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# WESTERN GOLD RESOURCES LIMITED

ABN 54 139 627 446

## Half Year Financial Report | 31 December 2022

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# Corporate Directory

**Directors**

**Mr Gary Lyons**
*Non-executive Chairman*

**Dr Warren Thorne**
*Managing Director*

**Mr Patrick Burke**
*Non-executive Director*

**Mr Teck Siong Wong**
*Non-executive Director*

**Company Secretary**

**Mr Sonu Cheema**

**Registered Office & Principal Place of Business**

Level 4, 46 Colin Street
West Perth WA 6005

**SHARE REGISTRY**

Automic Group Australia
Level 5, 191 St Georges Terrace
Perth WA 6000

**Auditors**

Stantons
40 Kings Park Rd,
West Perth WA 6005

**Company Information**

Incorporated in Western Australia on
24 September 2009

**Securities Exchange**

Australian Securities Exchange ("ASX")
ASX Code: WGR

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# Directors' Report

Your Directors submit their report for Western Gold Resources Limited ("WGR" or the "Company") and its subsidiary (together, the "Group") for the half-year ended 31 December 2022.

**Directors**

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

| | |
|---|---|
| Gary Lyons | Non-executive Chairman |
| Warren Thorne | Managing Director |
| Patrick Burke | Non-executive Director |
| Teck Siong Wong | Non-executive Director |

**Company Secretaries**

Sonu Cheema (appointed 3 February 2023)
Mark Pitts (resigned 3 February 2023)

**Dividends**

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

**Principal activities**

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

**Operating results**

The net loss of the Group for the half-year ended 31 December 2022 was $1,137,151 (half-year ended 31 December 2021: $1,958,986).

**Financial Position**

The Group's net assets at the end of the half-year totalled $1,322,366 (30 June 2022: $2,459,517). As at 31 December 2022, the Group had $709,984 in cash and cash equivalents (30 June 2022: $2,132,627)

**Review of Operations**

***Gold Duke Project***

Western Gold Resources Limited holds the Gold Duke Project, an advanced exploration project with potential to move to gold production.

The Gold Duke Project (the Project) is located approximately 35 to 45 km southwest of the township of Wiluna (Figures 1) and 750 km northeast 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.

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**Review of Operations (continued)**

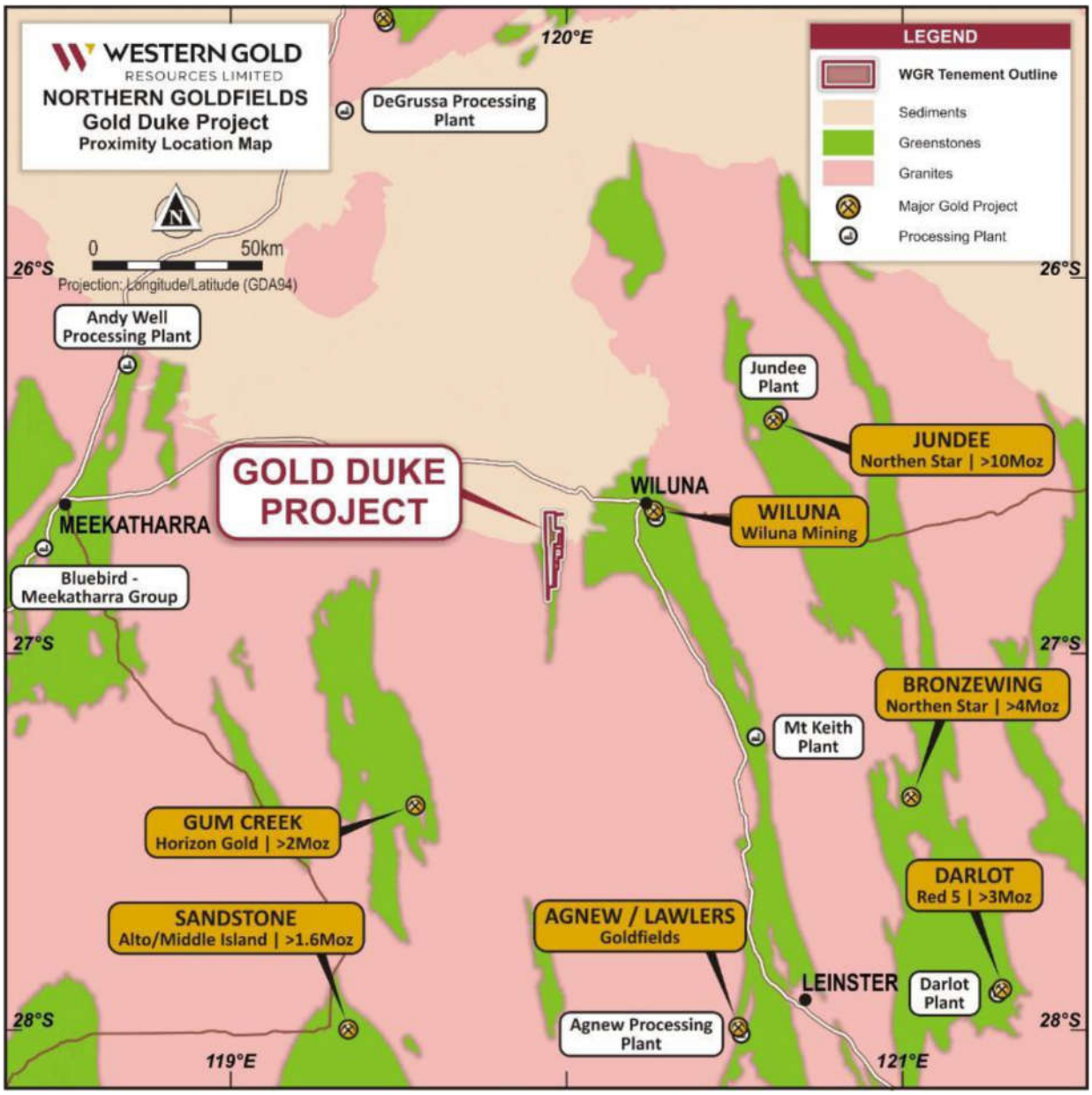


**Fig. 1 - Location of Gold Duke Project with prominent greenstone belts, existing mines, and processing facilities.**

The Project consists of 7 granted mining leases occupying a total area of 85.8 km2. The mining leases are all held by GWR and are subject to a Deed of Co-operation between GWR and Wiluna West Gold. The Project covers 25 km of strike over the Joyners Find Greenstone Belt and is comprised of several deposits which are all located on granted mining leases and subject to a Native Title Agreement.

