



ASX Announcement

GWR to Farm-in to Hatches Creek Tungsten Project

Highlights

- GWR executes heads of agreement with Arunta Resources Limited, where it will earn a 50% interest in the Hatches Creek Tungsten project, by spending \$1.5 million on development and exploration.
- Hatches Creek is an advanced stage tungsten project located 375 km north east of Alice Springs in the Northern Territory of Australia.
- Two granted tenements occupying 34 km² over the historical Hatches Creek mining Centre, which between 1915 and 1957 produced approximately 2,840 tonnes of 65% WO₃ (Tungsten) concentrate from ore with an average grade of 2.5% WO₃, a product value of approximately A\$100m in today's terms.
- Inferred Resource estimate of 225,000 tonnes grading 0.58% WO₃ present in surface mineralised stockpiles, which consist of mineralised mine waste, tailings and eluvial/alluvial material at 11 of the largest historical mines.
- For comparison, the average grade of eight major global tungsten deposits currently being explored / developed by ASX listed companies is 0.34% WO₃.
- The stockpiled material represents an immediate near-term production opportunity
- Preliminary metallurgical testwork undertaken by Arunta on the stockpiled material has yielded encouraging results and shows that significant recoveries are possible using simple crushing and wet gravity separation.
- GWR funds to initially be directed at completing definitive metallurgical testwork, preparation of a Scoping Study and gaining the relevant approvals for the conduct of mineral processing activities
- Significant exploration potential exists with no significant exploration undertaken since 1957.
- An immediate open pit target is the Hit or Miss Mine, which contains abundant closely spaced lodes.

GWR Group Limited ("GWR") has signed a binding Heads of Agreement with fellow ASX listed Arunta Resources Limited ("Arunta") and agreed to sole fund \$1,500,000 of Joint Venture Expenditure to earn a 50 % Joint Venture Interest in the Hatches Creek tungsten project in the Northern Territory ("Project").

The Hatches Creek tungsten project located 375 km north east of Alice Springs in the Northern Territory of Australia (Figure 1).

