

**ASX Announcement**  
17<sup>th</sup> April 2024

## Option to Acquire Uley North Project in Premier Graphite Region of South Australia

### Highlights

- ✦ ***Westar enters option agreement with a private vendor over the highly prospective Uley North Graphite Project in South Australia***
- ✦ ***The Project comprises two tenements totaling 163km<sup>2</sup> within the Hutchison Group, directly bordering extensions of Quantum Graphite's Uley Graphite Mine, which boasts Australia's highest-grade flake graphite resource of 7.2Mt at 10.5% total graphitic carbon (TGC)<sup>1</sup>***
- ✦ ***Located 100km southwest along strike from Renascor's Siviour Graphite Deposit (93.5Mt at 7.3% TGC<sup>2</sup>) – the world's 2nd largest Proven Graphite Reserve, which is now nearing development***
- ✦ ***Previous drill intersections on Uley North Project revealed promising results, including up to 8m at 5.1% TGC within a broader zone of 38m at 2.1% TGC<sup>3</sup> with undrilled EM anomalies along strike***
- ✦ ***First-pass assessment identified several excellent exploration targets***
- ✦ ***The Project has several walk-up drill targets defined including the extension of Quantum Graphite's Uley Graphite Mine***
- ✦ ***Successful \$2 million placement to sophisticated and high net wealth investors and launch of ~\$926k entitlement offer***

<sup>1</sup> ASX:QGL announcement 18 November 2021 "Uley 3 Drill Program Results in Mineral Resource Estimate"

<sup>2</sup> ASX:RNU announcement 18 August 2022 "Upgrade of Siviour Mineral Resource"

<sup>3</sup> Historical Report CRA Exploration Pty Limited January 1984 Report #12559

Westar Resources Limited (ASX: **WSR**) (**Westar** or the **Company**) is pleased to advise it has 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 licences (Southern Prospect EL/6827 and Northern Prospect EL/6826) totalling 163km<sup>2</sup> which are 100% owned by the Vendor.

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, 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, which contains Australia's highest grade flake graphite resource (Figure 2). QGL's Uley 2 deposit is fully permitted and ready for development. The Mikkira Graphite Province includes both the Uley Mine and the Astralis Resources' Southern Project tenure. The Project's underlying rock types are 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 and may have provided a fluid pathway for graphite mineralisation.

***Westar Executive Director Lindsay Franker commented:***

*"Westar has commenced a detailed review of existing datasets and is currently undertaking ground truthing to obtain an understanding of the graphite potential of the Uley North Project, strategically located in one of the world's largest and most prolific coarse graphite provinces in the world.*

*We are currently planning our exploration programs and are considering detailed airborne EM Surveys that we expect will unlock the graphite mineralisation potential of the Project. Graphite is listed as a critical mineral for the energy transition in Australia and we are excited to add this mineral to our existing portfolio."*

Westar is currently completing due diligence and exploration 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 less than 1km along strike; 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 all the available historical exploration data before conducting geochemical and geophysical programs that could lead to first-pass drilling over the most compelling targets.