Since the commencement of modern exploration (up to 1990) more than 20 gold occurrences have been identified within the project area (Figure 2). Much 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. 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.

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**Review of Operations (continued)**

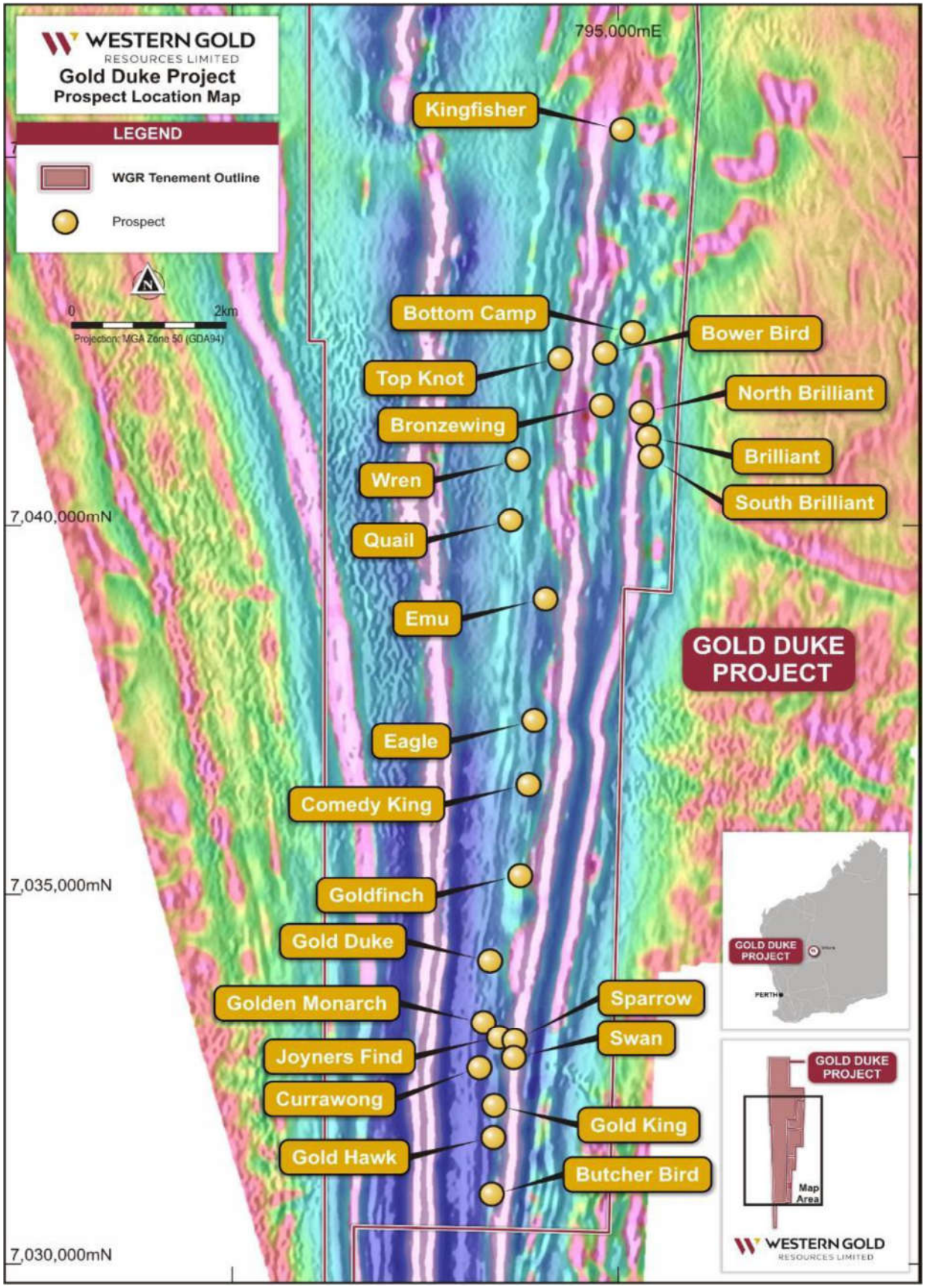


**Fig. 2 – Gold Duke project on TMI (1VD) and with Gold Deposit prospects displayed.**

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**Review of Operations (continued)**

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).

There remains significant potential to expand the Company's Resource inventory by following up known deposits and by greenfields exploration targeting of the relatively untested targets over the Joyners Find Greenstone belt.

Two drilling programs were completed during the half across the Gold King, Wren, Kingfisher North and Topknot prospects. The programs consisting of 140 RC drill holes for 8,488 m completed. Drilling was aimed at extending the Gold King and Wren deposits along strike and at depth, together with exploration of targets generated from soil sampling and geophysical surveys.

Results of the drilling have been reported by WGR to the ASX (refer Announcements 25th August 2022), with assay results from Kingfisher North and Wren due in Q1 2023.

**Gold King**

The Gold King prospect (Figure 2) contains a JORC (2012) Indicated and Inferred Mineral Resource estimate of 580,000 tonnes at 1.9 g/t Au for 36,000 oz (refer to Table 1).

Gold mineralisation is associated with quartz veining within hematite-goethite altered BIF and ultramafic talc-chlorite schists at the BIF-ultramafic contact. The drilling program at Gold King (M53/1018) was aimed infilling the previous 40x 20m patten of drilling conducted by various previous explorers (see Prospectus dated 18 May 2021).

