WESTAR RESOURCES

ASX: WSR

ASX Announcement

30th April 2024

March 2024 Quarterly Activities Report

For personal use only

Highlights

Mindoolah

- *Initiated first pass gold sampling program, assessing the potential for gold mineralisation beneath modern day open pits and from surface stockpiles*

Uley North Graphite Project

- *Post end of the quarter, entered into an option agreement with a private vendor over the highly prospective Uley North Graphite Project in South Australia*

Opaline Well

- *Hyperspectral mapping at Opaline Well: identified multiple new lithium, gold, and base metal targets through advanced hyperspectral imaging*

Olga Rocks

- *Assays received from the Olga Rocks RC drilling program, intersecting multiple pegmatites with low-tenor lithium and gold assays.*
- *Westar elected not to exercise the Option Agreement to acquire tenement package*

Corporate

- *Cash at 31 March 2024 of $1.2 million (excluding placement and entitlement offer)*
- *Capital raise of $2 million placement and launch of ~$926k entitlement offer with proceeds to be used for exploration costs at Uley North and existing projects*

Westar Resources Limited (ASX:**WSR**) (**Westar**, the **Company**) is pleased to report on its activities for the March 2024 Quarter.

Westar Executive Director Lindsay Franker commented:

"This quarter has been a transformative period for Westar. Post quarter-end, we signed an option agreement for the Uley North Graphite Project, enhancing our current portfolio with a critical minerals project in a highly prospective region. Alongside this, we've continued exploration efforts across our existing projects, with a focus on uncovering the gold potential at Mindoolah.

Our focus is on identifying the potential of the Uley North Project, in addition to our ongoing exploration activities with a focus on gold."

For personal use only

Mindoolah Mining Centre, Western Australia

Post the end of quarter, the Company announced it had commenced a detailed review of historic gold exploration activities as a first step in unlocking the gold potential at the Mindoolah Mining Centre, which is part of the Company's Mindoolah Project (Mindoolah or the Project) in Western Australia's Murchison Region (Figure 1). A field trip by the Company's Exploration Manager in late March focused on the two most significant modern-day open pits and surrounding mined dumps, collecting seventeen samples (see announcement 4 April 2024).