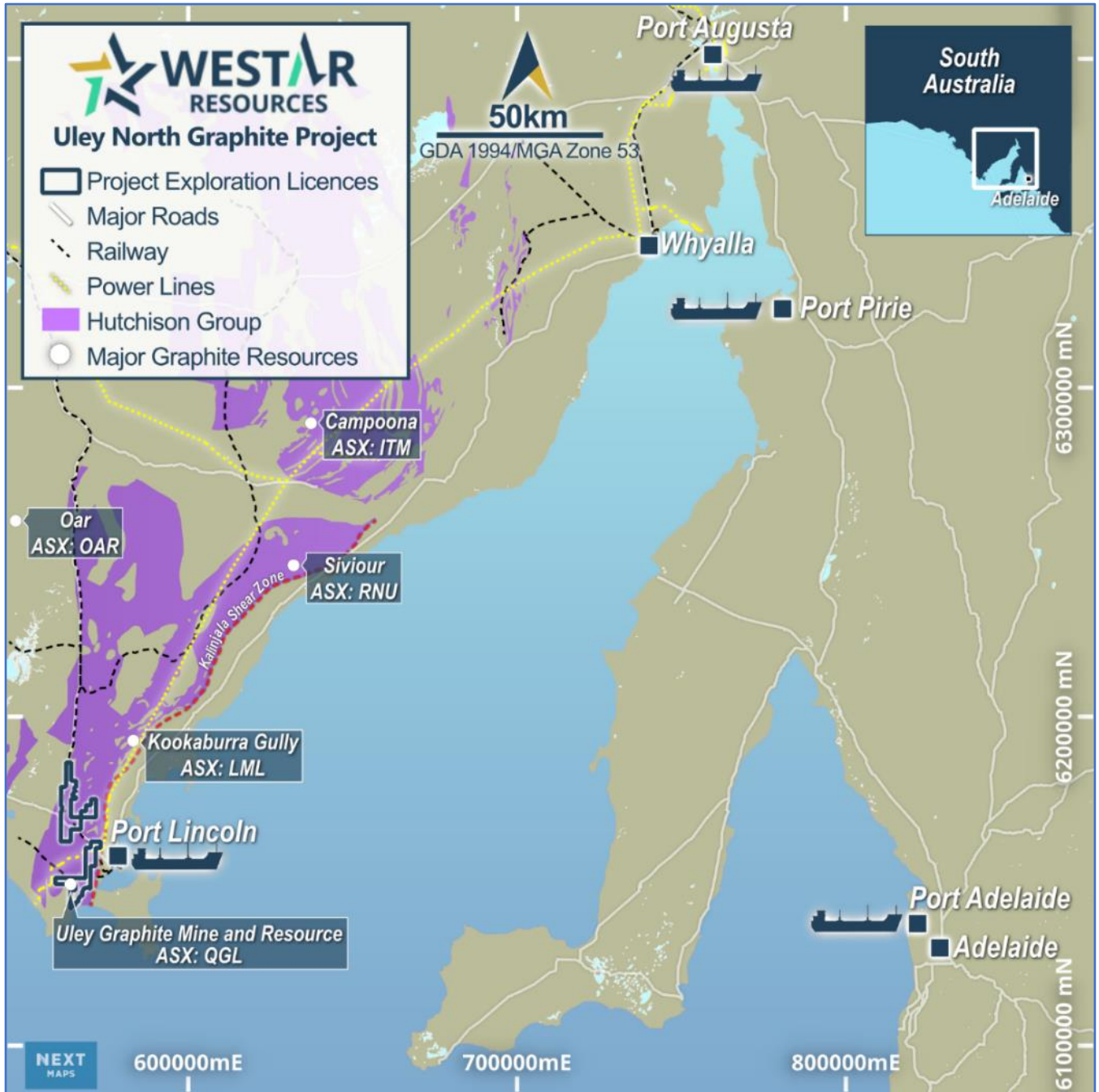


Figure 1 - Location of the Hutchison Group rocks hosting graphite resources and location of the Uley North tenure

## Acquisition Terms

The Company has 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% TGC or greater is announced.

## Why Graphite?

The clean energy revolution hinges on critical minerals like graphite, a key component in lithium-ion batteries for electric vehicles and energy storage. While future demand for graphite is projected to skyrocket, particularly in energy storage applications, the supply chain is geographically limited. This presents a significant opportunity for Australia, a resource-rich nation that currently has no operational graphite mines. China, the world's dominant producer, recently imposed export restrictions, highlighting the vulnerability of a concentrated supply chain.

Renascor (ASX: RNU) has a conditionally approved \$185 million loan facility<sup>4</sup> from the Australian government through its \$4 billion critical minerals facility, demonstrating the government's commitment to developing the graphite industry. Furthermore, R&D Refunds are regularly approved by the government in the critical/strategic mineral exploration space, including graphite, through its "Australian Research and Development Tax Incentive Scheme". International Graphite (ASX: IG6) received \$1.3 million for the 2023 financial year.<sup>5</sup>

<sup>4</sup> ASX:RNU announcement 2 February 2022 "Australian Government Conditionally Approves A\$185 million Loan Facility"

<sup>5</sup> ASX: IG6 announcement 11 March 2024 "International Graphite Receives R&D Refund and firms up Cash Position"

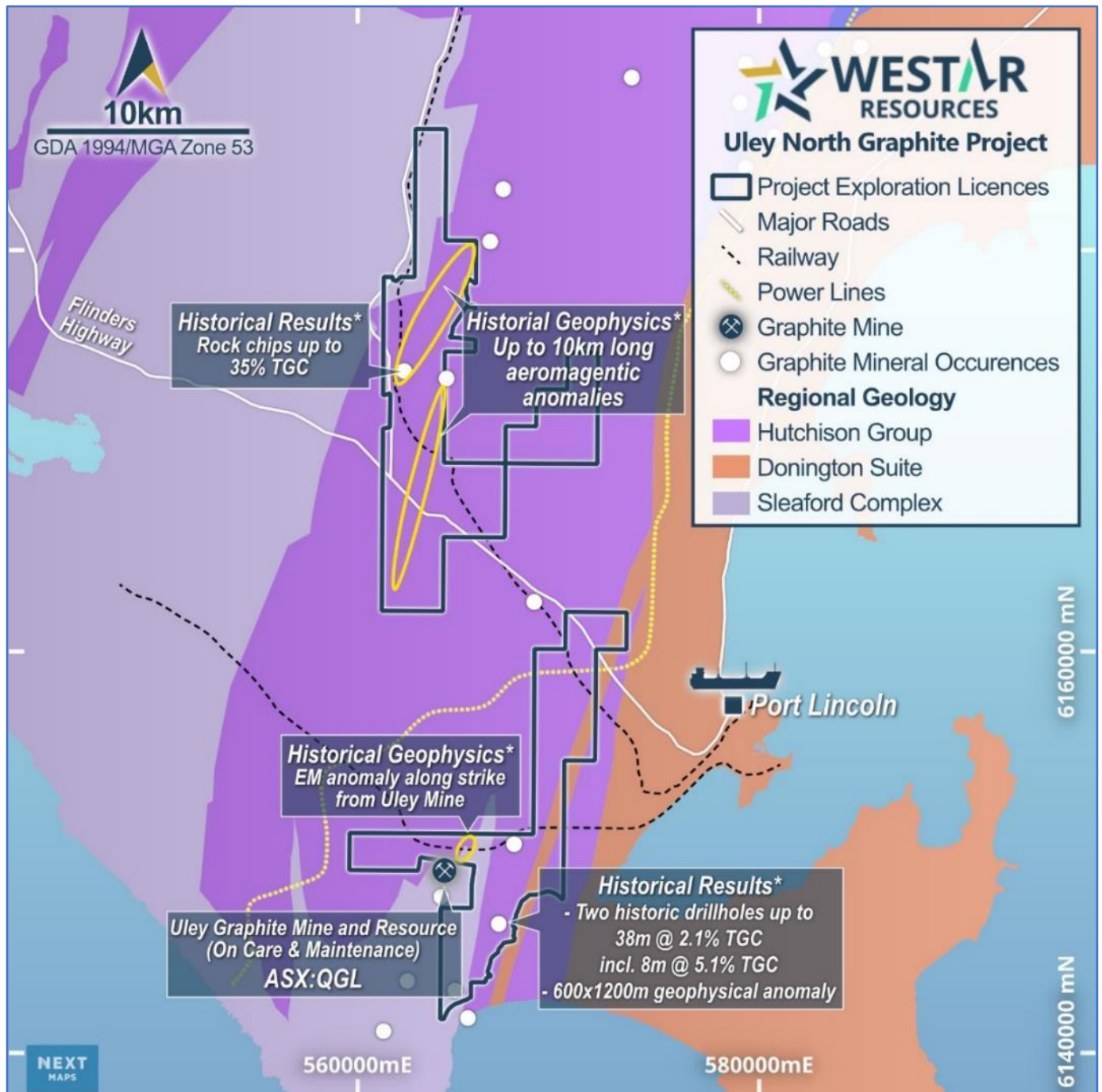


Figure 2 – Location of Uley North Graphite Project with key graphite-related historical results<sup>6</sup>