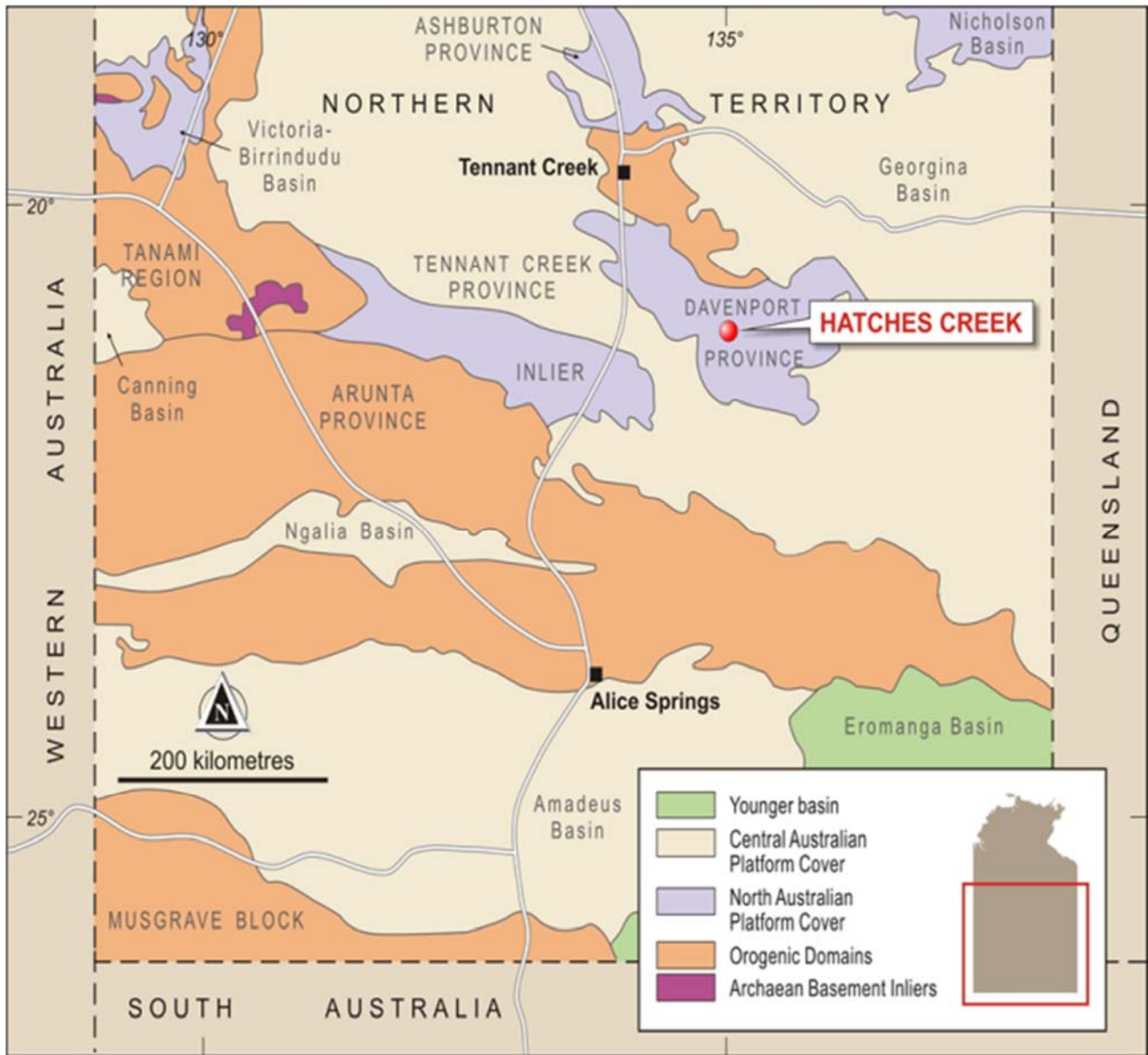


Figure 1 - Hatches Creek Project Location

Terms of the Heads of Agreement

Pursuant to the terms of the binding Heads of Agreement (“HoA”) GWR has agreed to sole fund \$1,500,000 of Joint Venture Expenditure from the execution date to earn a 50% Joint Venture Interest. It is proposed that GWR’s Joint Venture Expenditure will be applied towards a bulk sample work program including:

- Completion of definitive metallurgical test work (already commenced by Arunta);
- Preparation of a Scoping Study to assess the technical and economic viability of the recovery of tungsten (WO₃) from surface mineralisation found in waste dumps, stockpiles and tailings material contained within the Project area;
- Obtaining environmental and governmental approval for the Project;
- Negotiation with traditional owners of the land covered by the Project Tenements;
- Plant design and engineering studies for site infrastructure; and
- Contributing towards funding initial mine development requirements, including (but not limited to) roads, tailings storage facility, camp and water supply.

If GWR fails to spend \$1,500,000 of Joint Venture Expenditure in a period of two years from the date the HoA was signed (which may be extended in certain circumstances), it will be deemed to have withdrawn from the HoA without acquiring a Joint Venture Interest. There is no minimum expenditure obligation, however GWR has agreed to meet the cost of certain committed expenditure for metallurgical testwork and to maintain the tenements in good standing.

GWR will be the Manager of the Joint Venture. Each of GWR and Arunta will have the right to appoint two persons to a Management Committee that will be responsible for oversight of Joint Venture operations.

GWR has been granted a first right of refusal to provide debt finance to the Joint Venture for 100% of the Project on normal commercial terms to progress the development of a processing plant at the Project, supported by off-take arrangements with a major trading house or end user of tungsten concentrates.

As the primary objective of the Joint Venture is to develop a commercial operation producing tungsten concentrates from surface mineralisation, the parties have agreed that further exploration shall be undertaken by the Joint Venture once the project is in production and producing free cash flow and as otherwise determined by the Management Committee.

GWR and Arunta have agreed to negotiate in good faith and execute a detailed Joint Venture Agreement embodying the principles contained in the HoA. In the meantime the HoA is legally binding upon the parties.

