

21 April 2021

ASX Announcement

Notice of General Meeting

GWR Group Limited (the Company) (ASX:GWR) is pleased to advise that it has despatched a Notice of General Meeting to shareholders.

The General Meeting is being called to consider the demerger and IPO of GWR's wholly owned subsidiary, Western Gold Resources Limited, which holds the Wiluna West Gold Project.

The General Meeting will be held on Thursday, 20 May 2021 at the offices of Bennett & Co, 28 The Esplanade, Perth commencing at 1.00pm (WST)

This ASX announcement was authorised for release by Gary Lyons, Chairman of GWR Group Limited

For further information please contact:

Gary Lyons
Chairman

David Utting
David Utting Corporate
Ph: +61 416187462

Mark Pitts
Company Secretary

E: garylions@heiniger.com.au E: david@davidutting.com E: markp@endeavourcorp.com.au

GWR Group Limited

ACN 102 622 051

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**General Meeting to be held at Bennett + Co, Ground Floor, 28 The Esplanade, Perth on
Thursday, 20 May 2021 commencing at 1.00pm (WST).**

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay. The business of the General Meeting affects your shareholding and your vote is important.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of GWR Group Limited (ACN 102 622 051) will be held at Bennett + Co, Ground Floor, 28 The Esplanade, Perth on Thursday, 20 May 2021 commencing at 1.00pm (WST).

Agenda

1. REDUCTION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 256C(1) of the Corporations Act, the issued share capital of the Company be reduced by the Company making a pro rata In-specie Distribution of all the shares in Western Gold Resources Limited ACN 139 627 446 (“**Western Gold**”) to the Company’s shareholders subject to Western Gold receiving approval for admission to the official list of ASX and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.”*

2. GENERAL

2.1. Explanatory Statement

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of General Meeting.

2.2. Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholders’ entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5.00pm (WST) on Tuesday, 18 May 2021 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

2.3. Proxies

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 1.00pm (WST) on Tuesday, 18 May 2021.

2.4. Voting by Proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

2.5. Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, a "Corporate Representative Certificate" should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

Dated: 20 April 2021



Mark Pitts
Company Secretary
By order of the Board
GWR Group Limited

CHAIRMAN'S LETTER TO SHAREHOLDERS

20 April 2021

Dear Shareholder

With GWR's Wiluna West Iron Ore Project having delivered its first revenue, we believe the time is right to take advantage of the buoyant gold price and spin-out our highly prospective Wiluna West Gold Project whilst rewarding our loyal shareholders with an in-specie distribution.

We believe the Wiluna West Gold Project will attract better investor attention and valuation in a standalone entity, while GWR will become a pure play iron ore company.

The Wiluna West Gold Project is an advanced exploration project located approximately 35km west from Wiluna in Western Australia. The project comprises multiple deposits situated on granted mining leases.

Given the quality of the Wiluna West Gold Project and the lack of work undertaken in recent years, we expect that a demerged Western Gold will attract the level of capital required to aggressively and systematically explore the relatively under-explored 22km of Joyners Find Greenstone Belt whilst also advancing the brownfields resource.

GWR is proposing, subject to Shareholder approval, to:

- (a) demerge Western Gold and accordingly separate its Wiluna West Gold Project; and
- (b) list Western Gold on the ASX.

GWR requires Shareholder approval in order to demerge Western Gold. The Company proposes to demerge Western Gold by undertaking an in-specie distribution of a 100% of the Western Gold Shares it holds.

We look forward to realising the true potential of our gold portfolio and will continue to update the market with the progress of the proposed Western Gold IPO.

Yours sincerely



Gary Lyons
Chairman
GWR Group Limited

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolution in the accompanying Notice of General Meeting.

A copy of the Notice of General Meeting and Explanatory Statement will be distributed to all GWR shareholders and is also available in electronic form on GWR's website at <http://www.gwrgroup.com.au/>.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

2. REGULATORY MATTERS

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 1 of the Notice of General Meeting constitutes an "offer" to transfer Western Gold Shares to Shareholders pursuant to an in-specie distribution under Chapter 6D of the Corporations Act. A prospectus is required to be prepared in relation to the "offer" unless an exemption applies or ASIC provides relief. The Company applied to ASIC under section 741(1) of the Corporations Act for relief from the requirement to prepare a prospectus. On 14 April 2021 ASIC advised the Company of its in-principle decision to approve the application. Accordingly, the Company has not prepared a prospectus in relation to this offer.

2.1. No Material Information

There is no information known to the Company that is material to the decision by a Shareholder on how to vote other than as disclosed in this Notice of General Meeting and Explanatory Statement and information that the Company has previously disclosed to Shareholders.

2.2. ASIC and ASX

A copy of the Notice of General Meeting and Explanatory Statement has been lodged with ASIC in accordance with section 256C(5) of the Corporations Act. Neither ASIC nor its officers take any responsibility for the contents of the Notice of General Meeting and Explanatory Statement.

A copy of the Notice of General Meeting and Explanatory Statement, has been lodged with the ASX. Neither the ASX nor any of its officers take any responsibility for the contents of the Notice of General Meeting and Explanatory Statement. The fact that the ASX may admit Western Gold to the Official List is not to be taken in any way as an indication of the merits of an investment in Western Gold.

2.3. Disclosure to ASX

The Company is a company whose ordinary securities are quoted on ASX and as such is subject to regular reporting and disclosure obligations. Copies of all documents lodged in relation to the Company may be obtained from www.asx.com.au.

2.4. JORC Competent Person's Statement

The information in this Explanatory Statement including the Annexure that relates to the updated and maiden geostatistical modelling of Mineral Resources for the Wiluna West Gold Project is based on, and fairly represents, information and supporting documentation prepared by Paul Blackney, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Blackney is a full-time employee of Optiro Pty Ltd. Mr Blackney has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Blackney consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the Annexure to the Explanatory Statement which relates to Exploration Results 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 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.

2.5. Forward Looking Statements

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and Western Gold such as (without limitation):

- (a) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences;
- (b) liquidity risk;
- (c) risks associated with the exploration or developmental stage of projects;
- (d) native title claims;
- (e) funding risks;
- (f) operational risks;
- (g) climate change regulation;
- (h) changes to Government fiscal;
- (i) monetary and regulatory policies;

- (j) the impact of actions of Governments;
- (k) the potential difficulties in enforcing agreements;
- (l) protecting assets;
- (m) alterations to resource estimates and the imprecise nature of resource and reserve statements;
- (n) any circumstances adversely affecting areas in which the Company or Western Gold operates;
- (o) fluctuations in the production, volume and price of commodities;
- (p) any imposition of significant obligations under environmental regulations;
- (q) fluctuations in exchange rates;
- (r) the fluctuating industry and commodity cycles;
- (s) the impact of inflation on operating and development costs;
- (t) taxation;
- (u) regulatory issues and changes in law and accounting policies;
- (v) the adverse impact of wars, terrorism, political, economic or natural disasters;
- (w) the impact of changes to interest rates;
- (x) loss of key personnel;
- (y) delays in obtaining or inability to obtain any necessary Government and regulatory approvals; and
- (z) insurance and occupational health and safety.

For more information on the risk factors facing Western Gold, please refer to section 5.7.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of the Company, Western Gold, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

2.6. Responsibility Statement

The Explanatory Statement has been prepared by the Company and the Board as at the date of the Explanatory Statement. The Company and the Board are responsible for the Explanatory Statement.

2.7. No Financial Product Advice

This document does not constitute financial product, taxation or investment advice or a recommendation in respect of the Western Gold Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders

should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor Western Gold are licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of the Western Gold Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

2.8. Privacy

The Company may collect personal information in the process of implementing the In-specie Distribution. This information may include the names, contact details and security holdings of Eligible Shareholders and the names of persons appointed by Eligible Shareholders to act as proxy, corporate representative or attorney at the General Meeting. The primary purpose of collecting this information is to assist the Company in conducting the General Meeting and to enable the In-specie Distribution to be implemented by the Company in the manner described in this Explanatory Statement. Personal information may be disclosed to Western Gold, the registry, print and mail service providers, authorised securities brokers, securities authorities and to Related Bodies Corporate of the Company or Western Gold. Eligible Shareholders have the right to access personal information that has been collected. An Eligible Shareholder who wishes to access personal information should contact the Company's Share Registry Automatic.

Eligible Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at a General Meeting should inform that person of the matters outlined above.

3. REDUCTION OF CAPITAL

3.1. Corporation Act Requirements

The proposed reduction of capital by way of an in-specie distribution is an equal capital reduction.

Under section 256B of the Corporations Act, a company may only reduce its capital if it:

- (a) is fair and reasonable to shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders in accordance with section 256C of the Corporations Act.

The Directors believe that the proposed reduction of capital is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors.

Under the proposed reduction of capital, each Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Proposed Transaction. Further, the Directors consider that the reduction of capital will not result in the Company being insolvent at the time or after the In-specie Distribution.

In accordance with the Corporations Act:

- (a) the proposed reduction of capital is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Shareholders;
- (b) this Explanatory Statement set out all information known to the Company that is material to the decision on how to vote on Resolution 1; and
- (c) the Company has lodged with ASIC a copy of this Notice of General Meeting.

3.2. ASX Listing Rule Requirements

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder must hold before this entitlement accrues. The Proposed Transaction satisfies the requirements of ASX Listing Rule 7.17, as the issue of Western Gold Shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Western Gold Shares accrues.

Further details regarding the Proposed Transaction and Western Gold are set out in sections 4 and 5 respectively.

4. THE PROPOSED TRANSACTION

4.1. Introduction

The Company is listed on the ASX and has a wholly owned subsidiary Western Gold Resources Limited ("**Western Gold**") that holds the Wiluna West Gold Project in Western Australia.

Western Gold was incorporated in Western Australia on 24 September 2009 and is, and was since its incorporation, a wholly owned subsidiary of the Company.

The Company is proposing, subject to Shareholder approval, to:

- (a) demerge Western Gold and accordingly separate its interest in the Wiluna West Gold Project; and
- (b) list Western Gold on the ASX.

The Company requires Shareholder approval in order to demerge Western Gold. The Company proposes to demerge Western Gold by undertaking an in-specie distribution of all of the Western Gold Shares it holds ("**In-Specie Distribution**").

The Company will not retain any of its Western Gold Shares following the In-specie Distribution.

4.2. Wiluna West Gold Project

Western Gold's focus will be the exploration and development of the Wiluna West Gold Project. A detailed overview with respect to the project is set out in the Annexure, which Shareholders are encouraged to read.

