



GWR Group Limited

Half Year Report
December 2014

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Competent Person's Statement

The information in this report which relates to Exploration Targets, Exploration Results, 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 and Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is a Director and principal geologist of Al Maynard & Associates Pty Ltd and has 35 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 2013 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate Directory

Board of Directors:

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

Chief Executive Officer:

Craig Ferrier

Company Secretary:

Mark Pitts

Principal and registered office:

97 Outram Street
West Perth, WA 6005

PO Box 517
West Perth, WA 6872
Telephone: +61 8 9322 6666
Facsimile: +61 8 9312 2370
Email: admin@gwrgroup.com.au
Website: www.gwrgroup.com.au

Issued capital as at 31 December 2014:

Fully paid ordinary shares: 240,178,059
Options: 24,600,000

Auditors:

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

Bankers:

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

Share registry:

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

Solicitors:

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

Stock exchange:

Australian Securities Exchange Limited
Company code: GWR

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2014.

Directors

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

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

Dividends

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

Principal activities

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

Operating results

The consolidated loss after income tax for the half-year was \$2,682,478 (2013 restated: loss of \$3,095,040). During the period net cash used in operating and investing activities totalled \$2,112,881 (2013: \$2,874,699).

As set out in note 2(c), the Group has made a change to its accounting policy for exploration and evaluation expenditure, with expenditure being expensed as it is incurred other than for acquisition costs. Accordingly, the comparative period information has been restated on the same basis. The effect of the change in accounting policy is set out in the Consolidated Statement of Changes in Equity.

Review of Operations

With the substantial deterioration in the iron ore market, during the period the Company has taken measures to limit the outgoings related to its iron ore assets, reducing costs through restructuring its activities. The Company has also investigated a number of other mineral opportunities to support a strategy of building GWR into an Australian resource house.

In August 2014, GWR was engaged by its associated entity, Tungsten Mining NL ("TGN") to provide management and technical services on a fee for service basis. In the period to 31 December 2014 this resulted in management fees and cost recoveries amounting to \$254,478 credited against expenses.

Exploration and evaluation expenditure for the period amounted to \$1,354,178 compared to \$2,171,656 in the prior half year. As described elsewhere in this report, following the end of the financial period the Group entered into a binding Heads of Agreement to farm into the Hatches Creek Tungsten Project in the Northern Territory.

After balance date events

On 16 January 2015 the Company entered into a binding Heads of Agreement ("HoA") to farm into the Hatches Creek Tungsten Project in the Northern Territory held by ASX listed Arunta Resources Ltd. GWR will earn a 50% interest in the Project by spending \$1.5m on development and exploration within two years from the execution date unless extended due to the occurrence of a force majeure event.

Directors' Report

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

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



Gary Lyons

Chairman

Dated at Perth this 16th day of March 2014

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2014

	Note	Consolidated	
		31 December 2014	31 December 2013
			(Restated)
		\$	\$
Revenue	4	437,643	494,243
Employee expenses	5(a)	(692,953)	(748,266)
Depreciation expense		(51,914)	(80,280)
Other expenses	5(b)	(1,867,781)	(2,684,456)
Loss on disposal of fixed assets		(47,752)	--
Share of loss of an associate	9	(459,721)	(76,281)
Loss before income tax		(2,682,478)	(3,095,040)
Income tax expense		--	--
Loss for the period		(2,682,478)	(3,095,040)
Attributable to members of the Parent		(2,682,478)	(3,095,040)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on investment in listed shares		--	--
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive loss of an associate		--	(11,813)
Net fair value loss on available-for-sale financial assets		(1,647)	(190)
Other comprehensive loss for the period		(1,647)	(12,003)
Total comprehensive loss for the period		(2,684,125)	(3,107,043)
Total comprehensive loss attributable to members of the Parent		(2,684,125)	(3,107,043)
Basic loss per share in cents		(1.12)	(1.29)

Diluted loss per share is not disclosed as it would not reflect an inferior position.
The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2014

