

8 December 2020

ASX Announcement

GWR Review Aimed To Increase Production Tonnage - Current 1Mt Production to Potentially Unlock 130Mt Fe Resource.

HIGHLIGHTS

Following the commencement of mining at Stage 1 of the C4 Iron Deposit¹ GWR is reviewing options to expedite the increase of production tonnage across the remaining portion of its total 131.1 Mt @ 60% Fe² Iron Ore inventory (not already under production or JV) in order to benefit from the buoyant iron ore price and demand for high-grade ore.

- Pilbara resource Group (PRG) is engaged for Stage 1 of the C4 mining operations which covers the first 1 million tonnes of C4's Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe with assessment and modelling currently underway to increase production tonnage on Stage 1 (Figure 3).
- Stage 1 comprises of 1MT of high grade low impurity iron ore with a low waste: ore strip ratio of 1.5:1. Under the Joint Venture with PRG, GWR is required to provide minimal capex and opex, will retain 70% share in the project profit as well as retaining the rights for ore sales, strategy and timing.
- GWR will undertake a review of C4 to assess what portion of the remaining ~20 million tonnes² will be optimised in Stage 2 mining of the C4 deposit and begin to engage with interested parties. (Figure 1)
- The review will also focus on GWR's other DSO deposits such as (Figure 2):
 - Bowerbird Central Iron deposit (8Mt @ 60.1% Fe)²
 - Bowerbird South Iron deposit (18.2Mt @ 60.4% Fe)²
 - Jindalee Joyners Iron deposit (7.2Mt @ 63% Fe)²
 - C Regional Iron deposit (4Mt @ 60.6% Fe)² and
 - Bowerbird North deposit (2.6Mt @ 60.8% Fe)².
- The JWD deposit (10.7 Mt @ 63.7% Fe, 2.8% SiO₂, 1.5% Al₂O₃) is currently under a 51% Mining Rights JV with ASX listed Fe Ltd (ASX:FEL)³ with the next \$125,000 instalment due to GWR payable this month.
- The company will continue to update the market regarding current production activities and the current review to expedite production tonnage across the remaining portion of its Iron Ore inventory.

¹ - Refer ASX Announcement 4th December 2020 (Production Works Commence at C4 Iron Deposit)

² - 2004 JORC Code compliant Resource is 131.1 Mt at 60.0% Fe, comprising of 10.1 Mt at 62.5% Fe Measured, 72.0 Mt at 59.9% Fe Indicated and 48.8 Mt @ 59.4% Fe Inferred. (refer ASX announcement dated 12th November 2019 and 8th July 2011 and 11th April 2013).

³ - Refer ASX Announcement 6th October 2020 (JWD Iron Ore High Grade Deposit Development Update)

GWR Group Limited (ASX:GWR) (“GWR Group” or “the Company”) is pleased to advise shareholders that following the successful commencement of mining at the Stage 1 C4 Iron Deposit, the buoyant iron ore price and demand for high-grade ore combined with the renewed interest in GWR’s DSO product, the company will **accelerate efforts to expedite increased production tonnage across the remaining portion of its total 131.1 Mt @ 60% Fe Iron Ore inventory (not already under production or JV).**

Stage 2 Mining

Stage 2 mining of the C4 Iron deposit is now a priority of the company and GWR will accelerate its review to assess what portion of the remaining ~20 million tonnes will be optimised and included in this stage (Figure 1)

GWR will begin to engage with interested parties and assess all options available that will maximise the returns for shareholders as a direct result of profitable project economics.