The Wiluna West Gold Project is an advanced exploration project located approximately 35km from Wiluna in Western Australia. The project comprises multiple deposits situated on granted mining leases.

The Wiluna West Gold Project contains a Mineral Resource estimate of has a combined JORC 2012 Mineral Resource Estimate of 4,570,000 t @ 2.0 g/t Au for 293,000 oz Au, comprising 30,000 t @ 3.0 g/t Au for 3,000 oz Au Measured, 490,000 t @ 2.3 g/t Au for 36,000 oz Au Indicated and 4,050,000 t @ 2.0 g/t Au for 254,000 oz Au Inferred. A breakdown of the Mineral Resource is detailed in Section 3 of the Annexure to this Explanatory Statement and is also contained in the Company's ASX Announcement made on 12 April 2021 titled Wiluna West Gold Project JORC 2012 Gold Resource Update.

4.3. Demerger process

The Proposed Transaction will involve the following stages:

- (a) Shareholders approve the In-specie Distribution;
- (b) The Company will distribute 100% of the Western Gold Shares which the Company holds (being all of Western Gold's issued capital) to the Eligible Shareholders at no cost to Shareholders, using the calculation of approximately 1 Western Gold Share for every 8.38 GWR Group Limited Share(s) held by Eligible Shareholders¹;
- (c) If Shareholder approval for the In-specie Distribution is obtained, Western Gold will lodge a prospectus for the issue of Western Gold Shares under the proposed Public Offer; and
- (d) Western Gold will close the Public Offer and will, subject to the satisfaction of certain conditions, be admitted to the Official List.

The In-specie Distribution of the Western Gold Shares by the Company will only be available to the Company's Shareholders registered on the In-specie Distribution Record Date. The issue of new Western Gold Shares under the Public Offer will occur shortly before Western Gold is admitted to the Official List.

Once the Western Gold Shares have been quoted on the Official List, those shares will be able to be traded freely on the ASX, except for Western Gold Shares held by related parties of the Company and Western Gold (being the directors of those companies and their related entities) which will be subject to ASX imposed escrow. Based on the current shareholdings of those parties in the Company, the Western Gold Shares held by these parties subject to ASX imposed escrow will represent approximately 9.4% of the total Western Gold Shares on issue (based on minimum subscription to the IPO) and approximately 8.3% of the total Western Gold Shares on issue (based on maximum subscription to the IPO).

The demerger will deliver to Shareholders direct ownership in Western Gold, whilst retaining their interest in the Company.

The demerger is proposed to be effected by way of capital reduction under section 256B of the Corporations Act, which will be satisfied by the In-specie Distribution of Western Gold Shares. The Company's Shareholders are not required to pay any consideration for the Western Gold Shares received by them.

Shareholders should refer to the summary of taxation implications of the demerger set out in section 4.12.

¹ Note: Based on number of Shares on issue as at the date of this Notice, however, the Company notes that the actual ratio of Western Gold Shares proposed to be distributed under the In-specie Distribution remains subject to any changes to the Company's capital structure following the date of this Notice, including the conversion of Options currently on issue.

4.4. Conditions to the Proposed Transaction

While the Board has resolved to proceed with the Proposed Transaction, it remains subject to the following conditions (together, the “**Transaction Conditions**”):

- (a) the Company obtaining Shareholder approval under the Corporations Act for the In-specie Distribution (such approval to be sought pursuant to Resolution 1);
- (b) Western Gold completing its Public Offer;
- (c) Western Gold receiving a letter confirming that the ASX will admit Western Gold to the Official List, subject to the satisfaction of certain conditions on terms acceptable to Western Gold; and
- (d) final approval by the Western Gold Board.

There is no certainty that the Transaction Conditions will be satisfied.

4.5. Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1, for the following reasons:

- (a) the Board sees considerable underlying value in the Wiluna West Gold Project. To fully unlock this value, a dedicated fully funded vehicle is required;
- (b) the Board and management team is focused on its operating iron ore project in Western Australia, being the Wiluna West Iron Ore Project, and the Company does not currently have the required financial and management resources available to adequately develop the Wiluna West Gold Project;
- (c) the Wiluna West Gold Project will be best developed in a separate exploration and development vehicle, with a dedicated board and management team who will be responsible for asset funding and further development;
- (d) after a full and proper assessment of all available information, the Directors believe that the Proposed Transaction is in the best interest of Shareholders; and
- (e) in the opinion of the Directors, the benefits of the Proposed Transaction outweigh its disadvantages.

4.6. Effect of the Proposed Transaction on the Company

The principal effect of the Proposed Transaction on the Company will be:

- (a) no material change in cash reserves;
- (b) minimal change in net assets;
- (c) the reduction of the Company's share capital by \$549,000.

The Proposed Transaction will result in the Company disposing of its interest in the Wiluna West Gold Project through the listing of Western Gold on ASX. These assets have a value of approximately \$549,000 in the Company's financial statements for 31 December 2020.

Set out below is the Historical Consolidated Statement of Financial Position of the Company as at 30 June 2020, which has been derived from the Company's financial statements for the financial year ended 30 June 2020 which were audited by Stantons International in accordance with the Australian Auditing Standards. The financial information below also sets out the reviewed Consolidated Financial Position of the Company as at 31 December 2020 and the unaudited Consolidated Pro-Forma Statement of Financial Position for the Company, as at 31 December 2020 and on the basis the Proposed Transaction was effective on 31 December 2020.

	Audited 30 June 2020 \$	Reviewed 31 December 2020 \$	Pro forma Adjustments \$	Unaudited Pro forma Balance \$
CURRENT ASSETS				
Cash and cash equivalents	1,381,137	4,411,627	-	4,411,627
Trade and other receivables	29,731	228,169	-	228,169
Inventories	-	1,821,405	-	1,821,405
Prepayments	14,686	468,028	-	468,028
Other financial assets	402,000	831,288	-	837,437
Total current assets	1,827,554	7,760,517	-	7,760,517
NON-CURRENT ASSETS				
Financial assets	121,008	121,008	-	121,008
Property, plant and equipment	70,910	81,472	-	81,472
Mine properties and development costs	-	8,465,686	-	8,465,686
Exploration and evaluation expenditure	8,050,275	6,878,379	(549,000)	6,329,379
Total non-current assets	8,242,193	15,546,545	(549,000)	14,997,545
TOTAL ASSETS	10,069,747	23,307,062	(549,000)	22,758,062
CURRENT LIABILITIES				
Trade and other payables	311,135	8,346,149	(20,000)	8,326,149
Provisions	272,209	278,667	-	278,667
Interest-bearing loans and borrowings	-	-	-	-
Unearned income	-	-	-	-
Total current liabilities	583,344	8,624,816	(20,000)	8,604,816
NON-CURRENT LIABILITIES				
Provisions	310,846	1,567,436	(19,097)	1,548,339
Interest-bearing loans and borrowings	-	-	-	-
Deferred tax liabilities	-	-	-	-
Total non-current liabilities	310,846	1,567,436	-	1,567,339
TOTAL LIABILITIES	894,190	10,192,252	(39,097)	10,153,155
NET ASSETS	9,175,557	13,114,810	(509,903)	12,604,907
EQUITY				
Issued capital	154,735,910	158,897,649	(509,903)	158,387,746
Accumulated losses	(172,510,081)	(173,295,217)	-	(173,295,217)
Share-based payments reserve	-	-	-	-
Other reserves	26,949,728	27,512,378	-	27,512,378
TOTAL EQUITY	9,175,557	13,114,810	(509,903)	12,604,907

The Company's capital structure (including number of Shares on issue) will not change as a result of the Proposed Transaction.

4.7. Effect of the Proposed Transaction on Shareholders

Shareholders will hold the same number of Shares they held prior to the Proposed Transaction.

Shareholders on the In-specie Distribution Record Date will be transferred Western Gold Shares on a pro-rata basis

Assuming no further Shares are issued prior to the Effective Date, each Shareholder will receive approximately 1 Western Gold Share for every 8.38 GWR Group Limited Share held on the In-specie Distribution Record Date.

Eligible Shareholders may be exposed to tax consequences as a result of the Proposed Transaction. See section 4.12 for details for Australian taxation implications for Australian tax resident Shareholders.

4.8. Effect of the Proposed Transaction on Existing Options

In accordance with the terms of issue of each of the Options in the Company outstanding and in accordance with ASX Listing Rule 7.22.3, in the event the Proposed Transaction proceeds the exercise price of each Option in the Company will be automatically reduced by the same amount as the amount returned in relation to each Share.

4.9. Plans for the Company following the Proposed Transaction

Following the demerger of Western Gold, the Company intends to continue with the development of the Wiluna West Iron Project as well as its other assets.

4.10. Advantages and Disadvantages of the Proposed Transaction

Advantages

The Directors consider that the Proposed Transaction will have the following advantages for the Company and its Shareholders.

- (a) All Shareholders will retain an interest in the Wiluna West Gold Project through their individual pro-rata shareholdings in Western Gold.
- (b) All Shareholders will retain their current percentage ownership interest in the capital of the Company.
- (c) The In-specie Distribution and Public Offer will allow for a better focus on the advancement of the Wiluna West Gold Project and will enable a more transparent market value to be placed on that project.
- (d) The Proposed Transaction will mean that both Western Gold and the Company will have a primary focus that will not be affected by events or occurrences relating to other projects.
- (e) The In-specie Distribution gives each and every Shareholder an equal and tradeable piece of the Western Gold assets. Shareholders can choose to divest this or hold it based on their views of Western Gold's prospects.
- (f) The completion of the Proposed Transaction will provide Shareholders with the ability to participate in the exploration upside of the Wiluna West Gold Project in a separate company with separate financing capabilities whilst also maintaining their investment exposure to the Company's remaining projects.
- (g) The advancement and potential development of the Wiluna West Gold Project could unlock significant value for Western Gold Shareholders which could be better reflected in Western Gold's share price (once listed).

Disadvantages

The Directors consider that the Proposed Transaction will have the following disadvantages for the Company and its Shareholders.