Hatches Creek Tungsten Mining Centre

The Hatches Creek project consists of two granted tenements occupying 34 km² (EL22912 and EL23462), which cover the entire historic Hatches Creek tungsten mining centre. Hatches Creek is a large historical high grade tungsten mining centre where mining was undertaken between 1915 and 1957. Previous recorded production is approximately 2,840 tonnes of 65% WO₃, a production value of approximately A\$100m in today’s terms.

There are a large number of historical mine workings with much of the recorded previous production coming from six groups of historical mine workings spread over an area of 20 km². Historical production was at grades of 1% to 12% WO₃, averaging 2.5% WO₃, with the largest being the Pioneer Group (Figure 2). The mines exploited quartz veins containing wolframite and to a lesser extent scheelite, bismuth and copper.



Figure 2 - Hatches Creek Pioneer Mine

JORC Mineral Resource

Recent work by Arunta has focused on the historical mine stockpiles and in September, 2014, Arunta announced a maiden Inferred Resource of 225,000 tonnes grading 0.58% WO₃ (0.2% lower cut off and 1.5% upper cut). For comparison purposes the average grade of eight major global tungsten deposits currently being explored / developed by ASX listed companies is 0.34% WO₃, demonstrating that the stockpiled material is of high grade. The stockpiled material consists of mineralised waste, tailings and eluvial/alluvial from the 11 largest historical mines in the Hatches Creek Tungsten Project (Figure 3), which was accumulated in the 42 year mining history.

The known resource could be sufficient to underpin near term production. In addition to the benefit of being a high-grade resource, the material has been previously mined which will be a significant benefit from an operating cost perspective.

