

## ASX Announcement

### TERMS SHEET SIGNED FOR A MINING RIGHTS AGREEMENT FOR WILUNA WEST HIGH GRADE IRON ORE DEPOSIT

#### Highlights

- **Term Sheet for a Mining Rights Agreement executed for mining of up to 3 million tonnes of iron ore from JWD Deposit at GWR's 100% owned Wiluna West Iron Ore Project subject to due diligence and signing of a formal agreement.**
- **Under the Mining Rights Agreement to Gold Valley Iron Ore Pty Ltd ("GV"), GWR will receive staged payments totalling up to \$5 million cash plus a production royalty linked to the iron ore price in the range of \$1 to \$2 per tonne.**
- **This transaction aims to provide not only a revenue stream but acts as a potential template for further exploitation of the 130 million tonne high grade Iron Ore deposit for which mining approval for the extraction of 7mtpa is in place (refer to ASX announcement 15 March 2016).**
- **Continues GWR's success following Hatches Creek Tungsten Farm In agreement (see ASX announcement 3 June 2019).**

GWR Group Limited (ASX: GWR) ("GWR" or "the Company") is pleased to announce that it has executed a Term Sheet for a Mining Rights Agreement for the mining of up to 3 million tonnes of iron ore from its John William Douth ("JWD") deposit at GWR's 100% owned Wiluna West Iron Ore Project to private iron ore development group Gold Valley Iron Ore Pty Ltd ("GV"), Figure 1.

The Company had requested a halt in the trading of its securities on 11 June 2019 on the basis of a potential material asset disposal, the form of the original transaction did not proceed and the Company progressed negotiations with GV for this Term Sheet for a Mining Rights Agreement.

This Term Sheet is subject to the following conditions precedent and may be terminated if they are not met:

- (a) Due diligence to the satisfaction of each party being satisfied (in their sole and absolute discretion) as appropriate within 21 days of the Date of the Term Sheet.
- (b) The parties entering into a formal Mining Rights Agreement within 14 days from the date of the Term Sheet.

If any of the conditions are not met within the timeframe set out above either party may terminate this Term Sheet by notice in writing to the other party.

In April 2012, GWR was granted mining approval for the JWD high grade deposit (refer to ASX announcement 20 April 2012). This Mining Approval allows for the mining of up to one million tonnes per annum for three years for a total of 3 million tonnes of iron ore. The JWD deposit is within the Wiluna West Iron Ore Project tenements and contains a DSO hematite resource of 10.7Mt at a high grade 63.7% Fe, using a cut-off of 55% Fe (Refer to ASX Announcement 11 April 2013, Table 1).

*GWR general manager Adrian Costello said: "The transaction represents a significant milestone for GWR, providing an opportunity to understand the mining and project dynamics for the entire Wiluna West Iron Ore Project (WWIOP) which has 130 million tonnes of high-grade ore. The transaction also provides immediate value from the WWIOP capitalising on a market that has recently shown good signs of growth."*

*"Following completion of the transaction the company will receive staged cash payments and provide shareholders a further upside through a royalty from production."*

The transaction includes staged payments to GWR totalling up to \$5,000,000 with \$500,000 upon signing of the Mining Rights Agreement, \$1,500,000 upon the first shipment of iron ore and 8 quarterly payments of \$375,000 commencing after the Project Management Plan is approved by the Department of Mines, Industry Regulation and Safety.

Additionally, the transaction provides for a production royalty linked to the iron ore price, which provides cash payments to GWR in the range of \$1.00 to \$2.00 per tonne (depending on the iron ore price).

The transaction is limited to a maximum of 3 million tonnes from the JWD deposit and represents only a small portion of the total WWIOP Resource of 130 M tonnes (refer to ASX announcement 8 July 2011).

GV is to undertake mine design, project management, camp operations, crushing and screening, trucking and port logistics and complete rehabilitation as per the approved Mine Closure Plan.

The transaction provides significant benefits to GWR including:

- Cash inflow with no significant outlay from GWR
- Funds for working capital and exploration
- Mining JWD will allow management to understand the potential for the remainder of the WWIOP

## **About Gold Valley**

Gold Valley Iron Ore Pty Ltd is part of the Gold Valley Group, a diversified Australian based company with interests in mining agriculture and energy. Gold Valley is currently developing the Yarram iron ore deposit in the Northern Territory and has the right to mine the Ridges iron ore deposit owned by Kimberly Metals Group in Western Australia. Gold Valley also recently announced a contractual arrangement with Cazaly Resources to purchase its Parker Range Iron Ore Project. Gold Valley plans to develop small to medium scale iron ore deposits to sell into niche markets. It also holds other mineral interests including Mount Holland Mining lithium (Li and Au in WA) and Mount Hampton Pty Ltd (Au in WA). Gold Valley recently acquired the assets of Territory Resources Limited which includes the Francis Creek Iron Project.

## **About GWR's Wiluna West Iron Ore Project**

The Wiluna West Iron Ore Project, is an exceptional, DSO iron ore development project, which will produce a high grade, low impurity iron ore as metallurgical tests have demonstrated.