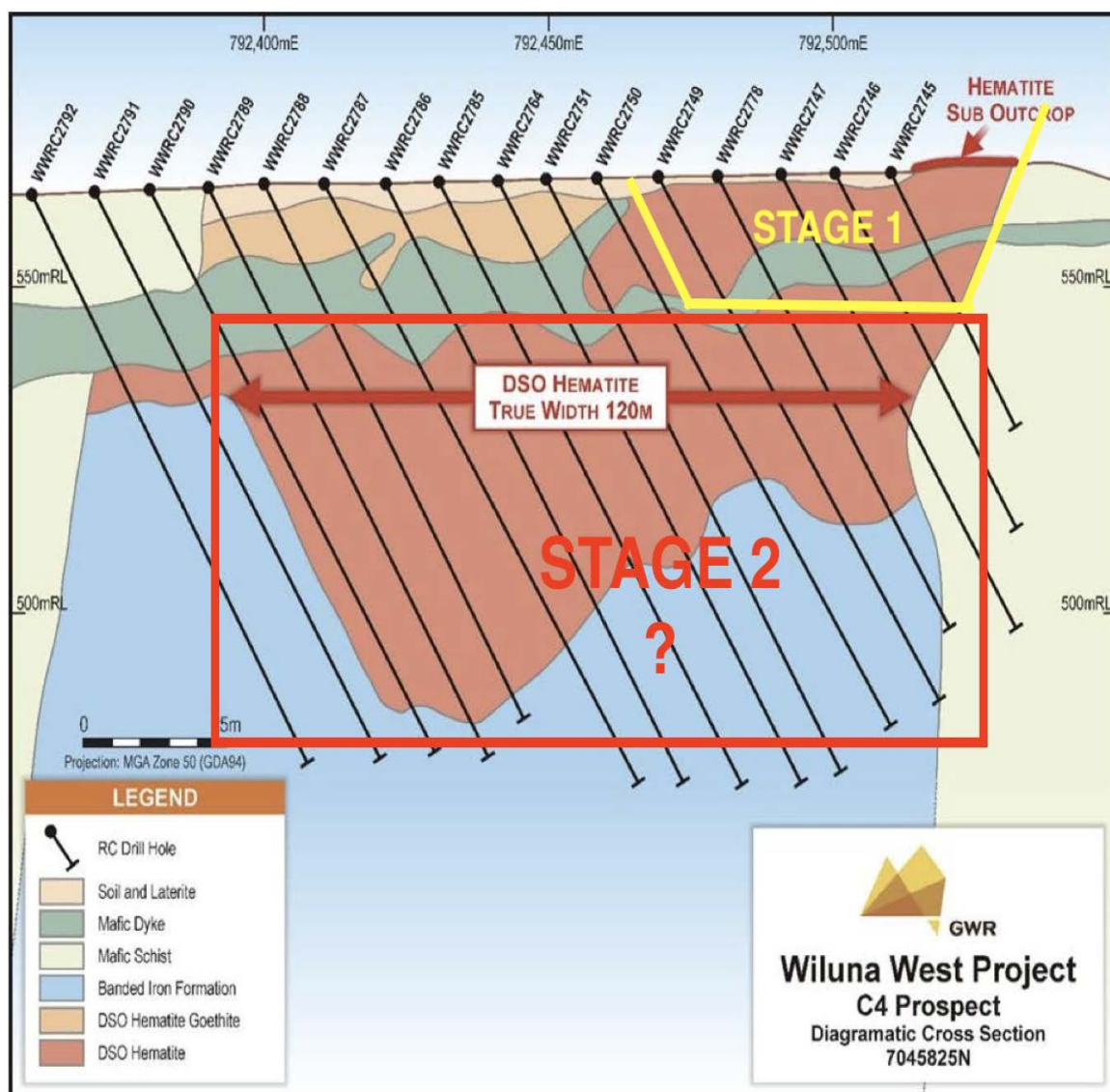


Figure 1 – C4 Iron Deposit (Assessment for Potential Stage 2 Production Tonnage)

The review will also focus on capitalising on renewed interest in GWR's other DSO deposits including those outlined below with more than 40 million tonnes grading above 60% Fe (Figure 2):

- **Bowerbird Central Iron deposit (8Mt @ 60.1% Fe)²**
- **Bowerbird South Iron deposit (18.2Mt @ 60.4% Fe)²**
- **Jindalee Joyners Iron deposit (7.2Mt @ 63% Fe)²**
- **C Regional Iron deposit (4Mt @ 60.6% Fe)² and**
- **Bowerbird North deposit (2.6Mt @ 60.8% Fe)².**

The review will focus on which deposits a can be bought to production in the most effective manner in order to maximise the benefits to shareholders from the current buoyant Iron Ore prices.

