

2020

FINANCIAL REPORT

Western Gold Resources Pty Ltd
ABN: 54 139 627 446

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Corporate Directory

Directors

Mr Gary Lyons

Non-executive Chairman

Mr Michael Wilson

Managing Director

Mr Kong Leng Lee

Non-executive Director

Registered Office & Principal Place of Business

97 Outram Street, West Perth WA 6005

Auditors

Stantons International

2/1 Walker Ave, West Perth WA 6005

Company Secretaries

Mr Mark Pitts

Mr Simon Borck (resigned 23 July 2020)

Company Information

Incorporated in Western Australia, 24 September 2009

Directors' Report

The Directors present their report on the Group, comprising Western Gold Resources Pty Ltd (referred to in these financial statements as "the Company" or "WGR") and its wholly owned subsidiaries (the "Group"), together with the financial report for the year ended 30 June 2020 and the audit report thereon.

1 DIRECTORS

The names and details of the Company's directors in office during the financial year or since the end of the financial year are set out below.

Unless otherwise indicated, all Directors held their position as a Director throughout the entire year and up to the date of this report.

GARY LYONS

Non-Executive Chairman

MICHAEL WILSON

Non-Executive Director

KONG LENG LEE

Non-Executive Director

2 COMPANY SECRETARIES

MARK PITTS

SIMON BORCK (resigned 23 July 2020)

3 DIVIDENDS

No dividends have been paid or declared by the Company since the incorporation of the Company.

4 PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was the exploration and evaluation of mineral resources.

5 OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The net loss of the Group for the year ended 30 June 2020 was \$313,008 (2019: \$784,688).

Financial Position

The Company's net liabilities at the end of the year totalled \$3,025,716 (2019: \$2,712,708).

6 SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 23 July 2020, Mr Simon Borck resigned as joint company secretary.

On 31 December 2020, the loan owed to GWR Group Limited was forgiven.

In February 2021, the Board of GWR Group Limited commenced a corporate action to complete an initial public offering of the shares of Western Gold Resources Limited, with the intention to seek quotation on the Australian Securities Exchange.

Other than the above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

7 LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company expects to continue exploration of its exploration projects.

8 ULTIMATE PARENT ENTITY

Western Gold Resources Pty Ltd is a wholly-owned subsidiary of GWR Group Limited, which is the Ultimate Parent Entity to the Group.

Directors' Report

9 ENVIRONMENTAL REGULATION

The exploration activities of the Group are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report. The directors believe that the Group has adequate systems in place for the management of its environmental responsibilities and are not aware of any breaches of the regulations during the period covered by this report.

10 OPTIONS

As at the date of this report, there are no unissued ordinary shares or interests of the Company under option.

11 INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

The Ultimate Parent Entity of the Group has paid premiums to insure the Directors against liabilities incurred in the conduct of the business of the Group and has provided right of access to Group records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature of the liability insured against.

12 PROCEEDINGS ON BEHALF OF THE COMPANY

During and since the end of the financial year, the Company nor its directors are Party to any proceedings.

13 NON -AUDIT SERVICES

The Company's auditors did not provide any non-audit services to the Company during the year ended 30 June 2020 (2019: \$Nil).

14 AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the Directors Report for the year ended 30 June 2020.

Signed at Perth this 9th day of March 2021 in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.



Gary Lyons
Chairman

9 March 2021

Board of Directors
Western Gold Resources Pty Ltd
97 Outram Street
West Perth WA 6095

Dear Directors

RE: Western Gold Resources Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Western Gold Resources Pty Ltd.