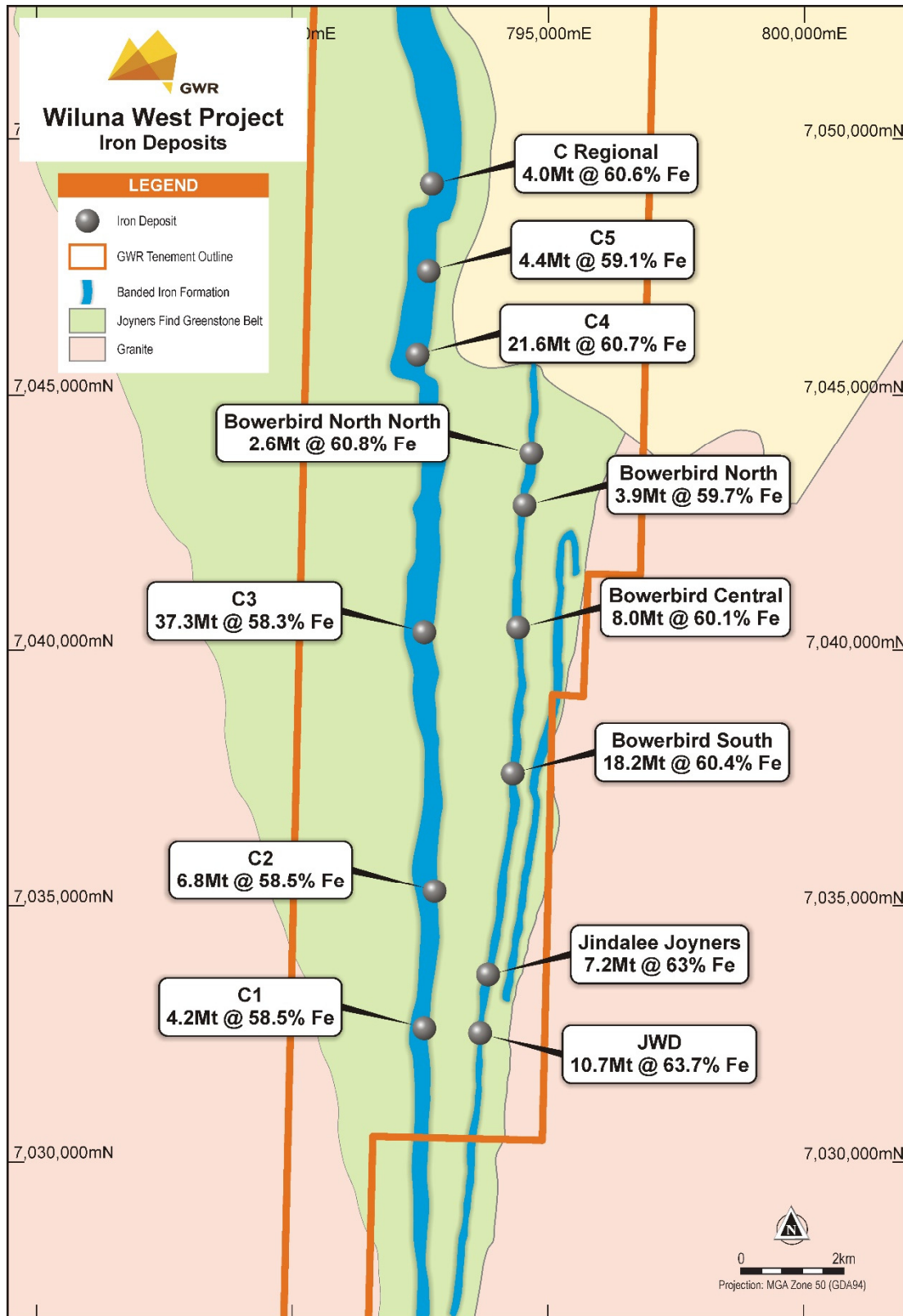
The Wiluna West project has a 2004 JORC Code compliant Resource totalling 130.3 million tonnes at an average iron grade of 60% Fe, including 69.2M tonnes of Probable Reserves at 60.3% Fe (refer Annual Resources and Reserves Statement contained in the 2018 Annual Report and as set out below). This information 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.

Mining approvals are in place for large scale mining operations (up to 7Mtpa) over an initial mine life of 10 years.

### **For further information:**

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– Figure 1 JWD Project Location Plan

Table 1 Wiluna West Iron Ore Project JORC 2004 Mineral Resource Estimate

GWR Group Limited Wiluna West Global Fe Resources									
Classification	Deposit	Calc	Cut Off	Tonnes (Mt)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
	<b>TOTAL</b>			<b>10.10</b>	<b>62.45</b>	<b>4.50</b>	<b>1.87</b>	<b>3.41</b>	<b>0.053</b>
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
	<b>TOTAL</b>			<b>72.03</b>	<b>59.94</b>	<b>7.76</b>	<b>2.43</b>	<b>3.64</b>	<b>0.056</b>
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
	<b>TOTAL</b>			<b>48.82</b>	<b>59.45</b>	<b>7.45</b>	<b>2.57</b>	<b>4.03</b>	<b>0.055</b>
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
	<b>Grand Total</b>			<b>131.10</b>	<b>60.00</b>	<b>7.40</b>	<b>2.40</b>	<b>3.80</b>	<b>0.060</b>

## Competent Persons Statement

*The information in this report which relates to Exploration Results, 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 Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of AI Maynard & Associates Pty Ltd and has over 40 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, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.*