- (a) There is no guarantee that the Western Gold Shares will rise in value.
- (b) Uncertainty regarding Western Gold's ability to raise additional required funding in the future.
- (c) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Western Gold (e.g. brokerage costs).
- (d) There may be a taxation consequence in respect of the distribution of Western Gold Shares to the Shareholders. Details of the possible general taxation effect of the Proposed Transaction are set out in section 4.12.
- (e) The costs relating to the Proposed Transaction (some of which will initially be incurred by the Company) will include, but are not limited to:
 - i. adviser and other fees incurred in the preparation of the documentation giving effect to the In-specie Distribution; and
 - ii. tax advice obtained in relation to taxation consequences of the In-specie Distribution.
- (f) As a result of the return of capital, the Company may forego a premium it might have received from a person seeking to acquire a controlling stake in Western Gold and the Wiluna West Gold Project.
- (g) Assuming completion of the Proposed Transaction, there will be two separate companies that will require to be funded and will incur ongoing administrative costs (being the Company and Western Gold). This will lead to a duplication of costs to Shareholders in some instances.

4.11. Timetable

The indicative timetable for the Proposed Transaction is set out below:

General Meeting to approve the In-specie Distribution	20 May 2021
ASX informed of Shareholder approval for the In-specie Distribution (if obtained)	20 May 2021
Prospectus lodged with ASIC	17 May 2021
Effective Date of In-specie Distribution	17 June 2021
In-specie Distribution Record Date	22 June 2021
Expected Quotation of Western Gold Shares	28 June 2021

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws.

4.12. Taxation Consequences

The Company anticipates that the proposed Demerger should qualify for demerger tax relief ("**Demerger Tax Relief**").

4.12.1. Australian taxation implications for Australian tax resident Shareholders

The information in this section should not be viewed as specific tax advice and is intended as a general guide only of the Australian taxation consequences for Australian resident Shareholders who receive Western Gold Shares in respect of the capital reduction. The general taxation information below is applicable to Australian residents who hold their Shares on capital account and does not consider the consequences for Shareholders who:

- (a) hold their existing Shares in a business of share trading, dealing in securities or otherwise hold their existing Shares on revenue account or as trading stock;
- (b) acquired their existing Shares under an employee share or option scheme;
- (c) are taken for capital gains tax (CGT) purposes to have acquired their Shares before 20 September 1985;
- (d) are subject to the 'Taxation of Financial Arrangements' (TOFA) provisions in Division 230 of the ITAA 1997 in relation to their holding of their Shares; or
- (e) are tax residents of any jurisdiction other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes).

The summary in this section contains a general description of the tax consequences that could arise for Eligible Shareholders as a consequence of the In-specie Distribution. It does not purport to contain a complete analysis of all potential tax implications. Shareholders who are not residents of Australia for tax purposes should also seek their own independent tax advice in relation to the likely taxation consequences arising from the in-specie distribution specific to their circumstances and under the laws of the country of their residence.

The information below does not consider the future tax implications associated with holding or selling the Shares or Western Gold Shares following implementation of the Proposed Transaction.

The information below has been prepared based on the taxation laws, regulations, rulings and administrative guidance and judicial interpretations as at 19 March 2021. It is important to note the ultimate interpretation of taxation law rests with the courts and that the law, and the way the revenue authorities seek to administer the law, may change over time. Accordingly, information below represents an interpretation of existing law based upon generally accepted interpretations of that law.

This information is not intended to provide an exhaustive or definitive statement as to all possible outcomes for shareholders. Accordingly, the income tax implications for a particular Shareholder may differ from those detailed in this section, depending on their individual circumstances. Shareholders should not rely on the information outlined in this section as it is only general in nature and subject to the Company obtaining

taxation advice. **Neither the Company, nor any of its officers or advisors, accepts liability or responsibility with respect to the taxation consequences of the Proposed Transaction.**

Australian tax laws are complicated and subject to legislative and interpretive change both prospectively and (occasionally) retrospectively. Changes in the tax law or interpretation of the tax law subsequent to the date of this Explanatory Statement may alter the tax treatment of the Proposed Transaction.

Demerger tax relief

The information below has been prepared on the basis that Shareholders who are residents of Australia and who hold their Shares on capital account for tax purposes should be eligible to choose Demerger Tax Relief. Broadly, Demerger Tax Relief ensures that any CGT consequences from the transaction may be deferred, and that the dividend component (if any) of a distribution is not taxed in the hands of the Shareholders.

CGT Consequences

The capital reduction will give rise to a CGT event for Shareholders representing the distribution of Western Gold Shares. The CGT event will happen at the time GWR Group Limited completes the capital reduction.

GWR Group Limited Shareholders can choose whether or not to obtain demerger roll-over relief:

(a) Where demerger roll-over relief is chosen

(i) Capital gain is disregarded

If Demerger Tax Relief is available, for Shareholders who choose demerger roll-over relief, any capital gain made arising from the CGT event happening to their Shares under the capital reduction will be disregarded.

(ii) CGT cost base in Shares and Western Gold Shares

Shareholders will need to apportion the CGT cost base of their original Shares between their original Shares and new Western Gold Shares in accordance with the market values of the Shares and Western Gold Shares (or a reasonable approximation of these market values) just after the demerger.

Further information in relation to the apportionment of cost bases will be provided by GWR Group Limited subsequent to the demerger being implemented.

(iii) Time of acquisition of Western Gold Shares

For Shareholders who choose demerger roll-over relief, their Western Gold Shares will have the same CGT characteristics as the underlying Shares. For the purposes of determining the availability of the CGT discount on a subsequent sale of Western Gold Shares, Western Gold Shares should be taken to have been acquired at the time the shareholder acquired their original Shares. Shareholders should seek appropriate tax advice to determine the application of the general CGT discount in their specific circumstances.

(b) Where demerger roll-over relief is not chosen

(i) Capital gain is not disregarded

If Demerger Tax Relief is available, for Shareholders who do not choose to obtain demerger roll-over relief, any capital gain made arising from the capital reduction under the demerger will not be disregarded.

Shareholders may be entitled to the general CGT discount. Shareholders should seek appropriate tax advice to determine the application of the general CGT discount in their specific circumstances.

If the capital component of the Capital Reduction Amount does not exceed the CGT cost base in the Shares, no capital gain should be made. Shareholders will not make a capital loss as a result of the return of capital under the demerger.

(ii) CGT cost base in Shares and Western Gold Shares

Shareholders who do not choose to obtain demerger roll-over relief should apportion the first element of the CGT cost base in their Shares between those Shares and Western Gold Shares received under the demerger. The method of apportionment is the same as the method for Shareholders who choose to obtain demerger roll-over relief as discussed above.

(iii) Time of acquisition of Western Gold Shares

Where demerger roll-over relief is not chosen, all of the Western Gold Shares transferred to Shareholders will be treated as having been acquired at the time they are transferred to the Shareholders. This will be relevant to Shareholders in determining the availability of the general CGT discount on a subsequent sale of Western Gold Shares. Shareholders should seek appropriate tax advice to determine the application of the general CGT discount in their specific circumstances.

Application of demerger tax integrity measures

In certain circumstances part of an in-specie distribution can be treated as a dividend for Australian tax purposes. The dividend component will be that amount of the In-specie Distribution by which the Company does not reduce share capital.

However, the Commissioner of Taxation (Commissioner), upon a review of the In-specie Distribution, may make a determination under section 45B ITAA 1936 that some or all of the reduction in capital is in substitution of a dividend. This would result in this additional amount being treated as an assessable unfranked dividend, despite the demerger otherwise satisfying the requirements for Demerger Tax Relief.

On the basis the In-specie Distribution qualifies for Demerger Tax Relief, this dividend would not be assessable to Shareholders. Further, having regard to the circumstances of the demerger, GWR Group Limited intends to follow relevant ATO guidance as to an appropriate allocation of the value of the shares between capital and dividend. This is done to ensure the Commissioner should not deem a dividend under section 45B.

Having regard to the circumstances of the demerger, GWR Group Limited does not consider the Commissioner should apply section 45B.

Notwithstanding the above, the Company does not at the present time, intend to apply for a Class Ruling and Shareholders are advised of the potential for the ATO to make a determination under section 45B.

For completeness, the following is an outline of the potential Australian income tax implications for Australian resident Shareholders who hold their Shares on capital account should the Commissioner make a determination under section 45B in respect of the demerger:

- Shareholders may make a capital gain to the extent that the Capital Reduction Amount exceeds the particular Shareholder's cost base.
- All or part of the Capital Reduction Amount may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at the rate of 30% on the gross amount, subject to any applicable double tax agreement).
- The CGT cost base in the Shares may not change as a result of the demerger.
- The CGT cost base in Western Gold Shares should be equal to the Capital Reduction Amount.
- Western Gold Shares should be treated as having been acquired at the time they are transferred to Shareholders.

Taxation implications for the Company

The transfer of shares in Western Gold from the Company to the Shareholders is not expected to have any material adverse tax implications for the Company on the basis Demerger Tax Relief applies.

4.13. Consequences if the Proposed Transaction does not complete

In the event Shareholders do not approve the demerger or the Proposed Transaction does not otherwise complete, the Company will continue to hold all of the issued shares in Western Gold which owns the Wiluna West Gold Project.

In addition to GWR Shareholder approval, the other conditions to the Proposed Transaction are set out in section 4.4 above. In the event Shareholder approval is obtained, the Company is confident based on the information set out in this Explanatory Statement in relation to the proposed IPO and the Wiluna West Gold Project that Western Gold will be successful in completing the Proposed Transaction, but there is no guarantee that this will occur.

In anticipation of the Proposed Transaction proceeding the Company has agreed to the appointment of new directors of Western Gold as set out in section 5.6 and to forgive certain inter-company loans as set out in section 5.8.

Western Gold has also taken various steps including the engagement of a lead manager for the IPO process, an application for in-principle advice to ASX, commencement of preparation of a Prospectus and due diligence and the raising of seed capital. The costs incurred by Western Gold in relation to these matters will be met from the seed capital raised and if the Proposed Transaction does not proceed the parties who have provided the seed capital have agreed to release Western Gold from any obligation to issue any shares or provide any other form of compensation in relation to the seed capital provided.

4.14. Information Concerning Shares

The highest, lowest and most recent recorded sale price of Shares as traded on ASX during the twelve (12) months immediately prior to the date of finalisation of this Explanatory Statement is set out below:

	Date	Price
Highest	4 January 2021	\$0.45
Lowest	16 June 2020	\$0.059
Last	14 April 2021	\$0.30

4.15. Directors' Interests

The table below sets out the number of securities in the Company held by the Directors at the date of finalisation of this Explanatory Statement and also the number and percentage of Western Gold Shares they will have an interest in if the Proposed Transaction completes (based on the minimum raising) assuming they do not acquire or dispose of any shares in the Company prior to the Proposed Transaction being completed or acquire any Western Gold Shares as part of the Public Offer:

Name	Shares	Options	Interest in Western Gold following the In-specie Distribution	
			Western Gold Shares ¹	% interest in Western Gold Shares
Gary Lyons	6,000,000	-	716,026	1.00
Tan Sri Dato' Tien Seng Law	33,432,079	-	3,989,706	5.59
Mick Wilson	5,607,795	-	669,221	0.94
Datuk Chin An Lau	6,765,687	-	807,401	1.13
Kong Leng (Jimmy) Lee	4,682,772	-	558,831	0.78
Teck Siong Wong	-	-	-	-

1. Based on 1 for 8.38 ratio for the In-specie Distribution. Refer to section 4.7 for further details.

4.16. Disclosure to ASX

As an entity with shares quoted on ASX, the Company is a disclosing entity and, as such, is subject to regular reporting and disclosure requirements. Copies of documents lodged in relation to the Company can be accessed at the ASX announcements platform or the Company's website.

