

Westar Resources Limited
ACN 635 895 082

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGE
Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	18
Independent Auditor's Review Report	19

Corporate Directory

Simon Eley
Non-Executive Chairman

Karl Jupp
Managing Director

Nathan Cammerman
Non-Executive Director

Ben Donovan (B.Com (Hons),ACG(CS))
Company Secretary

Principal Office
Level 1, 3 Ord St
West Perth WA 6005

Registered Office
Level 35, 1 Eagle St
Brisbane QLD 4000

Contact Details
+61 08 6188 7675
admin@westar.net.au

Website
www.westar.net.au

Postal Address
PO BOX 443
Hillarys WA 6923

Auditor
Nexia Brisbane Audit Pty Ltd
Level 28, 10 Eagle Street,
Brisbane QLD 4000

Share Registry
Automic
Level 2/267 St George's Terrace
Perth WA 6000
1300 288 664
www.automicgroup.com.au

Legal Adviser
Colin Biggers & Paisley Lawyers
Level 35, 1 Eagle Street
Brisbane QLD 4000

DIRECTORS' REPORT

The Directors of Westar Resources Ltd (Westar, Company or consolidated entity) submit the financial report for the half-year ended 31 December, 2020.

Directors

The names of the directors in office at any time during or since the end of the half year are:

Simon Eley (Non-Executive Chairman) - appointed 15 October 2020
Karl Jupp (Chief Executive Officer and Managing Director) - appointed 15 October 2020
Nathan Lawrence Cammerman (Non-Executive Director) - appointed 30 August 2019

Nathan Andrew Cull (Non-Executive Director) - resigned 15 October 2020
Andrew Thomas Jones (Non-Executive Director) - resigned 16 October 2020

Principal activities

The Principal activities of the Company include the acquisition and exploration of gold tenements in Western Australia. During the half-year period, the Company completed its Initial Public Offering and listing on the Australian Securities Exchange (ASX), and conducted mineral exploration across the Company's projects.

Financial Result

The consolidated net loss of the Group for the half-year period after income tax expense was \$283,252 (31 December 2019: loss \$179,573).

As at 31 December 2020, the Group has total assets of \$5,618,722 (including exploration and evaluation assets of \$840,795 and bank balance of \$4,714,943) and total equity of \$5,545,186. At 31 December 2020, the Company has 50,404,146 shares on issues and 8,000,000 options on issue. Capital raised in the half year, including the Initial Public Offering, totalled \$4,582,881 (net of costs).

Review of operations

Westar holds 100% ownership over seven 7 projects in Western Australia, being:

- a) The Sandstone Projects - Gidgee South and Gidgee North,
- b) The Mt Magnet Projects - Winjangoo and Coolaloo;
- c) The Pilbara Project - Opaline Well, and
- d) The Southern Cross Projects- being Mt Finnerty and Parker Dome, which are held by Westar under a farm-in/JV agreement with Ramelius Resources Ltd having the right to earn a 75% interest.

During the period, the Company lodged a prospectus to list on the ASX and had limited exploration activities as set out below.

Set out below is the activity that was carried out during the half year period.

Sandstone Projects

The Company's Sandstone Projects are comprised of two granted exploration licences - Gidgee South (E57/1055) and Gidgee North (E53/1920), covering 255 km² and located approximately 640 km northeast of Perth and 700 km north-northwest of Kalgoorlie. The Projects lie within the Gum Creek Greenstone Belt of the Youanmi Terrane, which forms a lensoid, broadly sinusoidal belt measuring some 110 km in length and 24 km in width. It is dominated by volcanic and sedimentary sequences and surrounded by intrusive granitoids, which contain rafts of greenstone.

DIRECTORS' REPORT

Review of operations (continued)

Historical exploration over the projects includes surface geochemistry, limited, shallow rotary air blast (RAB) drilling and a SkyTEM (airborne electromagnetic survey) over parts of Gidgee North.

Historical workings at Gidgee South extend south from the excised historic Birrigrin Mining Centre, through a previously identified geochemical anomaly, towards an area of more recent dry blowing activity, commonly used in prospecting for gold nuggets.

Activities carried out during the half year end at Gidgee North included:

- An airborne geophysical survey (magnetic and radiometric) at 100m line spacing, with subsequent data processing and image generation completed by Southern Geoscience Consultants (SGC).
- SGC completed an initial assessment of historical SkyTEM data which was flown over parts of the Gidgee North project in 2015 by Panoramic Resources (now Open File Data).
- An Independent appraisal of the Gidgee North and Gidgee South historical geochemical datasets by CSA Global.