## Competent Person Statement

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. Mr Boladeras consents to the inclusion of this information in the form and context in which it appears in this report

<sup>6</sup> Historical Report - 25 October 2023 Astralis Resources Pty Ltd "Uley North Graphite Project (EL6826) First Annual Technical Report" and : "Uley North Graphite Project (EL6827) First Annual Technical Report"

## Equity Raise; 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 1 for 2 non-renounceable Entitlement Offer of New Shares to eligible shareholders to raise approximately \$926,000.

Approximately 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 2 tranche, with tranche one using the Company's LR 7.1 and 7.1A capacity and tranche 2 subject to shareholder approval.

The Equity Raising will be conducted at \$0.01 per New Share (the "Offer Price") representing a discount of:

- 33.33% to Westar's closing price of \$0.015 per share as of 12<sup>th</sup> April 2024; and
- 22.93% to Westar's 20-day VWAP of \$0.0130 per share as of 12<sup>th</sup> April 2024; and
- 23.72% to Westar's 10-day VWAP of \$0.0131 per share as of 12<sup>th</sup> April 2024; and
- 27.16% to Westar's 5-day VWAP of \$0.0137 per share as of 12<sup>th</sup> April 2024.

The Placement was well-supported and oversubscribed, allowing the Company to take an additional \$500,000 in oversubscriptions.

The Entitlement Offer will open on Friday, 26th April 2024 to 5.00pm (AWST) Friday, 10th May 2024, to eligible shareholders with a registered address in Australia or New Zealand, as at the Record Date. 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).

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

Westar Directors intend to participate in the Entitlement Offer in respect of shares they hold, and they also intend 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
<b>Total</b>	<b>\$2,926,000</b>

## Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the summary outlined below, while not exhaustive, represent the risk factors which investors need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The additional risks related to the entry into the option agreement for Uley North include, but are not limited to, the following:

### 1. Transaction risks

- (a) The entry into the Uley North option agreement may consume considerable management time and attention which may fail to meet strategic objectives or achieve expected financial and operational targets.
- (b) Westar has undertaken normal analyses of whether to enter option agreement for Uley North. There is a risk that such analyses, and the estimates and assumptions made by Westar during the course of the analyses, leads to conclusions or forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by Westar differ from those indicated by Westar's analysis of Uley North, there is a risk the results from exploration and other activities on Uley North may differ from the estimates and forecasts made by Westar.

### 2. Due diligence risk

- (a) Westar has performed certain due diligence on Uley North. There is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the option agreement. A material adverse issue which was not identified prior to entering the option could have an adverse impact on the results and financial performance or operations of Uley North.
- (b) As is usual in the conduct of acquisitions, the due diligence process undertaken by Westar identified a number of risks associated with Uley North, which the Company had to evaluate and managed. The mechanisms used by Westar to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Westar may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on Westar's earning and financial position.
- (c) The due diligence process relied in part on the review of financial and operational information provided by Astralis. Despite making reasonable efforts, Westar has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by Westar in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Westar may be materially different to the financial position and performance expected by Westar.
- (d) The information reviewed by Westar includes forward looking information. While Westar has been able to review some of the foundations for the forward-looking information relating to Westar, forward looking information is inherently unreliable and based on assumptions that may change in the future.

### 3. Counterparty and contractual risk

- (a) The ability of Westar to achieve its stated objectives will depend on the performance by the parties of their obligations should Westar exercise the option to acquire Uley North and other agreements related to the potential acquisition of Uley North. If any party defaults in the performance of their obligations, it may be necessary for Westar to approach a court to seek a legal remedy, which can be costly. If Westar exercises the option to acquire Uley North, there can be no guarantee as to the on-going financial capacity of Westar. In these circumstances, if a warranty or other claim was made under an agreement in respect Uley North, there is a risk that funds may not be available to meet that claim. Any inability to recover amounts claimed could materially adversely affect Westar's financial position.

#### 4. Specific Risks associated with the Company

- (a) **Limited History;** the Company was listed on 16 December 2020 and has limited operating history and limited historical financial performance. The Company does not generate profits. To date, only limited exploration has previously been conducted on the tenements the Company owns (Tenements). As such, no assurance can be given that the Company will achieve commercial viability through the successful exploration or subsequent mining on its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.
- (b) **No Defined Resources;** the Company, at this time, does not have any identified mineral resources or reserves and previous exploration over the areas covered by the projects is limited. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit. Potential investors should understand that mineral exploration is a high-risk undertaking.
- (c) **Inherent Exploration and Development Risks;** mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery. The quantities and grades included in any future mineral resource statements are estimates and may not prove to be an accurate indication of the quantity or grade of the metals that has been identified or that the Company will be able to extract. No assurance can be given that any particular level of recovery from mineral resources or reserves will in fact be realised or that an identified mineral resource will ever qualify as commercially viable which can be legally and economically exploited. There is no assurance that exploration of the Company's mineral interests, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.
- (d) **Operational Risks;** the operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.
- (e) **Resource Estimates;** Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of a resource on any Tenement. Even if a resource is identified, no assurance can be provided that this can be economically extracted. In the event that the Company successfully delineates a resource or reserve on any of the Tenements, that resource or reserve estimate will be an expression of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.
- (f) **Results of Studies;** subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in relation to the projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies. These studies will be completed within parameters designed to determine the economic feasibility of the subject projects within certain limits. There can



be no guarantee that any of these studies will confirm the economic viability of the subject projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study). Even if a study confirms the economic viability of a Project, there can be no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