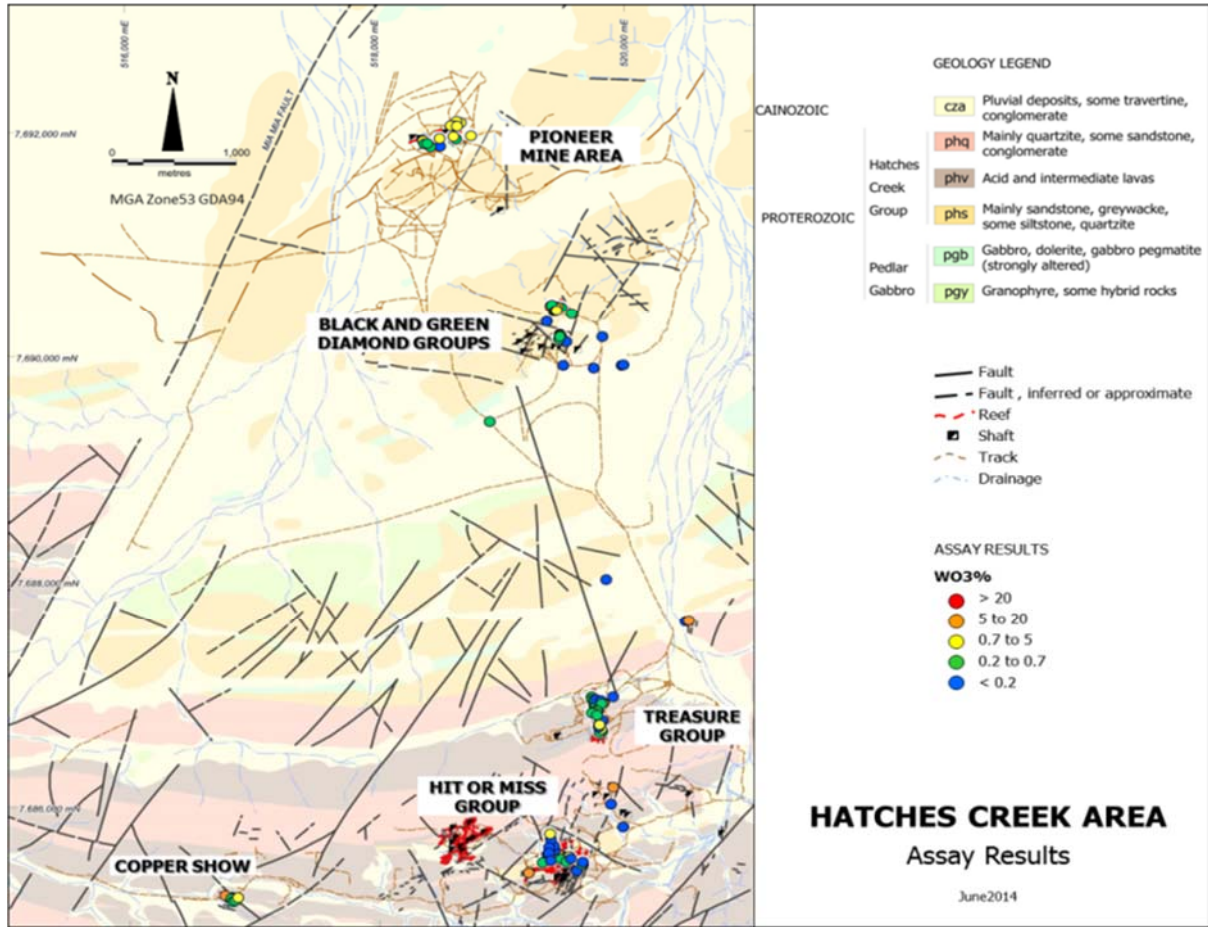


Figure 3 - Major mines and dump sampling results

Preliminary Metallurgical Testwork

During 2014, Arunta undertook preliminary metallurgical testwork on ten, 10kg composite samples compiled from the dump sampling program which underpins the above Inferred Resource Estimate. These samples were crushed to -2mm and subjected to wet gravity separation using a Wilfrey table. This testwork yielded encouraging results, suggesting that significant recoveries are possible. The most encouraging being from the Hit or Miss area, with composite sample “C” producing a concentrate of 47.5% WO₃ recovering 74% of the contained WO₃. Sample “H” from the Black and Green Diamond Group produced a concentrate grading 38.4% WO₃ recovering 78% of the contained WO₃.

In December 2014, Nagrom commenced more definitive metallurgical testwork on bulk samples (1.5 tonnes) collected from Treasure, Green Diamond and Pioneer. Results from this work are expected in February 2015.

Exploration Potential

There has been no substantial exploration or mining undertaken at Hatches Creek since 1957. Numerous historical underground mines are present which exploited high grade quartz veins containing wolframite and to a lesser extent scheelite, bismuth and copper, mostly to the water table and to a maximum depth of only 60 m. A comprehensive review of the Hatches Creek site was undertaken by the Bureau of Mineral Resources Geology and Geophysics (Commonwealth Government) and published in 1961. This included detailed mapping and surveying of most of the mine workings. This work suggests that the mineralisation is open at depth and the previously mined reefs show excellent continuity.

Review of this data suggests that the Hit or Miss Group is a high priority target for potential open pit mining in view of the large number of individual mineralised veins present (Figure 4).