As the Audit Director for the audit of the financial statements of Western Gold Resources Pty Ltd for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2020

		For the year ended 30 June	
		2020	2019
	Note	\$	\$
<i>Expenses</i>			
Corporate Compliance Expenses		881	526
Exploration expenditure		312,127	784,162
<i>Total Expenses</i>	4	313,008	784,688
<i>Loss before income tax</i>			
Income tax benefit/(expense)	12	-	-
<i>Loss for the Year Attributable to the Owners of the Company</i>		313,008	784,688
<i>Other Comprehensive Income</i>			
<i>Total Comprehensive Loss for the Year Attributable to the Owners of the Company</i>		313,008	784,688

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
ASSETS			
Non-Current Assets			
Exploration and evaluation expenditure	7	549,000	549,000
Total Non-Current Assets		<u>549,000</u>	<u>549,000</u>
TOTAL ASSETS		<u>549,000</u>	<u>549,000</u>
LIABILITIES			
Current Liabilities			
Loan from ultimate parent entity	11	3,555,619	3,195,608
Total Current Liabilities		<u>3,555,619</u>	<u>3,195,608</u>
Non-Current Liabilities			
Rehabilitation provision		19,097	66,100
Total Non-Current Liabilities		<u>19,097</u>	<u>66,100</u>
TOTAL LIABILITIES		<u>3,574,716</u>	<u>3,261,708</u>
NET LIABILITIES		<u>(3,025,716)</u>	<u>(2,712,708)</u>
EQUITY			
Issued capital	8	10,400,000	10,400,000
Accumulated losses		(13,425,716)	(13,112,708)
TOTAL DEFICIENCY OF EQUITY		<u>(3,025,716)</u>	<u>(2,718,708)</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

		For the year ended 30 June	
	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Net cash flows used in operating activities	6	-	-
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of the year	6	-	-

The Group's operations are funded by its Ultimate Parent Company, GWR Group Limited, and therefore has no cash flows of its own.

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
At 1 July 2018		10,400,000	(12,328,020)	(1,928,020)
Loss for the year			(784,688)	(784,688)
Other comprehensive loss		-	-	-
Total comprehensive loss		-	(784,688)	(784,688)
At 30 June 2019		10,400,000	(13,112,708)	(2,712,708)
Loss for the year		-	(313,008)	(313,008)
Other comprehensive loss		-	-	-
Total comprehensive loss		-	(313,008)	(313,008)
At 30 June 2020		10,400,000	(13,425,716)	(3,025,716)

The accompanying notes for part of these financial statements.

Notes to the Consolidated Financial Statements

1 CORPORATE INFORMATION

Western Gold Resources Pty Ltd (the "Company") is a company domiciled in Australia. The Company's registered office is 97 Outram Street, West Perth WA 6005. The ultimate parent entity of the Company is GWR Group Limited.

The financial report of the Group comprising Western Gold Resources Pty Ltd and its wholly owned subsidiary for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 9 March 2021.

Western Gold Resources Pty Ltd is a for profit company limited by shares incorporated in Australia.

The Company's principal activity is exploration and extraction of mineral resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for held for sale investments, which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Going Concern

The financial statements have been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

At 30 June 2020 there was a net liability position of \$3,025,716 (30 June 2019: \$2,712,708). This deficit is primarily due to intercompany loans of \$3,555,619 (30 June 2019: \$3,195,608) from GWR Group Limited ("GWR").

The Directors of GWR have confirmed they will not seek repayment of intercompany loans owed by the Group as at the 30 June 2020 in a manner that will jeopardise the ability of the Group to continue to meet their financial obligations as and when they fall due. GWR has also confirmed its commitment to continue providing financial support to the Group, if required. These undertakings of support are in place for the period of at least 12 months from the date of which the Western Gold Resources Pty Ltd financial statements for the year ended 30 June 2020 are signed by the directors.

Finally, subsequent to the end of the financial year, the Directors of GWR have commenced the process of an initial public offering of shares in Western Gold Resources and the proposed quotation of its securities on the official list of the Australian Securities Exchange.

(c) New accounting standards and interpretations

In the year ended 30 June 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(d) Exploration, evaluation and development expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(g) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and Entities (including special purpose entities) controlled by the Group (its subsidiaries). The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the group controls another entity.

Unrealised gains or transactions between the group and its associates are eliminated to the extent of the group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Tax

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

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

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

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

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

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

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

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

(i) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and assumptions:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer note 2(d)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 2(d), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit or loss and other comprehensive income in accordance with accounting policy 2(e).