A total of 64 RC drill holes for 3834 m were completed to test the Gold King prospect (Figures 2 and 3). Drilling infilled the pattern to a nominal 20 m north and 15 m east spacing, as well as testing northern, southern and depth extensions to the known mineralisation. Significant intercepts include:

- 6m @ 8.89 g/t Au from 56m (including 2m @ 18.48 g/t Au) (WGRC0402)
- 3m @ 9.07 g/t Au from 21m (including 2m @ 12.91 g/t Au) (WGRC0424)
- 8m @ 2.89 g/t Au from 13m (including 1m @ 16.89 g/t Au) (WGRC0403)
- 5m @ 3.95 g/t Au from 60m (including 1m @ 10.10 g/t Au) (WGRC0421)
- 2m @ 10.82 g/t Au from 47m (including 1m @ 18.05 g/t Au) (WGRC0416)
- 2m @ 9.55 g/t Au from 52m (including 1m @ 16.77 g/t Au) (WGRC0439)
- 11m @ 1.78 g/t Au from 49m (WGRC0447)

The highest-grade intercepts were within hematite-goethite altered BIF unit, are commonly repeated in the central and northern portions of the orebody (Figure 4; Section C-D). Mineralisation within the surrounding ultramafics is generally narrower (1-3m) and common along the BIF-ultramafic contacts. The intersection of higher grades of 6m @ 8.89 g/t Au from 56m, including 2m @ 18.48 g/t Au (WGRC0402) and 5m @ 3.95 g/t Au from 60m (including 1m @ 10.10 g/t Au (WGRC0421) suggests that higher-grade shoots within the orebody plunge steeply to the south.

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**Review of Operations (continued)**

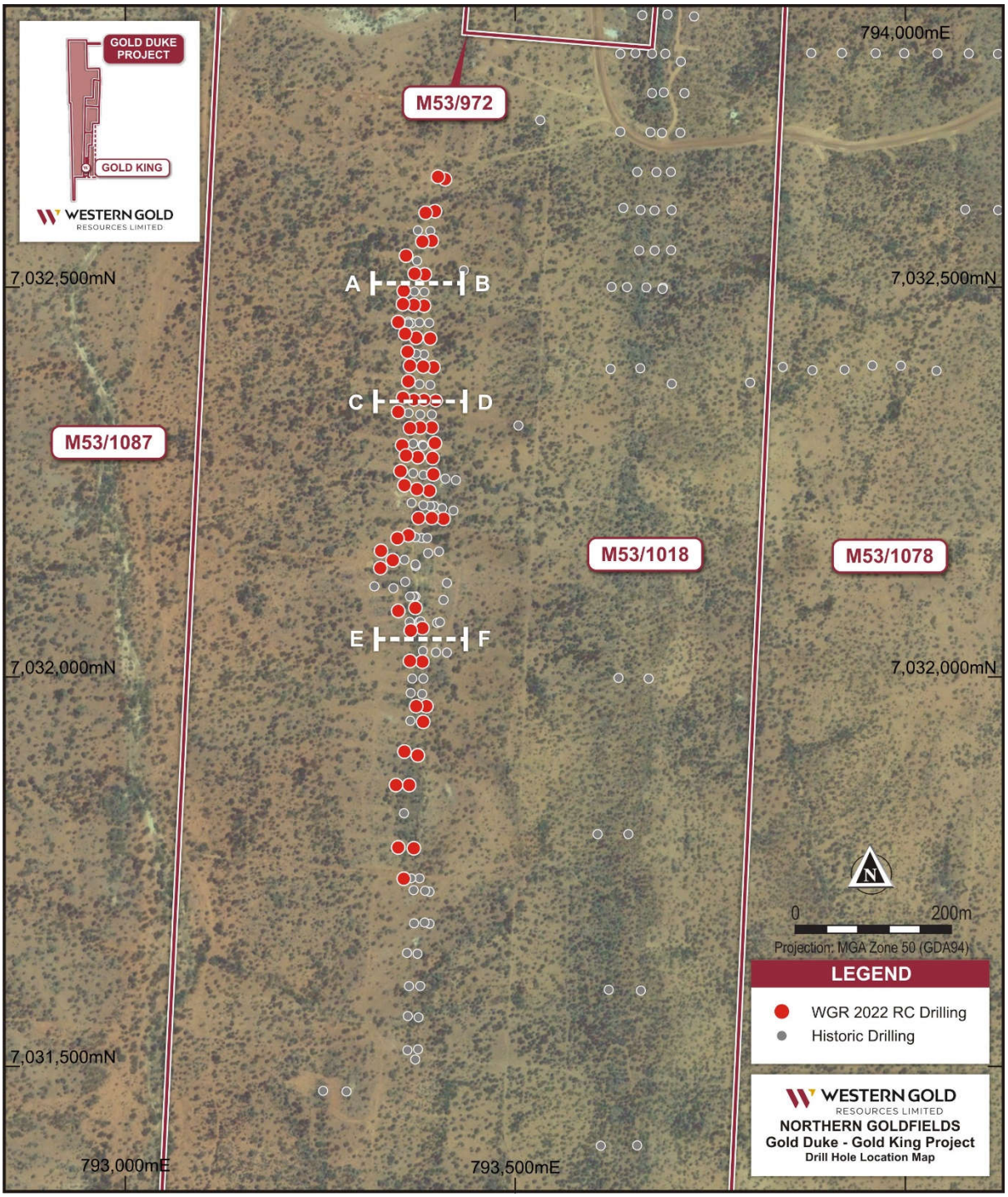


**Figure 3. Gold King RC holes with locations of sections (See Figure 4)**

Of particular interest is the shallow gold intercepts of 2m @ 2.40 g/t Au from 7m and 2m @ 3.26 g/t Au from 14m (WGRC0385) hosted within ultramafic units (Figure 3) indicating that drilling most northern holes were drilled to far to the east and mineralisation remains open to the north.

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**Review of Operations (continued)**