Activities carried out during the half year end at Gidgee South included:

- An airborne geophysical survey (magnetic and radiometric) at 50m line spacing, with subsequent (post the half year) data processing and image generation completed by Southern Geoscience Consultants.
- A regolith evaluation and orientation aircore drilling program comprising 41 holes for 469 metres was completed to assess the regolith profile ahead of a more extensive drilling program. Results were subsequently announced after half year end (ASX Announcement, 28 January 2021).

Mt Magnet Projects

The Mount Magnet Projects are comprised of two granted exploration licences; the Winjangoo Project (E58/536) and the Coolaloo Project (E59/2329), situated in the Murchison Mineral Field and proximal to the historical mining centre of Mount Magnet which has historically produced over six million ounces of gold since the initial discovery in 1891. The Mount Magnet Projects cover approximately 224 km².

At Winjangoo historical exploration is limited to geochemical programs, desktop studies, regional geophysical programs and geological mapping over portions of the project area. The historical exploration activities at Coolaloo, whilst somewhat more extensive than Winjangoo, are considered by Westar to be largely ineffective due to inadequate data sets used to develop targeting criteria and the generally shallow depths achieved over several small drilling campaigns

Activities carried out post the half year end at Winjangoo included:

- An airborne geophysical survey (magnetic and radiometric) at 50m line spacing over the northern portion of the southern lease area, with subsequent data processing and image generation completed by Southern Geoscience Consultants (post the half year).
- An auger soil geochemical program of 749 samples was completed, with results subsequently announced after half year end (ASX Announcement, 19 January 2021).

Activities carried out post the half year end at Coolaloo included:

- Detailed litho-stratigraphic interpretation and geophysical targeting by SGC using data from a Westar 2019 geophysical survey of the Coolaloo Project, with results subsequently announced after half year end (ASX Announcement, 12th January 2021).
- An auger soil geochemical program of 458 samples was completed, with results subsequently announced after half year end (ASX Announcement, 21st January 2021).

DIRECTORS' REPORT

Review of operations (continued)

Pilbara Project - Opaline Well

Westar's Opaline Well project (E 45/4997) is located in the Pilbara, approximately 190km southeast of Port Hedland and 35km west of Nullagine.

Historical exploration over this portion of the Coongan greenstone belt includes geochemical exploration, with rock chip samples up to 200 g/t Au around the historical Triberton Creek workings and rock chips assays ranging from 0.25–1.15% Cu, 0.14–1.85% Zn, 79–155 g/t Ag and 0.19–0.41 g/t Au around the historic Opaline Well workings. Other historical activities include regional stream sediment sampling that defined a regional cobalt anomaly extending into the Opaline Well Project area with a peak value of 68ppm against a background of less than 5 ppm cobalt.

Activities carried out during the half year at Opaline Well included a geophysical survey at 50m line spacing, the results of which are under internal review .

Southern Cross Projects (Ramelius Resources (ASX:RMS) Farm-in/JV)

The Mt Finnerty Project, which forms part of the Southern Cross Assets (E 16/505) is located approximately 430km east-northeast of Perth and 100km northeast of Southern Cross. Located in the Archean Mara-Diemals greenstone belt, previous exploration activity has been extensive, with historical intersections across the project including:

- MF023 – 9m averaging 98.2 g/t Au from 62 - 71m downhole (including 4 m averaging 215.8 g/t Au from 62 - 66m downhole);
- MFRC 029 – 1m at **236.3 g/t Au** from 126-127m downhole;
- MF034 – 3m averaging **6.4 g/t Au** from 54 – 57m downhole;
- MF038 – 24m averaging **3.68 g/t Au** from 45 – 68m downhole (including 4 m averaging **12.6 g/t Au** from 46 – 50m downhole)
- MF8880/1376 – 9m averaging **9.95 g/t Au** from 51 – 60m downhole; and
- MF8580/1414 – 6m averaging **14 g/t Au** from 39 – 45m downhole.

The Parker Dome Project (E77/2424) is located approximately 400km east of Perth and 60km south-southeast of Southern Cross. Situated on the western margin of the north-westerly elongated Parker Dome granitoid, the project hosts several broad previously identified gold-in soil anomalies from historic auger drilling with results up to 192ppb Au. Historical RAB drilling has reported results up to 0.52 g/tAu in transported overburden and 0.38 g/t Au in ultramafics.