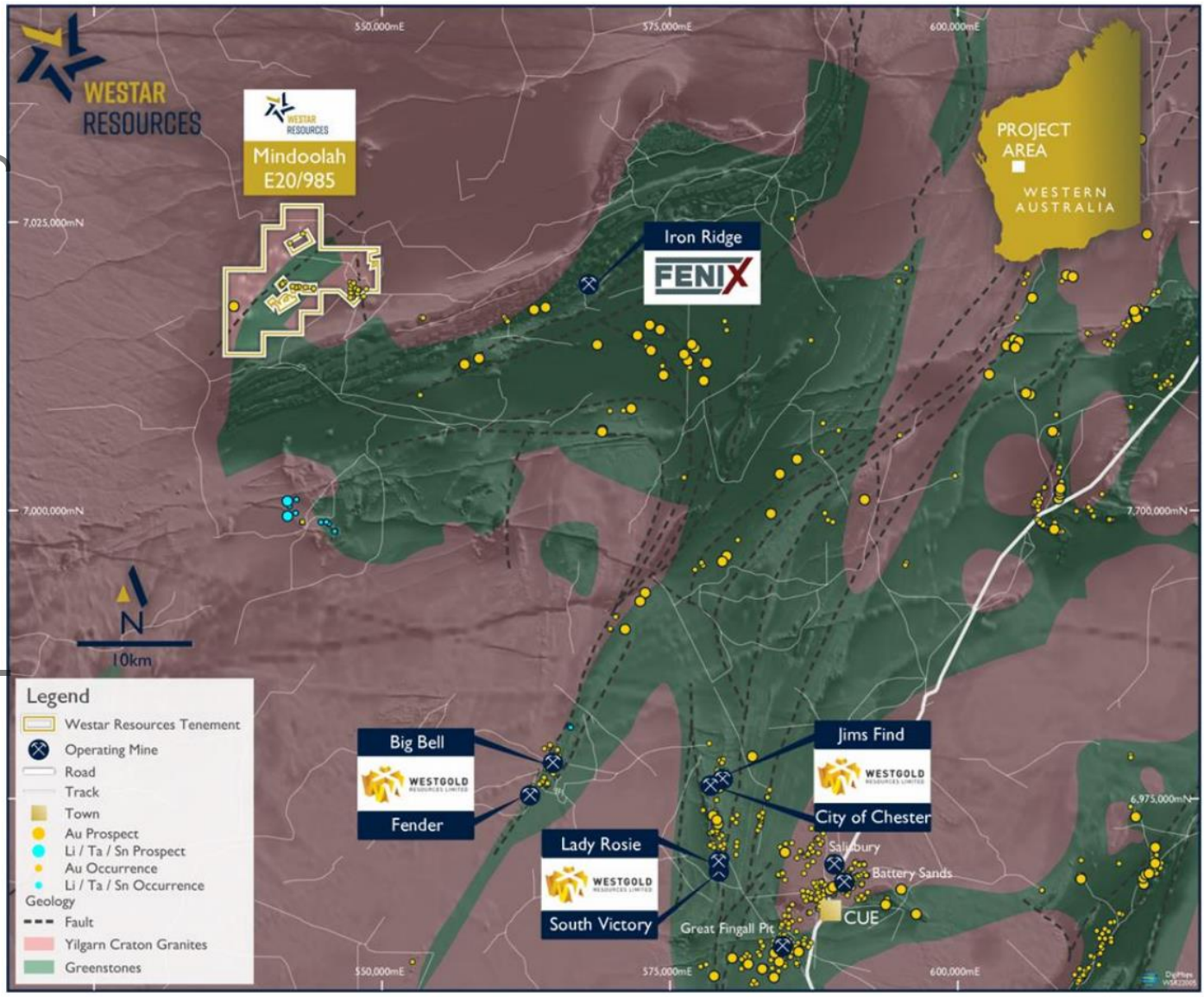

Figure 1: Location map, Westar Murchison Projects: Mindoolah, Gidgee North and Winjangoo

Gold-rich quartz veins are reported to have been mined from numerous old workings dating from the early 1900s to the 1940s. During the 1980s, a series of open pits were privately mined to target high-grade gold-bearing quartz veins, however no production records have been located. Given the low gold price at the time, it is possible that open pit mining was discontinued prematurely; however, at todays' gold price, economic mineralisation may exist beginning at the existing pit floor level, allowing for a simple pit cutback. There are also 200+ individual stockpiles near the open pits which may present a commercial opportunity for the Company.

During the field trip, Westar's Exploration Manager Jason Boladeras visited two of the most significant open pits, "Excelsior" and "Mindoolah Main Reef." Within the +30m deep Excelsior Pit (Figure 2), narrow quartz veins in a granitoid host were visible in the southern wall, and a rock chip sample was taken, though the key zone of interest is likely underwater.

Figure 2: Exploration Manager Jason Boladeras in the Excelsior Open Pit, Mindoolah Mining Centre

For personal use only

The narrow Mindoolah Main Reef pit is shallower (around +15m) but much longer than Excelsior, striking over 400m northeast (Figure 3). Several remnant quartz veins up to 2m wide protrude from the pit floor, two of which were sampled.

There are more than 80 stockpiles (each containing one dump truck load) near the Excelsior pit, the majority of which contain quartz vein material (Figure 8). To assess the gold grade, 10 grab samples were taken from multiple stockpiles. Likewise, the Mindoolah Main Reef pit has well more than 80 stockpiles in the vicinity, with some possibly sourced from smaller pits to the south and northwest. Four grab samples were collected from approximately half of these stockpiles.

For personal use only

Figure 3: Mindoolah Main Reef Open Pit, Mindoolah Mining Centre

During the field trip, Westar's Exploration Manager spoke with a local prospector about the history of the Mindoolah Mining Centre. There is a large amount of WAMEX (WA exploration reports) open file data for the Project area which the Company has commenced reviewing. Historical A-files include:

- Substantial historical gold production of 161kg Au at an average grade of 21.18g/t Au with previously identified anomalism untested *(Reference - Elias M. Belele, Western Australia, 1:250,000 Geological Series 1982 and 24th November 2022 WSR ASX announcement – "Secures Mindoolah Lithium & Gold Project and divests Gidgee")*
- Small-scale mining from the 1900s -1940s were on quartz reefs which yielded some high-grade ore e.g. the Boggy Day mine, which produced at an average of 40.0g/t Au for a total of 513.59oz. *(Reference Historical WAMEX A-file A22706)*
- Other areas of interest for gold in the general region surrounding the Poona area include gold associated with quartz veins in granite in the Mindoolah area, located 15km north of the Poona tenements. Here rock chip sampling has returned values ranging between 16 and 45.5ppm gold from veins up to 20cm wide within granites. Mineralisation was also found to extend up to 1 metre into the country rocks with values at much lower levels (in the order of 0.35 ppm). This work was reported by Samson Exploration NL in 1987. Placer Exploration Ltd also reported on work carried out on Mindoolah during the period 1989-90. Placer noted previous production of 1.62 tonnes of gold from approximately 7,600 tonnes of ore at an average grade of 21.18 g/t Au and recorded gold as occurring

within narrow quartz veins in weathered granite. *(Reference Historical WAMEX A-file A52372 – Other Past Exploration)*

Figure 4: There are more than 80 stockpiles near the Excelsior Open Pit (vehicle in background for scale)

For personal use only

While Westar waits for rock chip and grab sample assay results, WAMEX open file gold data will continue to be compiled and reviewed. Focus will be on gathering information about the open pit mining to determine whether gold associated with quartz veins continues along strike and at depth. After the review is completed, systematic sampling and mapping of old workings, open pits and stockpiles will commence to develop an understanding of the value of the Mindoolah Mining Centre and other areas of the Project.