	Note	31 December 2014	Consolidated 30 June 2014 (Restated)	1 July 2013 (Restated)
		\$	\$	\$
Current assets				
Cash and cash equivalents		16,184,911	18,297,792	24,361,191
Trade and other receivables		271,960	293,412	285,039
Prepayments		54,911	27,910	33,733
Available-for-sale financial assets	7(a)	75,837	112,484	136,637
Other current financial assets	8(a)	--	67,882	--
Total current assets		16,587,619	18,799,480	24,816,600
Non-current assets				
Plant & Equipment		355,051	450,431	645,052
Exploration & evaluation expenditure	6	16,210,000	16,210,000	16,210,000
Available-for-sale financial assets	7(b)	-	1,365,000	-
Investment in an associate	9(a)&(b)	940,279	-	490,753
Other financial assets	8(b)	17,200	17,200	1,126,735
Total non-current assets		17,522,530	18,042,631	18,472,540
Total assets		34,110,149	36,842,111	43,289,140
Liabilities				
Current liabilities				
Trade and other payables		239,363	280,067	845,945
Interest bearing liabilities		5,758	127	516
Provisions		116,917	116,813	91,374
Total current liabilities		362,038	397,007	937,835
Non-current liabilities				
Provisions		292,909	305,777	286,717
Total non-current liabilities		292,909	305,777	286,717
Total liabilities		654,947	702,784	1,224,552
Net assets		33,455,202	36,139,327	42,064,588
Equity				
Contributed equity	10	153,801,791	153,801,791	153,801,791
Reserves	11	26,180,060	26,181,707	26,323,865
Accumulated losses		(146,526,649)	(143,844,171)	(138,061,068)
Total equity		33,455,202	36,139,327	42,064,588

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2014

	Ordinary share capital	Accumulated losses (Restated)	Option reserve	Investments revaluation reserve	Translation reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1/7/2014	153,801,791	(88,507,556)	26,309,612	(125,308)	(2,597)	91,475,942
Retrospective adjustment from change in accounting policy	--	(55,336,615)	--	--	--	(55,336,615)
Balance at 1/7/2014 (restated)	153,801,791	(143,844,171)	26,309,612	(125,308)	(2,597)	36,139,327
Loss for the period	--	(2,682,478)	--	--	--	(2,682,478)
Other comprehensive loss	--	--	--	(1,647)	--	(1,647)
Total comprehensive loss for the period	--	(2,682,478)	--	(1,647)	--	(2,684,125)
Balance at 31/12/2014	153,801,791	(146,526,649)	26,309,612	(126,955)	(2,597)	33,455,202
Balance at 1/7/2013	153,801,791	(67,049,058)	26,309,612	(14,855)	29,108	113,076,598
Retrospective adjustment from change in accounting policy	--	(71,012,010)	--	--	--	(71,012,010)
Balance at 1/7/2013 (restated)	153,801,791	(138,061,068)	26,309,612	(14,855)	29,108	42,064,588
Loss for the period (Restated)	--	(3,095,040)	--	--	--	(3,095,040)
Other comprehensive loss	--	--	--	(190)	(11,813)	(12,003)
Total comprehensive loss for the period	--	(3,095,040)	--	(190)	(11,813)	(3,107,043)
Balance at 31/12/2013	153,801,791	(141,156,108)	26,309,612	(15,045)	17,295	38,957,545

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

Consolidated statement of cash flows

For the half-year ended 31 December 2014

	Consolidated	
	December 2014	December 2013 (Restated)
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,285,685)	(1,312,259)
Interest received	426,176	558,466
Other Income	65,830	26,555
Net cash used in operating activities	(793,679)	(727,238)
Cash flows from investing activities		
Payments for exploration & evaluation expenditure	(1,382,798)	(2,210,858)
Payments for plant and equipment	(11,337)	(2,419)
Proceeds from sale of plant and equipment	7,051	--
Proceeds from sale of gold assets	--	80,000
Payments for security deposits/bonds	--	(14,184)
Refunds from security deposits/bonds	67,882	--
Net cash used in investing activities	(1,319,202)	(2,147,461)
Cash flows from financing activities		
Costs of security issues	--	(425,052)
Net cash used in financing activities	--	(425,052)
Net decrease in cash and cash equivalents	(2,112,881)	(3,299,751)
Cash and cash equivalents at beginning of the period	18,297,792	24,361,191
Cash and cash equivalents at the end of the period	16,184,911	21,061,440

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

Condensed notes to the financial statements

For the half-year ended 31 December 2014

Note 1: Corporate information

The financial report of GWR Group Limited and its subsidiaries ('the consolidated entity' or 'the Group') for the half-year ended 31 December 2014 was authorized for issue in accordance with a resolution of the directors on 16 March 2014.

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

Note 2: Basis of preparation and accounting policies

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half-year.

b. Accounting Policies

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

c. Change in Accounting Policies and New & Revised Accounting Standards Applicable to the Current Half-year Reporting Period

The Group has made a voluntary change to its accounting policy to exploration and evaluation expenditure. The new accounting policy was adopted for the year ended 30 June 2015 with effect from 1 July 2014 and has been applied retrospectively.

The new exploration and evaluation expenditure accounting policy is to expense expenditure as incurred other than for the capitalisation of acquisition costs.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest were current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Management judges that the change in accounting policy will result in the financial report providing no less relevant or reliable information and will provide a higher degree of confidence as to the probability that future economic benefits will flow to the group upon capitalisation of expenditure incurred in an area of interest.

