



GWR Group Limited
(formerly Golden West Resources Limited)

Half Year Report
December 2013

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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 2012 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:

Suite 4, 138 Main Street
Osborne Park, WA 6017

PO Box 260
Osborne Park, WA 6917
Telephone: +61 8 9201 9202
Facsimile: +61 8 9201 9203
Email: admin@gwrgroup.com.au
Website: www.gwrgroup.com.au

Issued capital as at 31 December 2013:

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 2013.

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 West Africa.

During the half year period, the Company changed its name from Golden West Resources Limited to GWR Group Limited.

Operating results

The consolidated loss after income tax for the half-year was \$995,580 (2012: loss of \$775,015). During the period net cash used in operating and investing activities totalled \$2,874,699 (2012: \$4,620,984). Payments for exploration and evaluation were \$984,820 (or 31%) lower than the corresponding half year of 2012. There were no outflows relating to equity investments in the half year (2012: \$880,000).

Cash outflows from financing activities were \$425,052 (2012: \$Nil) and related to payments made for costs, including underwriting fees, associated with the entitlements issue completed in the June quarter.

Review of Operations

The Company's activities during the half year remained focused on the development of the Wiluna West Iron Ore Project and the opportunity to commence operations by exporting ore from the Port of Geraldton. Commercial discussions in relation to the export of iron ore in the Company's own right or by way of arrangement with an existing producer are being assessed by the Company.

Since early 2013, work has been progressing on various aspects of the supply chain from the Wiluna West site to Geraldton. GWR has completed technical and commercial assessments of the alternative haulage routes, identifying a combination of the unsealed Wiluna to Sandstone Road and sealed highway from Sandstone to Geraldton as the preferred haulage option. This route represents the shortest distance which will drive lower transport costs, but requires an upgrade of the shire road. To mitigate risks associated with transport disruption it is also proposed to establish a product stockpile and transport yard west of Sandstone, adjacent to the sealed highway. During the period, GWR commenced work on the approvals and permitting requirements for the proposed upgrade and to support haulage operations. This included flora and fauna studies, Restricted Access Vehicle (RAV) assessment by the MRD, water and borrow pit studies and haulage contractor cost estimates for haulage of ore on the proposed route.

To support the Company's strategy of commencing operations via the export of approximately 1mtpa of high grade iron ore through the port of Geraldton, GWR also commissioned mining studies to support mine planning activities. Work undertaken during the period covered; defining the mining method, equipment sizing and selection and pit optimisation studies. Work is currently being completed on ore blending, production schedule and mining costs for

Directors Report

the John William Douth ("JWD") deposit. This work has also been complemented by studies into opportunities to schedule low cost start-up pits at a number of other deposits at Wiluna West.

Regional exploration undertaken during the period included processing of the detailed air magnetics flown earlier in the year and geological mapping upon E69/3022 at the Earahedy Project, whilst a second program of RC drilling (14 holes for an aggregate of 1,138m) was completed at the Woodley Project. Encouraging results indicate potential for the Woodley Project to be a satellite deposit to the Wiluna West Iron Ore Project in close proximity to the proposed haulage route to Geraldton.

After balance date events

Under the Mining Act 1978, tenement holders are required to provide unconditional performance bonds as security to ensure they fulfil their environmental obligations. At balance date the Group had cash backed security deposits amounting to \$1,057,562 (Note 8 (a)) to guarantee the bonds issued by the Company's banker on its behalf. Pursuant to the Mining Rehabilitation Fund (MRF) Act 2012, rather than provide bonds as security, holders of tenements are required to pay an annual levy calculated by reference to the amount of rehabilitation required by their mining and exploration activities. The operation of the MRF is compulsory from 1 July 2014 and tenement holders were permitted to "opt in" to the system from 1 July 2013, allowing the retirement of performance bonds held by the Department of Mines and Petroleum. The Group elected to opt in to the MRF with effect from 1 July 2013. Since balance date, the Company has paid the MRF levy for the 2013 financial year amounting to \$553. At the date of this report, bonds and security deposits amounting to \$365,000 have been released with the remaining bonds of \$663,000 expected to be released in March.

