Westar Resources Limited

ABN 66 635 895 082

Half-Year Financial Report - 31 December 2022

Directors	Simon Eley - Non-Executive Chairman Karl Jupp - Managing Director Nathan Cammerman - Non-Executive Director
Company secretary	Ben Donovan
Registered office	Level 1, 19 Ord Street West Perth WA 6005
Principal place of business	Level 1, 19 Ord Street West Perth WA 6005
Share register	Automic Level 5, 191 St Georges Terrace Perth WA 6000 T: 1300 288 664 W: www.automicgroup.com.au
Auditor	William Buck Audit (WA) Pty Ltd Level 3, 15 Labouchere Road South Perth Western Australia 6151
Solicitors	Colin Biggers & Paisley Lawyers Level 35, 1 Eagle Street Brisbane QLD 4000
Stock exchange listing	Westar Resources Limited shares are listed on the Australian Securities Exchange (ASX code: WSR)
Website	www.westar.net.au
Contact details:	PO Box 814 West Perth WA 6872 T: +61 08 6556 6000 E: admin@westar.net.au

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Westar Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors
The following persons were Directors of Westar Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Simon Eley - Non-Executive Chairman
Karl Jupp - Managing Director
Nathan Cammerman - Non-Executive Director

Principal activities
The principal activity of the Group during the period was to explore mineral tenements in Western Australia. The Group is currently focused on gold, lithium and rare earths exploration across seven projects located in Western Australia. The Company continues to pursue aggressive exploration programs across its projects to determine the potential for economic projects.

Review of operations
The loss for the Group after providing for income tax amounted to $774,193 (31 December 2021: $800,446).

As at reporting date the Group has total assets of $5,443,745 (including exploration and evaluation assets of $3,469,047 and bank balance of $1,557,588).

At 31 December 2022, the Company has 79,642,398 shares on issue and 16,317,538 options on issue and 3,500,000 performance rights on issue. 625,000 shares were issued as part consideration for a tenement acquisition.

During the half-year the Company cancelled 1,800,000 performance rights, 375,000 were forfeited and 3,175,000 were granted.

The Group holds ownership over seven projects in Western Australia, being:

- The Murchison Projects - Gidgee North, Winjangoo and Mindoolah
- The Pilbara Project - Opaline Well
- The Yilgarn Projects – ParkerDome/Olga Rocks and Mt Finnerty which is held under a farm-in/JV agreement with Ramelius Resources Ltd having the right to earn a 75% interest

Murchison Projects

The Gidgee North Project (E53/1920, E51/2044, E51/2023, E53/2227, E51/2090 and E53-1832-1(Geoff-Well farm in, WSR at 51% ownership)), covering circa 425 km2 and located approximately 640 km northeast of Perth and 700 km north-northwest of Kalgoorlie. The Project lies within the Gum Creek Greenstone Belt of the Youami Terrane, which forms a lensed, broadly sinusoidal belt measuring some 100km in length and 24km in width. The Company completed an acquisition of E51/2303 (Fairy Well) during the half and tenure was granted over application at Romeo's Reward (E 53/2227) on 8 November 2022. Subsequent to the end of the half-year, Juliet's Bore (E 51/2090) was granted on 3 January 2023.

During the period the Company received all assays from the first pass, proof of concept program, testing the potential for VMS mineralisation over multiple coincident geochemical and geophysical anomalies. The program consisted of 18 RC drill holes at 9 targets for 3,675 metres. Assay results from GNRC0015 (Geo prospect) and GNRC0016 (Vela prospect) are encouraging with the potential for higher grade Zn and Cu considering the potential volume implied by the extensive thickness of the host lithology combined with the dimensions of the FLEM target plates at both prospects. The depth of the sulphide-hosting lithology also remains open at both prospects. Activities since completed include reconnaissance rock-chip sampling, geochemical soil surveys, and more recently, data compilation of historical drilling at the recently acquired Fairy Well tenure. Preparations continued for the planned Q1CY23 air core drilling program drilling SRPF (the Company divides the overall project into either North or South of the rabbit proof fence as NRPF or SRPF) in addition to geochemical soil surveys and data compilation of historical drilling at Fairy Well.