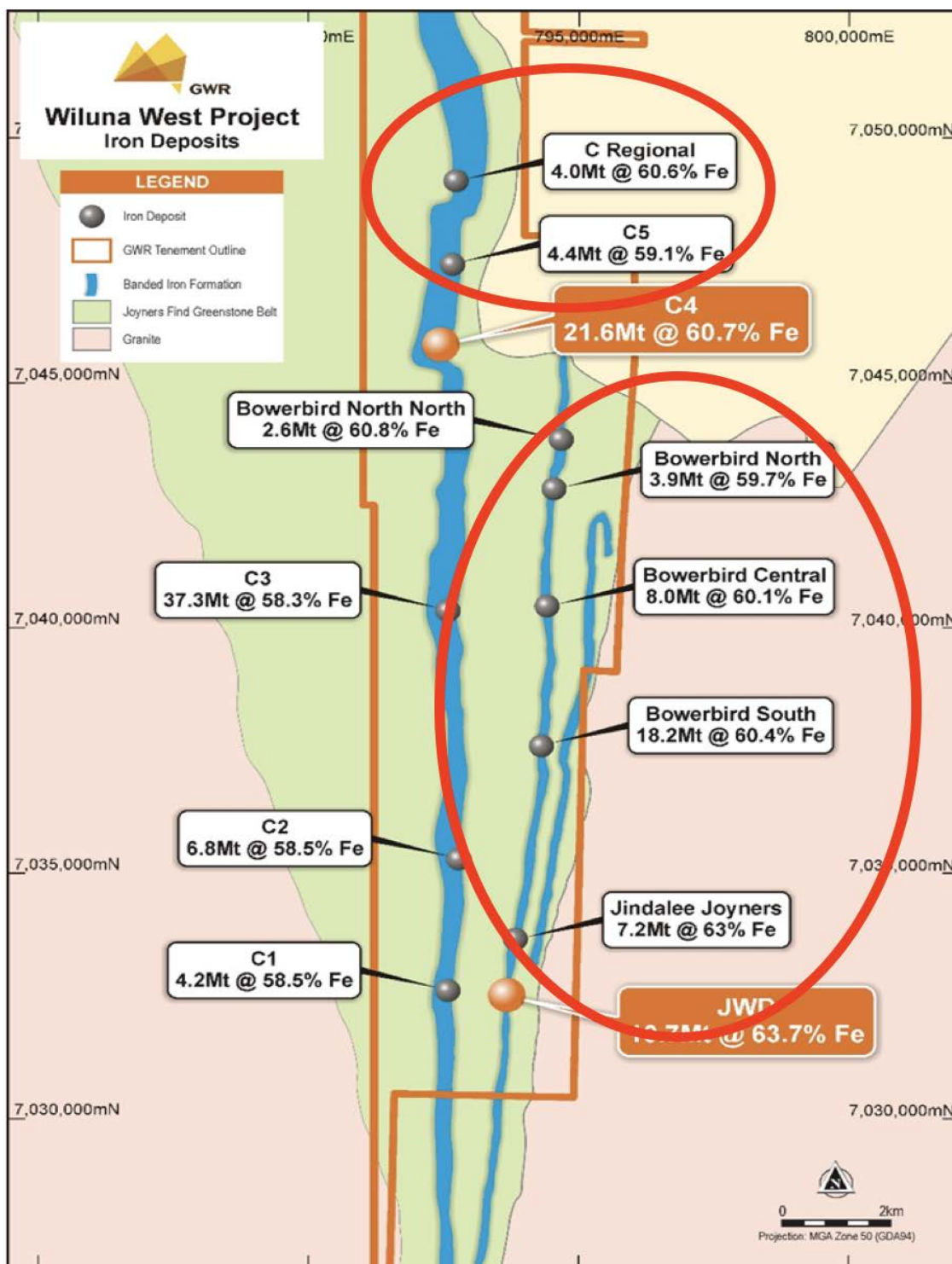


Figure 2 – GWR's Wiluna West Iron Ore Deposits (Under review to expedite production)