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 11th day of March 2014

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2013

	Note	Consolidated	
		December 2013 \$	December 2012 \$
Revenue	4	494,243	679,040
Employee expenses	5	(748,266)	(806,588)
Depreciation expense		(80,280)	(105,439)
Other expenses		(584,996)	(542,028)
Share of loss of an associate	9	(76,281)	--
Loss before income tax		(995,580)	(775,015)
Income tax expense		--	--
Loss for the period		(995,580)	(775,015)
Attributable to members of the Parent		(995,580)	(775,015)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Gain on investment in listed shares		--	320,000
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive loss of an associate		(11,813)	--
Net fair value loss on available-for-sale financial assets		(190)	(16,276)
Other comprehensive (loss)/income for the period		(12,003)	303,724
Total comprehensive loss for the period		(1,007,583)	(471,291)
Total comprehensive loss attributable to members of the Parent		(1,007,583)	(471,291)
Basic loss per share in cents		(0.41)	(0.40)

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 2013

	Note	Consolidated	
		December 2013	June 2013
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		21,061,440	24,361,191
Trade and other receivables		195,113	285,039
Prepayments		64,357	33,733
Available-for-sale financial assets	7(a)	51,300	--
Other current financial assets	8(a)	1,057,562	--
Total current assets		22,429,772	24,679,963
Non-current assets			
Plant & Equipment		567,190	645,052
Exploration & evaluation expenditure	6	89,321,471	87,222,010
Available-for-sale financial assets	7(b)	136,447	136,637
Investment in an associate	9	402,659	490,753
Other financial assets	8(b)	83,357	1,126,735
Total non-current assets		90,511,124	89,621,187
Total assets		112,940,896	114,301,150
Liabilities			
Current liabilities			
Trade and other payables		482,379	845,945
Interest bearing liabilities		6,761	516
Provisions		94,706	91,374
Total current liabilities		583,846	937,835
Non-current liabilities			
Provisions		288,035	286,717
Total non-current liabilities		288,035	286,717
Total liabilities		871,881	1,224,552
Net assets		112,069,015	113,076,598
Equity			
Contributed equity	10	153,801,791	153,801,791
Reserves	11	26,311,862	26,323,865
Accumulated losses		(68,044,638)	(67,049,058)
Total equity		112,069,015	113,076,598

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 2013

	Ordinary share capital	Accumulated losses	Option reserve	Investments revaluation reserve	Translation reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1/7/2013	153,801,791	(67,049,058)	26,309,612	(14,855)	29,108	113,076,598
Loss for the period	--	(995,580)	--	--	--	(995,580)
Other comprehensive loss	--	--	--	(190)	(11,813)	(12,003)
Total comprehensive loss for the period	--	(995,580)	--	(190)	(11,813)	(1,007,583)
Balance at 31/12/2013	153,801,791	(68,044,638)	26,309,612	(15,045)	17,295	112,069,015
Balance at 1/7/2012	147,021,501	(64,621,240)	26,309,612	--	--	108,709,873
Loss for the period	--	(775,015)	--	--	--	(775,015)
Other comprehensive income	--	--	--	303,724	--	303,724
Total comprehensive loss for the period	--	(775,015)	--	303,724	--	(471,291)
Balance at 31/12/2012	147,021,501	(65,396,255)	26,309,612	303,724	--	108,238,582