As outlined above, it is possible open pit mining ended prematurely due to low gold prices at the time but may be economic now. Ultimately it could be possible to carry out an open pit cutback and continue mining the quartz hosted gold mineralisation along strike / at depth; this combined with more than 200 potentially gold-bearing stockpiles may make the project attractive for toll treating or other profitable scenarios with local +$1B market cap gold producers such as current JV partner (Mt Finnerty Project) Ramelius Resources (ASX:RMS) and nearby Westgold Resources (ASX:WGX).

Uley North Graphite Project, South Australia

Post the end of quarter, Westar announced it had entered into an option agreement with Astralis Resources Pty Ltd (Vendor) to acquire the highly prospective Uley North Graphite Project (Uley North or the Project), located in South Australia. The Project comprises two exploration licenses (Southern Prospect EL/6827 and Northern Prospect EL/6826) totaling 163km^2 which are 100% owned by the Vendor (see Announcement 17 April 2024).

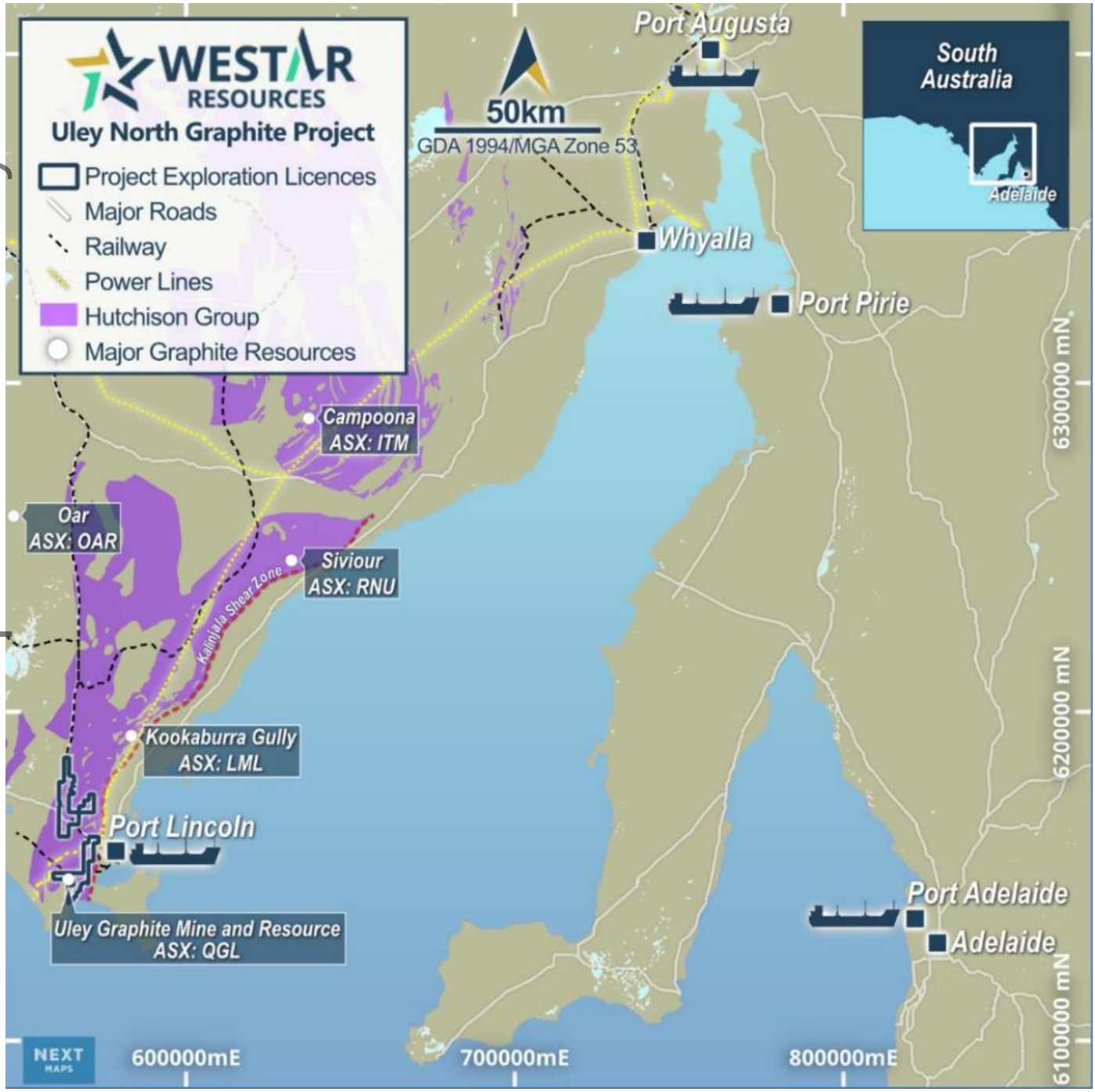

Figure 5: Location of the Hutchison Group rocks hosting graphite resources and location of the Uley North tenure

For personal use only

Regionally, the Project area covers portions of the Hutchison Group sedimentary host rocks, which are highly prospective for graphite (Figure 1). Regionally, the Hutchison Group includes graphite resources from Lincoln Minerals (ASX:LML) and Renascor Resources (ASX:RNU), which are 25km and 100km to the northeast of Uley North, respectively. Renascor has the world's second largest proven graphite reserve and largest graphite reserve outside of Africa, demonstrating the Hutchison Group's ability to host world-class graphite deposits.