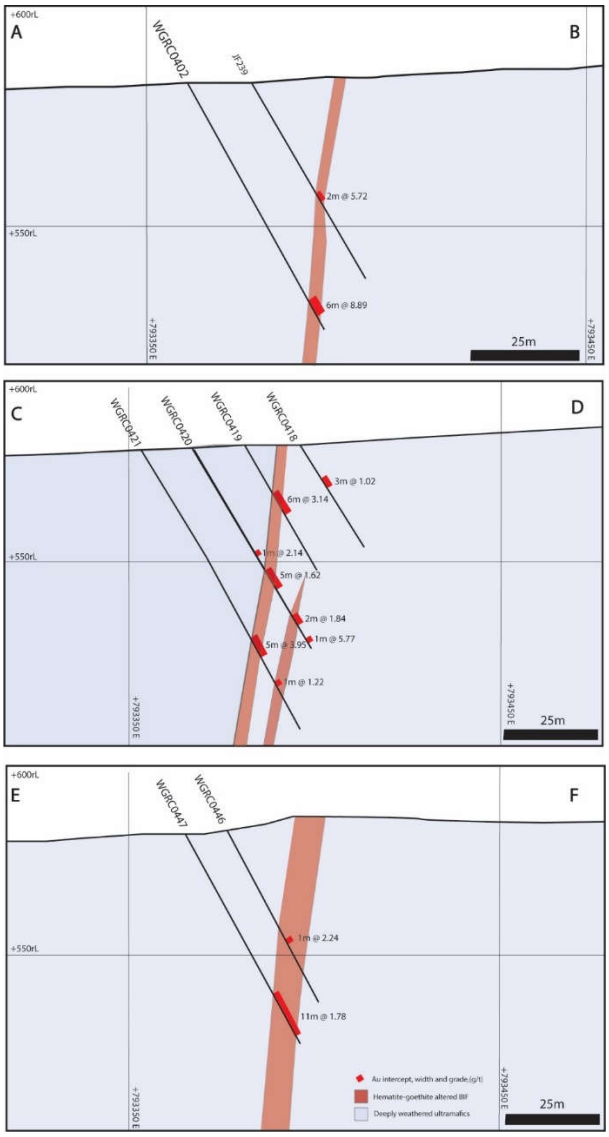


**Figure 4 – Gold King sections (see Figure 2) displaying mineralisation hosted within BIF and ultramafic units.**

**Wren**

The Wren prospect (Figures 2, 5) contains a JORC (2012) Inferred Mineral Resource estimate of 110,000 tonnes at 2.4 g/t Au for 8,000 oz (refer to Table 1).

The prospect consists of two historic shafts and several small pits. Gold mineralisation is hosted primarily within a north-trending quartzite unit with associated quartz and quartz-hematite veins that form both layer-parallel and cross-cutting vein networks. Locally, quartz-vein breccias with extensive wall rock hematite alteration are present.

As part of WGR's regional exploration program, A WGR rock chip program identified a 700m long anomaly along a northerly trending ridge with Au assays up to 3.56g/t Au (see ASX Announcement 22 September 2021).

A total of 13 RC drill holes for 1126 m were completed to test this the geochemical anomaly as well as previous drilling that included 3m at 33.75 g/t Au from 39m including 1 m at 96.00 g/t Au (CR136; see Prospectus dated 18 May 2021).

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**Review of Operations (continued)**

Drilling was completed on a pattern with 40 m north and 10 m east spacing (Figure 5). Significant intercepts include:

- 2m @ 2.40 g/t Au from 7m (WGRC0385)
- 2m @ 3.26 g/t Au from 14m (WGRC0385)
- 2m @ 2.26 g/t Au from 49m (WGRC0389)

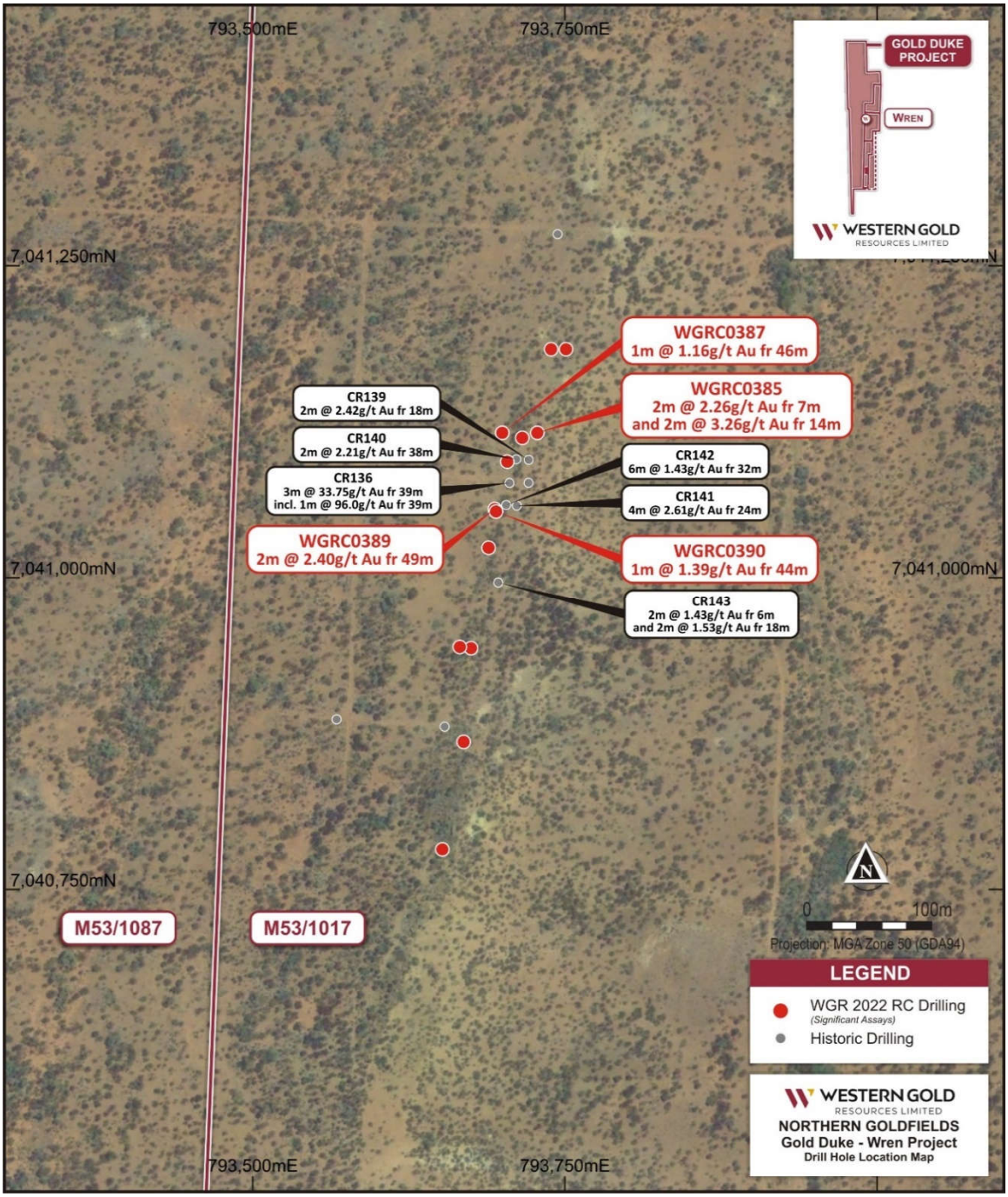


**Figure 5 – Wren 2022 RC Drilling collars and significant results**

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# Directors' Report

**Review of Operations (continued)**

**Nickel Exploration**

WGR completed a ground-based Moving Loop Electromagnetic (MLEM) survey to delineate drilling targets associated with 2 nickel-platinum-palladium soil anomalies (Figure 6; Big Z's and Duran's) identified by the soil sampling program within the Joyners Find Greenstone Belt at WGR's Gold Duke project (see ASX announcement 11 July 2022).