- (g) **Metallurgy;** metal and/or mineral recoveries are dependent upon the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk, such as:
- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
  - (ii) developing an economic process route to produce a metal and/or concentrate; and
  - (iii) changes in mineralogy in the ore deposit that can result in inconsistent metal recovery, affecting the economic viability of the project.
- (h) **Gold and commodity prices;** as an explorer for gold and, potentially, other minerals, any future earnings of the Company are expected to be closely related to the price of those commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration and project development plans, together with the ability to fund those plans and activities.
- (i) **Native Title;** the Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans. Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title. Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. The Tenement was granted prior to 1 January 1994 and accordingly suspends the operation of native title within the tenement area for the life of the Tenement. The existence of a Native Title Claim is not an indication that Native Title in fact exists on the land covered by the claim, as this matter is ultimately determined by the Federal Court.
- (j) **Aboriginal Heritage;** the Company must comply with Aboriginal heritage legislation requirements which include the requirement to conduct heritage survey work prior to the commencement of operations. The Company is aware of various areas of indigenous significance and Aboriginal heritage sites of considerable cultural value both to the local indigenous communities and the broader community generally. These heritage sites require the Company to comply with the Aboriginal Heritage Act in respect of any ground disturbing activities. Prior to commencing significant ground disturbing activities, including mining, the Company will need to consult with local traditional owners regarding the likely impact that the proposed activities may have on such areas. There is no guarantee that the Company will be able to deal with the above issues in a satisfactory or timely manner and accordingly such issues may increase the proposed time periods for the conduct of the Company's proposed activities and also limit the Company's ability to conduct its proposed activities on the Tenement including ultimately commencing mining operations.
- (k) **Tenement Title;** interests in tenements are governed by legislation and are evidenced by the granting of licences. Each licence is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, the Tenement if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. The Tenement (or tenements in which the Company may acquire an interest in the future), will be subject to applications for renewal or exemption from expenditure (as the case may be). The renewal or exemption from expenditure for a tenement is usually determined at the discretion of the

relevant government authority. If a tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that tenement.

- (l) **Land Access and Compensation;** there is a substantial level of regulation and restriction on the ability of exploration and mining companies to gain access to land in Australia. Negotiations with both Native Title parties and land owners/occupiers are generally required before the Company can access land for exploration or mining activities. Investors should be aware that any delay in obtaining agreement in respect of compensation due to landholders whose land comprises the Tenements may adversely impact or delay the Company's ability to carry out exploration or mining activities on its Tenements. Certain Conservation Parks, National Parks and water catchment areas exist on portions of the tenements comprising the Uley North Graphite Project which result in certain conditions required to be met for entry and access for exploration and mining including seeking and being granted appropriate approvals to allow for mineral exploration. A risk exists that appropriate clearance may not be given to undertake the intended exploration and this may negatively impact the Uley North Graphite Project's continued development.
- (m) **Environmental Risks;** exploration and mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The operations and proposed activities of the Company are subject to regulations concerning the environment. The Government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits. Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability. Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations, or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.
- (n) **Dependence on key personnel and ability to recruit additional personnel;** the Company is reliant on a number of key personnel engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company. While there can be no assurance given as to the continued availability of such key personnel, the Company has put in place employment contracts and equity participation programmes with senior executives to incentivise them. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.
- (o) **Agents and contractors;** the Company intends to outsource substantial parts of its exploration activities pursuant to services contracts with third party contractors. In most cases, the Company has yet to enter into these arrangements. The Directors are unable to predict the risk of financial failure, default or insolvency of any of the contractors. If these events occur in relation to a contractor, recovery by the Company of resulting financial losses may be limited. Contractors may also underperform their obligations of their contracts. If such contracts are terminated, the Company may not be able to find a suitable replacement on satisfactory terms.
- (p) **Royalties;** the Company's mining projects may be subject to State royalties. In the event that State royalties are increased in the future, the profitability and commercial viability of the Company's Projects may be negatively impacted.
- (q) **Climate change regulation;** mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may

adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

- (r) **Future capital needs;** the future capital requirements of the Company will depend on many factors. The Company believes that the proceeds of the Offer should be adequate to fund its business activities in the short term as stated in this Prospectus. Changes to operational requirements, market conditions and the identification of other opportunities may mean further funding is required by the Company at an earlier stage than is currently anticipated. Should the Company require additional funding, there can be no assurance that additional financing (whether debt or equity) will be available, either on acceptable terms or at all. Any inability to obtain additional funding, if required, will have a material adverse effect on the Company's business and its financial condition and performance and the Company's ability to continue as a going concern. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer and may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities. The Company may undertake offerings of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, voting power of the Company's existing shareholders will be diluted.
- (s) **New projects and acquisitions;** the Company intends to actively pursue and assess new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company. If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from the Projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

## 5. General Risks

- (a) **Market conditions;** share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:
- (i) general economic outlook;
  - (ii) introduction of tax reform or other new legislation;
  - (iii) interest rates and inflation rates;
  - (iv) changes in investor sentiment toward particular market sectors;
  - (v) the demand for, and supply of, capital; and
  - (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

- (b) **Economic and government risks;** the future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the property rental market including, but not limited to, the following:
- (i) general economic conditions in jurisdictions in which the Company operates;
  - (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
  - (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the online classified advertising sector;
  - (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and

