342,000	2.5	27,900
	Wren	Inferred	61,000	2.5	4,800
	Emu	Inferred	371,000	2.4	28,700
	Eagle	Inferred	489,000	2.4	37,800
	Comedy King	Inferred	183,000	1.8	10,800
	Goldfinch	Inferred	80,000	1.4	3,600
	Iron King	Inferred	481,000	2.3	35,600
	Iron Hawk	Inferred	138,000	1.5	6,800
		<b>Total</b>	<b>2,747,000</b>	<b>2.3</b>	<b>202,100</b>
		<b>Total JORC 2004 &amp; JORC 2012</b>	<b>3,494,000</b>	<b>2.3</b>	<b>254,500</b>

*Note: Differences may occur due to rounding. For JORC 2004 refer to ASX announcement 14 June 2010. The Mineral Resource Estimates shown as JORC 2004 compliant were first prepared and disclosed under JORC 2004 and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since they were last reported. For the JORC 2012 refer to ASX announcement dated 31 October 2017*

There was no material change in the Mineral Resources and Reserves of the Wiluna West Gold Project during the year ending 30 June 2019.

# Annual Mineral Resources and Ore Reserves Statement

Subsequent to the end of the financial year on 15 August 2019 the Company announced a Gold Resource update for the Wiluna West Gold project as summarised below.

## Wiluna West Gold Project - Mineral Resources 15 August 2019

JORC Status	Prospect	Resource Type	Tonnes	Grade (g/t Au)	Ounces
JORC 2012	Golden Monarch	Measured	30,000	3.0	3,000
at 0.5 g/t cut off		Indicated	380,000	2.1	30,000
(Optiro August 2019)		Inferred	390,000	2.1	30,000
		<b>Sub Total</b>	<b>800,000</b>	<b>2.2</b>	<b>55,000</b>
	Eagle	Indicated	110,000	2.8	10,000
		Inferred	680,000	1.6	35,000
		<b>Sub Total</b>	<b>790,000</b>	<b>1.8</b>	<b>45,000</b>
	Emu	Inferred	600,000	2.2	40,000
	Joyners Find	Inferred	90,000	2.6	10,000
	<b>Total</b>	<b>Measured</b>	<b>30,000</b>	<b>3.0</b>	<b>3,000</b>
		<b>Indicated</b>	<b>490,000</b>	<b>2.3</b>	<b>40,000</b>
		<b>Inferred</b>	<b>1,760,000</b>	<b>1.9</b>	<b>110,000</b>
		<b>Total JORC 2012</b>	<b>2,280,000</b>	<b>2.0</b>	<b>153,000</b>
JORC 2004	Bottom Camp	Inferred	329,000	2.0	21,100
at 1.0 g/t cut off	Bowerbird	Inferred	169,000	3.1	17,000
(CSA June 2010)	Bronzewing	Inferred	104,000	2.4	8,000
	Brilliant	Inferred	342,000	2.5	27,900
	Wren	Inferred	61,000	2.5	4,800
	Comedy King	Inferred	183,000	1.8	10,800
	Goldfinch	Inferred	80,000	1.4	3,600
	Iron King	Inferred	481,000	2.3	35,600
	Iron Hawk	Inferred	138,000	1.5	6,800
		<b>Total JORC 2004</b>	<b>1,887,000</b>	<b>2.2</b>	<b>135,600</b>
		<b>Total JORC 2004 &amp; JORC 2012</b>	<b>4,167,000</b>	<b>2.2</b>	<b>289,000</b>

Note: Differences may occur due to rounding. For JORC 2004 refer to ASX announcement 14th June 2010. The Mineral Resource Estimates shown as JORC 2004 compliant were first prepared and disclosed under JORC 2004 and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since they were last reported. For the JORC 2012 refer to ASX announcement dated 15th August 2019

# Annual Mineral Resources and Ore Reserves Statement

The August 2019 update resulted in changes to the Mineral Resource estimates for Golden Monarch, Eagle and Emu deposits and a maiden Mineral Resource estimate for Joyners Find as summarised below.

JORC Status	Prospect	Resource Type	Tonnes	Grade (g/t Au)	Ounces
JORC2012 at 0.5 g/t cut off	Golden Monarch	Measured	33,000	3.0	3,200
		Indicated	380,000	2.1	26,100
		Inferred	388,000	2.1	26,100
		<b>Sub Total</b>	<b>801,000</b>	<b>2.2</b>	<b>55,400</b>
	Eagle	Indicated	108,000	3.0	10,400
		Inferred	733,000	1.7	39,100
		<b>Sub Total</b>	<b>841,000</b>	<b>1.8</b>	<b>49,500</b>
	Emu	Inferred	598,000	2.2	41,500
	Joyners Find	Inferred	88,000	2.6	7,300
	Total	Measured	33,000	3.0	3,200
		Indicated	488,000	2.3	36,600
		Inferred	1,807,000	2.0	113,900
		<b>Total</b>	<b>2,328,000</b>	<b>2.1</b>	<b>153,700</b>

Notes: Differences may occur due to rounding. Refer to ASX announcement dated 15 August 2019.

## Hatches Creek Tungsten Project

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

### Resources

As at 30 June 2019, 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 2019.

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# 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 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 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.

# CORPORATE DIRECTORY

## Board of Directors

Gary Lyons  
Non-executive Chairman

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

Kong Leng (Jimmy) Lee  
Non-executive Director

Datuk Chin An Lau  
Non-executive Director

Michael Wilson  
Executive Director

Teck Siong Wong  
Alternate Director for Mr Law

## Company Secretaries

Mark Pitts  
Simon Borck

## General Manager

Adrian Costello

## Principal & Registered Office

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Email: [admin@gwrgroup.com.au](mailto:admin@gwrgroup.com.au)

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## Auditor

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West Perth WA 6005

## Investor and Media Relations

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## Bankers

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## ABN

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## ASX Code

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