Stage 1 - Potential Increase In Production Tonnage

Following recent step-out drilling intersecting significant widths and high-grade, low-impurity results from drilling undertaken ~75 metres south and outside of Stage 1 development pit (Figure 3), the company is assessing a potential extension to the Stage 1 optimised development pit. (refer ASX Announcement 20 November 2020)

Some of the recent results include:

- **16m @ 65.1% Fe from 14m (EOH) – WWRC3184**
- **30m @ 61.8% Fe from 6m (EOH) – WWRC3186**

The high- grade mineralisation intersected by the step out drilling is not predicted in the current Resource model and represents a potential addition to the Stage 1 mining operation. GWR will look to follow up on this potential extension with further drilling.

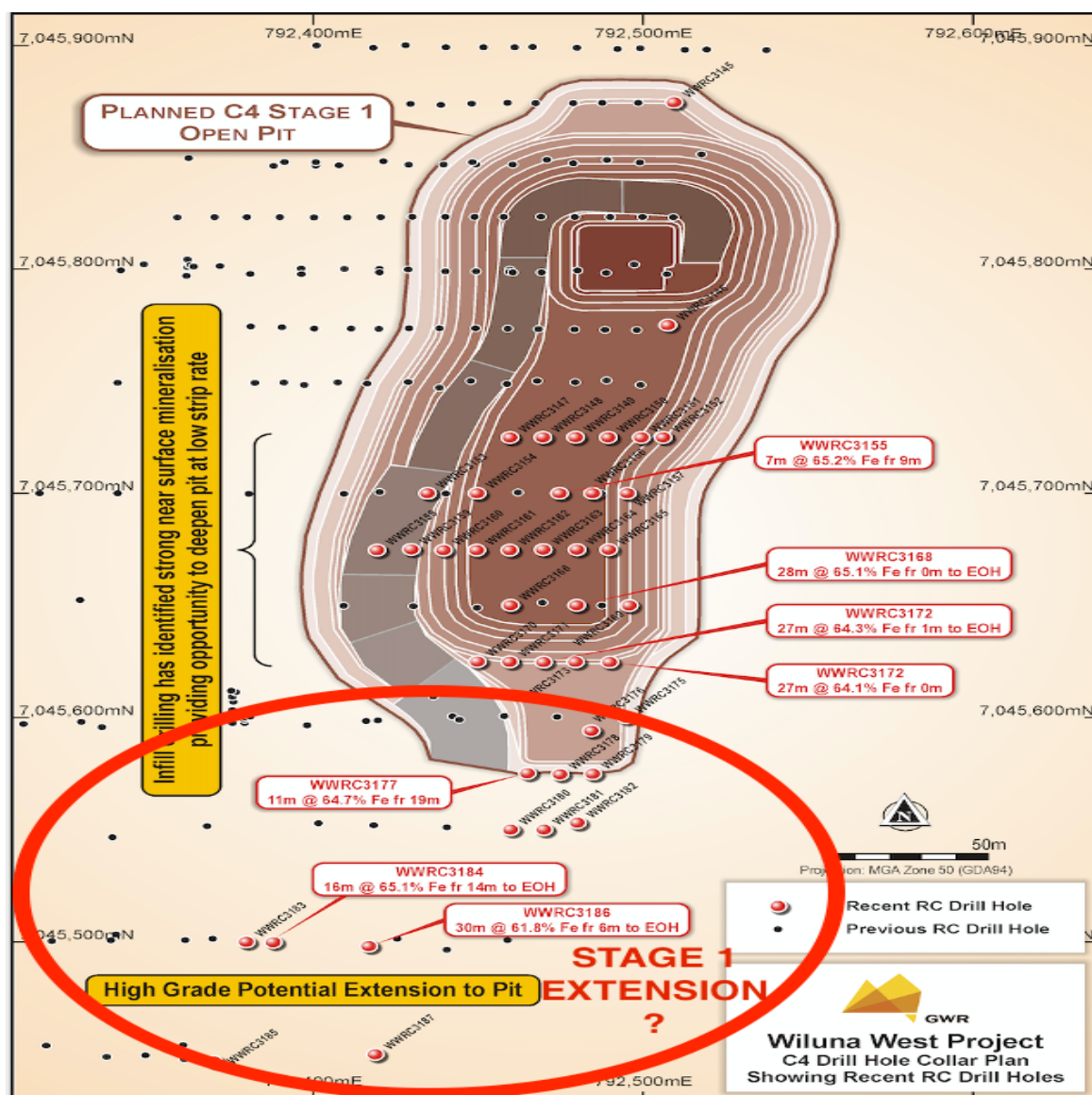


Figure 3 – Recent RC Drilling Results (Wiluna West Iron Ore Project)

Stage 1 – Current Optimised Production Pit

Pilbara Resources Group (PRG) is engaged to conduct mining operations for Stage 1 of the C4 Iron Deposit which covers just **1 million tonnes of high grade low impurity iron ore** from C4's Mineral Resource Estimate of 21.6 million tonnes at 60.7% Fe.

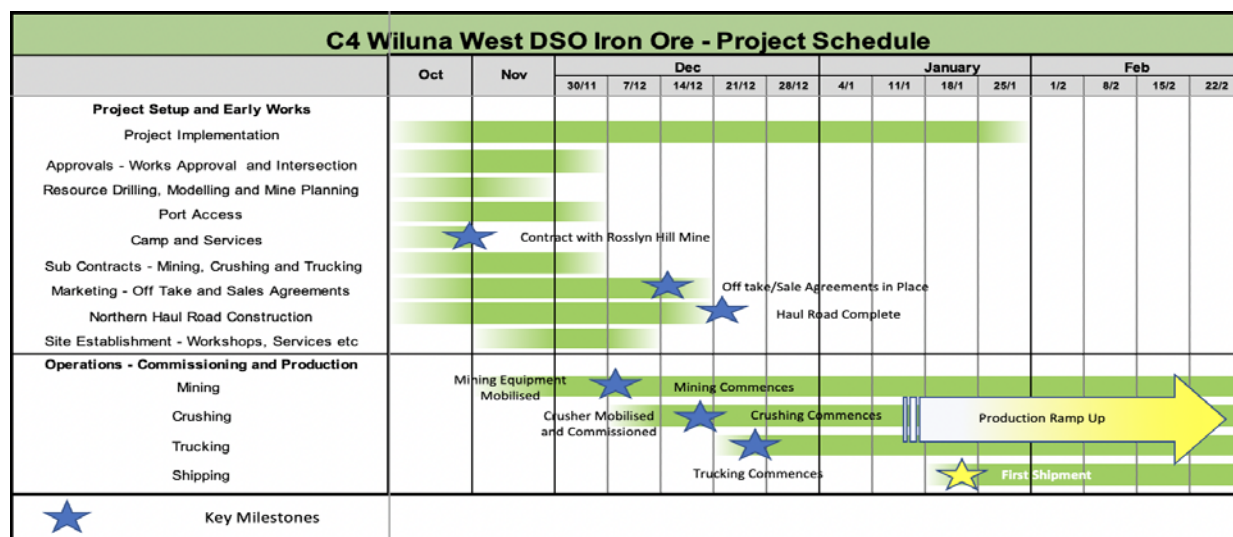
GWR will commence engaging with interested parties in order to potentially increase the production tonnage across C4 and its other deposits.

