

21 December 2023

ASX Announcement

Sale of Wiluna West Iron Ore Project

HIGHLIGHTS

- **GWR has executed a legally binding agreement to sell the Wiluna West Iron Ore Project to Gold Valley West Wiluna Pty Ltd.**
- **Consideration comprises A\$30 million and a \$2.00 dmt royalty.**

GWR Group Limited (**ASX:GWR**) (“**GWR**” or the “**Company**”) is pleased to announce it has entered into a legally binding agreement (**Agreement**) for the sale of its remaining interest in the Wiluna West Iron Ore Project to Gold Valley West Wiluna Pty Ltd ACN 673 280 530 (**GV**) (**Transaction**).

GWR’s Chairman Gary Lyons said:

“The decision to divest the Company’s iron ore assets was difficult to make, however, after much deliberation the board decided it was in the best interests of GWR shareholders to relinquish control of the Wiluna West iron ore assets. We wish Yuzheng Xie and his company every success moving forward.”

“The compelling offer submitted by Gold Valley West Wiluna Pty Ltd represents a significant opportunity for the Company to further bolster its cash position. This will provide the catalyst to develop our existing assets and pursue other commercial ventures.”

Details of the Transaction

A summary of the material terms of the Agreement is as follows:

- GWR will sell or assign various assets (including tenements, mining information and contracts) comprising the West Wiluna Iron Ore Project to GV (**Assets**);
- GV will acquire the Assets on an “as is, where is” basis for consideration comprising:
 - \$30 million in cash, payable as follows:
 - a \$3 million non-refundable deposit payable within 7 days of execution of the Agreement; and
 - the balance payable on completion.
 - a royalty in respect of all iron ore won from the West Wiluna Iron Ore Project (excluding M53/1018) and exported or otherwise sold (including in respect of the processing or reprocessing of tailings) on or after 1 December 2023 at the rate of \$2.00 per dry metric tonne (**Royalty**).
- The Agreement is conditional upon the following outstanding conditions:
 - GWR obtaining shareholder approval for the Transaction for the purposes of Listing Rule 11.2 and for all other purposes;

- the counterparties to the contracts being assigned under the Agreement consenting in writing to the assignment or novation of the relevant contract from GWR to Gold Valley (to the extent required);
 - the consent of the Minister for Mines and Petroleum being obtained under the *Mining Act 1978* (WA) for the transfer of all the rights and obligations in respect of the tenements being acquired; and
 - certain other customary third party counterparty consents.
- Gold Valley's obligation to pay royalties to GWR in respect of the C4 deposit is suspended from the date of the Agreement. If completion occurs, GWR must release Gold Valley from all claims it has in relation to the payment of royalties to GWR in relation to the C4 deposit. If completion does not occur, the suspension of royalty payments will be revoked and all royalty amounts not paid will be due and payable.
 - West Wiluna Gold Pty Ltd will retain its gold rights under the Transaction.
 - GV undertakes to pay amounts due and payable to GWR in connection with certain other unpaid royalties, state royalties and lease payments prior to or at completion.

The Agreement otherwise contains terms (including representations and warranties) usual for an agreement of this nature including obligations on the Company to maintain the West Wiluna Iron Ore Project in good standing pending completion.

The Company plans to use the sale proceeds from the Transaction for development of the Company's current projects, project generation activities and working capital.

ASX has confirmed that Listing Rule 11.2 applies to the Agreement. GWR expects to convene a general meeting of its shareholders in late January or early February 2024 to seek shareholder approval for the Transaction.

A disposal by a listed entity of its main undertaking can raise issues under ASX Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities.

ASX have advised that GWR will be afforded a period of 6 months from the date of the announcement of the disposal of its interest in the Assets to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if GWR does not demonstrate compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in GWR's securities.

The consequences of a disposal of the main undertaking are that any transaction GWR proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

About Gold Valley

GV is wholly owned by a multi-sector Perth-based conglomerate known as 'Gold Valley'. Gold Valley is a private explorer, developer and operator of primary iron assets with a current focus on the development of its large portfolio of exploration and near production assets in the Northern Territory and Western Australia. Gold Valley is supported by an experienced executive team and is chaired by Mr Yuzheng Xie.

Gold Valley and its management and board is well known to GWR, with the parties entering into a mining rights arrangement in August 2019 via a mining rights arrangement in respect of the West Wiluna Iron Ore Project (see GWR's ASX release dated 5 August 2019 entitled "*Term sheet signed for a mining*

rights agreement for Wiluna West high grade iron ore deposit). GV will fund the consideration for the acquisition of the Assets through a debt facility. GWR is satisfied with GV's capacity to complete the Transaction, having undertaken due diligence on that facility and discussed the facility arrangement with GV and its financier.

Project update

Following completion of the Transaction, GWR will continue to hold its interest in the Prospect Ridge Project and Hatches Creek Project and intends to continue to further develop existing assets and to undertake other strategic initiatives in due course.

This ASX announcement was authorised for release by Gary Lyons, Chairman of GWR Group Limited.

-ENDS-

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