Twenty lines of Ground based Moving Loop Electromagnetic survey (MLEM) were completed with the MLEM survey looking to define EM conductors that could represent concealed nickel sulphides. Once interpreted, priority EM conductors to be subsequently drill tested.

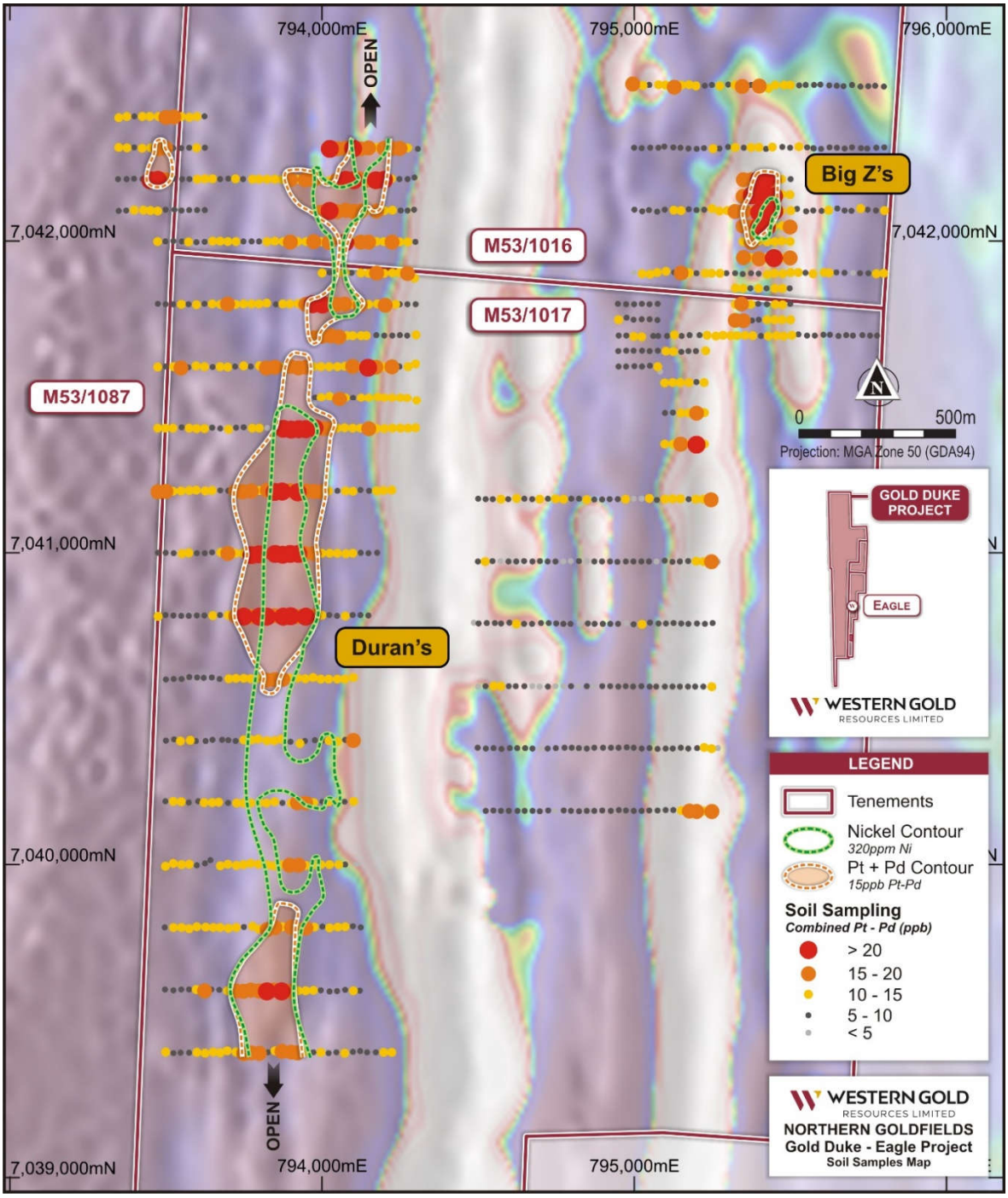


**Figure 6. UFF+ soil geochemistry Ni-Pt Pd anomalies over TMI image**

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# Directors' Report

**Review of Operations (continued)**

**Top Knot**

The Top Knot prospect is located on the Joyner Find Shear Zone (Figure 2 and 7) and contains numerous shallow historic shafts hosted within a package of intercalated ultramafic and chert rocks. A total of 27 RC holes for 1230m were drilled to test co-incident targets previously generated from a Sub-Audio Magnetics (SAM) survey (see ASX announcement 11 November 2021) and soil geochemistry (see ASX announcement 17 February 2022). A total of 17 holes are planned to target the intersection of NNE-trending faults and the JFSZ, interpretated to control mineralisation at the Top Knot prospect.

**North Kingfisher**

A total of 36 holes for 2300m was drilled the North Kingfisher prospect (Figure 7) that is concealed under the Proterozoic Finlayson Member, a fine- to medium-grained, well-bedded arenite, with thin conglomerate intervals. The holes intercepted ultramafic, mafic and rhyodacite intrusive rocks within fault splays of the Brilliant and Joyners Shear Zones. The prospect has had no previous drilling. The drilling at North Kingfisher is co-funded by the WA Government EIS drilling grant of $118,500.