The Company completed on 24 November 2022 the sale of the Birrigrin Mining Centre (M57/352) with ASX listed Aurumin Ltd (ASX:AUN) for an all-script consideration and tenement E57/1055 was surrendered outright. The asset sale enables the Company to focus exploration activities and resources on other projects, whilst maintaining exposure to the continued exploration and potential development of this asset as part of the larger Aurumin Sandstone Project, which currently sits at 946,000 Oz of resource.

The Company announced on October 17 2022, the completion of negotiations to enter an Option Agreement over the Mindoolah Lithium-Gold Project, adjacent to the Weld Range, approximately 70km north-west of Cue, Western Australia. The initial project DD identified historically mapped pegmatites that remain untested for LCT mineralisation and Westar progressed with initial reconassaince mapping of the project late CY22, with rock-chip sample assays pending at the end of period.

Pilbara Project - Opaline Well

The Opaline Well project (E 45/4997) is located in the Pilbara, approximately 190km southeast of Port Hedland and 35km west of Nullagine. During the reporting period, Company geologists completed a heli-assisted reconnaissance and rock-chip sampling program over several priority targets, including the AEM conductors previously identified.

Evaluating the rock chip samples together with historical rock chip assay data, the Company has delineated a ~700 x 1200m “Basin North Mineralised Trend”, indicating the potential of a large mineralised system may be present. Company geologists have commence planning a detailed mapping and rock-chip sampling program at the Basin North prospect and will also assess logistical and access requirements to determine the feasibility of drill testing the Airborne Electro-Magnetic (AEM) plates that remain unexplained due to lack of any surface expression.

The geological setting of granite-greenstone contacts and thick greenstone sequence at Opaline Well are a known pegmatite “goldilocks zone” for major lithium deposits in the Pilbara region. The Company intends to complete a desktop assessment on the lithium prospectivity by utilising the flown radiometric data and sourcing and processing existing airborne reflectance surveys, to locate specific micas and strong radiometric signatures, which are indicators of possible pegmatites for later field verification.

Yilgarn Projects

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. The Mt Finnerty Project is subject to a 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.

At the Mt Finnerty Farm-In JV Project RMS completed a total of 3,074m in 21 RC drill holes. Assay results were reported after the end of quarter, on 25 January 2023. Due to difficult ground conditions the designed RC program was unable to be completed in full, with several holes abandoned prior to reaching target depth. As a result, diamond tails have been planned on many of the abandoned RC holes, with 2 diamond tails completed at the Flinders Prospect in late 2022 (assays pending) and drilling of the remaining 9 proposed diamond tail holes having re-commenced early CY23.

The Parker Dome Project (E 77/2424) 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. During the period RMS exited the Parker Dome Project, however, remains committed to the Farm-in / JV under existing terms, with the focus of all exploration activities now at Mt Finnerty. Westar commenced a desktop review of the exploration potential of the Parker Dome project, including the potential for LCT pegmatite (Lithium-Caesium-Tantalum), noting the recently discovered occurrences of high-grade Li-bearing pegmatites by Zenith Minerals at their nearby “Split Rocks” Project (ASX: ZNC, and in joint venture with EV Metals group). This review and subsequent to the end of quarter, the Company announced the completion of negotiations to acquire 100% of the “Olga Rocks Project”, adjacent to Parker Dome.

Upcoming field activities for Q1CY23 include field reconnaissance and rock-chip sampling, outcrop mapping and submitting required approvals for a maiden RC drilling campaign. The Company intends to re-process high-resolution open-file geophysical data (aeromagnetics) to aid in a detailed lithostructural interpretation of the project to assist in target definition and drill planning for gold targets.

Significant changes in the state of affairs
A new Employee Securities Incentive Plan was approved by shareholders at the Company's AGM on 30 November 2022.

It was also approved as part of the new plan that 1,000,000 Performance Rights issued to Karl Jupp will be cancelled and he was issued with 2,000,000 Performance Rights with new vesting conditions. 800,000 Performance Rights issued to employees were also cancelled and 800,000 Performance Rights issued under the new plan.