As at 30 June 2020, capitalised exploration and evaluation totalled \$549,000 (2019: \$549,000).

4 EXPENSES

(b) Expenses incurred during the year include

Corporate Compliance Expenses

Exploration expenditure

Total expenses

2020	2019
\$	\$
881	526
312,127	784,162
313,008	784,688

Notes to the Consolidated Financial Statements

5 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed (2019: \$Nil).

6 CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank and in hand	-	-
Reconciliation from the net loss after tax to the net cash flows from operations:		
Net Loss	(313,008)	(784,688)
Changes in assets and liabilities:		
(decrease)/increase in provisions	(47,003)	61,100
(decrease)/increase in loan from ultimate parent	360,011	723,588
Net cash from operating activities	-	-

7 EXPLORATION AND EVALUATION EXPENDITURE

The following table is a reconciliation of movements in exploration and evaluation expenditure during the year.

	2020 \$	2019 \$
Reconciliation:		
Balance at the beginning of the year	549,000	549,000
Balance at the end of the year	549,000	549,000

During the year, the Group incurred \$312,127 (2019: \$784,162) of exploration and evaluation expenditure which, in accordance with the accounting policy described in Note 2(d) was expensed as incurred.

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

8 ISSUED CAPITAL

	2020 \$	2020 No. of shares	2019 \$	2019 No. of shares
Ordinary Shares:				
Issued and fully paid	10,400,000	52,000,000	10,400,000	52,000,000
Movement in ordinary shares on issue:				
At 1 July	10,400,000	52,000,000	10,400,000	52,000,000
At 30 June	10,400,000	52,000,000	10,400,000	52,000,000

The shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Notes to the Consolidated Financial Statements

8 ISSUED CAPITAL (CONT'D)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of any dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

9 SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 23 July 2020, Mr Simon Borck resigned as joint company secretary.

On 31 December 2020, the loan owed to GWR Group Limited was forgiven.

In February 2021, the Board of GWR Group Limited commenced a corporate action to complete an initial public offering of the shares of Western Gold Resources Limited, with the intention to seek quotation on the Australian Securities Exchange.

Other than the above, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

10 AUDITORS' REMUNERATION

	2020 \$	2019 \$
The auditor of the Company is Stantons International		
Amounts received or due and receivable for:		
• Audit of the financial report	-	-
	-	-

11 RELATED PARTIES

LOAN FROM ULTIMATE PARENT

	2020 \$	2019 \$
Reconciliation:		
Balance at the beginning of the year	3,195,608	2,472,020
Loans forwarded from Ultimate Parent Entity (GWR Group Limited)	360,011	723,588
Balance at the end of the year	3,555,619	3,195,608

GWR Group Limited, the ultimate parent entity of the Group, has made payments on behalf of the Group totalling \$360,011 during the year ended 30 June 2020 (2019: \$723,588)

SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2020	30 June 2019
Wiluna West Gold Pty Ltd	Mineral Exploration	Australia	100%	100%

Western Gold Resources Pty Ltd is the head entity of the Group. GWR Group Limited is the Ultimate Parent Entity of the Western Gold Resources Pty Ltd Group.

Notes to the Consolidated Financial Statements

11 RELATED PARTIES (CONT'D)

OTHER TRANSACTIONS WITH RELATED PARTIES

There were no other transactions with related parties (2019: Nil).

12 INCOME TAXES

	2020 \$	2019 \$
A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:		
Accounting (loss) before income tax	(313,008)	(784,688)
At the statutory income tax rate of 27.5% (2019: 27.5%)	(86,077)	(215,789)
Tax loss and temporary differences not brought to account as a deferred tax asset	86,077	215,789
Income tax expense / (benefit)	-	-
Weighted average rate of tax	-	-
Recognised in the statement of profit or loss and other comprehensive income:		
Current tax expense / (benefit)	-	-
Deferred tax expense / (benefit)	-	-
Total income tax expense / (benefit)	-	-

Net deferred tax assets have not been recognised because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits. The Group's is part of a tax consolidated group, of which GWR Group Limited is the head entity. Accordingly, the Group itself has no carried forward tax losses (2018: Nil).