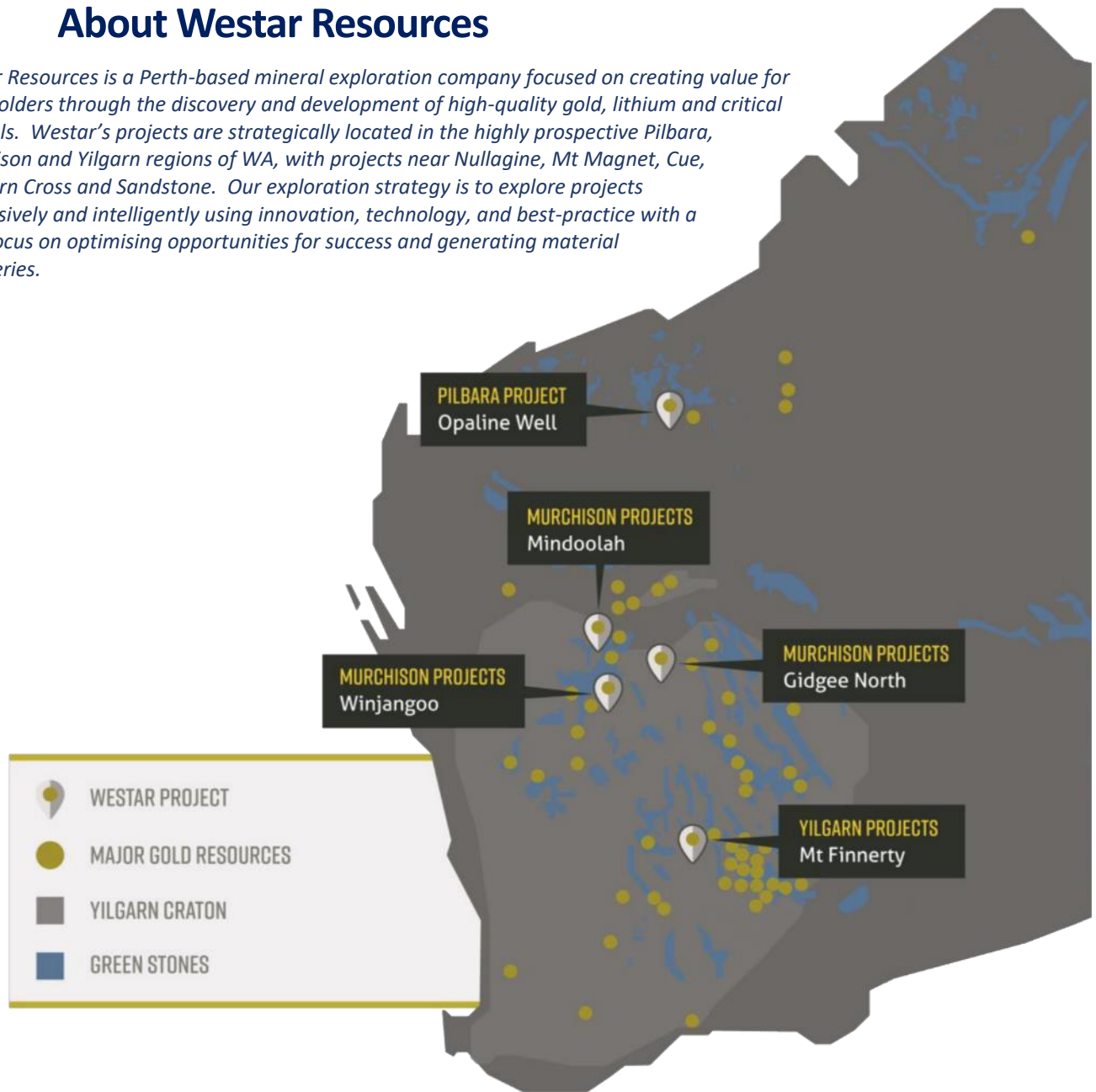
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.
- (c) **Litigation;** the Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.
- (d) **Investment risk;** the Shares to be issued pursuant to this Offer Document should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

#### **6. Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to acquire Shares.

## 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, with projects near Nullagine, Mt Magnet, Cue, Southern Cross and Sandstone. Our exploration strategy is to explore projects aggressively and intelligently using innovation, technology, and best-practice with a clear focus on optimising opportunities for success and generating material discoveries.



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](mailto:lindsay@westar.net.au) | Ph: 08 6556 6003