The Mt Finnerty and Parker Dome Projects are subject to the Flinders and Parker Dome Farm-in and Joint Venture Agreement between Ramelius Resources Ltd and Rouge Resources (a 100% owned subsidiary of Westar Resources Ltd) dated 30 August 2019. Under the terms of the agreement Ramelius may earn up to a 75% interest by spending \$2,000,000 over a three-year period. A full summary of the agreement is set out in section 10.1(a) of the company's IPO Prospectus.

Ramelius Resources conducted a site visit to the Mt Finnerty project ahead of a planned fauna survey in 2021, in preparation for anticipated drilling activities in Q2, 2021.

Corporate

- The Company lodged a prospectus with the Australian Securities and Investments Commission (ASIC) and ASX dated 23 October 2020.
- The Company closed the initial public offering oversubscribed, accepting applications of \$5,000,000.
- Trading in the Company's securities commence on the ASX on 17 December 2020 under the code WSR.

DIRECTORS' REPORT

Subsequent Events

Other than outlined below, there have been no matters or circumstances that have arisen since 31 December 2020 which have significantly affected or may significantly affect:

- a) the Company's operations in future years; or
- b) the results of those operations in future years; or
- c) the Company's state of affairs in future years.

The following events occurred post 31 December 2020:

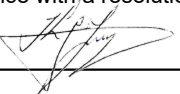
- a) Grant of tenement E59/2329, "Murrawalla Hill", immediately to the south of the Coolaloo Hill Gold Project (E59/2329)
- b) The appointment of Ben Donovan as company secretary and the resignation of Brent Van Staden on 1 March 2021.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of the directors.

Director



Dated:

12 / 03 / 2021

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001**To the Directors of Westar Resources Limited**

As lead audit director for the review of the financial statements of Westar Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westar Resources Limited and the entities it controlled during the half-year.

**Nexia Brisbane Audit Pty Ltd**

N D Bamford
Director

Date: 12 March 2021

Westar Resources Limited
ACN 635 895 082

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Revenue		-	-
Less expenses:			
Legal Costs		(3,912)	-
Consulting Fees		(1,599)	-
Exploration Costs		(16,136)	(111,525)
Corporate and Administrative Expenses		(261,605)	(68,048)
Loss before Income tax		(283,252)	(179,573)
Income tax expense		-	-
Net loss for the year		(283,252)	(179,573)
Other comprehensive income		-	-
Total other comprehensive income/(loss)		-	-
Total comprehensive loss for the year		(283,252)	(179,573)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Westar Resources Limited
ACN 635 895 082

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,714,943	17,203
Receivables	4	62,199	23,647
Prepayments		785	2,070
		<u>4,777,927</u>	<u>42,920</u>
NON-CURRENT ASSETS			
Exploration and evaluation assets	5	840,795	552,883
		<u>840,795</u>	<u>552,883</u>
TOTAL ASSETS		<u>5,618,722</u>	<u>595,803</u>
CURRENT LIABILITIES			
Trade and other payables	6	73,536	9,829
Borrowings	7	-	15,000
		<u>73,536</u>	<u>24,829</u>
TOTAL LIABILITIES		<u>73,536</u>	<u>24,829</u>
NET ASSETS		<u>5,545,186</u>	<u>570,974</u>
EQUITY			
Issued capital	8	5,391,416	808,535
Reserves		674,583	-
Retained earnings		(520,813)	(237,561)
TOTAL EQUITY		<u>5,545,186</u>	<u>570,974</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Westar Resources Limited
ACN 635 895 082

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital \$	Retained Earnings \$	Reserves \$	Total \$
At incorporation 30 August 2019		-	-	-	-
Total comprehensive loss for the half year		-	(179,573)	-	(179,573)
Shares issued during the half year		235,035	-	-	235,035
At 31 December 2019		<u>235,035</u>	<u>(179,573)</u>	<u>-</u>	<u>55,462</u>
	Note	Share Capital \$	Retained Earnings \$	Reserves \$	Total \$
At 30 June 2020		808,535	(237,561)	-	570,974
Total comprehensive loss for the half year		-	(283,252)	-	(283,252)
Shares issued during the half year		5,750,300	-	-	5,750,300
Transaction costs		(1,167,419)	-	-	(1,167,419)
Share based payments		-	-	674,583	674,583
At 31 December 2020		<u>5,391,416</u>	<u>(520,813)</u>	<u>674,583</u>	<u>5,545,186</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Westar Resources Limited
ACN 635 895 082