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

Consolidated statement of cash flows

For the half-year ended 31 December 2013

	Consolidated	
	December 2013	December 2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,312,259)	(1,375,118)
Interest received	558,466	795,805
Other Income	26,555	60,569
Net cash used in operating activities	(727,238)	(518,744)
Cash flows from investing activities		
Payments for exploration & evaluation expenditure	(2,210,858)	(3,195,678)
Investments in listed company shares	--	(880,000)
Payments for plant and equipment	(2,419)	(7,859)
Proceeds from sale of gold assets	80,000	--
Payments for security deposits/bonds	(14,184)	(18,703)
Net cash used in investing activities	(2,147,461)	(4,102,240)
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	(3,299,751)	(4,620,984)
Cash and cash equivalents at beginning of the period	24,361,191	24,882,064
Cash and cash equivalents at the end of the period	21,061,440	20,261,080

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 2013

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 2013 was authorized for issue in accordance with a resolution of the directors on 11 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 2013 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 2013, together with any public announcements made during the following half-year.

b. Accounting Policies

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

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The following new and revised Australian Accounting Standards together with consequential amendments to other Standards became mandatorily applicable from 1 January 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 127: Separate Financial Statements (August 2011);
- AASB 11: Joint Arrangements;
- AASB 128: Investments in Associates and Joint Ventures (August 2011);
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards; and
- AASB 2012-10: Amendments to Australian Accounting Standards — Transition Guidance and Other Amendments.
- AASB 13: Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

AASB 10: Consolidated Financial Statements became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied this Accounting Standard retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10. The effects of initial application of this Standard in the current half-year reporting period is as follows:

Consolidated financial statements:

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now

Condensed notes to the financial statements

For the half-year ended 31 December 2013

assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012-2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 2(d).

Accounting for Associates

AASB 128 Investments in Associates and Joint Ventures was applied early with effect from the financial year commencing 1 July 2012.

Other

The other Standards referred to above did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have joint arrangements, investment in associates, assets and liabilities measured at fair value or defined benefit plan assets or obligations.

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 (including any structured entities). 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.

Condensed notes to the financial statements

For the half-year ended 31 December 2013

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 2013	December 2012
	\$	\$
Interest received	467,688	618,471
Sundry Income	26,555	60,569
	<u>494,243</u>	<u>679,040</u>

Note 5: Employee expenses

Salary and wages	569,598	594,040
Superannuation	40,856	40,759
Other employee expenses	137,812	171,789
	<u>748,266</u>	<u>806,588</u>

Note 6: Exploration and evaluation expenditure

	Consolidated	
	December 2013	June 2013
	\$	\$
Non-current		
Balance at beginning of the period	87,222,010	82,268,276
Expenditure incurred during the period	2,302,956	5,087,796
Disposals during the period	(131,300)	--
Expenditure expensed during the period	(72,195)	(19,105)
Impaired during the period	--	(114,957)
Balance at the end of the period	<u>89,321,471</u>	<u>87,222,010</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 2013

Note 7: Available-for-sale financial assets

	Consolidated	
	December 2013 \$	June 2013 \$
(a) Current		
At fair value		
Shares – Australian listed ¹	51,300	--
	<u>51,300</u>	<u>--</u>
(b) Non-current		
At fair value		
Shares – UK listed ²	136,447	136,637
Shares – Australian unlisted	--	--
	<u>136,447</u>	<u>136,637</u>
	<u>187,747</u>	<u>--</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.

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 end of the reporting period.

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 2013

Note 8: Other financial assets

	Consolidated	
	December 2013 \$	June 2013 \$
(a) Current		
Security deposits/bonds ¹	1,057,562	--
	<u>1,057,562</u>	<u>--</u>
(b) Non-current		
Security deposits/bonds	83,357	1,126,735
	<u>83,357</u>	<u>1,126,735</u>

¹ The current balance represents the security deposits to guarantee the bonds issued by the Company's banker on its behalf under the Mining Act 1978, which requires tenement holders to provide unconditional performance bonds as security to ensure they fulfil their environmental obligations. The Company elected to opt in to the Mining Rehabilitation Funds (MRF) Act 2012 from 1 July 2013 (note 13).