Furthermore, the GWR Group has substantial carried forward tax losses available to it, which will potentially be available to offset Free Cash Flow generated from C4 production operations.

As previously announced, GWR intendeds to keep shareholders updated as we continue to meet Key Production Milestones for the C4 Iron Deposit including, offtake agreements and first sales/shipment of ore and expects to be in a position shortly to update the market (Table 1).

Table 1: Key project Milestones to be achieved for the development of the C4 Iron Deposit

<u>MILESTONE</u>	<u>PROGRESS</u>
<i>**The Company will keep shareholders informed of operational milestones as they progress**</i>	
Shipping and Haulage contracts	Progressing
Completion of service agreement with nearby mine for access to site services such as village, workshops and water.	Completed
Finalisation of contract rates for major services; mining, crushing and screening	Completed
Northern Haul Road construction and site setup (workshops, lay down area's, internal access roads and services such as water, power and communication)	On schedule
Works Approval (required for crushing and screening operations)	Completed
Completion of approvals and designs for Wiluna/Meekatharra Road and C4 Access road intersection	Progressing
Road user agreement for the gravel sections and low standard tar sealed sections of the C4 turn to Meekatharra portion of the Gold Fields highway	Progressing
Completion of agreements with Port of Geraldton for services and third party for shed access	Completed
Commencement of Production Mining Operations	Commenced
Geological modelling, mine planning and scheduling	Progressing
Offtake Agreements of High-grade DSO Iron Ore	Late 4Q2020
First shipment of Iron Ore Mined and Transported	Jan 2021



JWD Iron Ore Deposit – Fe Ltd (51% interest in the Mining Rights)

As highlighted in recent GWR ASX announcement ((6th October 2020 (JWD Iron Ore High Grade Deposit Development Update)) Fe Ltd (FEL:ASX) has entered into a binding JV Agreement to acquire a 51% interest in the Mining Rights Agreement held by Gold Valley Iron Ore over the Wiluna West JWD deposit wholly owned by GWR Group Limited.

To date GWR has received a total of \$625,000 pursuant to the Stage 1 payment under the JWD Mining Agreement, with the most recent payment of \$125,000 received from FEL on 30 September 2020. **There remains \$375,000 to be paid over the next three quarters with the next \$125,000 cash instalment due in December 2020.**

On exercise of the Stage 2 Option, a further \$4.25 million is payable to GWR and for all tonnes mined and trucked greater than 3 Million a flat Rate Royalty of \$3.50/ per tonne is payable. In addition to these stage payments a production royalty is payable during both stages, which is linked to the iron ore price in the range of \$1 to \$2 per tonne.

Significant development work completed at the JWD deposit includes resource optimisation, pit design and mine plan with the majority of approvals granted including the (PMP), which was approved in January 2020 and relates to a total 3Mt for 1Mtpa.

FEL will operate the Joint Venture with its 51% interest and look to commence operations as soon as practically possible to meet the obligations under the Mining Rights Agreement that a minimum of 300,000 tonnes is mined and trucked within 21 months from the PMP approval date.

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This ASX announcement was authorised for release by the Adrian Costello, General Manager of GWR Group Ltd

Competent Person's Statement

The information in this report which relates to Exploration Targets, Exploration Results and Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australian Institute of Mining and Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 40 continuous years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

The Mineral Resource Estimate was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 2. Wiluna West Iron Ore Project Mineral Resources by Deposit