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(230,679)	(143,159)
Net cash generated from operating activities		<u>(230,679)</u>	<u>(143,159)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure	5	(287,912)	(82,244)
Cash acquired on acquisition of subsidiary	12	-	9,305
Net cash inflows/(outflows) from investing activities		<u>(287,912)</u>	<u>(72,939)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of issue costs)	8	5,231,331	177,185
(Repayment)/Proceeds of shareholder loans		(15,000)	48,465
Net cash generated from financing activities		<u>5,216,331</u>	<u>225,650</u>
Net increase/(decrease) in cash and cash equivalents		4,697,740	9,552
Cash and cash equivalents at beginning of half year		17,203	-
Cash and cash equivalents at end of half year	3	<u>4,714,943</u>	<u>9,552</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

These financial statements are the consolidated financial statements of the consolidated entity consisting of Westar Resources Limited and its subsidiaries (the Group). The financial statements are presented in Australian currency.

Westar Resources Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The Company was incorporated on 30 August 2019 for the purpose of pursuing opportunities in the resources sector, initially by acquiring a portfolio of gold exploration tenements in Western Australia. The Company's business model to acquire tenements solely or with partners, with the aim of undertaking exploration. Risks associated with this business activity primarily relate to the identification and acquisition of tenements and the ability to undertake exploration. The Company listed on the Australian Securities Exchange on 17 December 2020.

The financial statements were authorised for issue by the directors on the date of signing of the Director's Declaration.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basic of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for 30 June 2020, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, or as set out in the Company's prospectus dated 23 October 2020.

New standards and interpretations not yet adopted

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

2 Significant accounting judgements

In the process of applying the Group's accounting policies, the directors have made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Acquisition of Rouge Resources Pty Ltd - common control transaction (note 12)

Pursuant to a scrip for scrip rollover agreement dated 12 September 2019, Westar Resources Limited acquired a 100% interest in the issued capital of Rouge Resources Pty Ltd, an entity located in WA.

Exploration and evaluation assets (note 5)

Exploration and evaluation assets have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

3. CASH AND CASH EQUIVALENTS

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and on hand	4,714,943	17,203
	<u>4,714,943</u>	<u>17,203</u>

4. RECEIVABLES

	31 December 2020	30 June 2020
	\$	\$
Share subscriptions receivable	-	20,500
Sundry debtors	62,199	3,147
	<u>62,199</u>	<u>23,647</u>

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

5. EXPLORATION AND EVALUATION ASSET	31 December 2020 \$	30 June 2020 \$
Exploration and evaluation expenditure carried forward in respect of areas of interest are:		
Exploration and evaluation phase	840,795	552,883
	<u>840,795</u>	<u>552,883</u>

Movement in exploration and evaluation expenditure:

Opening balance	552,883	-
Tenements acquired on the acquisition of Rouge Resources Pty Ltd (i)	-	24,154
Tenements acquired (ii)	-	528,729
Exploration expenditure in the period	287,912	-
Carrying amount at 30 June	<u>840,795</u>	<u>552,883</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects, or alternatively, through the sale of the areas of interest.

- (i) As set out in note 12, the Company acquired Rouge Resources Pty Ltd in the prior period, which held tenements E16/505, E45/4997, E77/2424, E58/536 and E59/2329.
- (ii) During the prior period, the Group also acquired (or entered into arrangements to acquire) further tenements E53/1920 and E57/1055.

All tenements are 100% owned by the Group. Included in the carrying amount of exploration and evaluation assets is \$261,494 relating to tenements subject to farm-out arrangements, whereby the Group will retain a 25% interest in the tenements.

Commitments in respect of these tenements are set out in note 9.

6. TRADE AND OTHER PAYABLES	31 December 2020 \$	30 June 2020 \$
Sundry payables and accruals	73,536	9,829
	<u>73,536</u>	<u>9,829</u>

7. BORROWINGS

	31 December 2020 \$	30 June 2020 \$
Current Liabilities		
Shareholder loans	-	15,000
	<u>-</u>	<u>15,000</u>

8. ISSUED CAPITAL	31 December 2020 Number	31 December 2020 \$	30 June 2020 Number	30 June 2020 \$
(a) Ordinary shares				
Fully paid ordinary shares	50,404,146	5,391,416	54,655,714	808,535

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportions to the number of and amounts paid on the shares held. Ordinary shares are fully paid and entitle the holder to one vote per share in a shareholders meeting.