**Appendix 1 - JORC Code, 2012 Edition – Table 1 (Uley North Project. Historical drilling and rock chips)**  
**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<p><i>Sampling techniques</i></p>	<p>No new drilling or rock chip results are being reported in this announcement and all results are historic and available on publicly available (open file) data.</p> <p><b>Drilling:</b> No new drilling results are being reported in this announcement and all results are historic. Drillholes 83MKRC6 &amp; 83MKRC7 and rock chip samples are reported from historical records completed by CRA Exploration Pty Ltd report 12559, 16 March, 1984 and received by South Australian Dept of Mines and Energy Security Dated 13 April 1984 – Reference Open File 4247_1 to 4247_6.</p> <p>Sampling methods, representivity and aspects of determination of mineralisation are not recorded other than by visual inspection of drilling chips in the instance of graphite occurrences.</p> <p><b>Rocks chips:</b> No details on sampling techniques are provided. Descriptions of ‘surface rubble’ (South Australian Geodata database – Mineral Deposit details, Deposit number 228) indicate collection of loose samples at surface “<i>surface rubble...</i>” and also from “<i>numerous pits, with some shallow auger drilling completed...Graphite float was reported in a ploughed field ...</i>”. No further details are provided in this report or have otherwise been located.</p>
<p><i>Drilling techniques</i></p>	<p><b>Drilling:</b> Drillholes 83MKRC6 &amp; 83MKRC7 were part of an eleven-hole Reverse Circulation and Air-Core drilling program completed by Wallis Drilling.</p> <p>Details of the rig-type, diameter of drill holes and other data pertaining to drilling techniques are unknown.</p>
<p><i>Drill sample recovery</i></p>	<p><b>Drilling:</b> No known sample bias has been noted in historical reports but there is insufficient data to quantify any bias or relationship between recovery and grade. However, CRA report 12559 notes “<i>...graphite intersections at the three prospects (including drillhole locations 83MKRC6 &amp; 83MKRC7) are comparable with those at Uley Prospecting – providing the Uley Core results can be validly compared with these reverse circulation results</i>”.</p> <p>For all historic drilling, sample recovery details are unknown, however, no issues or adverse ground conditions are reported in drill logs regarding drilling penetration that would be expected to adversely affect sample recovery other than the recorded presence of water (unknown depth or quantity) in drillhole 83MKRC7.</p>
<p><i>Logging</i></p>	<p><b>Drilling:</b> Full geological logs and cross-sectional lithological interpretations are recorded for drillholes 83MKRC6 &amp; 83MKRC7.</p> <p>Details of logging practices are unknown; however, qualitative and graphical logs are provided down to 1 metre intervals.</p>

	<p>Historical drill logs are qualitative with semi-quantitative estimates made of relevant features such as percentage of graphite.</p> <p>100% of the samples were geologically logged.</p> <p><b>Rocks chips:</b> South Australian Geodata database – Mineral Deposit details, (Deposit number 228) and also the Record of Mines Summary Card, Lincoln SI5311 provide basic geological visual descriptions of collected rock chip samples.</p>
<p><i>Sub-sampling techniques and sample preparation</i></p>	<p><b>Drilling :</b> No additional information is provided on the sampling methods, sub-sampling methods, or quality control procedures.</p> <p>Sampling was based on logged lithological intervals, which is noted in drilling logs, and varies from 1m to a maximum of 5 metres in composited samples. No details are provided on the compositing method.</p> <p><b>Rock Chips:</b> No information is provided on the sampling methods. Records indicate samples were collected via visual inspection only where hand specimens appeared to contain graphite.</p>
<p><i>Quality of assay data and laboratory tests</i></p>	<p><b>Drilling:</b> Drill logs record sample analysis results for Cu, Pb, Zn, Co, Ni, Ag, Mo, Fe, Mn, Cr, Sn, W, U, C and observations on scintillometer readings.</p> <p>Carbon percentage was assayed by AMDEL Laboratories using two methods of analysis: O2 with a combination of organic and elemental carbon assayed and acid burn with a combination of organic and elemental carbon assayed. The detection limit was 0.05% C. Uranium was assayed via XRF with a detection limit of 4 ppm. Cu (detection limit of 2 ppm), lead (detection limit of 5 ppm) and zinc (detection limit of 2 ppm) were assayed via AAS. No information is provided method of analysis for Co, Ni, Ag, Mo, Fe, Mn, Cr, Sn, W.</p> <p>It is unknown what (if any) quality control procedures were adopted by the company (such as blanks and standards) or the laboratory.</p> <p><b>Rock Chips:</b> No information is provided on the sampling methods, laboratory or QAQC. Grade and flake percentage on samples is provided in Record of Mines Summary Card, Lincoln SI5311.</p>
<p><i>Verification of sampling and assaying</i></p>	<p><b>Drilling:</b> No information is provided on the verification of significant intersections.</p> <p>No twinned holes were completed.</p> <p>Documentation of data at this time was paper-based and not stored electronically. Scanned and OCR copies of reports, drilling logs of holes and company reports are stored on South Australian Geodata Database (SARIG).</p> <p>No adjustments to the assay data are noted in the data or reports.</p> <p><b>Rock Chips:</b> No additional information is provided.</p>

<p><i>Location of data points</i></p>	<p><b>Drilling:</b> Collar coordinates of drillholes are noted on drilling logs. Data are recorded as AMG Zone 53. Grid system is assumed as AGD 1966. Survey locations of drill collars are not provided. Down hole surveys are unknown. The area of drilling is predominantly low lying and relatively flat. Hence, topographic control is not considered an issue when interpreting the drill results.</p> <p><b>Rock Chips:</b> The location of rocks chips has been sourced from South Australian Geodata database – Mineral Deposit details, (Deposit number 228) and also the Record of Mines Summary Card, (Lincoln SI5311). The locations are not defined by GPS coordinates or surveyed points and at this stage neither Astralis PL or Westar Resources have confirmation on the validity of these recorded locations.</p>
<p><i>Data spacing and distribution</i></p>	<p><b>Drilling:</b> Drill spacing was intended to provide a first-pass, initial test for mineralisation and may not be sufficiently close spaced for inclusion in a Mineral Resource estimation.</p> <p><b>Rock Chips:</b> The spacing and distribution of rock chip samples are based on historical collection and are intended for first-pass testing to confirm mineralisation only.</p>
<p><i>Orientation of data in relation to geological structure</i></p>	<p><b>Drilling:</b> There is insufficient geological knowledge of the drilled areas to comment in detail on the orientation of data in relation to geological structure. However, drill holes were orientated approximately perpendicular to the interpreted strike and dip of the local stratigraphy.</p> <p>There is insufficient drilling on current prospects to confidently interpret the orientation of any potential mineralised zones.</p> <p><b>Rock Chips:</b> There is insufficient documented geological information to determine the orientation of the collected samples in relation to geological structure and it would be expected that there is a bias to collecting field samples to confirm the presence of mineralisation over barren or background value samples.</p>
<p><i>Sample security</i></p>	<p><b>Drilling &amp; Rock Chips:</b> No details of sample security are recorded in historical reports.</p>
<p><i>Audits or reviews</i></p>	<p><b>Drilling &amp; Rock Chips:</b> No details of sample audits are recorded in historical reports.</p>