Locally, Quantum Graphite's (ASX:QGL) historic Uley graphite mine is located on the tenement adjacent to Uley North, and contains Australia's highest grade flake graphite resource. Quantum's Uley 2 deposit is fully permitted and ready for development. The Project's underlying rock types are similar to Uley 2; typically highly metamorphosed sediments (gneiss, quartzite) and granitoids (granitic gneiss, granite, granodiorite), overlain by sand, soil and gravel. The Kalinjala Shear Zone runs NNE through the southern tenure of Uley North and may have provided a fluid pathway for graphite mineralisation.

Westar is completing due diligence on the graphite mineralisation potential of Uley North. A first-pass assessment identified several excellent exploration targets including extensions of Quantum Graphite's Uley Mine is less than 1km away two historic drill holes that intersected thick zones of graphite mineralisation and graphite-rich rock chips that have never been followed up with ground investigations and drill testing.

During the due diligence phase, Westar plans to compile and review historical exploration data to assist planning geochemical and geophysical programs for definition of potential drilling targets.

For personal use only

Opaline Well Project, Western Australia

In February, Westar announced excellent pegmatite hosted lithium targets had been interpreted from a hyperspectral study covering the Opaline Well Project (Figure 2), appearing in places as a swarm of linear features occurring within granitoids. In addition, several gold and base metal targets were generated using hyperspectral data processing to define hydrothermal alteration minerals, which correlate well with historical mining centres along strike from the tenement.

Westar is planning to conduct mapping and geochemical sampling during the 2024 field season to follow up the targets discussed below (see announcement 13 February 2024).

High spectral resolution ('hyperspectral') remote sensing systems involve the measurement of the spectral radiance of the surface to identify and map surface minerals. Brian Bennett, a well-respected hyperspectral specialist from Western Geospectral, was engaged to process, analyse, and interpret existing multiclient hyperspectral data and resultant imagery with the ultimate outcome of defining areas of interest for (but not limited to) lithium, gold and base metal mineralisation.

Lithium Targets Identified

A number of linear features are interpreted within/adjacent to the granitoids from the hyperspectral interpretation, (Figure 7). In the northern part of the Project, a swarm of these features strike over 5km, offering a significant pegmatites exploration target. Additional linear features over the southern margin of the tenement are also interpreted as pegmatites.