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

8. ISSUED CAPITAL (continued)

Movement of shares in the half-year

	Number of shares	Total \$
Opening Balance	54,655,714	808,535
Shares issued, at \$0.05, pursuant to "Seed Capital Offer" on 19 September 2020	15,000,000	750,000
Shares issued, at \$0.0001, pursuant to an advisory agreement on 19 September 2020	3,000,000	300
Share consolidation on 1:2.86 basis on 23 October 2020	(47,251,568)	-
Shares issued, at \$0.20, pursuant to Initial Public Offering on 12 December 2020	25,000,000	5,000,000
Closing balance	<u>50,404,146</u>	<u>6,558,835</u>
Less: Transaction costs arising on share issues		(1,167,419)
		<u>5,391,416</u>

Share issues during the half-year have ranged in price between \$0.20 and \$0.0001.

(b) Capital Management

Exploration companies such as Westar Resources Limited are funded primarily by share capital. The Group's capital comprises its share capital and financial liabilities supported by financial assets.

Management controls the capital of the Group to ensure that it can fund its operations and continue as a going concern. No dividend will be paid while the Group is in exploration stage. There are no externally imposed capital requirements.

(c) Share Options

Share options issued during the half-year are set out in note 17.

9. COMMITMENTS

	31 December 2020 \$	30 June 2020 \$
The following exploration commitments exist at balance date but have not been brought to account:		
Not later than 1 year	235,000	235,000
Later than 1 year but not later than 5 years	660,986	660,986
Later than 5 years	-	-
Total commitment	<u>895,986</u>	<u>895,986</u>

The Group must meet minimum expenditure commitments in relation to granted exploration tenements to maintain those tenements in good standing. If the relevant mineral tenement is relinquished the expenditure commitment also ceases.

As set out in note 5, certain tenements are subject to farm-out arrangements under which commitment expenditure (included above) is the responsibility of the counter-party.

10. RELATED PARTIES

Related parties of the Group included:

- Key Management Personnel (KMP), being the directors of the company and the Chief Executive Officer.
- Entities in which KMP, and their close family members, have a significant interest held directly, indirectly or beneficially.
- Group entities.

(a) Parent entities

The parent entity within the Group is Westar Resources Limited.

(b) Interest in subsidiaries

Interests in subsidiaries are disclosed in note 11.

(c) Loans from shareholder related entities

The Group was provided interest free, unsecured loans from the following shareholder related entities:

	31 December 2020 \$	30 June 2020 \$
Karl Jupp	-	5,000
Nat Cull	-	5,000
Nathan Cammerman	-	5,000
	<u>-</u>	<u>15,000</u>
Loans advanced in the period	-	60,000
Loans repaid in the period	(15,000)	(45,000)
Closing balance	<u>-</u>	<u>15,000</u>

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

10. RELATED PARTIES (continued)

(d) Transactions with related parties

The following transactions occurred with related parties:

	31 December 2020	30 June 2020
	\$	\$
Payments for goods and services:		
Payment for geological services from Georesphere (director-related entity of CEO, Karl Jupp)	14,400	30,000
Payment for bookkeeping services (director-related entity of CEO, Karl Jupp)	1,500	-
Remuneration of director (CEO, Karl Jupp)	75,000	-

(e) Transactions with related parties (as shareholders)

The total shares in the Company held by KMP (and their related parties) as at the 31 December 2020 is 8,309,442. A total of 5,000,000 options are also held.

11. INTERESTS IN OTHER ENTITIES

Subsidiaries

The Group's principal subsidiaries are set out below.

Name of entity	Country of Incorporation	Class of Shares	2020 %
Rouge Resources Pty Ltd (i)	Australia	Ordinary	100
Imperator Resources Pty Ltd (ii)	Australia	Ordinary	100

(i) Rouge Resources Pty Ltd was acquired on 19 September 2019.

(ii) Imperator Resources Pty Ltd was incorporated on 29 August 2019.

There are no significant restrictions over the Group's ability to use assets, and settle liabilities of the Group.