5. IMPORTANT WESTERN GOLD INFORMATION

5.1. Introduction

Western Gold was incorporated in Western Australia on 24 September 2009 as a wholly owned subsidiary of the Company. Wiluna West Gold Pty Ltd, is a wholly owned subsidiary of Western Gold and holds the Wiluna West Gold Project.

Subject to Shareholders approving the In-specie Distribution, Western Gold will lodge a prospectus for the Public Offer and apply for admission to the Official List.

Western Gold has reserved the ticker "WGR" with ASX to use as its ASX ticker code.

5.2. Principal Effect of the Proposed Transaction on Western Gold

The principal effect of the In-specie Distribution and Public Offer on Western Gold will be that:

- (a) cash reserves of Western Gold will increase by a minimum of \$5,000,000 or a maximum of \$7,000,000 (before costs);
- (b) the number of Western Gold Shares on issue will increase to approximately 71,375,000 or 81,375,000 based on a minimum or maximum raising respectively; and
- (c) Western Gold will become a public company, separate from GWR and listed on ASX.

5.3. Use of Funds

It is proposed to raise a minimum of \$5,000,000 and a maximum of \$7,000,000 under the Public Offer. The proposed use of funds raised, at both minimum and maximum subscriptions, is as follows:

Use of Funds	Minimum Subscription (\$5m)	Maximum Subscription (\$7m)
Exploration on the Wiluna West Gold Project (2 years)	\$2,685,000	\$4,280,000
Operating and administration Expenses	\$650,000	\$686,400
Directors Fees and Salaries	\$686,950	\$686,950
General Working Capital	\$313,500	\$604,417
Costs of Offer – Fundraising	\$350,000	\$470,000
Costs of Offer – other	\$269,500	\$272,233
Total	\$5,000,000	\$7,000,000

5.4. Detailed information in relation to the Wiluna West Gold Project

Shareholders are encouraged to read the Annexure which contains geological and other detailed information on the Wiluna West Gold Project.

5.5. Western Gold Capital Structure

At the date of this Notice, Western Gold has 36,125,000 shares on issue.

The proposed capital structure of Western Gold following the Public Offer is as follows:

Type of Security	Number assuming the minimum raising under the Western Gold IPO	%	Number assuming the maximum raising under the Western Gold IPO	%
Fully paid ordinary shares				
Eligible GWR shareholders	36,125,000	50.61	36,125,000	44.40
Share issued to seed investors on successful IPO	10,250,000	14.36	10,250,000	12.60
New IPO investors	25,000,000	35.03	35,000,000	43.00
Total Shares	71,375,000	100	81,375,000	100
Options ¹	13,000,000	100	13,000,000	100

¹ Unlisted options proposed to be issued to Directors (10,000,000) and Brokers (3,000,000) at IPO, terms are exercisable by payment of 25 cents on or before 1 July 2024 and 28 February 2024 respectively.

5.6. Western Gold Board and Company Secretary

5.6.1. 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 32 years.

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

5.6.2. Warren Thorne – Managing Director

Mr Thorne is a geologist with over 20 years' experience mainly associated with gold, iron ore, copper and manganese within Western Australia, Queensland, Brazil and West Africa.

Mr Thorne has extensive experience in all stages of regional and near-mine exploration project management, from conceptual targeting and ground acquisition through to resource definition drilling programs and open cut mining geology.

Mr Thorne has held senior exploration and project management roles with a variety of major Australian and international companies including Mineral Resources Ltd, Rio Tinto Iron Ore, Hancock Prospecting, Vale Inco, and Gold Road Resources. Mr Thorne has a PhD in Geology, and is a member of the AusIMM and the SEG.

5.6.3. Teck Wong –Non-executive Director

A Malaysian based businessman with considerable international 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.

Mr Wong is an alternate director of GWR.

5.6.4. Patrick Burke –Non-executive Director

Mr. Burke has extensive legal and corporate advisory experience and over the last 15 years has acted as a Director for a large number of ASX, NASDAQ and AIM listed companies.

Mr Burke's legal expertise is in corporate, commercial and securities law in particular, capital raisings, mergers and acquisitions and IPOs. His corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal structuring and pricing, funding, due diligence and execution.

5.6.5. Mark Pitts – Company Secretary/CFO

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 30 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 is also company secretary of GWR.

5.6.6. Remuneration of Western Gold Directors

Set out below is the initial remuneration payable by the Company to each Western Gold Director.

Director	Role	Annual remuneration
Gary Lyons	Non-Executive Chairman	\$42,000 (excl. of statutory superannuation)
Warren Thorne	Managing Director	\$240,000 (excl. of statutory superannuation)
Teck Wong	Non-Executive Director	\$42,000 (excl. of statutory superannuation)
Patrick Burke	Non-Executive Director	\$42,000 (excl. of statutory superannuation)

5.7. Risk Factors in Holding Western Gold Shares

The Western Gold Shares to be distributed under the In-Specie Distribution should be considered speculative because of the nature of the business activities of Western Gold, particularly that of mineral exploration. Whilst the Directors recommend the Proposed Transaction, potential investors should consider whether the Western Gold Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read the Notice in its entirety and if in any doubt consult their professional advisor.

5.7.1. Risks Specific to Western Gold and the Wiluna West Gold Project

Western Gold's exploration project represents the main business activity and focus of Western Gold. Risks specific to this project and Western Gold's circumstances include the following:

5.7.1.1. Title

Western Gold's wholly owned subsidiary Wiluna West Gold has a contractual interest in the underlying mineral titles through a Deed of Co-operation with GWR rather than a statutory right arising from a direct interest in the underlying mineral titles and is therefore dependent on GWR meeting its contractual and statutory obligations in relation to the underlying mineral titles.

A summary of the Deed of Co-operation is set out in section 5.9(a).

Whilst the Company will have precedence over Wiluna West Gold in the event of an absolute or substantial conflict between any actual or proposed activities of the Company (in relation to iron ore) and Wiluna West Gold (in relation to gold

or other commodities) there is currently no absolute or substantial overlap between the gold deposits identified as part of the Wiluna West Gold Project or the iron ore deposits currently comprising the Wiluna West Iron Project. Details of the gold deposits currently forming part of the Wiluna West Gold Project are set out in the Annexure.

Furthermore, pursuant to the Deed of Co-operation, in the event that Wiluna West Gold proceeds to mining at the Wiluna West Gold Project, Wiluna West Gold is entitled to either a transfer of the relevant mining lease (if the mining area covers the entire area of the mining lease) or a sublease of part of the relevant mining lease (if the mining area forms part only of the mining lease) and in any event Wiluna West Gold is entitled to exclusive possession of the mining portion of the relevant mining lease.

5.7.1.2. Management

Western Gold's success is to a large extent dependent upon the retention of key personnel. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated, or if members of the senior management team were otherwise no longer able to continue in their role, Western Gold would need to replace them which may not be possible if suitable candidates are not available. Furthermore, there is no guarantee Western Gold is able to attract, train and retain key individuals and other highly skilled employees and consultants. As a result, Western Gold's operations and financial performance would likely be adversely affected.

5.7.1.3. Resource estimate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Western Gold encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on Western Gold's operations.

5.7.1.4. Exploration and operating risks

The current and future operations of Western Gold, including exploration, appraisal and possible production activities may be affected by a range of exploration and operating factors including:

- (a) geological conditions;
- (b) limitations on activities due to seasonal weather patterns;

- (c) alterations to program and budgets;
- (d) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling, metallurgical laboratory work and production activities;
- (e) mechanical failure of operating plant and equipment;
- (f) adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (g) industrial action, disputation or disruptions;
- (h) unavailability of transport or drilling equipment to allow access and geological and geophysical investigations;
- (i) failure of metallurgical testing to determine a commercially viable product;
- (j) unavailability of suitable laboratory facilities to complete metallurgical test work investigations;
- (k) shortages or unavailability of manpower or appropriately skilled manpower;
- (l) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- (m) prevention or restriction of access by reason of inability to obtain consents or approvals.

5.7.1.5. Commodity prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of Western Gold. These factors include worldwide and regional supply and demand for the specific commodity, prevailing commodity trading terms, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on Western Gold's exploration, project development and production plans and activities, together with the ability to fund those plans and activities. Furthermore, some products are not trading upon terminal, liquid, commodity exchanges. There is a risk therefore that Western Gold may not be able to secure an attractive price for its commodity products.

5.7.1.6. Environment

The Projects are subject to Northern Territory and federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, the Projects would be expected to have a variety of environmental impacts should development proceed.

Western Gold intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by Western Gold's activities will be rehabilitated as required by applicable laws and regulations.

5.7.1.7. Funding

At the date of this Notice, Western Gold has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration, after the expenditure of the net proceeds raised under the Public Offer. Neither Western Gold nor any of its directors or any other party can provide any guarantee or assurance that if further funding is required, such funding can be raised on terms acceptable to Western Gold.

Any additional equity funding may dilute Western Gold Shareholders if they do not participate in further capital raisings. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example, exploration success, subsequent mine development, commissioning and operational performance.

Western Gold may not be able to earn or maintain proposed equity interest in its tenements if it fails to meet the ongoing expenditure commitments. Accordingly, Western Gold may potentially lose entitlement or rights to interests in the tenements and projects.

5.7.1.8. Unforeseen risks

There may be other risks which the Directors are unaware of at the time of issuing this Notice and Prospectus which may impact on Western Gold and its operations, and on the valuation and performance of Western Gold Shares.

5.7.2. General Economic Risks and Business Climate

Share market conditions may affect the listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) movements in or outlook on interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity prices;

- (e) changes in investor sentiment towards particular market sectors; and
- (f) the demand and supply for capital.

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Western Gold may have an interest.