Under the new plan Tranche B and C were cancelled and replaced with new vesting conditions. Performance Rights now have the following vesting conditions:

Tranche	**Vesting Condition**	**Expiry Date**
Existing Tranche A	The Company entering into a formal joint venture agreement in respect of a project owned by the Company and where the joint venture partner, as a minimum, has spent A$2m to earn an interest in such Company project.	5 years from the date of issue.
New Tranche B	The company having a 10-day VWAP of >50% share price appreciation.	5 years from the date of issue.
New Tranche C	The company having a 10-day VWAP of >100% share price appreciation.	5 years from the date of issue.
New Tranche D	The company having a 10-day VWAP of >150% share price appreciation.	5 years from the date of issue.

Other than for the issues of shares and rights in period, there were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year
The Company announced the completion of an option agreement to acquire 100% of the Olga Rocks Lithium-Gold Project (M77/653, M77/634, M77/1293, M77/1294, P77/4271 and P77/4614 (application)) on 16 January 2023. Key terms of the transaction are as follows:

* $30,000 cash for a 3-month period of exclusivity to complete due diligence (DD).
* Payment of an option fee of $70,000 cash for a 12-month Option Period to purchase 100% of the Tenure, if satisfied with DD.
* May elect to extend the option period for 12 months for a payment of $150,000, of which up to $50,000 may be satisfied by issuing ordinary shares at a 10-day VWAP.
* Purchase consideration of $800,000, of which up to $320,000 may be satisfied by issuing ordinary shares at a 20-day VWAP.

The $30,000 3-month exclusivity payment has been paid.

Juliet's Bore (E51/2090) was granted on 3 January 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Karl Jupp
Managing Director

28 February 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WESTAR RESOURCES LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director
Dated this 28th day of February 2023

Level 3, 15 Labouchere Road, South Perth WA 6151
PO Box 748, South Perth WA 6951
+61 8 6436 2888
wa.info@williambuck.com
williambuck.com

Westar Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 Dec 2022 $	31 Dec 2021 $
Revenue			
Other income	5	202,627	-
Expenses			
Employee benefits expense		(235,778)	(240,389)
Depreciation	7	(25,852)	(7,910)
Revaluation of investments	6	(46,000)	-
Exploration and evaluation expenditure		(95,987)	(204,514)
Share based payments	10	(185,965)	(65,109)
Consulting and professional services		(100,745)	(118,012)
Statutory and compliance		(40,141)	(36,161)
Loss on sale of tenement	8	(151,019)	-
Corporate and administration		(94,566)	(127,504)
Finance costs		(767)	(847)
Loss before income tax expense		(774,193)	(800,446)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Westar Resources Limited		(774,193)	(800,446)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Westar Resources Limited		(774,193)	(800,446)
		Cents	**Cents**
Basic loss per share		(0.97)	(1.53)
Diluted loss per share		(0.97)	(1.53)

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

Westar Resources Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 $	30 Jun 2022 $
Assets			
Current assets			
Cash and cash equivalents		1,557,588	2,303,901
Trade and other receivables		6,466	98,792
Other assets		75,190	48,850
Total current assets		1,639,244	2,451,543
Non-current assets			
Financial assets at fair value through other comprehensive income	6	122,000	-
Property, plant and equipment	7	213,454	230,252
Exploration and evaluation	8	3,469,047	3,294,409
Total non-current assets		3,804,501	3,524,661
Total assets		5,443,745	5,976,204
Liabilities			
Current liabilities			
Trade and other payables		190,404	190,460
Provisions		84,644	58,819
Total current liabilities		275,048	249,279
Total liabilities		275,048	249,279
Net assets		5,168,697	5,726,925
Equity			
Issued capital	9	8,436,572	8,406,572
Reserves	10	864,114	678,149
Accumulated losses		(4,131,989)	(3,357,796)
Total equity		5,168,697	5,726,925

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

	Issued capital $	Share-based payment reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	5,745,116	347,106	(1,021,076)	5,071,146
Loss after income tax expense for the half-year	-	-	(800,446)	(800,446)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(800,446)	(800,446)
Transactions with owners in their capacity as owners:				
Share-based payments (note 14)	-	65,109	-	65,109
Contributions of equity (note 9)	847,275	-	-	847,275
Capital raising costs	(61,007)	-	-	(61,007)
Shares issued for exploration (note 9)	90,000	-	-	90,000
Balance at 31 December 2021	6,621,384	412,215	(1,821,522)	5,212,077