For personal use only

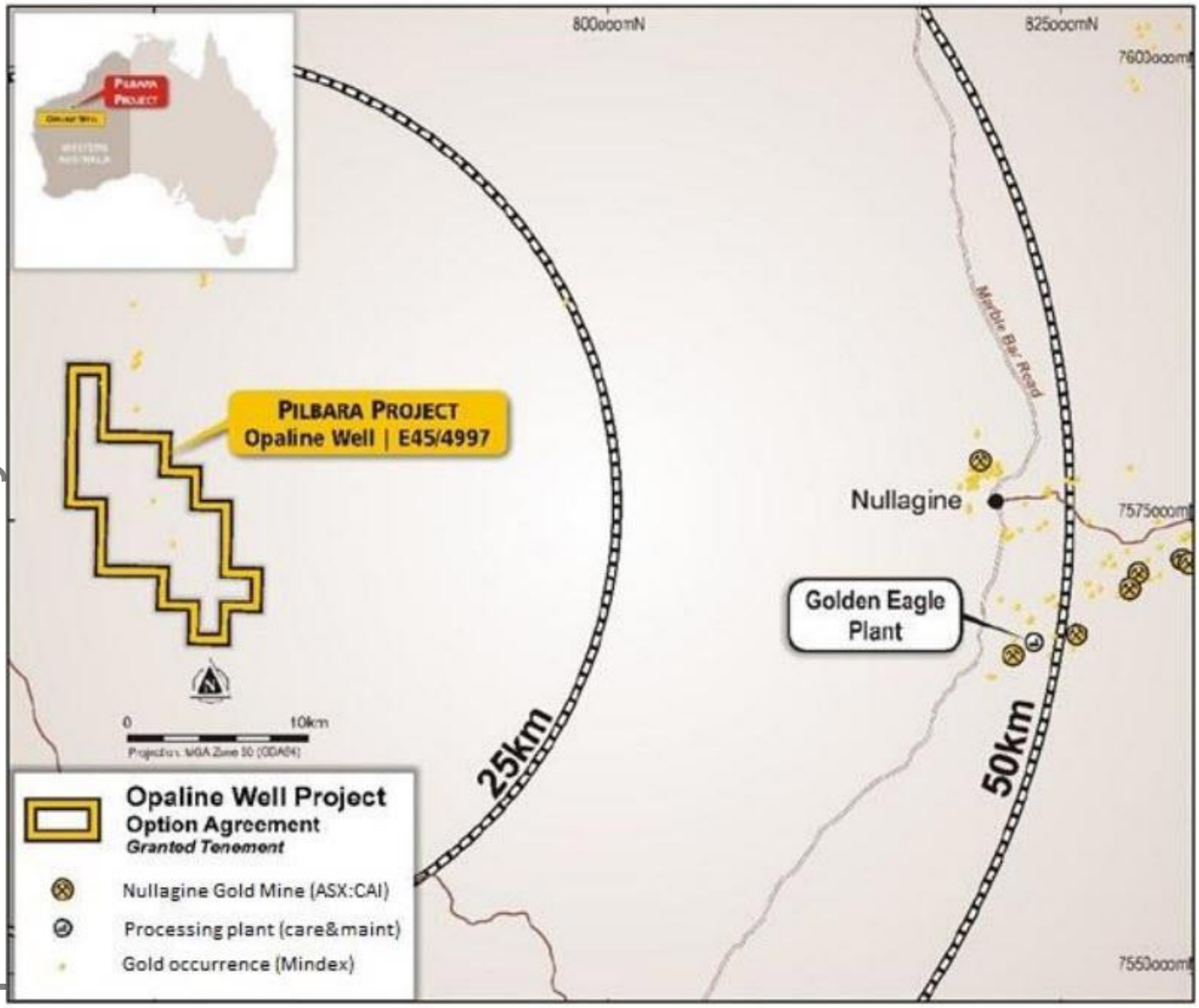

Figure 6. Regional location map with distance to Nullagine Gold Mine (ASX:CAI on care & maintenance)

Gold and Base Metals: Numerous Distinct Coherent Targets

Analysis of the hyperspectral data has identified several coherent hydrothermal alteration signatures, with a significant trend over 5km long that is along strike from historical gold workings, Figure 8. Other discrete signatures in the east of the tenement are interpreted to be in the same formation as base-metal occurrences to the north of the tenure.