5.7.3. Climate Change Regulation

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect Western Gold's cost of operations and adversely impact the financial performance of the Company.

The efforts of the Australian government to transition towards a lower-carbon economy may also entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change that could significantly impact Western Gold. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to Western Gold.

Furthermore, the physical risks to Western Gold resulting from climate change can be event driven (acute) or longer term shifts (chronic) in climate patterns. These physical risks may have financial implications for Western Gold, such as direct damage to assets and indirect impacts from supply chain disruption.

5.7.4. Exploration, Development, Mining and Processing Risks

The business of mineral exploration, project development and mining by its nature contains elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements and compliance with the terms of those tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining; and
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Mining is an industry which has become subject to increasing legislative regulation including but not limited to environmental responsibility and liability. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. The introduction of new laws and regulations or changes to underlying policy may adversely impact on the operations of Western Gold.

5.7.5. Native Title

The *Native Title Act 1993* (Cth) recognizes and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

For tenements to be validly granted (or renewed) after 23 December 1996 the special 'right to negotiate' regime established by the Native Title Act 1993 (Cth) must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

As set out in section 3 of the Annexure, the Wiluna West Gold Project area is within the determined Wiluna Native Title Claim. The Company is party to an agreement for the mining of iron ore and gold with the prescribed body corporate for that claim and Wiluna West Gold has agreed to assume all of the obligations of the Company under the agreement in relation to the mining of gold. A summary of the Native Title Agreement is set out in section 5.9(c).

Western Gold must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining operations.

As set out in section 3 of the Annexure, extensive Aboriginal Heritage surveys have been undertaken over the entire project area since 2006 and the proposed footprint of the Golden Monarch deposit has been cleared for mining. Detailed surveys have also been undertaken at the Eagle and Emu deposits.

5.8. Western Gold Financial Information

The consolidated accounts of Western Gold have been audited as at 30 June 2020 and audit reviewed as at 31 December 2020 by Western Gold's auditors, Stantons International. Set out below is the audited/reviewed Historical and unaudited Pro-forma Statement of Financial Position of Western Gold as at 31 December 2020.

	Audited 30 June 2020 \$	Reviewed 31 December 2020 \$	Unaudited Pro forma Balance (Minimum) \$	Unaudited Pro forma Balance (Maximum) \$
CURRENT ASSETS				
Cash and cash equivalents	-	-	a,b4,593,700	a,b6,470,967
Other financial assets	-	-	-	-
Total current assets	-	-	4,593,700	6,470,967
NON-CURRENT ASSETS				
Financial assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Mine properties and development costs	549,000	549,000	549,000	549,000
Exploration and evaluation expenditure	-	-	-	-
Total non-current assets	549,000	549,000	549,000	549,000
TOTAL ASSETS	549,000	549,000	5,142,700	7,019,967
CURRENT LIABILITIES				
Trade and other payables	-	20,000	20,000	20,000
Interest-bearing loans and borrowings	3,555,619	-	-	-
Unearned income	-	-	-	-
Total current liabilities	3,555,619	20,000	20,000	20,000
NON-CURRENT LIABILITIES				
Provisions	19,097	19,097	19,097	19,097
Total non-current liabilities	19,097	19,097	19,097	19,097
TOTAL LIABILITIES	3,574,716	39,097	39,097	39,097
NET ASSETS	(3,025,716)	509,903	5,103,603	6,980,870
EQUITY				
Issued capital	10,400,000	10,400,000	a,b,c 14,833,700	a,b,c16,710,967
Accumulated losses	(13,425,716)	(9,890,097)	c (10,430,097)	c(10,430,097)
Share-based payments reserve	-	-	c700,000	c 700,000
TOTAL EQUITY	(3,025,716)	509,903	5,103,603	6,980,870

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Western Gold as at 31 December 2020 to reflect the financial effects of the following subsequent events which have occurred since 31 December 2020 or will occur as part of the Proposed Transaction:

- Seed capital raising of \$213,200.
- IPO capital raising of a proposed \$5,000,000 (minimum raise) or \$7,000,000 (maximum raise) net of costs of the offer estimated at \$619,500 and \$742,233 respectively.
- Estimated value of unlisted options to be issued to brokers \$160,000 and Directors \$540,000 (refer Section 5.4).

5.9. Material Contracts

Western Gold is a party to the following material contracts:

(a) Deed of Co-operation

Wiluna West Gold (a wholly owned subsidiary of Western Gold), has entered into a Deed of Co-operation with the Company which provides for the co-ordination of their respective activities within the Wiluna West Iron Project and Wiluna West Gold Project areas.

Wiluna West Gold has been granted full, free and exclusive rights to exercise the mineral rights to all minerals other than iron ore in the tenement area.

Each of the parties is required to give the other prior notice of the activities that it proposes to undertake in the tenement area. If the recipient considers the activity will conflict with their existing rights the recipient may give a notice of their objection to the proposed activity.

Where there is not a substantial conflict between any actual or proposed activities of the Company and Wiluna West Gold, the activities of Wiluna West Gold are to be conducted at a time and in a manner which minimises any interference with the activities of the Company.

Where the conduct of any actual or proposed activities of a party will, or are likely to, have a material adverse impact on any mineral resource relevant to the other party, then to the extent that arrangements cannot be agreed between the parties for the preservation, quarantine or mining of the affected mineral resource, areas within the tenement area hosting, or having the potential to host iron ore deposits are to be preserved, quarantined or mined in priority to areas within the tenement area hosting, or having the potential to host, non-iron ore deposits.

Where there is an absolute or substantial conflict between any actual or proposed activities of the Company and Wiluna West Gold, the activities of the Company will have precedence over the activities of Wiluna West Gold.

A party which is proceeding to mining on part of the tenement area is entitled to require the registered holder of the relevant tenement:

- if the tenement is not a mining lease, to apply for the grant of a mining lease and other appropriate forms of mining tenements over the mining area and to then transfer the mining lease and other mining tenements to the mining party for nominal consideration;
- if all or part of the mining area covers the entire area of a tenement that is an existing mining lease, to transfer the mining lease to the mining party for nominal consideration; and
- if all or part of the mining area is within the area of a tenement that is an existing mining lease, to grant a sub-lease of that mining area to the mining party for nominal rent.

If one party is mining a portion of the tenement area, that party is entitled to exclusive possession of that area for the duration of its mining operation and the other party's mineral rights are suspended;

Each party is:

- responsible for, and must indemnify the other against, all rehabilitation and environmental obligations and liabilities relating to its activities on the tenement area;
- liable for 50% of the tenement expenses, including rent and rates; and
- responsible for the rehabilitation of all parts of the tenement area affected by its activities on the tenement area.

(b) Gold Royalty Deed and Deed Poll

The Company is party to a Gold Royalty Deed in relation to a royalty on gold recovered from the land the subject of M 53/1016- 1, M 53/1017-1 and M 53/1018-1, payable to George Francis Lee (Lee) and David Jones Roberts (Roberts), the original vendors of these tenements to GWR.

Pursuant to the deed, a royalty is payable to Lee and Roberts in equal shares as follows:

- \$10 per troy ounce of gold until a total of 50,000 troy ounces of gold have been recovered; and
- Thereafter \$5 per troy ounce of gold.

Pursuant to a Deed Poll, Wiluna West Gold has assumed all the obligations of the Company under the Royalty Deed.

(c) Native Title Agreement

The Company is party to an Agreement for the Mining of Iron Ore and Gold with the prescribed body corporate for the determined Wiluna Native Title Claim. This agreement governs the relationship between the Company and the prescribed body corporate representing the Wiluna native title holders in relation to the exploration and mining of gold and iron in a project area that includes all of the Wiluna West Gold Project area.

Pursuant to this agreement, a production payment is payable to the Wiluna native title holders in respect of gold extracted from the project area in accordance with the formula:

$$PP = RP \times 1.0\%$$

where:

PP = production payment (in Australian dollars) in respect of any calendar quarter in which gold mined from the area is sold; and

RP = the sale price (expressed in Australia dollars using the exchange rate applicable on the last day of the calendar quarter as published by the Reserve Bank of Australia) for any gold mined from the area sold.

Pursuant to a Deed of Assignment and Assumption, Wiluna West Gold has agreed to assume all of the obligations of the Company under the agreement in relation to the mining of gold.

5.10. Substantial Shareholders

As at the date of this Explanatory Statement, Western Gold is a wholly owned subsidiary of the Company. Based on the information known as at the date of this Explanatory Statement, the following persons will have a voting power of 5% or more in Western Gold as a result of the Proposed Transaction (based on the minimum raising) assuming they do not acquire or dispose of any shares in the Company prior to the Proposed Transaction being completed or acquire any Western Gold Shares as part of the Public Offer:

Name of Shareholder	Voting power	
	GWR Group Limited	Western Gold
Wynnes Investment Holding Limited	11.04%	5.58%

5.11. Rights and Obligations Attaching to Western Gold Shares

Western Gold's constitution ("**Constitution**") is of the kind usually adopted by a public company, with certain provisions taking effect once (and for so long as) Western Gold is listed on the ASX.

The following is a summary of the principal rights which will attach to Western Gold Shares. This summary is not intended to be exhaustive.

5.11.1. Voting

Every holder of Western Gold Shares present in person or by proxy, attorney or representative at a meeting of Western Gold Shareholders has one vote on a vote taken by a show of hands or by proxy, attorney or representative has one vote for every Western Gold Share held by him or her. At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn.

5.11.2. Dividends

Western Gold Shareholders are entitled to dividends as a result of their ownership of their Western Gold Shares in accordance with the Constitution and subject to Western Gold's dividend policy.

5.11.3. Transfer of Western Gold Shares

A Western Gold Shareholder may transfer Western Gold Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Western Gold Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Western Gold directors.

The Western Gold directors may refuse to register any transfer of Western Gold Shares, where Western Gold is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules or a Restriction Agreement.

5.11.4. Meetings and notice

Each Western Gold Shareholder is entitled to receive notice of and to attend general meetings for Western Gold and to receive all notices, accounts and other documents required to be sent to Western Gold Shareholders under Western Gold's constitution, the Corporations Act or the Listing Rules.

5.11.5. Liquidation rights

Western Gold has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of Western Gold are satisfied, a liquidator may, with the authority of a special resolution of Western Gold Shareholders divide among the Western Gold Shareholders the whole or any part of the remaining assets of Western Gold. The liquidator can with the sanction of a special resolution of Western Gold Shareholders vest the whole or any part of the assets in trust for the benefit of Western Gold Shareholders as the liquidator thinks fit, but no Western Gold Shareholder can be compelled to accept any Western Gold Shares or other securities in respect of which there is any liability.