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

12. ACQUISITION OF ROUGE RESOURCES PTY LTD

Pursuant to a scrip for scrip rollover agreement dated 12 September 2019, Westar Resources Limited acquired a 100% interest in the issued capital of Rouge Resources Pty Ltd. The acquisition has been accounted for as a common control transaction - the asset and liabilities are recognised at acquisition date at their carrying value as recorded in Rouge Resources Pty Ltd.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	9,305
Other assets	6,385
Exploration and evaluation assets	24,154
Trade and other payables	(27,159)
Net assets acquired	<u>12,685</u>
Representing:	
Shares issued as consideration	<u>12,685</u>

13. NON-CASH INVESTING AND FINANCING ACTIVITIES

	31 December 2020 \$	30 June 2020 \$
Acquisition of tenements from TASEX through share issues (i)	-	350,000
Acquisition of Sandstone Gold Project tenements through share issues (ii)	-	150,000
Acquisition of Rouge Resources Pty Ltd through share issue (note 12)	-	12,685
Share based payments - options issued (note 18)	674,583	-
	<u>674,583</u>	<u>512,685</u>

- (i) Pursuant to a Tenement Sale agreement dated 23 January 2020, Westar Resources Limited issued 10,000,000 fully paid ordinary shares at a price of \$0.05 to acquire a number of tenements from Tasex Geological Services Pty Ltd.
- (ii) Pursuant to a Term Sheet Agreement dated 11 February 2020, Westar Resources Limited issued 3,000,000 fully paid ordinary shares at a price of \$0.035 to acquire a number of tenements from Rafaella Resources Ltd.

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than outlined below, there have been no matters or circumstances that have arisen since 31 December 2020 which have significantly affected or may significantly affect:

- a) the Company's operations in future years; or
- b) the results of those operations in future years; or
- c) the Company's state of affairs in future years.

The following events occurred post 31 December 2020:

- a) Grant of tenement E59/2329, "Murrawalla Hill", immediately to the south of the Coolaloo Hill Gold Project (E59/2329).
- b) The appointment of Ben Donovan as company secretary and the resignation of Brent Van Staden on 1 March 2021.

15. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being mineral exploration activities in Western Australia.

Westar Resources Limited
ACN 635 895 082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities or contingent assets at 31 December 2020.

17. SHARE OPTIONS

Share options issued in the current half -year are:

	31 December 2020	30 June 2020
Unlisted options		
Balance at 1 July	-	-
Granted during the period	8,000,000	-
Exercised during the period	-	-
Expired during the period	-	-
Balance as at reporting date	<u>8,000,000</u>	<u>-</u>

The Company granted 3,000,000 options for a subscription price of \$30, conditional upon successful completion of IPO. The options have an exercise price of \$ 0.25 each within a term of 3 years from issue date of the options. The options have been valued using a binomial model calculation and accounted for as a capital raising cost totalling \$353,700 less \$30 subscription price.

Lead Manager Options Valuation

Numbers of options issued	3,000,000
Volatility	103.70%
Exercise price	\$0.25
Expiration Period	3 years
Share price at grant date	\$0.20
Value per Lead Manager Option	\$0.1179

The Directors are entitled to options also as a bonus upon a successful listing on the ASX. There are 2 tranches, Tranche A for 2,500,000 options and Tranche B also for 2,500,000 options. Tranche A options are exercisable at \$0.25 each with the vesting of the options being upon successful listing of the Company's Shares on the ASX. The Tranche A options have been valued on the same basis as the LMO and accounted for as a capital raising cost totalling \$294,750.

The Tranche B options also vest on successful Listing and the VWAP of the Company's Shares on the ASX must remain at \$0.40 or more per share for a sequential period of 20 days within 3 years of the options being granted. The Tranche B options will be accounted for over the vesting period and in the half-year accounted for as remuneration expenses totalling \$26,133. The Tranche B options are valued at \$0.1176 each.

18. COMPANY DETAILS

The registered office is Level 35, 1 Eagle Street, Brisbane QLD 4000. The principal place of business is Level 3, 37 St Georges Terrace, Perth WA 6000.

Westar Resources Limited
ACN 635 895 082

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Westar Resources Limited, in the directors' opinion:

1. the financial statements and notes set out on pages 8 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the directors.

Director



Director

Dated : 12/03/2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WESTAR RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Westar Resources Limited (the Company and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of Westar Resources Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 review report.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WESTAR RESOURCES LIMITED (CONTINUED)***Directors' Responsibility for the Half-Year Financial Report***

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**Nexia Brisbane Audit Pty Ltd****N D Bamford**

Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 12 March 2021