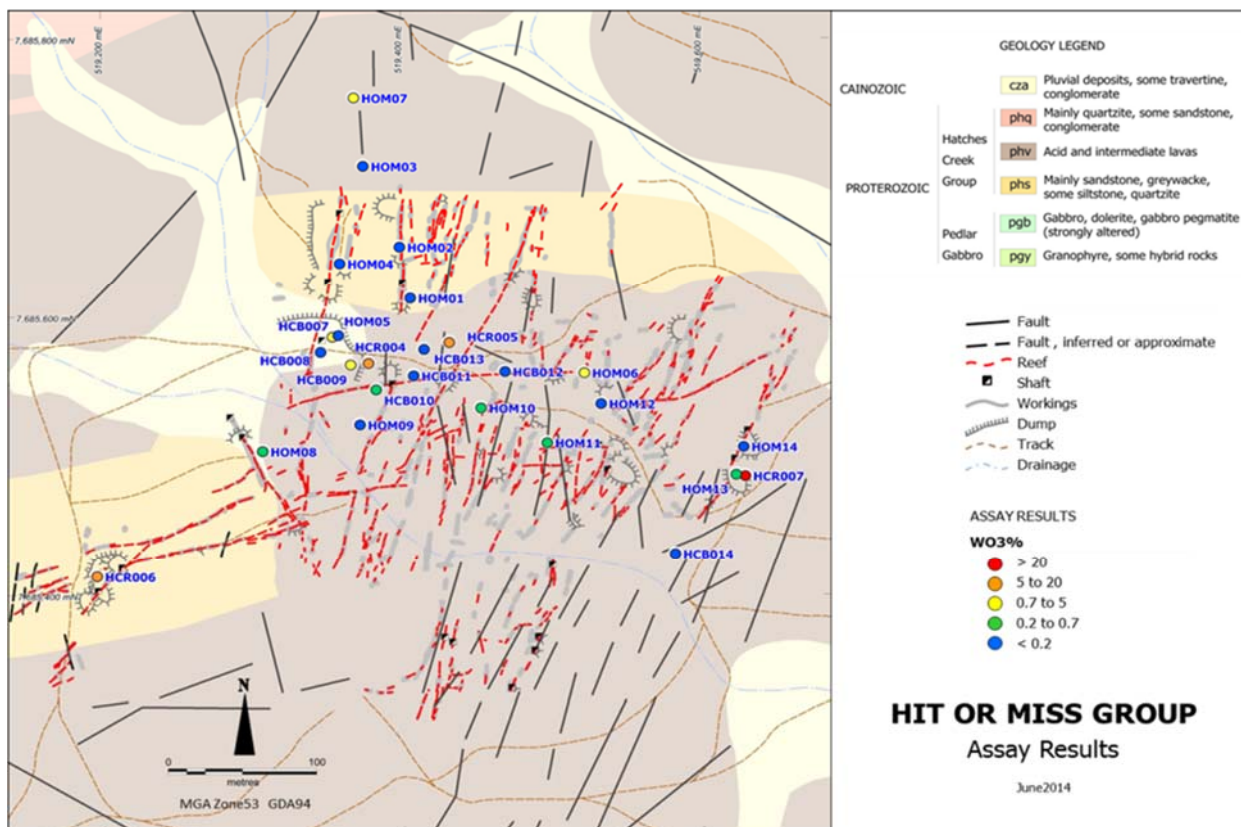


Figure 4 - Hit or Miss Group

Results of exploration activities described in this announcement have been previously reported by Arunta on the ASX as per the following:

- 6 February 2014 – “Shallow high-grade tungsten results highlight near-term development opportunity at Hatches Creek”.
- 27 March 2014 - “Tungsten concentrates successfully produced in first-pass metallurgical testwork”.
- 12 June 2014 – “Further high-grade tungsten results confirm near-term processing potential”
- 23 September 2014 – “Maiden high grade tungsten resource to underpin development studies”.

Planned Activities

A Scoping Study level of assessment is to be undertaken to determine the viability of extracting tungsten from surface mineralisation in the waste dumps, stockpiles and tailings. This assessment will be based upon the definitive metallurgical testwork, which has commenced and is being undertaken by Nagrom metallurgical laboratories in Kelmscott, WA. This work is directed at determining the metallurgical recoveries and concentrate grade and quality and defining the process to support process plant design. In addition, studies will be undertaken on the requirements for a tailings storage facility, mine site infrastructure and camp, water supply and environmental permitting. Estimates of capital and operating costs will also be prepared to support a preliminary economic assessment of the Project.

In addition, GWR and Arunta will consult with the traditional owners, the Central Lands Council, the Northern Territory Department of Mines and Energy and other stakeholders in relation to the initial bulk sample works program.

-ENDS-

Craig Ferrier – Chief Executive Officer

19 January 2015

Please direct enquires to:

David Utting

David Utting Corporate

M +61 416 187 462

Competent Person's Statement

The information in this report which relates to Exploration Targets, 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 Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of AI Maynard & Associates Pty Ltd and has over 35 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.