	Issued capital $	Share-based payment reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	8,406,572	678,149	(3,357,796)	5,726,925
Loss after income tax expense for the half-year	-	-	(774,193)	(774,193)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(774,193)	(774,193)
Transactions with owners in their capacity as owners:				
Share-based payments (note 14)	-	185,965	-	185,965
Shares issued for exploration (note 9)	30,000	-	-	30,000
Balance at 31 December 2022	8,436,572	864,114	(4,131,989)	5,168,697

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

	Note	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(472,280)	(554,868)
Interest received		6,311	-
Interest and other finance costs paid		(767)	(847)
R&D Tax Incentive		196,316	-
Net cash used in operating activities		(270,420)	(555,715)
Cash flows from investing activities			
Payments for property, plant and equipment	7	(9,054)	(20,834)
Payments for exploration and evaluation	8	(463,657)	(1,085,732)
Payments for security deposits		(3,182)	-
Net cash used in investing activities		(475,893)	(1,106,566)
Cash flows from financing activities			
Proceeds from issue of shares	9	-	847,275
Share issue transaction costs		-	(61,007)
Net cash from financing activities		-	786,268
Net decrease in cash and cash equivalents		(746,313)	(876,013)
Cash and cash equivalents at the beginning of the financial period		2,303,901	3,078,591
Cash and cash equivalents at the end of the financial period		1,557,588	2,202,578

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

Note 1. General information

The financial statements cover Westar Resources Limited as a Group consisting of Westar Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Westar Resources Limited's functional and presentation currency.

Westar Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 19 Ord Street
West Perth WA 6005

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no resulting impact on the financial report.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the period ended 31 December 2022 the Group recorded a loss of $774,193 (HY2021: $800,446) and net operating cash out flows of $270,420 (HY2021: $555,715). At that date, the Group had net current assets of $1,364,196 (30 June 2022: $2,202,264).

Management have prepared a cash flow forecast which projects a positive cash balance at the end of 31 March 2024. The ability of the Group to maintain continuity of business activities and to pay its liabilities as and when they fall due is dependent on its ability to successfully raise additional capital and manage its expenditure. These circumstances give rise to the existence of a material uncertainty that may cause significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amount of liabilities that might be necessary should the Group not continue as a going concern.

After considering the above factors, the directors consider it appropriate to prepare the financial report on the going concern basis.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the Group will continue the exploration work. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in 1 operating segment: mineral exploration activities in Western Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources).

Note 5. Other income

	31 Dec 2022 $	31 Dec 2021 $
R&D Rebate	196,316	-
Interest income	6,311	-
Other income	202,627	-

Note 6. Financial assets at fair value through other comprehensive income

	31 Dec 2022 $	30 Jun 2022 $
Non-current assets		
Aurumin Limited - ordinary shares	122,000	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial periods are set out below:

	31 Dec 2022 $	30 Jun 2022 $
Opening fair value	-	-
Additions*	168,000	-
Revaluation decrements	(46,000)	-
Closing fair value	122,000	-

* The Company executed a full sale Purchase Agreement with Aurumin Ltd (ASX: AUN) for the Gidgee South Project (M57/352) for a consideration of 2,000,000 fully paid ordinary shares in AUN with a deemed issue price of $0.084 per share. The fair value is measured at fair value, using Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Note 7. Property, plant and equipment

	31 Dec 2022 $	30 Jun 2022 $
Non-current assets		
Plant and equipment - at cost	217,369	208,314
Less: Accumulated depreciation	(34,870)	(13,911)
	182,499	194,403
Motor vehicles - at cost	48,534	48,534
Less: Accumulated depreciation	(17,579)	(12,685)
	30,955	35,849
	213,454	230,252

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial periods are set out below:

	Plant and equipment $	Motor Vehicles $	Total $
Balance at 1 July 2021	12,316	45,555	57,871
Additions	194,393	-	194,393
Depreciation expense	(12,306)	(9,706)	(22,012)
Balance at 30 June 2022	194,403	35,849	230,252
Additions	9,054	-	9,054
Depreciation expense	(20,958)	(4,894)	(25,852)
Balance at 31 December 2022	182,499	30,955	213,454