13 COMMITMENTS

The Group was not party to any expenditure commitments at 30 June 2020 (2019: Nil).

14 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial instruments consists solely of accounts payable.

Derivatives are not used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

TREASURY RISK MANAGEMENT

The Group's Board of Directors meet on when required to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to minimise potential adverse effects on financial performance. Risk Management initiatives are addressed by the Board when required.

FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments is liquidity risk.

LIQUIDITY RISK

The Group manages liquidity risk by monitoring forecast cash flows.

NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Assets and liabilities included in the Statement of Financial Position are carried at amounts that approximate their fair values. Please refer to Note 2 for the methods and assumptions adopted in determining net fair values for investments.

Notes to the Consolidated Financial Statements

14 FINANCIAL INSTRUMENTS (CONT'D)

The follow table details the Group's contractual maturities of its financial liabilities:

	Carrying Amount \$	Less than 1 year \$	Maturity 1 to 5 years \$	More than 5 years \$
Year ended 30 June 2020				
Loan to Ultimate Parent	3,555,619	3,555,619	-	-
Total Financial Liabilities	3,555,619	3,555,619	-	-
Year ended 30 June 2019				
Loan to Ultimate Parent	3,195,608	3,195,608	-	-
Total Financial Liabilities	3,195,608	3,195,608	-	-

SENSITIVITY ANALYSIS

LIQUIDITY RISK

The Company has performed sensitivity analysis relating to its exposure liquidity risk at balance date and has determined that increases and decreases are not material to the Company.

15 PARENT ENTITY DISCLOSURES

FINANCIAL POSITION

	Note	30 June 2020 \$	30 June 2019 \$
Assets			
Non-Current Assets		549,001	549,001
Total Assets		549,001	549,001
Liabilities			
Current Liabilities		1,501,951	1,501,604
Total Liabilities		1,501,951	1,501,604
Net Liabilities		(952,950)	(952,603)
Equity			
Issued capital	8	10,400,000	10,400,000
Accumulated losses		(11,352,950)	(11,352,603)
Total Deficiency of Equity		(952,950)	(952,603)

FINANCIAL PERFORMANCE

	Note	For the year ended 30 June 2020 \$	2019 \$
Loss for the year		347	263
Other Comprehensive Income		-	-
Total Comprehensive Loss		347	263

Notes to the Consolidated Financial Statements

15 PARENT ENTITY DISCLOSURES (CONT'D)

COMMITMENTS AND CONTINGENCIES

The Parent Entity had no Commitments or Contingencies at 30 June 2020 (2019: Nil).

GUARANTEES

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

16 SEGMENT REPORTING

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

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

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

Directors' Declaration

In the opinion of the Directors of Western Gold Resources Pty Ltd ('the Company'):

1. In the opinion of the directors:

- (a) The financial statements and notes of Western Gold Resources Pty Ltd for the financial year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

Signed in accordance with a resolution of directors.



Gary Lyons
Chairman
9 March 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
WESTERN GOLD RESOURCES PTY LTD**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Western Gold Resources Pty Ltd, the Company and its subsidiaries, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter - Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in Note 2(b) to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2020, the Group had a net liabilities of \$3,025,716 and an intercompany loan payable of \$3,555,619 to GWR Group Limited which has been subsequently forgiven.

The ability of the Group to continue as a going concern and to meet the planned and committed expenditure requirements is subject to the Group receiving continued financial support from its Parent GWR Group Limited, generating sufficient profitability and cash flows from its existing businesses and/or raising further equity or loan funds to meet the Group's liabilities and commitments as they fall due.

In the event the Group does receive financial support from its Parent, GWR Group Limited, or is not successful in generating sufficient profitability and cash flows and/or raising further equity or loan funds, the Group may not be able to continue as a going concern and the realisable value of the Group's assets may be significantly less than their current carrying values.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Stanton International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
9 March 2021