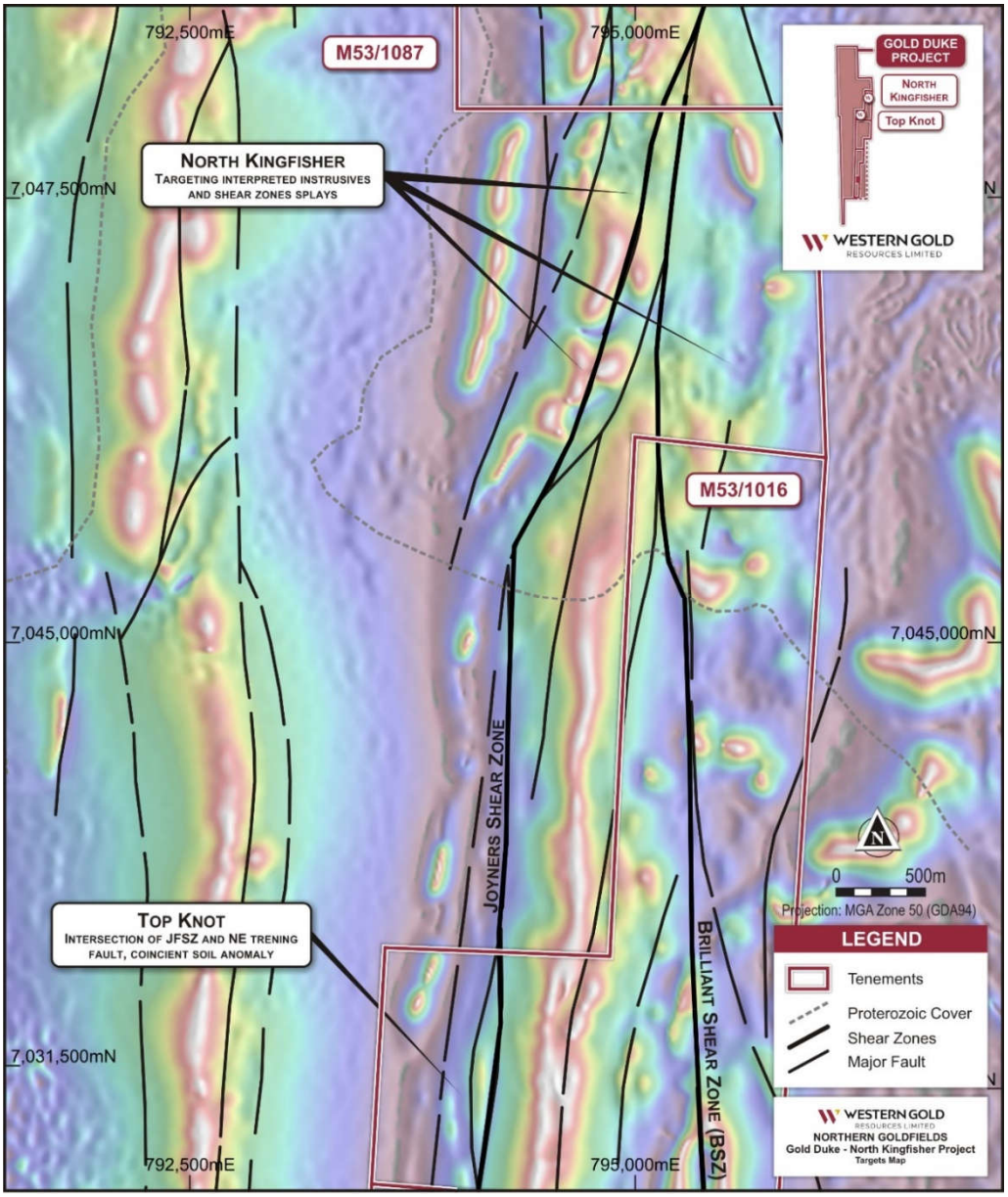


**Figure 7. Top Knot and Kingfisher North prospects showing drilling targets and structural framework (on TMI)**

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**Competent Persons Statements**

The information in this report which relates to Exploration Results is based on information compiled by Dr Warren Thorne, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of the company. Dr Thorne who is an option-holder, 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). Dr Thorne consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

Where the Company refers to previous Exploration Results and to the Mineral Resource estimate included in its recently announced Prospectus dated 18 May 2021 and in previous announcements, it notes that the relevant JORC 2012 disclosures are included in the Prospectus and those previous announcements and it confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all information in relation to the Exploration Results and material assumptions and technical parameters underpinning the Mineral Resource estimate within those announcements continues to apply and has not materially changed.

**Events after balance date**

Other than those disclosed in Note 13, there has been no matter or circumstances that has arisen since balance date to the date of this report, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group subsequent to the reporting date.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, Stantons, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 25 and forms part of this Directors' Report for the half year ended 31 December 2022.

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

Gary Lyons
**Chairman**

Dated at Perth this 14th day of March 2023

# Consolidated statement of profit or loss and other comprehensive income

**For the half year ended 31 December 2022**

| | Note | Consolidated December 2022 $ | Consolidated December 2021 $ |
|---|---|---|---|
| Gain on forgiveness of loan | 5 | - | 36,679 |
| Interest income | | 100 | - |
| Exploration and evaluation expenditure | 3 | (837,361) | (1,715,543) |
| Personnel expenses | 3 | (11,732) | (40,064) |
| Directors' expenses | 3 | (129,395) | (91,976) |
| Corporate, legal and compliance expenses | 3 | (116,913) | (110,703) |
| Occupancy expenses | 3 | (13,336) | (11,553) |
| Administration expenses | 3 | (27,592) | (24,576) |
| Depreciation | 3 | (922) | (855) |
| Interest expense | 3 | - | (395) |
| Profit/(Loss) before income tax | | (1,137,151) | (1,958,986) |
| Income tax expense | | - | - |
| Profit/(Loss) for the period | | (1,137,151) | (1,958,986) |
| Other comprehensive income | | - | - |
| Other comprehensive (loss) / income for the period | | (1,137,151) | (1,958,986) |
| Total comprehensive (loss) / income for the period | | (1,137,151) | (1,958,986) |
| Loss per share | | | |
| Basic and diluted loss per share (cents per share) | 9 | (1.40) | (2.52) |

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

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# Consolidated statement of financial position