Note 8. Exploration and evaluation

	31 Dec 2022 $	30 Jun 2022 $
Non-current assets		
Exploration and evaluation assets	3,469,047	3,294,409

Reconciliations
Reconciliations of the written down values at the beginning and end of the periods are set out below:

	$
Balance at 1 July 2021	2,221,069
Expenditure during the year	1,659,423
Impairment of exploration (i)	(586,083)
Balance at 30 June 2022	3,294,409
Tenements acquired (ii)	30,000
Expenditure during the half-year	463,657
Disposals (iii)	(168,000)
Loss on sale of tenement (iii)	(151,019)
Balance at 31 December 2022	3,469,047

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

(i) E59/2509 (Murrawalla) was surrendered on 1 February 2022 and an amount of $23,714 capitalised was impaired, tenement E59/2329 (Coolaloo) was surrendered on 5 September 2022 and an amount of $562,369 capitalised was impaired.
(ii) E51/2032 (Fairy Well Prospect) was acquired from Mining Equities Pty Ltd through the issue of 625,000 fully paid ordinary shares, at a price of $0.048 per share.
(iii) M57/352 (Gidgee South Project) asset was sold to ASX listed Aurumin Ltd (ASX:AUN) on 24 November 2022, for a consideration of $168,000 by way of 2,000,000 fully paid ordinary shares in AUN at an issue price of $0.084 per share.

Note 9. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 $	30 Jun 2022 $
Ordinary shares - fully paid	79,642,398	79,017,398	8,436,572	8,406,572

Note 9. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2021	50,404,146		5,745,116
Shares issued for exploration acquisition	17 November 2021	500,000	$0.1800	90,000
Capital raising	18 November 2021	7,060,621	$0.1200	847,275
Capital raising	6 April 2022	5,665,416	$0.0950	538,215
Capital raising	26 May 2022	15,387,215	$0.0950	1,461,785
Less: Transactions costs arising on share issues		-	$0.0000	(275,819)
Balance	30 June 2022	79,017,398		8,406,572
Shares issued for exploration acquisition	20 October 2022	625,000	$0.0480	30,000
Balance	31 December 2022	79,642,398		8,436,572

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

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

Note 10. Reserves

	31 Dec 2022 $	30 Jun 2022 $
Share-based payments reserve	864,114	678,149

Share-based payments reserve
The Company may provide benefits to employees (including directors) and non-employees of the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

Rights over shares (options) using an option pricing model takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted is adjusted to, exclude the impact of any non-market and service vesting conditions. Non-market vesting and service conditions, if any, are included in assumptions about the number of options likely to be exercisable.

Shares issued in lieu of payment are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve.

Note 10. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial periods are set out below:

	Share-based payments reserve $
Balance at 1 July 2021	347,106
Options issued - capital raising costs	64,600
Options issued - share-based payments	172,290
Performance rights - share-based payments	94,153
Balance at 30 June 2022	678,149
Options issued - share-based payments	49,403
Performance rights - share-based payments	136,562
Balance at 31 December 2022	864,114

Note 11. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Contingent liabilities

The Group had no contingent liabilities at 31 December 2022 (30 June 2022: Nil).

Note 13. Events after the reporting period

The Company announced the completion of an option agreement to acquire 100% of the Olga Rocks Lithium-Gold Project (M77/653, M77/634, M77/1293, M77/1294, P77/4271 and P77/4614 (application)) on 16 January 2023. Key terms of the transaction are as follows:

* $30,000 cash for a 3-month period of exclusivity to complete due diligence (DD).
* Payment of an option fee of $70,000 cash for a 12-month Option Period to purchase 100% of the Tenure, if satisfied with DD.
* May elect to extend the option period for 12 months for a payment of $150,000, of which up to $50,000 may be satisfied by issuing ordinary shares at a 10-day VWAP.
* Purchase consideration of $800,000, of which up to $320,000 may be satisfied by issuing ordinary shares at a 20-day VWAP.

The $30,000 3-month exclusivity payment has been paid.