5.11.6. Alteration to the constitution

Western Gold's Constitution may only be amended by a special resolution passed by at least 75% of Western Gold Shareholders present and voting at the general meeting. At least 28 days' written notice is required, specifying the intention to propose the resolution as a special resolution must be given.

5.11.7. Sale of Non-Marketable Holdings

Western Gold may take steps in respect of non-marketable holdings of Shares in Western Gold to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

Western Gold may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

5.11.8. Listing Rules

If Western Gold is admitted to the Official List, then despite anything in Western Gold's Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in Western Gold's Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annexure	the annexure to this Explanatory Statement.
General Meeting	the General Meeting of the Company pursuant to this Notice of General Meeting.
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited (ACN 008 624 691) trading as ASX.
Board	the GWR board of Directors.
Business Day	means a business day for the purpose of the Listing Rules.
Chairman	the chairman of the Board, being Mr Gary Lyons.
Constitution	the constitution of the Company.
Company or GWR	GWR Group Limited (ACN 102 622 051).
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Demerger Tax Relief	has the meaning given in section 4.12.
Director	a director of the Company.
Effective Date	the date the In-specie Distribution of Western Gold Shares to Eligible Shareholders is effected.
Eligible Shareholder	a Shareholder on the In-specie Distribution Record Date.
Explanatory Statement	the explanatory statement accompanying the Notice of General Meeting.
In-specie Distribution	the proposed distribution of Western Gold Shares to Shareholders pursuant to the Proposed Transaction.
In-specie Distribution Record Date	means 3 Business Days after the Effective Date.
Listing Rules	the listing rules of ASX as amended from time to time.
Notice of General Meeting	the notice of General Meeting accompanying the Explanatory Statement.
Official List	means the official list of the ASX.
Option	means an option to acquire a Share.
Proposed Transaction	means the proposed transaction described in section 4.1.
Public Offer	means the offer of Western Gold Shares to be made pursuant to a prospectus as part of the Proposed Transaction

Proxy Form	the proxy form accompanying the Notice of General Meeting.
Western Gold	Western Gold Resources Limited (ACN 139 627 446).
Western Gold Board	the Western Gold board of directors.
Western Gold Share	a fully paid ordinary share in the capital of Western Gold.
Western Gold Shareholder	a holder of a Western Gold Share.
Wiluna West Gold	Wiluna West Gold Pty Ltd (ACN 116 550 111), a wholly owned subsidiary of Western Gold.
Wiluna West Gold Project	means the gold exploration project wholly owned by Western Gold as described in the Annexure.
Wiluna West Iron Project	means the DSO iron ore project located on the Company's Wiluna West mining tenements.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Transaction Condition	means a condition to the Proposed Transaction as set out in section 4.4 or any one or more of them, as the context requires.
WST	Western Standard Time in Australia.
\$, A\$	means Australian Dollars.

ANNEXURE – WILUNA WEST GOLD PROJECT

1.0 Introduction

The Wiluna West Gold Project is located approximately 35 to 45 km south west of the township of Wiluna (Figure 1) and 750 km north east of Perth in the Northern Goldfields region of Western Australia. Access to the site is gained either via the partly sealed Wiluna – Meekatharra road (Goldfields Highway) or via the unsealed Wiluna – Sandstone road (Ullalla Road) accessed from the Goldfields Highway.



Figure 1: Wiluna West Gold Project Location Plan

2.0 Tenements

The Wiluna West Gold Project consists of 7 granted mining leases occupying a total area of 85.8 km² as summarised in Table 1.

Table 1
Wiluna West Gold Project Tenements

Tenement	Granted	Expires	Area (Ha)	Rental	Expenditure	Rates
M53/971-I	25/01/2002	24/01/2023	9.71	\$200.00	\$10,000.00	\$454
M53/972-I	25/01/2002	24/01/2023	9.71	\$200.00	\$10,000.00	\$454
M53/1016-I	30/01/2006	29/01/2027	617.45	\$12,360.00	\$61,800.00	\$13,332
M53/1017-I	30/01/2006	29/01/2027	808.70	\$16,180.00	\$80,900.00	\$17,426
M53/1018-I	30/01/2006	29/01/2027	593.65	\$11,880.00	\$59,400.00	\$12,817
M53/1087-I	23/09/2010	22/09/2031	6,343.37	\$126,880.00	\$634,400.00	\$232,391
M53/1096-I	13/04/2016	12/04/2037	195.10	\$3,920.00	\$19,600.00	\$4,286
Totals			8,577.69	\$171,620.00	\$876,100.00	\$281,160

The mining leases are all held by the Company and subject to a Deed of Co-operation between the Company and Wiluna West Gold.

3.0 Aboriginal Heritage and Native Title

The project area is within the Determined Wiluna Native Title Claim which is administered by Tarlka Matuwa Piarku Aboriginal Corporation ("TMPAC") and a Native Title Agreement has been entered into.

Extensive Aboriginal Heritage surveys have been undertaken over the entire project area since 2006. The proposed footprint of the Golden Monarch deposit has been cleared for mining. Detailed surveys have also been undertaken at the Eagle and Emu Deposits.

4.0 Geological Setting

The Wiluna West Gold Project covers 25 km of strike over the Joyners Find Greenstone Belt (Figures 2 and 3). This belt of Archaean rocks is located on the northern margin of the Yilgarn Block 35km to the west of the northern part of the highly productive Norseman - Wiluna Greenstone Belt. To the north, Proterozoic sediments belonging to the Yerrida Basin overlie the northern end of the greenstone belt.

The Joyners Find Greenstone Belt is a narrow (5 to 10km) greenstone belt comprised of predominantly mafic to ultramafic schist, Banded Iron Formation ("BIF") including local chert and jaspilite horizons and metasedimentary units. Granitic and doleritic rocks intrude the sequence, especially along the eastern margin of the belt. The stratigraphy trends north - south and converges in the southern part with bedding and foliation dip of between 60° to 80° to the west.

The eastern and central portions of the Joyners Greenstone Belt contain two large zones of intensely deformed and altered rocks which are intimately associated with the historical mine workings known gold deposits and many of the geochemical anomalies. The two large structural features are referred to as the Brilliant Shear Zone and Joyners Shear Zone. They traverse the entire length of the Wiluna West Gold Project area and are up to 0.5km and 1.5km wide respectively.

The Brilliant Shear Zone is interpreted to extend over a strike length of 16km containing sheared mafic to ultramafic units with occasional intrusions of differentiated dolerite sills and quartz-feldspar porphyry dykes. The Joyners Shear Zone occurs along both limbs of the Comedy Synform and extends along the entire Joyners Find Greenstone Belt for 50km. The shear has developed mainly within ductile mafic and ultramafic schists and contains several narrow, linear BIF units.