**As at 31 December 2022**

| | Note | Consolidated December 2022 $ | Consolidated June 2022 $ |
|---|---|---|---|
| Current assets | | | |
| Cash and cash equivalents | | 709,984 | 2,132,627 |
| Trade and other receivables | | 191,179 | 222,768 |
| Total current assets | | 901,163 | 2,355,395 |
| Non-current assets | | | |
| Property, plant & equipment | | 14,611 | 15,534 |
| Exploration and evaluation expenditure | 4 | 549,000 | 549,000 |
| Total non-current assets | | 563,611 | 564,534 |
| Total assets | | 1,464,774 | 2,919,929 |
| Current liabilities | | | |
| Trade and other payables | | 98,376 | 421,087 |
| Employee leave liabilities | | 20,381 | 19,437 |
| Total current liabilities | | 118,757 | 440,524 |
| Non-current liabilities | | | |
| Rehabilitation provision | | 23,651 | 19,888 |
| Total non-current liabilities | | 23,651 | 19,888 |
| Total liabilities | | 142,408 | 460,412 |
| Net assets | | 1,322,366 | 2,459,517 |
| Equity | | | |
| Contributed equity | 6 | 16,560,328 | 16,560,328 |
| Reserves | 7 | 1,282,000 | 1,282,000 |
| Accumulated losses | | (16,519,962) | (15,382,811) |
| Total equity | | 1,322,366 | 2,459,517 |

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

# Consolidated statement of changes in equity

**For the half-year ended 31 December 2022**

| | Contributed equity | Accumulated losses | Reserves | Total Equity |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Balance as at 1 July 2021 | 10,400,000 | (11,374,656) | 1,000,000 | 25,344 |
| Loss for the period | - | (1,958,986) | - | (1,958,986) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | (1,958,986) | - | (1,958,986) |
| Shares issued for cash | 7,000,000 | - | - | 7,000,000 |
| Seed capital shares issued | 213,200 | - | - | 213,200 |
| Share based payments – options issued as share issue costs | (282,000) | - | 282,000 | - |
| Other share issue costs paid | (763,046) | - | - | (763,046) |
| Balance as at 31 December 2021 | 16,568,154 | (13,333,642) | 1,282,000 | 4,516,512 |
| Balance as at 1 July 2022 | 16,560,328 | (15,382,811) | 1,282,000 | 2,459,517 |
| Loss for the period | - | (1,137,151) | - | (1,137,151) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | (1,137,151) | - | (1,137,151) |
| Balance as at 31 December 2022 | 16,560,328 | (16,519,962) | 1,282,000 | 1,322,366 |

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

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# Consolidated statement of cash flows

**For the half-year ended 31 December 2022**

| | Note | Consolidated | |
|---|---|---|---|
| | | December 2022 | December 2021 |
| | | $ | $ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (318,850) | (476,400) |
| Payments for exploration and evaluation | | (1,103,793) | (1,715,543) |
| Net cash (used in) operating activities | | **(1,422,643)** | **(2,191,943)** |
| Cash flows from investing activities | | | |
| Purchases of property, plant & equipment | | - | (12,883) |
| Net cash (used in) investing activities | | - | (12,883) |
| Cash flows from financing activities | | | |
| Proceeds from the issue of securities | | - | 7,000,000 |
| Payment of share issue costs | | - | (291,131) |
| Repayment of loan to GWR Group Limited | | - | (426,945) |
| Net cash provided by financing activities | | **-** | **6,281,924** |
| Net (decrease)/increase in cash and cash equivalents | | (1,422,643) | 4,077,098 |
| Cash and cash equivalents at beginning of the period | | 2,132,627 | 31,253 |
| Cash and cash equivalents at the end of the period | | 709,984 | 4,108,351 |

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

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# Condensed notes to the financial statements

## For the half-year ended 31 December 2022

### Note 1: Corporate information

The financial report of Western Gold Resources Limited and its subsidiaries ('the consolidated entity' or 'the Group') for the half-year ended 31 December 2022 was authorized for issue in accordance with a resolution of the directors on 13 March 2023. Western Gold Resources Limited is a company limited by shares, incorporated in Australia. During the comparative financial period, up to 13 July 2021, the Western Gold Resources Limited was a wholly-owned subsidiary of GWR Group Limited.

### Note 2: Basis of preparation and accounting policies

#### a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year.

#### b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### c. 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.

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# Condensed notes to the financial statements

## For the half-year ended 31 December 2022

### Note 2: Basis of preparation and accounting policies (cont'd)

#### d. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. During the half-year ended 31 December 2022, the Group incurred a loss before tax of $1,137,151 and net cash outflows from operating and investing activities of $1,422,643. As at 31 December 2022, the Group had $709,984 in cash and cash equivalents and net current assets of $782,406.

Whilst not immediately required, the Group may need to raise additional funds to meet its planned and budgeted exploration expenditure as well as regular corporate overheads. The Group's capacity to raise additional funds will be impacted by the success of the ongoing exploration activities and market conditions. Additional sources of funding available to the Group include a capital raising via preferential issues to existing shareholders or placements to new and existing investors. If necessary, the Group can delay exploration expenditure and the directors can also institute cost saving measures to further reduce corporate and administrative costs.

However, should the above planned activities to raise or conserve capital not be successful, there exists a material uncertainty surrounding the Group's ability to continue as a going concern and, therefore, realise its assets and dispose of its liabilities in the ordinary course of business and at the amounts stated in the financial report.

#### e. 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.

### Note 3: Expenses

| | Consolidated | |
|---|---|---|
| | December 2022 | December 2021 |
| | $ | $ |
| Exploration and evaluation expenditure | 837,361 | 1,715,543 |
| Personnel expenses | 11,732 | 40,064 |
| Directors' expenses | 129,395 | 91,976 |
| Corporate, legal and compliance expenses | 116,913 | 110,703 |
| Occupancy expenses | 13,336 | 11,553 |
| Administration expenses | 27,592 | 24,576 |
| Depreciation | 922 | 855 |
| Interest expense | - | 395 |
| | 1,137,251 | 1,995,665 |

### Note 4: Exploration and evaluation expenditure

| | Consolidated | |
|---|---|---|
| | December 2022 | June 2022 |
| | $ | $ |
| Exploration & evaluation expenditure | 549,000 | 549,000 |

During the half-year, the Group incurred $837,361 (half-year ended 31 December 2021: $1,715,543) of exploration and evaluation expenditure which, in accordance with the Group's accounting policies described in Note 2, was expensed as incurred.

The ultimate recoupment of exploration and evaluation expenditure relating to the Group's projects carried forward is dependent on the successful development for commercial exploitation or sale of the respective mining projects.