Juliet's Bore (E51/2090) was granted on 3 January 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 14. Share-based payments

Ordinary shares

On 17 October 2022, the Company announced that is had acquired the Fairy Well Prospect (E51/2032). 625,000 fully paid ordinary shares were issued to the Vendors as full consideration. The shares were valued at $0.048 being the value at the issue date 20 October 2022, an amount of $30,000 was recognised and capitalised to exploration and evaluation expenditure during the period.

Note 14. Share-based payments (continued)

Options and Performance Rights

The Company has adopted a Director's and Employee's Equity Incentive Plan (DEEIP). The Board is responsible for administering the DEEIP in accordance with the DEEIP Rules. The DEEIP is open to certain contractors and employees (including Directors), the Board may invite Participants to apply for Shares, Performance Rights and/or Options under the DEEIP in its absolute discretion.

	Number of options	Weighted average exercise price
Outstanding at the beginning of the financial half-year	9,300,000	$0.1991
Forfeited	-	$0.0000
Exercised	-	$0.0000
Expired	-	$0.0000
Outstanding at the end of the financial half-year	9,300,000	$0.0000
Exercisable at the end of the financial half-year	6,800,000	$0.1804

On successful listing on the ASX the Directors were issued with 5,000,000 options exercisable at $0.25 expiring 17 December 2023. The options were issued in two tranches (equal numbers of Tranche A and Tranche B) to each of the Directors, pursuant to the Company's DEEIP. The vesting conditions during the exercise period is as follows:

(a) The Tranche A Director Options, is the Company listing on the ASX, and have fully vested; and
(b) The Tranche B Directors Options, is the Company's Share price on the ASX trading at a 20-trading day VWAP of at least 40 cents.

The options were issued to the directors as follows:

	Tranche A	Tranche B	Total
Simon Eley	500,000	500,000	1,000,000
Nathan Cammerman	500,000	500,000	1,000,000
Karl Jupp	1,500,000	1,500,000	3,000,000
	2,500,000	2,500,000	5,000,000

The Tranche B options were valued using a binomial model calculation and have been accounted for over the vesting period $49,403 was expensed to share based payments during the period.

Set out below are summaries of performance rights granted under the plan:

	Number of rights 31 Dec 2022
Outstanding at the beginning of the financial half-year	2,500,000
Granted	3,175,000
Forfeited	(375,000)
Cancelled	(1,800,000)
Outstanding at the end of the financial half-year	3,500,000

Note 14. Share-based payments (continued)

1,500,000 Performance Rights were approved by shareholders on 30 November 2021 and issued to Director Karl Jupp, 1,000,000 Performance Rights were issued to employees on 22 January 2022 and 375,000 Performance Rights were issued to an employee on 11 August 2022. The Performance Rights were issued in the following tranches with vesting conditions:

Tranche	**Vesting Conditions**
A	The Company entering into a formal joint venture agreement in respect of a project owned by the Company and where the joint venture partner, as a minimum, has spent $2,000,000 to earn an interest in such a Company project.
B	Discovery of a JORC compliant [Inferred Resource / Indicated Resource] of a minimum 250,000 ounces of gold ("Au") (or Au equivalent) on any of the Company's projects or the addition of 250,000 ounces of Au (or Au equivalent) on any project that the Company acquires that is acquired with a JORC compliant resource.
C	Absolute total shareholder return per annum (year on year) in respect of the 2 consecutive financial years ended 30 June 2022 and 30 June 2023: (a) 10% share price appreciation per annum, entitled to receive 33% of the Tranche 3 Performance Rights; (b) 10% to 20% share price appreciation per annum, entitled to receive between 33% to 100% pro-rated (straight-line) of the Tranche 3 Performance Rights; (c) >20% share price appreciation per annum, entitled to receive 100% of the Tranche 3 Performance Rights.

These performance rights were valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share based payment*.