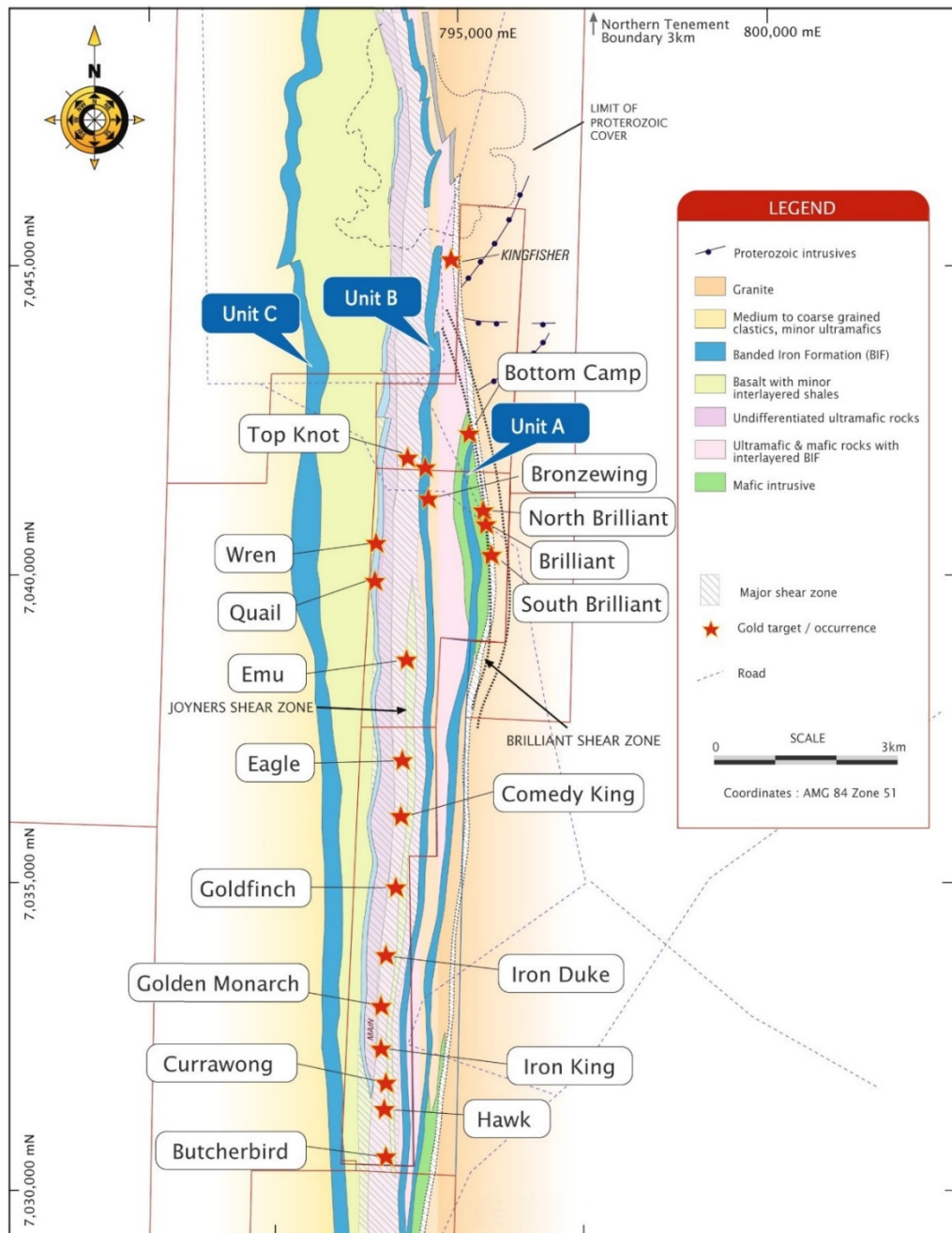


Figure 2: Wiluna West Gold Project Geology and Gold Deposits

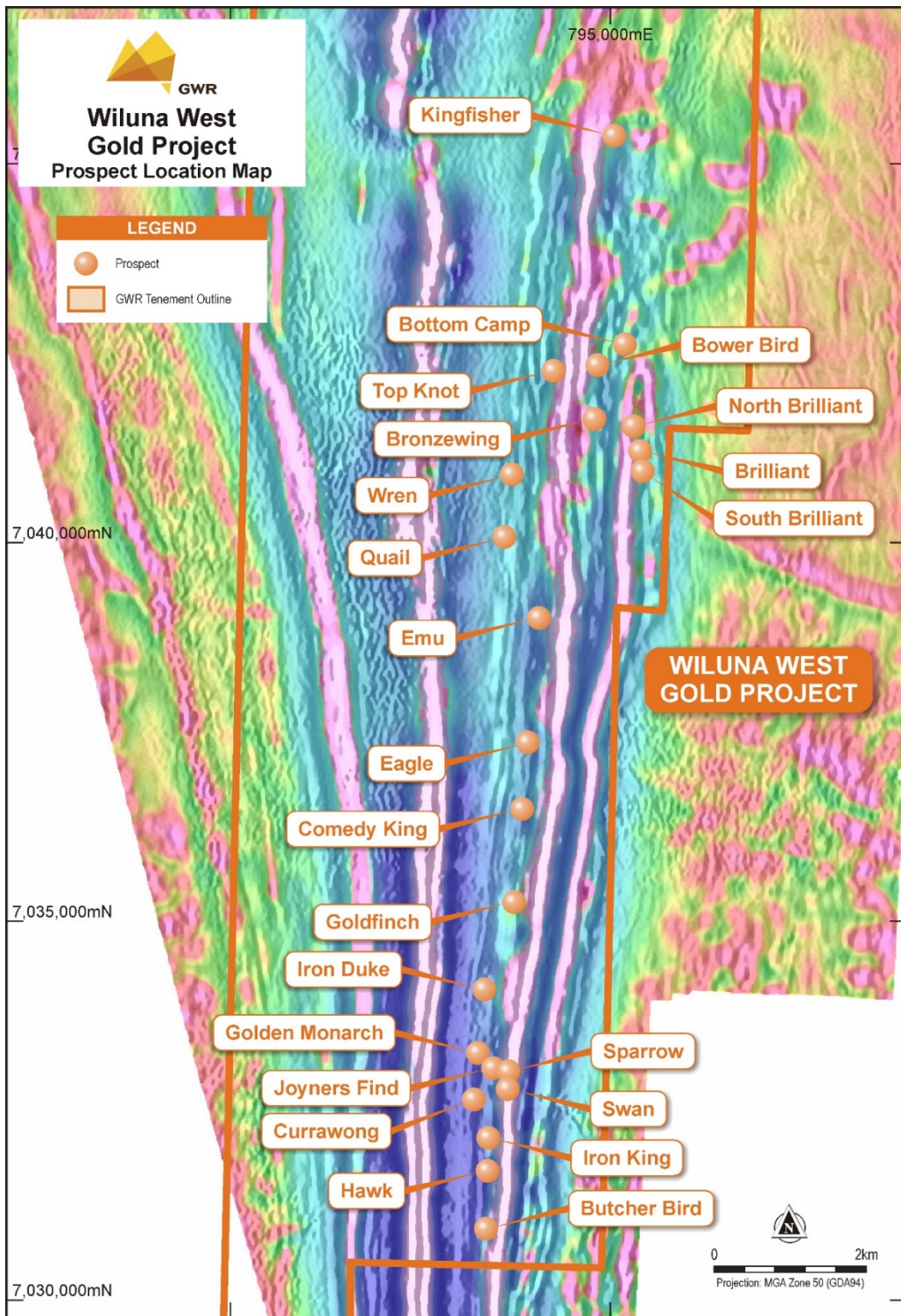


Figure 3: Wiluna West Gold project air magnetics and gold prospects

5.0 Previous Exploration

5.1 Historical

The Joyners Find Greenstone belt has been prospected for gold since the early 1920's with at least 20 locations showing historical gold workings. Past production exceeded 40,000 ounces at a grade of 10.4 g/t Au for the period 1912 to 1945, with the largest producers being Joyners Find and the Brilliant mines.

Post 1945 the area was largely unexplored until the start of the nickel boom when in 1966 Delhi Australia Petroleum Limited (Delhi) applied for a Temporary Reserve (TR3702H) which covered a large part of the Wiluna area, including the Wiluna West Gold Project area. Delhi later entered into a joint venture with Vam Limited and explored the area until 1970, but very little effective work was completed. Asarco (Australia) Pty Ltd also explored the area for nickel in 1973, conducting rock-chip sampling and geological mapping. Noranda Australia Ltd followed in 1980-81 with further geochemical sampling, costeaning, geophysical surveys, geological mapping and drilling. Electrolytic Zinc Company of Australia Ltd briefly explored the area during 1982 with limited geological mapping and geochemical sampling. Newmont Holdings Pty Ltd in Joint Venture with Jones Mining explored the area between 1982 and 1983 completing programs of geological mapping, geochemical sampling, geophysics and drilling of eleven percussion holes. General Gold NL drilled four RC holes after an RRMIP geophysical survey.

A joint venture comprising Noranda Australia Ltd., Teck Exploration Ltd. and Sipa Resources Pty. Ltd ("Sipa") completed a more substantial exploration program between 1984 and 1986. Sipa continued to explore the area in its own right until 1990 with a very broad program of work which included the drilling of 1,118 holes for a total of 31,691m which identified most of the known gold deposits within the Wiluna West Gold Project area.

From 1990 to 1999 minimal exploration was undertaken in part due to litigation which eventually resulted in the central portion of the project being acquired by Mr George Lee and David Jones Roberts. During 1996 to 1998 Plutonic/Homestake carried out RC drilling programs totalling 13 holes for an aggregate of 1392m and 29 RAB holes for 1778m testing old workings. Both Croesus (1998) and Westgold Resources NL (1998-2000) completed small geochemical surveys around the periphery of the project area. Normandy Yandal Operations completed an airborne magnetic survey and drilled 10 RC holes totalling 761m during 2001.

5.2 Undertaken by the Company

Extensive work has been undertaken by the Company at the Wiluna West Gold Project since June 2005, much of this was in respect for iron ore however there is a high degree of overlap including:

- Detailed aerial magnetic survey with interpretation and targeting by Southern Geoscience;
- Flying of high quality air photography and photogrammetry;
- Compilation of previous gold exploration results including validating previous drilling results and conversion of historical local grid to MGA;
- Extensive environmental flora and surveys over the entire project largely as part of the Wiluna West Iron project but more recently at the Golden Monarch, Eagle and Emu deposits;
- Both surface and groundwater hydrological studies;
- Extensive Aboriginal Heritage Surveys for both ethnography and archaeology;
- 7,766 surface geochemical soil samples have been collected including:
 - o 5383 samples screened to minus 3mm and analysed for Au (0.1ppb), As, Cu, Ni, Pb, Zn;

- o 2053 samples screened to – 2.8mm + 0.5mm and analysed for Au (0.1ppb), As, Cu, Ni, Pb, Zn; and
- o 330 MMI samples screened to – 3mm;
- Detailed 1:2000 and 1:1000 scale geological mapping over gold target areas;
- A total of a total of 2208 drill holes for 127,413 m have been completed by various operators since 1982 in the Wiluna West Gold Project area. 4931 holes for 325,072m have been completed in the entire Wiluna West project area many of these targeting iron ore. A summary is provided below and in Table 2:
 - o 1282 drill holes for 47,083m specifically targeting gold mineralisation and of these only 681 holes for 40,199m (53%) are greater than 20 m in depth;
 - o The Company has only completed 322 drill holes for 18,427 m targeting gold mineralisation. With 96 of these holes for 5,000 m being aircore holes on a 400m by 40 m spacing; and
 - o The Company has also completed 926 drill holes for 79,920m targeting iron ore mineralisation within the Wiluna West Gold Project area. No Au assays were collected from 365 of these holes;

Table 2
Drilling Summary

Category	# Holes	Meters	Ave Depth	%Holes	Comments
WW Project	4,931	325,072	66	100	Entire Wiluna West Project
WWG All Holes	2,208	127,413	58	100	246 holes for 9454 m at Golden Monarch
WWG Au Holes	1,282	47,083	37	58	
Au Holes <20 m	601	6,884	11	47	
Au Holes >20 m	681	40,199	59	53	
Au Holes the Company	322	18,427	57		
Fe Holes	926	79,920	86	42	
Fe Holes no Au	365			39	

- Metallurgical testwork focusing on the Golden Monarch deposit;
- JORC 2004 and JORC 2012 Resource modelling;
- Pit optimisation studies at the Golden Monarch, Eagle and Emu deposits; and
- Geotechnical assessments for the Golden Monarch, Eagle and Emu deposits.

6.0 Gold Mineralisation

Since the commencement of modern exploration and in particular in the period up to 1990 more than 20 gold occurrences have been identified within the project area.

The vast majority of the gold mineralisation within the project area is related to the two major structural features, the Joyners Shear Zone and the Brilliant Shear Zone (Figure 2).

Auriferous mineralisation in the northern part of the tenements occurs either within or associated with the Brilliant Shear Zone. The gold generally occurs in narrow, steeply dipping quartz veins commonly accompanied by sericitic and pyritic alteration.

To the west paralleling the Brilliant Shear Zone is the north trending much wider Joyners Shear Zone. Mineralisation within this zone is associated with a major gently south plunging Comedy Synform, with gold occurring on both limbs of the Comedy fold. Most the important prospects and most of the abandoned gold workings in the Joyners Shear zone occur in a belt 500m wide defined by these structures.

Gold mineralisation is mostly very fine grained and occurs in three structural styles within the project area:

- Quartz reefs parallel to shear bands such as at Bronzewing, Bowerbird, Joyners Find, Brilliant, Bottom Camp, Wren, Quail Swan and Sparrow;
- BIF hosted replacement deposits such as at Emu, Eagle, Comedy King, Goldfinch, Hawk, Golden Monarch, Iron King; and
- Shear zone hosted along the contact with BIF such as at Butcherbird, Currawong and Goldfinch (mine).