**JORC Code, 2012 Edition – Table 1 report (Uley North Project. Historical drilling and rock chips)  
Section 2 Reporting of Exploration Results**

*(Criteria listed in the preceding section also apply to this section.)*

Criteria	Commentary
<p><i>Mineral tenement and land tenure status</i></p>	<p>The data in this announcement that relates to historic activities completed on Exploration licenses 812 &amp; 1139 by CRA Exploration are located in Open File Envelope 4247_1, 4247_2, 4247_3, 4247_4, 4247_5 and 4247_6.</p> <p>The current tenure, EL 6826 &amp; EL 6827, is held by Astralis Resources Pty Ltd and is under an option agreement between Westar Graphite Pty Ltd (a 100% owned subsidiary of Westar Resources Ltd) and Astralis Resources Pty Ltd.</p>



	<p>The tenements are held securely by Astralis Resources Pty Ltd.</p> <p>Various approvals are required to operate in the area and on the tenure, including land access agreements with private land holders (predominantly the farming community); regulatory approvals for conservation areas including the Lincoln Conservation Park; and Native Title Claimant Groups including Barngarla and Nauo (Nauo accepted for registration and yet to be determined).</p>																																
<p><i>Exploration done by other parties</i></p>	<p>Previous exploration, completed by CRA prior to 1984 is detailed below, as extracted from CRA report 12559, 16 March, 1984 and received by South Australian Dept of Mines and Energy Security Dated 13 April 1984 as Open File Report 4247_6.</p> <p>5.1 <u>Geophysics</u></p> <table border="1" data-bbox="355 835 1342 1792"> <thead> <tr> <th>QUARTERLY REPORT</th> <th>SURVEY TYPE</th> <th>LINE KMS.</th> <th>COMMENTS</th> </tr> </thead> <tbody> <tr> <td>1st/EL812</td> <td>Airborne Electromagnetic  Magnetic  Radiometric</td> <td>693.7</td> <td>Baringer Mark V INPUT EM.  Geometrics 803 nuclear precession magnetometer.  Exploranium DiGRS 3001 spectrometer (NaI detectors of 33.5 litres). (Geoterrex P/L at 500m line spacing, E-W, MTC 120m.</td> </tr> <tr> <td>2nd/EL812</td> <td>Ground EM 34-3  Frequency IP;50m dipoles 25m dipoles</td> <td>14.7  1.7 150m</td> <td>Separation of loops 10, 20 &amp; 40m. McPhar P660</td> </tr> <tr> <td>5th/EL812</td> <td>Time IP;50m dipoles 25m dipoles</td> <td>11.2 9.7</td> <td>Huntec Mark V</td> </tr> <tr> <td>1st/EL1139</td> <td>Self Potential</td> <td>4.1</td> <td></td> </tr> <tr> <td>5th/EL812</td> <td>Mise-a-la-Masse</td> <td>12.9</td> <td>Transmitter in 81MKD1</td> </tr> <tr> <td>7th/EL812  4th&amp;7th/ EL812</td> <td>SIROTEM Magnetometry Down-hole logs</td> <td>300m 4.4</td> <td>50m displaced loops  Natural gamma, long spaced density, resistivity, self potential using SIE logger for MKD1,2,11-15. Also IP for MKD1 &amp; magnetic susceptibility for MKD11.</td> </tr> <tr> <td>5th/EL812</td> <td></td> <td></td> <td>MKD1,3,5,6&amp;7:- gamma, caliper, density, resistivity, neutron, self potential &amp; deviation using Century Geophysics Logger.</td> </tr> </tbody> </table>	QUARTERLY REPORT	SURVEY TYPE	LINE KMS.	COMMENTS	1st/EL812	Airborne Electromagnetic  Magnetic  Radiometric	693.7	Baringer Mark V INPUT EM.  Geometrics 803 nuclear precession magnetometer.  Exploranium DiGRS 3001 spectrometer (NaI detectors of 33.5 litres). (Geoterrex P/L at 500m line spacing, E-W, MTC 120m.	2nd/EL812	Ground EM 34-3  Frequency IP;50m dipoles 25m dipoles	14.7  1.7 150m	Separation of loops 10, 20 & 40m. McPhar P660	5th/EL812	Time IP;50m dipoles 25m dipoles	11.2 9.7	Huntec Mark V	1st/EL1139	Self Potential	4.1		5th/EL812	Mise-a-la-Masse	12.9	Transmitter in 81MKD1	7th/EL812  4th&7th/ EL812	SIROTEM Magnetometry Down-hole logs	300m 4.4	50m displaced loops  Natural gamma, long spaced density, resistivity, self potential using SIE logger for MKD1,2,11-15. Also IP for MKD1 & magnetic susceptibility for MKD11.	5th/EL812			MKD1,3,5,6&7:- gamma, caliper, density, resistivity, neutron, self potential & deviation using Century Geophysics Logger.
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5.2 Drilling

QUARTERLY REPORT	TECHNIQUE	NO. OF HOLES	NO. OF PROSPECTS	NO. OF METRES	COMMENTS
4, 5 & 7TH EL812	Diamond	16	6	1241	Inc. 10 holes for 877m at Uley.