For personal use only

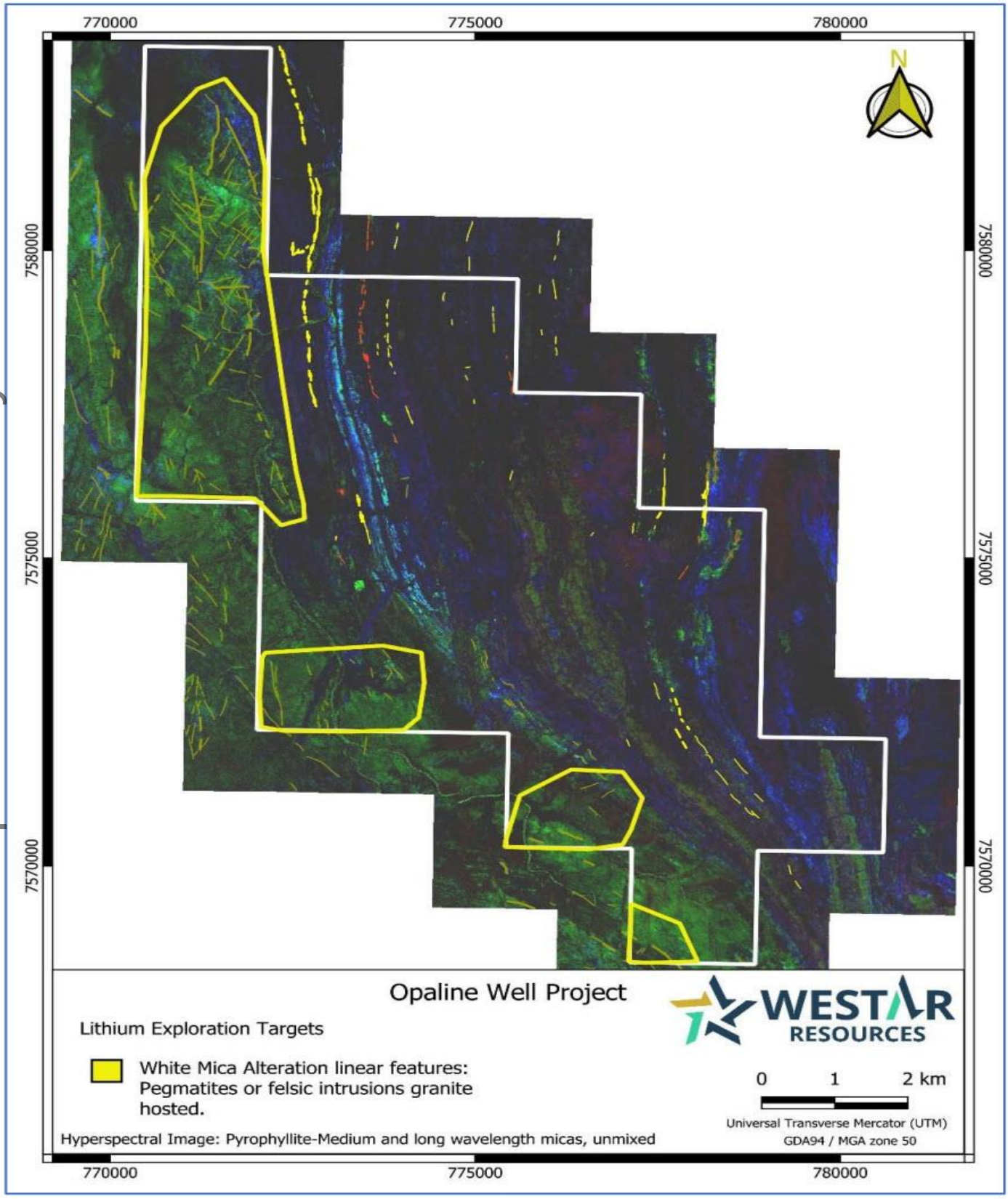

Figure 7. Hyperspectral image of white mica minerals defining linear features which are potential lithium targets

For personal use only

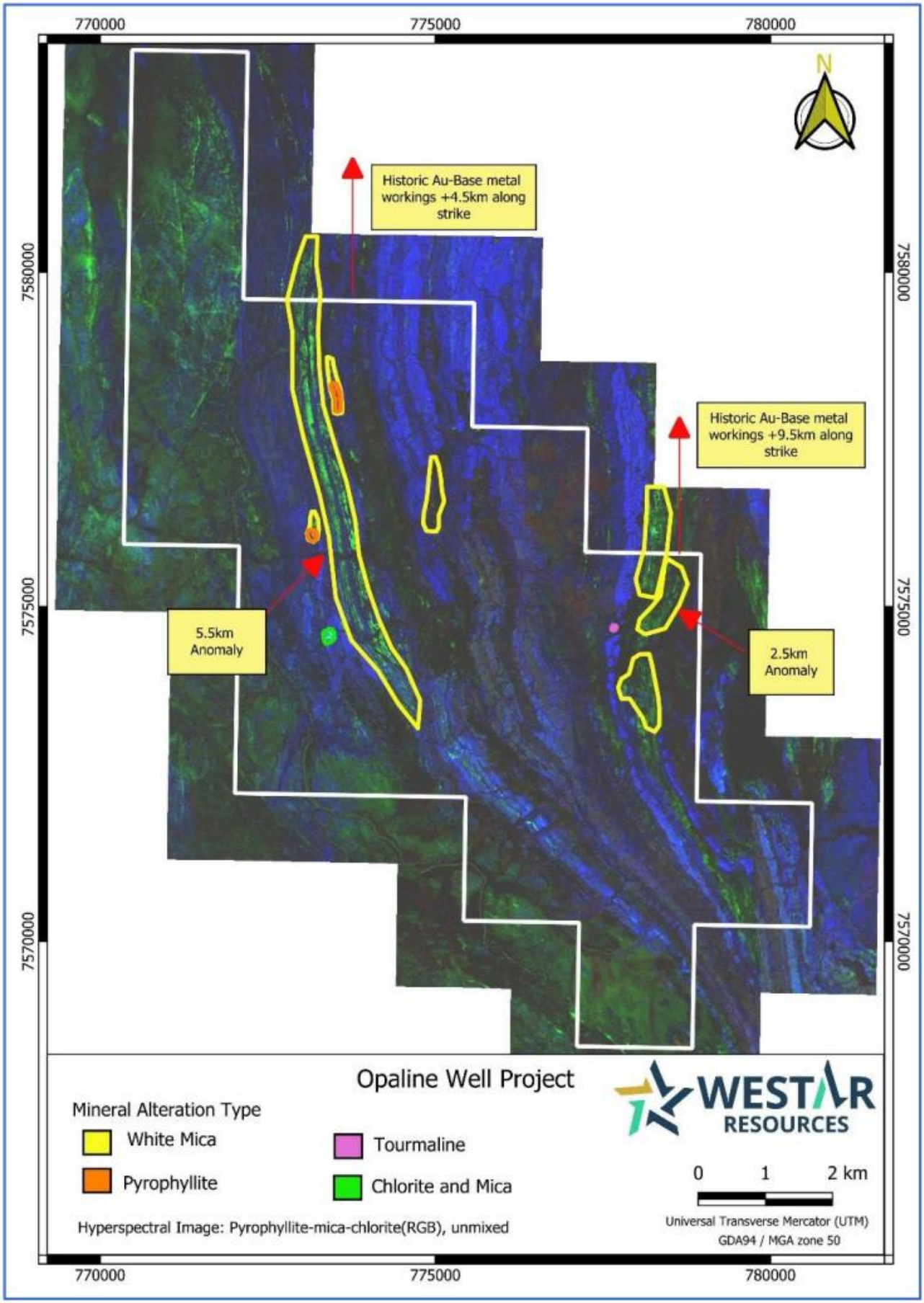

Figure 8. Hyperspectral image of hydrothermal alteration minerals associated with gold / base metal mineralisation