GWR Group Limited Wiluna West Global Fe Resources									
Classification	Deposit	Calc	Cut Off	Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Measured	JWD	Optiro 2013	55	6.40	64.07	2.63	1.51	3.07	0.034
	BOWERBIRD CENTRAL	Optiro 2011	50	1.20	62.27	6.25	2.74	1.60	0.038
	C3	Optiro 2011	50	2.50	58.38	8.46	2.39	5.14	0.107
	TOTAL			10.10	62.45	4.50	1.87	3.41	0.053
Indicated	BOWERBIRD CENTRAL	Optiro 2011	50	5.90	59.86	7.76	3.44	2.65	0.054
	BOWERBIRD SOUTH	Optiro 2011	50	13.00	60.50	7.18	2.91	2.89	0.048
	JWD	Optiro 2013	55	0.90	63.61	2.76	1.33	3.57	0.030
	JINDALEE JOYNNERS	Optiro 2010	50	3.30	63.61	4.27	2.05	1.83	0.036
	C3	Optiro 2011	50	30.40	58.47	8.35	2.39	5.22	0.076
	C4	Optiro 2010	50	18.53	61.17	8.08	1.97	2.22	0.034
TOTAL			72.03	59.94	7.76	2.43	3.64	0.056	
Inferred	BOWERBIRD NTH NTH	GWR 2009	50	2.58	60.84	5.19	2.19	3.64	0.050
	BOWERBIRD NTH	Snowden 2008	50	3.90	59.70	6.50	3.80	2.60	0.040
	BOWERBIRD CENTRAL	Optiro 2011	50	0.80	58.15	9.48	3.83	2.86	0.045
	BOWERBIRD SOUTH	Optiro 2011	50	5.20	60.03	8.33	2.42	2.36	0.038
	JWD	Optiro 2013	55	3.40	63.13	3.23	1.58	3.38	0.029
	JINDALEE JOYNNERS	Optiro 2010	50	3.90	62.47	4.81	2.12	2.16	0.057
	C1	Snowden 2007	50	4.20	58.50	7.20	3.30	5.20	0.088
	C2	GWR 2009	50	6.76	58.52	6.89	2.86	6.25	0.036
	C3	Optiro 2011	50	4.40	56.70	8.97	3.25	6.13	0.069
	C4	Optiro 2010	50	3.08	58.00	10.30	2.85	3.60	0.035
	C5	Snowden 2007	50	4.40	59.10	8.90	2.10	3.80	0.118
	CR	Snowden 2007	50	4.00	60.60	9.30	1.40	1.70	0.030
South 2	Snowden 2008	50	2.20	56.20	9.10	2.03	7.80	0.077	
TOTAL			48.82	59.45	7.45	2.57	4.03	0.055	
Deposit Totals	BOWERBIRD NTH NTH	GWR 2009	50	2.58	60.84	5.19	2.19	3.64	0.050
	BOWERBIRD NTH	Snowden 2008	50	3.90	59.70	6.50	3.80	2.60	0.040
	BOWERBIRD CENTRAL	Optiro 2011	50	8.00	60.06	7.70	3.38	2.51	0.051
	BOWERBIRD SOUTH	Optiro 2011	50	18.20	60.37	7.51	2.77	2.74	0.045
	JWD	Optiro 2013	55	10.70	63.74	2.83	1.52	3.21	0.032
	JINDALEE JOYNNERS	Optiro 2010	50	7.20	62.99	4.57	2.09	2.01	0.047
	C1	Snowden 2007	50	4.20	58.50	7.20	3.30	5.20	0.088
	C2	GWR 2009	50	6.76	58.52	6.89	2.86	6.25	0.036
	C3	Optiro 2011	50	37.30	58.26	8.43	2.49	5.32	0.077
	C4	Optiro 2010	50	21.62	60.72	8.39	2.09	2.42	0.034
	C5	Snowden 2007	50	4.40	59.10	8.90	2.10	3.80	0.118
	CR	Snowden 2007	50	4.00	60.60	9.30	1.40	1.70	0.030
	South 2	Snowden 2008	50	2.20	56.20	9.10	2.03	7.80	0.077
Grand Total			131.10	60.00	7.40	2.40	3.80	0.060	

Note: Differences may occur due to rounding. Refer ASX Announcements 12th November 2019, 8th July 2011 and 11 April 2013.