5.3 Costeaning

QUARTERLY REPORT	DEPTH	NO. OF PROSPECTS	NO. OF METRES	COMMENTS
3rd, 4th/EL812	2-5m	3	795	Includes 480m at Uley

5.4 Assays

QUARTERLY REPORT	PROGRAM	HOLE OR COSTEAN NO.	SAMPLE TYPE	NO.	ELEMENTS	COMMENTS
3rd, 4th EL812	Costean	Cos. 1	Channel	300	Cu, Pb, Zn, U, C	
		Cos. 2-6	Channel	490		
4th/EL812	Diamond Drilling	MKD1&2	1/2core	192	Cu, Pb, Zn, Co, Mn, U, Ag, Au	
5th/EL812		MKD3-10	1/2core	319	C	
7th/EL812		MKD11-15	1/4core	255	Cu, Pb, Zn, Co, Mo, V, Ag, Au	+U on MKD13
1st, 2nd EL1139	Metallurgical		Bulk	143 (191 tonne)	C	

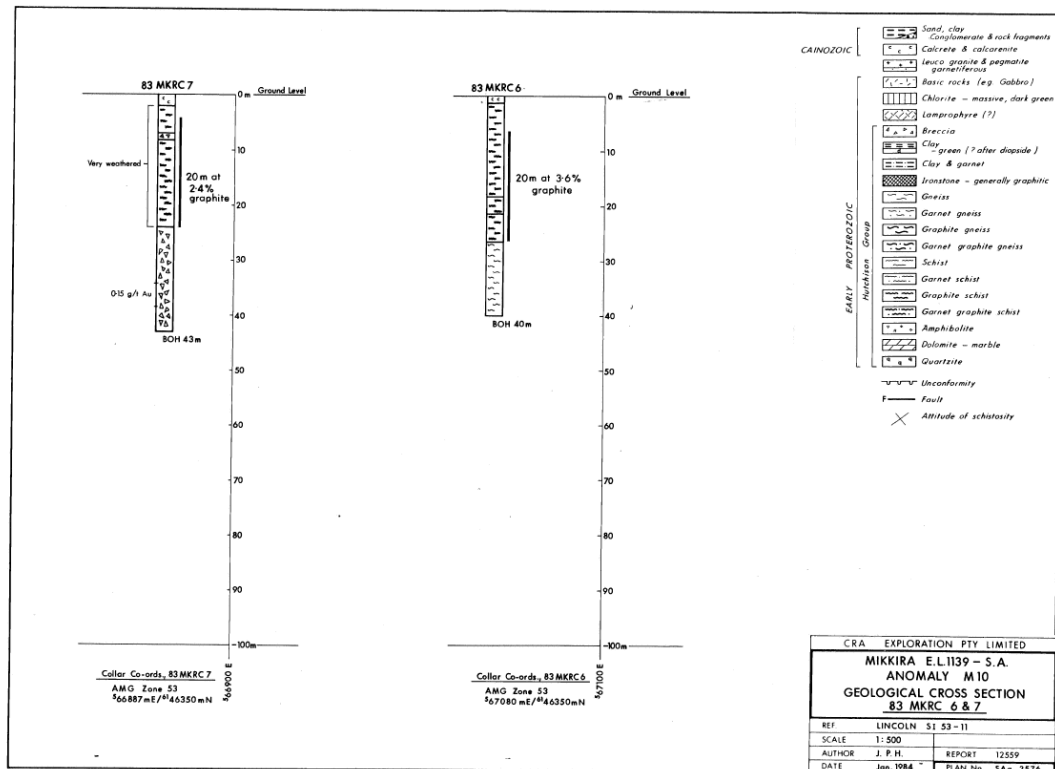
*Geology*

The area is blanketed by Pleistocene calcareous aeolianites and Tertiary laterites and little is known of the distribution of the underlying Precambrian basement rocks. The early Proterozoic Hutchison Group and the underlying Archean Sleaford Complex are known from scattered coastal and inland outcrops. The geology is interpreted to be strongly folded and steeply west dipping due to the Sleafordian and Kimban orogenesis. Graphite occurs generally as disseminated flakes predominantly hosted by schists within the Hutchison Group.

*Drill hole Information*

**Drilling:** Collar coordinates of drillholes are noted below and summary (graphic) drilling logs are also provided.

Hole_ID	Easting	Northing	RL	Dip/Az	Depth (EOH)
83MKRC6	567080	6146350	N/A	-90	40m
83MKRC7	56687	6146350	N/A	-90	43m



**Rock Chips:** The location of rocks chips has been sourced from South Australian Geodata database – Mineral Deposit details, (Deposit number 228) and also the Record of Mines Summary Card, (Lincoln S15311). The locations are not defined by GPS coordinates or surveyed points and at this stage neither Astralis PL or Westar Resources have confirmation on the validity of these recorded locations.

*Data aggregation methods*

**Drilling & Rock Chips:** Historical data does not provide any information on data aggregation, weighting averaging, cut-off grades or determination or criteria for significant intercepts.  
  
There is no reporting in metal equivalents or metal equivalent values.

*Relationship between mineralisation widths and intercept widths*

**Drilling :** The quoted intercept widths are measured down the length of the drill hole and may not be true width. There is inadequate drilling and field-based investigations to confidently quote true thickness of mineralisation widths.

*Diagrams*

**Drilling & Rock Chips:** No new discovery is being reported in this announcement and all results are historic and available on publicly available (open file) data.

*Balanced reporting*

**Drilling & Rock Chips:** Key, known results and conclusions have been included in the body of the announcement.

<i>Other substantive exploration data</i>	<b>Drilling &amp; Rock Chips:</b> All substantive data related to the Project, including historical drilling and rock chip samples are provided in the body text or Table 1, including previous exploration.
<i>Further work</i>	On satisfactory completion of the Option Period and exercising the Option Agreement, Westar Resources Ltd plans to further assess the Project in a staged and tactical approach, initially with field mapping and investigations, followed by additional ground and/or air-based geophysical data acquisition and interpretation prior to assessment of prospects for drilling to target graphite mineralisation.