7.0 Mineral Resource Estimate

Table 3
JORC 2012 Mineral Resource estimate summary

JORC Status	Year	Prospect	Classification	Tonnes	Gold Grade (g/t)	Gold (ozs)
JORC 2012 at 0.5 g/t cut-off	2019	Gold Monarch	Measured	30,000	3.0	3,000
			Indicated	380,000	2.1	26,000
			Inferred	390,000	2.1	26,000
			Subtotal	800,000	2.2	55,000
		Eagle	Indicated	110,000	2.8	10,000
			Inferred	680,000	1.6	35,000
			Subtotal	790,000	1.8	45,000
		Emu	Inferred	600,000	2.2	42,000
		Joyners Find	Inferred	90,000	2.6	7,000
	2021	Bottom Camp	Inferred	640,000	1.6	33,000
		Bower Bird	Inferred	230,000	2.4	17,000
		Brilliant	Inferred	210,000	3.1	21,000
		Bronzewing	Inferred	110,000	2.7	9,000
		Comedy King	Inferred	260,000	1.5	12,000
		Gold Hawk	Inferred	150,000	1.5	7,000
		Gold King	Inferred	580,000	1.9	36,000
		Wren	Inferred	110,000	2.4	8,000
	Total JORC 2012		Measured	30,000	3.0	3,000
			Indicated	490,000	2.3	36,000
			Inferred	4,050,000	2.0	254,000
			Combined	4,570,000	2.0	293,000

Note: 1) Refer to ASX announcement 12 April 2021

2) Gold Hawk and Gold King, previously referred to as Iron Hawk and Iron King

8.0 Flora and Fauna Studies

Extensive environmental flora and fauna surveys have been undertaken throughout the project area since 2005 and these have been used to underpin approvals for both the iron ore and gold.

No threatened flora taxa, listed under the State *Biodiversity Conservation Act 2016* (BC Act) and the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), have been identified at the Project. A number of Priority Flora species have been identified, these are mostly P3 and the presence of these plants has not impacted on any approvals to date.

Four Level 2 fauna surveys and numerous targeted searches have been completed at the Wiluna West area that also have encompassed the fauna habitats present within the Wiluna West Gold Project. Four fauna species of conservation significance have been recorded during survey work at Wiluna West to date:

- Malleefowl (*Leiopoa ocellata*);
- Brush-tailed Mulgara (*Dasyercus cristicauda/blythii*);
- Long-tailed Dunnart (*Sminthopsis longicaudata*); and
- Peregrine Falcon (*Falcos peregrinus*).

Only Malleefowl and the Long-tailed Dunnart are thought to be likely in the environment surrounding the gold project. No active Malleefowl mounds have been observed in the vicinity of any of the known gold prospects, one occurrence of a Long-tailed Dunnart was noted near Eagle- Emu prospects from an earlier survey but was not found in a survey undertaken in the same vicinity in 2019. An EPBC Act referral in respect to Malleefowl at C4, Eagle and Emu was lodged in June 2020 with the federal government (Department of Agriculture, Environment and Water) and in August 2020 this was confirmed as not a controlled action and does not require further assessment under the EPBC Act

A number of short range endemic and subterranean fauna surveys have been undertaken within the Wiluna West project area and no species of conservation significance were identified.

9.0 Mining Studies

Mining studies have been undertaken on the Golden Monarch, Eagle and Emu deposits, with the following being completed:

- Geotechnical assessment of pit wall stabilities to assist in open pit designs by independent consultants Peter O'Bryan & Associates;
- Preliminary pit designs and optimisations by independent mining engineering consultants Intermine Engineering;
- Metallurgical testwork was undertaken on the Golden Monarch deposit by Nagrom and supervised by metallurgical consultants Metflow. This work included:
 - o Bond work index;
 - o Multi-element analysis;
 - o Semi-qualative XRD analysis;
 - o Gravity recoverable gold;
 - o Bottle roll cyanidation including CIL test; and
 - o Cyanide and lime consumption,

The results of the testwork were in-line with expectations with no deleterious elements detected, 20% of Au was gravity recoverable and overall recovery of 92.2% achieved.

10.0 Mining Approvals

Mining approval is in place for the Golden Monarch gold deposits and approvals are pending for the Eagle and Emu deposits.

Mining approval for the Golden Monarch gold deposit was granted on the 4th of April 2020 (REG ID 81143 & 85636) with the clearing permit granted in April 2016 (CPS 4006_2). An amendment to the Mining Proposal is required to move the waste dump closer to the proposed pit.

A Mining Proposal was lodged for the Eagle and Emu deposits in May 2020 (REG ID 87266), and has been on hold since 4th September 2020 pending additional information from the Company. A clearing permit (CPS 6726_2) was granted on the 27th August 2020.

A haul road potentially linking most of the gold deposits within the Joyners Shear zone has been approved as part of the iron ore approvals.

11.0 Exploration Potential & Targeting

There remains significant potential to expand the resource inventory by following up known deposits and by greenfields exploration targeting the 25 km of strike held over the Joyners Find Greenstone belt where significant relatively untested targets are present.

The Company has recently completed a drilling program on the Eagle and Emu prospects comprising 55 RC holes for an aggregate of 2145m for the purpose of following up previous high-grade intercepts to investigate continuity and infill drilling to increase confidence in the current JORC 2012 Resource. The Company does not expect to receive assay results from this project prior to the General Meeting.

Western Gold has identified the Golden Monarch, Eagle, Emu and Gold King deposits as priority targets for providing an opportunity to increase mineral resources and also confidence in the current Mineral Resource estimate, with all deposits remaining open at depth and some open along strike.

Golden Monarch

As set out above the Golden Monarch deposit currently has a combined JORC 2012 Mineral Resource Estimate of 800,000 t @ 2.2 g/t Au for 55,000 oz Au, comprising 30,000 t @ 3.0 g/t Au for 3,000 oz Au Measured, 380,000 t @ 2.1 g/t Au for 30,000 oz Au Indicated and 390,000 t @ 2.1 g/t Au for 30,000 oz Au Inferred.

Mining approvals including a Mining Proposal and Clearing permit are all in place as are Aboriginal Heritage surveys.

Gold mineralisation is hosted by a highly altered BIF horizon, which is developed on the contact between mafic and ultramafic rocks and is weathered to depths of approximately 80 m and appears as a highly distinctive bedded goethite limonite rock. Significant historical intersections include:

- 7m @ 12.0g/t Au from 28m, including 1m @ 72.0g/t Au in WGRC0054
- 7m @ 11.8g/t Au from 36m, including 1m @ 72.3g/t Au in WGRC0061
- 7m @ 8.3g/t Au from 18m, including 1m @ 38.1g/t Au in WGRC0073
- 3m @ 20.77 g/t Au from 38m, including 1 m 54.3 g/t Au in JRC153
- 13m @ 3.57 g/t Au from 83m in WWRC056
- 10m @ 3.62 g/t Au from 51m in WWRC060
- 10m @ 2.95 g/t Au from 70m in JFRC08
- 6m @ 4.93g/t Au from 71m in JFRC01

The Golden Monarch deposit is completely open at depth with > 75% of near surface mineralisation at a JORC 2012 Measured or Indicated status. Funds raised from the Public Offer will be used to evaluate and test targets at depth.

Eagle

The Eagle deposit is 4 km north of the Golden Monarch deposit on the same structure. AS set out above it has a combined JORC 2012 Mineral Resource estimate of 790,000t @ 1.8 g/t Au for 45,000 oz Au, comprising 110,000t @2.8 g/t Au for 10,000 oz Au Indicated and 680,000t @ 1.6 g/t Au for 35,000 oz Au Inferred.

The Eagle deposit remains open at depth and along strike to the north. Previous significant intercepts include:

- 16 m @ 9.3 g/t Au from 25 m including 3 m @ 38.5 g/t Au in WWRC0020
- 14 m @ 4.9 g/t Au from 23 m including 1 m @ 20.0 g/t Au and 1 m @ 24.9 g/t Au in WWRC0068
- 5 m @ 10.9 g/t Au from 15 m including 2 m @ 26.2 g/t Au in WWRC0069
- 5 m @ 6.7 g/t Au from 49 m including 1 m @ 24.5 g/t Au in WWRC0070
- 6 m @ 7.3 g/t Au from 28 m including 1 m @ 25.7 g/t Au in WWRC0076
- 5 m @ 9.7 g/t Au from 54 m including 2 m @ 21.8 g/t Au in WGRC0114

Funds raised from the Public Offer will be used to undertake further infill and extensional RC drilling aimed at expanding the current Mineral Resource estimate and converting Resources from Inferred to Indicated status.

Emu

The Emu deposit is 1.5 km north of the Eagle deposit and 4.9 km north of Golden Monarch and is upon the same structure. As set out above It has an Inferred JORC 2012 Mineral Resource estimate of 600,000t @ 2.3 g/t Au for 42,000 oz Au. The current RC drill hole spacing is approximately 40 m by 20 m and infill drilling is required to increase confidence in the Mineral Resource estimate.

The Emu deposit is currently open along strike and at depth (Figure 7 and 8). Previous significant intercepts include:

- **6 m @ 3.9 g/t Au from 88 m including 1 m @ 15.2 g/t Au in JFRC04**
- **10 m @ 2.1 g/t Au from 26 m in JF271**
- **5 m @ 15.0 g/t Au from 45 m including 1 m @ 69.4 g/t Au in WGRC0092**
- **12 m @ 7.3 g/t Au from 48 m including 3 m @ 25.3 g/t Au in WGRC0093**
- **8 m @ 11.1 g/t Au from 53 m including 3 m @ 25.0 g/t Au in WGRC0101**

Funds raised from the Public Offer will be used to undertake further infill and extensional RC drilling aimed at expanding the current Mineral Resource estimate and converting Resources from Inferred to Indicated status.

Gold King

The Gold King deposit is approximately 800 m south of Golden Monarch and is on the same structure. As set out above it has an Inferred JORC 2012 Mineral Resource estimate of 580,000t @ 1.9 g/t Au for 36,000 oz Au. The deposit has previously been tested on an approximate 40 m by 20 m spacing and it has been assessed as the next best advanced target, significant intercepts include:

- **10m @ 1.8 g/t Au from 34 m in JF006**
- **9m @ 3.0 g/t Au from 38 m in JF111**
- **11m @ 1.7 g/t Au from 47 m in JF177**
- **18m @ 5.3 g/t Au from 23 m in JF232**
- **5m @ 6.2 g/t Au from 33 m in JF243**
- **10m @ 4.6 g/t Au from 29 m in WGRC010**
- **11m @ 3.3 g/t Au from 39 m in WGRC022**

Funds raised from the Public Offer will be used to undertake further infill drilling.