Valuation assumptions:

Karl Jupp	*Tranche A*	*Tranche B*	*Tranche C*
Number	500,000	500,000	500,000
Valuation/grant date	25 October 2021	25 October 2021	25 October 2021
Share price at valuation date	$0.1650	$0.1650	$0.1650
Risk free rate	0.647%	0.647%	0.647%
Volatitlity	90%	90%	90%
Fair value per security	$0.1650	$0.165	$0.0986
Total Value	$82,500	$82,500	$49,319

Employees	*Tranche A*	*Tranche B*	*Tranche C*
Number	200,000	200,000	600,000
Valuation date	22 January 2022	22 January 2022	22 January 2022
Share price at valuation date	$0.120	$0.120	$0.120
Volatility	100%	100%	100%
Fair value per security	$0.12	$0.12	$0.12
Total Value	$24,000	$24,000	$24,000

Note 14. Share-based payments (continued)

Employee (ceased employment during the period)	*Tranche A*	*Tranche B*	*Tranche C*
Number	125,000	125,000	125,000
Valuation date	11 August 2022	11 August 2022	11 August 2022
Share price at valuation date	$0.050	$0.050	$0.050
Volatility	100%	100%	100%
Fair value per security	$0.050	$0.050	$0.050
Total value	$6,250	$6,250	$6,250

The employee terminated employment with the Company on 4 November 2022 and the 375,000 Performance Rights issued were cancelled.

A new Employee Securities Incentive Plan was approved by shareholders at the Company's AGM on 30 November 2022.

It was also approved as part of the new plan that 1,000,000 Performance Rights issued to Karl Jupp were cancelled and he was issued with 2,000,000 Performance Rights with new vesting conditions. 800,000 Performance Rights issued to employees were also cancelled and 800,000 Performance Rights issued under the new plan.

Under the new plan, the previous Tranche B were cancelled whilst the previous Tranche C were replaced with the new Tranche B, C and D based on the new vesting conditions. The remaining Performance Rights now have the following vesting conditions:

Tranche	**Vesting Condition**	**Expiry Date**
Existing Tranche A	The Company entering into a formal joint venture agreement in respect of a project owned by the Company and where the joint venture partner, as a minimum, has spent A$2m to earn an interest in such Company project.	5 years from the date of issue.
New Tranche B	The company having a 10-day VWAP of >50% share price appreciation.	5 years from the date of issue.
New Tranche C	The company having a 10-day VWAP of >100% share price appreciation.	5 years from the date of issue.
New Tranche D	The company having a 10-day VWAP of >150% share price appreciation.	5 years from the date of issue.

These performance rights were valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share based payment*. As original Performance Rights were cancelled and replaced with new Performance Rights with new vesting conditions new valuations have been prepared to calculate the fair value per security.

Valuation assumptions:

Karl Jupp	*New Tranche B*	*New Tranche C*	*New Tranche D*
Number	500,000	500,000	1,000,000
Valuation date	30 November 2022	30 November 2022	30 November 2022
Share price at valuation date	$0.048	$0.048	$0.048
Volatility	100%	100%	100%
Fair value per security	$0.0451	$0.0429	$0.0411
Total Value	$22,571	$21,472	$41,060

Note 14. Share-based payments (continued)

Employees	*New Tranche B*	*New Tranche C*	*New Tranche D*
Number	200,000	200,000	400,000
Valuation date	8 December 2022	8 December 2022	8 December 2022
Share price at valuation date	$0.052	$0.052	$0.052
Volatility	100%	100%	100%
Fair value per security	$0.049	$0.046	$0.045
Total Value	$9,772	$9,295	$17,810

The value of the Performance Rights are being expensed over the vesting period of the Rights. During the period $136,562, was recognised as an expense in relation to the rights.

	31 Dec 2022 $	**31 Dec 2021 $**
Options issued to Directors	49,403	49,403
Performance rights issued	136,562	15,706
Share based payments expense	185,965	65,109
Shares issued for exploration acquisition	30,000	90,000
	215,965	155,109

In the Directors' opinion:

- the attached financial statements and notes are in accordance with the Corporations Act 2001, including complying with the Australian Accounting Standards AASB134: *Interim Financial Reporting*;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

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Karl Jupp
Managing Director

28 February 2023

Independent auditor's review report to the members of Westar Resources Limited

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Westar Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated 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, 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 the consolidated group is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 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 Company in accordance with the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the Financial Report, which indicates that the consolidated group recorded a loss of $774,193 and net operating cash out flows of $270,420 during the half-year ended 31 December 2022 and as of that date the consolidated group had net current assets of $1,364,196. As stated in Note 2, these events or conditions along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the consolidated group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of the Company 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 Responsibilities 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 Company'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.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director
Dated this 28th day of February 2023