AASB 6 Exploration for and evaluation of mineral resources allows both the previous and new accounting policies of the group.

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

Condensed notes to the financial statements

For the half-year ended 31 December 2014

d. Principles of Consolidation

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

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

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

Note 3: Segment information

Determination and identification of reportable segment

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

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

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

Note 4: Revenue

	Consolidated	
	December 2014	December 2013
	\$	\$
Interest received	306,676	467,688
Sundry Income	130,967	26,555
	<u>437,643</u>	<u>494,243</u>

Condensed notes to the financial statements

For the half-year ended 31 December 2014

Note 5: Expenses

(a) Employee expenses

	Consolidated	
	December 2014	December 2013 (Restated)
	\$	\$
Salary and wages	595,589	569,598
Superannuation	47,703	40,856
Other employee expenses	49,661	137,812
	<u>692,953</u>	<u>748,266</u>

(b) Other expenses

Administration costs	213,686	207,260
Corporate costs	85,480	115,420
Consulting fees	80,093	14,400
Legal costs	43,937	43,657
Occupancy costs	90,407	132,063
Exploration & evaluation expenditure	1,354,178	2,171,656
	<u>1,867,781</u>	<u>2,684,456</u>

Note 6: Exploration and evaluation expenditure

	Consolidated		
	December 2014	June 2014	1 July 2014
	(Restated)	(Restated)	(Restated)
	\$	\$	\$
Non-current			
Balance at beginning of the period	16,210,000	16,210,000	16,210,000
Expenditure incurred during the period	--	--	--
Disposals during the period	--	--	--
Expenditure expensed during the period	--	--	--
Impaired during the period	--	--	--
Balance at the end of the period	<u>16,210,000</u>	<u>16,210,000</u>	<u>16,210,000</u>

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.

Condensed notes to the financial statements

For the half-year ended 31 December 2014

Note 7: Available-for-sale financial assets

	Consolidated	
	December 2014 \$	June 2014 \$
(a) Current		
At fair value		
Shares – Australian listed ¹	8,550	19,950
Shares – UK listed ²	67,287	92,534
	<u>75,837</u>	<u>112,484</u>
(b) Non-current		
At fair value		
Shares – Australian listed ³	--	1,365,000
Shares – Australian unlisted	--	--
	<u>--</u>	<u>1,365,000</u>

¹ The Company sold a 100% interest in its Doherty's Project (M57/619) to Classic Minerals Ltd (ASX code: CLZ) on 31 July 2013 for a consideration of \$80,000 cash and the issue of 570,000 fully paid ordinary shares at \$0.09 per share in Classic Minerals Ltd. The Company still holds the shares at reporting date.

² Western Gold Resources Limited, a wholly owned subsidiary of the Company, held 1,795,803 ordinary shares in AIM listed company Stratex International Limited as at the end of the reporting period.

³ The Company acquired a 16.5% interest in Tungsten Mining NL (ASX code: TGN) in June 2014. The Company still holds 35 million ordinary shares at the end of the reporting period. This holding has been classified as an investment in an associate with effect from 1 July 2014, as significant influence was considered to be exercised by the Company over TGN from this date (see note 9(b)).

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

Available-for-sale investments - listed shares

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

Available-for-sale investments – unlisted shares

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates.

Management believes the estimated fair value resulting from the valuation techniques and recorded in the balance sheet and the related impairment charge recorded in the profit and loss account are reasonable and the most appropriate at the balance sheet date.

A reconciliation of the movement during the period is as follows:

Opening balance	11,670,000	11,670,000
Additions	--	--
Closing balance	<u>11,670,000</u>	<u>11,670,000</u>
Allowance for impairment loss ¹	<u>(11,670,000)</u>	<u>(11,670,000)</u>
	<u>--</u>	<u>--</u>

¹ An allowance for impairment loss of \$11,670,000 has been recognised by the Group in a prior period as management has determined that the investment is impaired.

Condensed notes to the financial statements

For the half-year ended 31 December 2014

Note 8: Other financial assets

	Consolidated	
	December 2014	June 2014
(a) Current	\$	\$
Security deposits/bonds ¹	--	67,882
	--	67,882
(b) Non-current		
Security deposits/bonds	17,200	17,200
	17,200	17,200

¹. The security deposits used to guarantee the bonds for Perth Office at Suite 2 & 4/138 Main Street, Osborne Park, were released after the Company moved out of the premises.