Note 9: Investment in an associate

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	111,359	235,373
Non-current assets	348,121	343,506
Current liabilities	(18,555)	(49,860)
Non-current liabilities	--	--
Equity	<u>440,925</u>	<u>529,019</u>

Carrying Value as at 1 July 2013/ Cost of Investment

Add/less:

Share of the associate's loss

Revenue	1,797	4,630
Expenses	(78,078)	(422,985)
Profit/(loss)	<u>(76,281)</u>	<u>(418,355)</u>

Add/less:

Share of the associate's other comprehensive income

Exchange difference on translation of foreign operations	(11,813)	29,108
Other comprehensive income/(loss)	<u>(11,813)</u>	<u>29,108</u>

Carrying amount of the investment

	<u>402,659</u>	<u>490,753</u>
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Condensed notes to the financial statements

For the half-year ended 31 December 2013

Note 10: Contributed equity

	Consolidated	
	December 2013 \$	June 2013 \$
Issued capital		
240,178,059 Ordinary fully paid shares (30 June 2013: 240,178,059)	153,801,791	153,801,791
	Number	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2013	240,178,059	153,801,791
Share issues	--	--
At 31 December 2013	240,178,059	153,801,791

Note 11: Reserves

	Consolidated	
	December 2013 \$	June 2013 \$
Options reserve	26,309,612	26,309,612
Investments revaluation reserve	(15,045)	(14,855)
Foreign currency translation reserve	17,295	29,108
	26,311,862	26,323,865
<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	26,309,612	26,309,612
Investments revaluation reserve		
Balance at beginning of the period	(14,855)	--
Net loss on revaluation of available-for-sale financial assets	(190)	(14,855)
Balance at end of the period	(15,045)	(14,855)
Foreign currency translation reserve		
Balance at beginning of the period	29,108	--
Net gain/(loss) on foreign currency translation	(11,813)	29,108
Balance at end of the period	17,295	29,108
Total Reserves	26,311,862	26,323,865

Condensed notes to the financial statements

For the half-year ended 31 December 2013

Note 12: Contingent liabilities

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

Note 13: Events subsequent to reporting date

Under the Mining Act 1978, tenement holders are required to provide unconditional performance bonds as security to ensure they fulfil their environmental obligations. At balance date the Group had cash backed security deposits amounting to \$1,057,562 (Note 8 (a)) to guarantee the bonds issued by the Company's banker on its behalf. Pursuant to the Mining Rehabilitation Fund (MRF) Act 2012, rather than provide bonds as security, holders of tenements are required to pay an annual levy calculated by reference to the amount of rehabilitation required by their mining and exploration activities. The operation of the MRF is compulsory from 1 July 2014 and tenement holders were permitted to "opt in" to the system from 1 July 2013, allowing the retirement of performance bonds held by the Department of Mines and Petroleum. The Group elected to opt in to the MRF with effect from 1 July 2013. Since balance date, the Company has paid the MRF levy for the 2013 financial year amounting to \$553. At the date of this report, bonds and security deposits amounting to \$365,000 have been released with the remaining bonds of \$663,000 expected to be released in March.

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 2013 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 11th day of March, 2014

11 March 2014

Board of Directors
GWR Group Limited
Suite 4, 138 Main Street
Osborne Park WA 6017

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 2013, 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

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 2013, 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 2013 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of GWR Group Limited on 11 March 2014.

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 2013 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.

Emphasis of Matter regarding the Recoverability of Capitalised Exploration Expenditure Assets

Without qualification to our review conclusion expressed above, attention is drawn to the following matter:

The consolidated entity has recorded a non-current capitalised exploration expenditure asset totalling \$89,321,471. This asset has been recognised over a number of years in accordance with the consistent application of the consolidated entity's accounting policies. The ability to realise and ultimately recover the capitalised exploration expenditure in full is dependent on the consolidated entity successfully exploiting and commercialising the asset by undertaking mining operations, or through the sale of the relevant mineral interests.

If the consolidated entity is not successful in the aforementioned activities, the realisable value of its non-current exploration expenditure may be significantly less than its current carrying value.

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Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
11 March 2014