### Note 5: Loan from GWR Group

| | Consolidated | |
|---|---|---|
| | December 2022 | June 2022 |
| | $ | $ |
| Reconciliation: | | |
| Balance at the beginning of the period | - | 463,624 |
| Increase in loan owing due to costs paid by GWR Group | - | - |
| Loan balance forgiven | - | (36,679) |
| Loan balance repaid | - | (426,945) |
| Balance at the end of the year | - | - |

The Group repaid $426,945 of the loan owing to GWR Group Limited (ASX:GWR) during the half-year ended 31 December 2021. The remaining balance of $36,679 was forgiven and was recognised as income in the statement of profit or loss and other comprehensive income during that financial period.

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## Note 6: Contributed equity

| | December 2022 | | June 2022 | |
|---|---|---|---|---|
| | $ | No. | $ | No. |
| **Ordinary Shares** | | | | |
| Issued and fully paid | 16,560,328 | 81,375,000 | 16,560,328 | 81,375,000 |
| **Movement in ordinary shares on issue:** | | | | |
| At the beginning of the period | 16,560,328 | 81,375,000 | 10,400,000 | 36,125,000 |
| Issue of shares for cash – seed capital – (a) | - | - | 213,200 | 10,250,000 |
| Issue of shares for cash – initial public offering (b) | - | - | 7,000,000 | 35,000,000 |
| Options issued as share issue costs – Refer Note 7 | - | - | (282,000) | - |
| Other share issue costs paid | - | - | (770,872) | - |
| At the end of the period | 16,560,328 | 81,375,000 | 16,560,328 | 81,375,000 |

(a) The funds for these seed capital ordinary shares were received during the year ended 30 June 2021, and were recognised as liabilities until the issue of the shares during the current half-year on 16 July 2021. These shares were issued at an average price of $0.0208 per share.

(b) Initial Public Offering of shares was completed at $0.20 per share on 16 July 2021.

## Note 7: Reserves

| | Consolidated | |
|---|---|---|
| | December 2022 | June 2022 |
| | $ | $ |
| Share based payments reserve | 1,282,000 | 1,282,000 |
| | 1,282,000 | 1,282,000 |
| Movements: | | |
| Balance at the beginning of the period | 1,282,000 | 1,000,000 |
| Options issued to brokers as share issue costs (Note 8) | - | 282,000 |
| Balance at the end of the period | 1,282,000 | 1,282,000 |

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### Note 8: Share based payments

This issue of options during the previous financial period were valued using the Black-Scholes option pricing model. The following inputs were used in the measurement of the fair values at grant date of these share-based payments:

| | Broker Options |
|---|---|
| Fair value at grant date | $0.094 |
| Share price at grant date | $0.20 |
| Exercise price | $0.25 |
| Expected volatility | 87.5% |
| Grant date | 16 July 2021 |
| Expiry date | 28 February 2024 |
| Option life | 2.6 years |
| Expected dividends | - |
| Risk-free interest rate | 0.15% |
| Number of options issued | 3,000,000 |
| Total value | $282,000 |

The value of these options was expensed against the costs of raising capital, as they related directly to the capital raising mandate between the Company and Lead Managers of the Initial Public Offering of the entity's securities completed during the half-year ended 31 December 2021.

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## Note 9: Loss per share

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

| | Consolidated | |
|---|---|---|
| | December 2022 | December 2021 |
| | $ | $ |
| Basic and diluted loss per share (cents per share) | 1.40 | 2.52 |
| The Loss used in the calculation of basic and diluted loss per share is as follows: | | |
| Loss used in the calculation of basic loss per share | 1,137,151 | 1,958,986 |
| The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows: | | |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 81,375,000 | 77,665,984 |
| There are no potential ordinary shares as they are considered anti-dilutive | - | - |
| Weighted average number of ordinary shares for the purposes of diluted loss per share | 81,375,000 | 77,665,984 |

## Note 10: Financial instruments

Fair value measurement

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no financial assets held at fair value during the current or comparative periods.

Transfers

There have been no transfers between the levels of the fair value hierarchy during the half year ended 31 December 2022.

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### Note 10: Financial instruments (cont'd)

Not measured at fair value (but fair value disclosures are required)

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair values.

### Note 11: Contingent liabilities

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

### Note 12: 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.

### Note 13: Events subsequent to reporting date

On 13 March 2023, Western Gold Resources Limited ("the Company") issued 11,372,911 fully paid ordinary shares in the Company by way of share placement at an issue price of $0.045 per share to raise $511,781 before costs.

There were no other matters or circumstances that have arisen since the balance sheet date to the date of this report, which have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the Group subsequent to the reporting date.

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# Directors' declaration

In accordance with a resolution of the directors of Western Gold Resources Limited, I state that:

In the opinion of the Directors:

(a) The condensed consolidated financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:

i. Giving a true and fair view of the financial position as at 31 December 2022 and the performance for the half-year ended on that date of the Group; and

ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

On behalf of the Board,

Gary Lyons
Non-Executive Chairman

Dated at Perth, this 14th day of March 2023

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# Auditor's independence declaration

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14 March 2023

Board of Directors
Western Gold Resources Limited
Level 4, 46 Colin Street
West Perth WA 6005

Dear Sirs

**RE: WESTERN GOLD RESOURCES LIMITED**

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

As Audit Director for the review of the financial statements of Western Gold Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**

**Martin Michalik**
**Director**

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**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF**
**WESTERN GOLD RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

***Conclusion***

We have reviewed the half-year financial report of Western Gold Resources Limited (the "entity" or the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard 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 Entity 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 (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* has been given to the directors of the Entity on 13 March 2023.

***Responsibility of the Directors for the Financial Report***

The directors of Western Gold 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.

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***Material Uncertainty Related to Going Concern***

We draw attention to Note 2 (d) to the financial report, which indicates that the Group incurred a loss before tax of $1,137,151 and net cash outflows from operating and investing activities of $1,422,643. As at 31 December 2022, the Group had $709,984 in cash and cash equivalents and net current assets of $782,406.

The ability of the consolidated entity to continue as a going concern and meet its exploration, administration, and other commitments is dependent upon the future successful raising of necessary funding through equity or borrowings, successful exploitation of the consolidated entity's capitalised exploration assets and/or sale of core assets. In the event that the consolidated entity cannot raise further equity, or funding, the consolidated entity may not be able to meet its liabilities as they fall due or realise its assets in the normal course of business and a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

***Auditor's Responsibility for the Review of the Financial Report***

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 Entity's financial position as at 31 December 2022 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 other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**
**(An Authorised Audit Company)**

Stantons International Audit & Consulting Pty Ltd

**Martin Michalik**
Director

West Perth, Western Australia
14 March 2023

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