Mt Finnerty Project, Western Australia

The Mt Finnerty Project (gold) is located about 430km east-northeast of Perth and 100km northeast of Southern Cross in the Archean Mara-Diemals greenstone belt. Mt Finnerty is a Joint Venture with producer/explorer Ramelius Resources Ltd (ASX: 'RMS') in which Westar holds a 25% free carried interest until a decision to mine is made, at which point Westar can either contribute to ongoing expenditure or dilute its interest in the project.

Ramelius has informed the Company that a targeted flora survey was completed in November 2023, with no threatened, priority species or priority ecological communities identified in the survey area. Ramelius is continuing negotiations with the Marlinyu Ghoolie to complete additional heritage surveys prior to further drilling.

Olga Rocks Project, Western Australia

In March, the Company announced the receipt of assay results from the Q4-2023 reverse circulation (RC) drilling program at the Olga Rocks Project (Olga Rocks or the Project), approximately 60km south-east of Southern Cross in Western Australia. (See announcement 1 March 2024)

Although a technical success, the gold and lithium mineralisation intersected was deemed buy the Company to be not significant. On evaluation with previous exploration activities including the April 2023 drill campaign, limited upside now exists for the discovery of significant lithium or gold mineralisation which could become economic at scale.

As announced during the quarter, Westar has notified the vendor of the Olga Rocks Project that it has elected to not extend or exercise its option to acquire 100% of the Project under the Tenement Option and Acquisition Agreement 1 (See announcement 16 January 2023).

For personal use only

Corporate

Quoted Capital

- 231,696,894 Shares on issue (ASX:WSR) Includes Tranche 1 of April 2024 Placement
- 45,798,319 Listed options @ $0.045 expiring 5th May 2025 (ASX:WSROA)

Unquoted Capital

- 3,100,000 Performance rights - Tranche 1
- 3,100,000 Performance rights - Tranche 2
- 3,100,000 Performance rights - Tranche 3
- 3,100,000 Performance rights - Tranche 4
- 600,000 Performance rights - Tranche B
- 600,000 Performance rights - Tranche C
- 1,200,000 Performance rights - Tranche D
- 11,317,538 Unlisted options @ $0.14 expiring 26th May 2025

Cash and Cash Equivalents

Current cash as of 31 March 2024 was approximately $1.2 million. The Company remains funded to execute on its 2024 planned exploration activities.

Appendix 5B

Cash outflows for the quarter (excluding capital raising costs) totalled $0.44 million. For the purpose of Section 6 of the Appendix 5B, all payments made to related parties have been paid in relation to director fees.

Placement and Entitlement Offer

Westar is undertaking an Equity Raising of ~$2.9m comprised of a two-tranche placement to raise $2.0m and a one-for-two non-renounceable Entitlement Offer of New Shares to eligible shareholders to raise approximately $926,000.

The Equity Raising will be conducted at $0.01 per New Share (the "Offer Price"), with ~292.7 million New Shares to be issued under the Placement and Entitlement Offer, representing approximately 157% of existing shares on issue. The Placement will be in two tranches, with tranche one using the Company's LR 7.1 and 7.1A capacity and tranche two subject to shareholder approval.

The Placement was well-supported and oversubscribed, allowing the Company to take the full $2.0m in the two-tranche placement.

The Entitlement Offer is open to eligible shareholders with a registered address in Australia or New Zealand, as at 22nd April 2024. Under the Entitlement Offer, eligible shareholders that take up their full entitlement may also apply for additional New Shares in excess of their entitlement, up to a maximum of 100% of their entitlement at the Offer Price (subject to the overall level of participation in the Entitlement Offer and at the discretion of Westar's Board of Directors). Closing date for the Entitlement Offer is Friday, 10th May 2024.

All New Shares issued under Placement and Entitlement Offer will rank pari-pasu with existing shares.

For personal use only

Two of three Westar Directors intend to participate in the Entitlement Offer in respect of shares they hold, and one also intends to participate up to $150,000 in the Placement subject to shareholder approval.

CPS Capital Group acted as Lead Manager to the Equity Raising. The uses of funds are as follows:

Uses	
Cost of Option	$75,000
Exploration Costs (Uley North and existing projects)	$1,650,000
Capital Raising Cost	$176,000
Working Capital	$1,025,000
Total	**$2,926,000**

For personal use only

Option Agreement

The Company entered into an Option Agreement with the Vendor to acquire the Uley North Project which comprises two Exploration Licences (EL/6827 and EL/6826) (Licences) (100% interest).