Note 9: Investments in associates

(a) West Peak Iron

The company has a 19.9% interest in West Peak Iron Limited ("WPI"), which is an exploration company with a focus on exploration for iron ore in West Africa and Western Australia. WPI is a listed company on the ASX. The following table illustrates the summarised financial information of the Company's investment in WPI:

Share of the associate's statement of financial position:

Current assets	12,644	9,885
Non-current assets	67,301	69,137
Current liabilities	(120,257)	(95,344)
Non-current liabilities	--	-
Equity/(deficiency)	(40,312)	(16,322)
	19.9%	19.9%
Carrying amount of investment: opening balance	--	490,753
<i>Share of the associate's loss</i>		
Revenue	3	2,126
Expenses	(76,424)	(461,174)
Profit/(loss)¹	(76,421)	(459,048)
Share of the associate's other comprehensive income		
Exchange difference on translation of foreign operations	13,968	(31,705)
Other comprehensive income/(loss)¹	(62,453)	(31,705)
Carrying amount of the investment	--	--

¹. The share of total comprehensive losses amounting to \$117,041 (including \$40,620 other comprehensive losses) were unrecognised as at 31 December 2014 due to the carrying amount of the investment in WPI being reduced to Nil.

Condensed notes to the financial statements

For the half-year ended 31 December 2014

(b) Tungsten Mining NL

The company has a 16.5% interest in Tungsten Mining NL ("TGN"), which is a listed company on the ASX. With effect from 1 July 2014, TGN has been accounted for as an associated company as it was deemed that the Company exercised significant influence over TGN from this date. TGN is focused on the development and exploitation of tungsten deposits, in particular the advanced Kilba Project in the Ashburton region of Western Australia. The following table illustrates the summarised financial information of the Company's investment in TGN:

	Consolidated	
	December 2014	June 2014
	\$	\$
Share of the associate's statement of financial position:		
Current assets	229,096	--
Non-current assets	291,424	--
Current liabilities	(41,507)	--
Non-current liabilities	--	--
Equity	479,013	--
	16.5%	
Opening balance: costs of investment	1,400,000	--
<i>Share of the associate's loss</i>		
Revenue	8,833	--
Expenses	(468,554)	--
Loss for the period	(459,721)	--
Share of the associate's other comprehensive income	--	--
Other comprehensive income/(loss)	--	--
Carrying amount of the investment	940,279	--

Note 10: Contributed equity

	Consolidated	
	December 2014	June 2014
	\$	\$
Issued capital		
240,178,059 Ordinary fully paid shares (30 June 2014: 240,178,059)	153,801,791	153,801,791
	Number	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2014	240,178,059	153,801,791
Share issues	--	--
At 31 December 2014	240,178,059	153,801,791

Condensed notes to the financial statements

For the half-year ended 31 December 2014

Note 11: Reserves

	Consolidated	
	December 2014	June 2014
	\$	\$
Options reserve	26,309,612	26,309,612
Investments revaluation reserve	(126,955)	(125,308)
Foreign currency translation reserve	(2,597)	(2,597)
	<u>26,180,060</u>	<u>26,181,707</u>
<i>Movements:</i>		
Option reserve		
Balance at beginning of the period	26,309,612	26,309,612
Share based payments	--	--
Balance at end of the period	<u>26,309,612</u>	<u>26,309,612</u>
Investments revaluation reserve		
Balance at beginning of the period	(125,308)	(14,855)
Net loss on revaluation of available-for-sale financial assets	(1,647)	(110,453)
Balance at end of the period	<u>(126,955)</u>	<u>(125,308)</u>
Foreign currency translation reserve		
Balance at beginning of the period	(2,597)	29,108
Net gain/(loss) on foreign currency translation	--	(31,705)
Balance at end of the period	<u>(2,597)</u>	<u>(2,597)</u>
Total Reserves	<u>26,180,060</u>	<u>26,181,707</u>

Note 12: Contingent liabilities

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

Note 13: Events subsequent to reporting date

On 16 January 2015 the Company entered into a binding Heads of Agreement ("HoA") to farm into the Hatches Creek Tungsten Project in the Northern Territory held by ASX listed Arunta Resources Ltd. GWR will earn a 50% interest in the Project by spending \$1.5m on development and exploration within two years from the execution date unless extended due to the occurrence of a force majeure event.

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

Directors' declaration

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Gary Lyons
Chairman

Dated at Perth, this 16th day of March, 2014

Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
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Australia
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16 March 2015

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

Dear Sirs

RE: GWR GROUP LIMITED

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

As Audit Director for the review of the financial statements of GWR Group Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



Martin Michalik
Director

Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GWR Group Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for GWR Group Limited (the consolidated entity). The consolidated entity comprises both GWR Group Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GWR Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independent auditor's review report

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of GWR Group Limited on 16 March 2015.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
16 March 2015