Key terms of the transactions are summarised as follows:

- Westar to pay $75k cash for a 3-month sole option to purchase Uley North (Option).
- Westar intends to conduct due diligence and exploration during the Option period. The Option period may be extended by mutual agreement.
- If Westar exercises the Option, the following consideration is payable to the Vendor (subject to the receipt of Shareholder approval for the purposes of ASX Listing Rule 7.1):
  - the issue of 30 million fully paid ordinary shares in Westar (Shares); and
  - the issue of a total of 80 million performance rights which vest and be capable of conversion to Shares (on a 1:1 basis) upon satisfaction of the following milestones within four years from the date of issue (Performance Rights).
  - 28 million Performance Rights will vest when Westar announces samples of at least 10 rock chips with a grade of 5% TGC or greater has been achieved;
  - 28 million Performance Rights will vest when Westar announces completion of an initial drilling program of at least 20 drillholes or 1,000m of drilling; and achieving 5 drill holes at least 100 metres apart, with intercepts of at least 5 metres at 5% TGC or greater; and
  - 24 million Performance Rights will vest when Westar announces a Mineral Resource on any of the Licences of 5 million tonnes or greater at a grade of >7.5% TCG or greater is announced.

March Quarterly Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

- 30th January 2024 Quarterly Activities Report
- 30th January 2024 Quarterly 5B Cash Flow Report
- 13th February 2024 Multiple Lithium, Gold and Base Metal Targets at Opaline Well
- 1st March 2024 Olga Rocks Project Update
- 14th March 2024 Half Yearly Report and Accounts
- 4th April 2024 Gold Sampling Commences at Mindoolah Mining Centre
- 8th April 2024 Ceasing to be a substantial holder
- 15th April 2024 Trading Halt
- 17th April 2024 Proposed issue of securities
- 17th April 2024 Proposed issue of securities
- 17th April 2024 Proposed issue of securities
- 17th April 2024 Proposed issue of securities
- 17th April 2024 Proposed issue of securities
- 17th April 2024 Investor Presentation
- 17th April 2024 Notice Under Section 708AA(2)(F)
- 17th April 2024 Letter to option holders
- 26th April 2024 Entitlement Offer Booklet
- 26th April 2024 Application for quotation of securities - WSR
- 26th April 2024 Notification pursuant to Section 708A(5)(e)

For personal use only

About Westar Resources

Westar Resources is a Perth-based mineral exploration company focused on creating value for shareholders through the discovery and development of high-quality gold, lithium and critical minerals. Westar's projects are strategically located in the highly prospective Pilbara, Murchison and Yilgarn regions of WA as well as the Eyre Peninsular of SA, with projects near Nullagine, Mt Magnet, Cue, Southern Cross, Sandstone and Port Lincon. Our exploration strategy is to explore projects and intelligently using innovation, technology, and best-practice with a clear focus on optimising opportunities for success and generating material discoveries.

For personal use only

Tenement Schedule

Tenement	Project	Location	Status	Interest
E16/505	Mt Finnerty	Yilgarn, WA	Granted	Ramelius JV: Westar 25% free carry
E77/2424	Olga Rocks/Parker Dome	Yilgarn, WA	Granted	100%
E45/4997	Opaline Well	Pilbara, WA	Granted	100%
E45/6451	Pinga	Pilbara, WA	Pending	Ballot
E58/536	Winjangoo	Murchison, WA	Granted	100%
E53/1920	Gidgee North	Murchison, WA	Granted	100%
E51/2044	Gidgee North	Murchison, WA	Granted	100%
E51/2032	Gidgee North	Murchison, WA	Granted	100%
E53/1832-I	Gidgee North	Murchison, WA	Granted	75%
E53/2227	Gidgee North	Murchison, WA	Granted	100%
E51/2090	Gidgee North	Murchison, WA	Granted	100%
E20/985	Mindoolah	Murchison, WA	Granted	Option Agreement to purchase
P20/2444	Mindoolah	Murchison, WA	Granted	Option Agreement to purchase
P20/2445	Mindoolah	Murchison, WA	Granted	Option Agreement to purchase
EL/6826	Uley North	Eyre Peninsula, SA	Granted	Option Agreement to purchase
EL/6827	Uley North	Eyre Peninsula, SA	Granted	Option Agreement to purchase

For personal use only

For the purpose of Listing Rule 15.5, this announcement has been authorised by the board of Westar Resources Ltd.

ENQUIRIES

Lindsay Franker, Executive Director | lindsay@westar.net.au | Ph: 08 6556 6003

The Exploration Results have been compiled under the supervision of Mr Jason Boladeras who is a full-time employee of Westar Resources Ltd and a Registered Member of the Australian Institute of Geoscientists. Mr Boladeras has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the JORC Code.