

ASX Announcement

BINDING HEADS OF AGREEMENT WITH BLACKHAM RESOURCES FOR WILUNA WEST GOLD DEPOSIT

Highlights

- **Binding Heads of Agreement (“HoA”) executed for the establishment of a Joint Venture for the development, mining and processing of gold Resources from GWR’s Wiluna West Gold Project.**
- **Under the HoA, GWR is responsible for drilling deposits to JORC 2012 Indicated category and Blackham will conduct feasibility studies, and if positive, undertake mining, transport and processing.**
- **Provides GWR with an opportunity to commence gold production by exploiting its combined JORC 2004 and JORC 2012 Mineral Resource with minimal capex (see Table 1).**
- **The joint venture arrangement will be a 65% (BLK) and 35% (GWR) on both costs and on the gold produced.**
- **Initial focus will be on Golden Monarch and Emu / Eagle deposits; approvals are well advanced at Golden Monarch.**
- **A 3,948 m RC drilling program was completed on 17th November 2018 (*results pending*) with infill drilling at Golden Monarch, and infill and extensional drilling undertaken at the Eagle and Emu prospects.**
- **This HoA aims to provide not only a processing solution at the Wiluna West Gold Project, but will prompt further investment in exploration on the tenements, with the objective of developing a longer term project.**

GWR Group Limited (ASX: GWR) (“GWR” or “the Company”) is pleased to announce that it has executed a binding Heads of Agreement with Blackham Resources Limited (“Blackham”) (ASX: BLK) with respect to the Wiluna West Gold Project.

Blackham is the owner and operator of the Matilda/Wiluna Gold Operation, which includes the 2.1 million tonne per annum processing and treatment plant (“Matilda Operation”), located 40 km from the Wiluna West Gold Project (“Wiluna West”).

The Wiluna West Gold Project contains a combined JORC 2004 and JORC 2012 compliant Mineral Resource estimate of 3,494,000 tonnes at 2.3 g/t Au for an estimated 254, 500 oz Au (refer Table 1).

The HoA sets the framework for Blackham and GWR to delineate, study and mine gold deposits at Wiluna West and process at Blackham’s 100% owned Wiluna Gold Plant.

Key elements of the HoA

The HoA between the companies is predicated on the assumption that the parties will execute a joint venture agreement on a 65% (BLK) and 35% (GWR) basis, by Dec. 2018 (or earlier). The joint venture will mean that each party will contribute to costs respective to their share and recoup gold to the value of their share.

Under the MoU, GWR will be responsible for drilling the gold deposits out to JORC 2012 compliant level to a minimum Indicated category. GWR will also be responsible for initial sighter metallurgical testwork and approvals associated with the deposits.

Following resource definition and initial metallurgical testwork, GWR may introduce the deposit to Blackham as a Proposed Qualifying Deposit. Blackham will then undertake a feasibility study (to a minimum pre-feasibility study level) to determine the economic potential of the project.

Upon completion of a positive feasibility study for a Qualifying Deposit, the deposit will be included in the Joint Venture.

Under this HoA, BLK will commit to be the manager of the Joint Venture, which includes the pre-development/mine setup, mining operations and processing the mineralised material from the Wiluna West Gold Project through the Wiluna Gold Plant and refining of dore gold.

Initial forward work plan

Initial focus will be on Golden Monarch and Emu / Eagle deposits where, following a detailed review GWR completed 72 RC drill holes for 3,948 m on the 17th November 2018. The drill program comprised infill drilling at Golden Monarch and infill and extensional drilling at the Eagle / Emu deposits. It is hoped that following compilation of the recent RC drilling results Golden Monarch will be submitted to BLK as a Proposed Qualifying Deposit. Golden Monarch currently has a JORC 2012 Mineral Resource estimate of 747,000 tonnes at 2.2 g/t Au for 52,400 oz (includes Indicated Resource of 474,000 tonnes at 2.4 g/t for 36,600 oz and Inferred Resource of 273,000 tonnes at 1.8 g/t for 15,800 oz) refer to ASX announcement 31st October 2017.

The Eagle / Emu gold deposits have a combined JORC 2004 Inferred Mineral Resource estimate of 860,000 tonnes at 2.4 g/t Au for 66,500 oz, refer to ASX announcement 14th June 2010. Once compilation of the current drilling results is complete it is anticipated that the Resource estimate for these deposits will be updated to JORC 2012.

GWR has already commenced permitting; the Golden Monarch and Emu / Eagle deposits which are situated on granted Mining Leases and are within areas covered by Clearing Permits that have already been granted as part of the Wiluna West Iron Ore Project approvals.

The following activities have been undertaken or are in progress at the Golden Monarch deposit:

- Completion of flora and fauna surveys with no issues identified.
- Submission of waste characterisation and soil samples.
- Submission of further composite metallurgical samples for recovery and bond work index test work
- Application for a water licence from Department of Water.
- Negotiations with the Shire of Wiluna and Department of Main Roads advanced regarding a Road Access Agreement for the Ullalla road and crossing the Gold Fields Highway.
- A Mining Agreement with Wiluna Traditional Owners is already in place and Heritage surveys are largely completed.

It is planned to lodge mining approval documents during the December 2018 Quarter with mining expected to commence in the 2019 calendar year.

Table 1
Wiluna West Gold Project
JORC 2004 and JORC 2012 Gold Resources

| JORC Status | Prospect | Resource Type | Tonnes | Grade (g/t Au) | Ounces |
|--------------------------------------|----------------|---------------|------------------|----------------|----------------|
| JORC2012 | Golden Monarch | Indicated | 474,000 | 2.4 | 36,600 |
| at 0.5 g/t cut off | | Inferred | 273,000 | 1.8 | 15,800 |
| | | TOTAL | 747,000 | 2.2 | 52,400 |
| JORC2004 | Bottom Camp | Inferred | 329,000 | 2.0 | 21,100 |
| at 1.0 g/t cut off | Bowerbird | Inferred | 169,000 | 3.1 | 17,000 |
| | Bronzewing | Inferred | 104,000 | 2.4 | 8,000 |
| | Brilliant | Inferred | 342,000 | 2.5 | 27,900 |
| | Wren | Inferred | 61,000 | 2.5 | 4,800 |
| | Emu | Inferred | 371,000 | 2.4 | 28,700 |
| | Eagle | Inferred | 489,000 | 2.4 | 37,800 |
| | Comedy King | Inferred | 183,000 | 1.8 | 10,800 |
| | Goldfinch | Inferred | 80,000 | 1.4 | 3,600 |
| | Iron King | Inferred | 481,000 | 2.3 | 35,600 |
| | Iron Hawk | Inferred | 138,000 | 1.5 | 6,800 |
| | | TOTAL | 2,747,000 | 2.3 | 202,100 |
| TOTAL JORC2004 & JORC2012 | | | 3,494,000 | 2.3 | 254,500 |

Notes

Differences may occur due to rounding. For JORC 2004 refer to ASX announcement 14th June 2010. The Mineral Resource Estimates shown as JORC 2004 compliant were first prepared and disclosed under JORC 2004 and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since they were last reported. For the JORC 2012 refer to ASX announcement dated 31st October 2017.

The HoA and Joint Venture

The HoA with Blackham is an important step in monetising the Wiluna West Gold Project and provides a significant opportunity for GWR. The current size of the Wiluna West gold deposits does not justify the construction of a stand-alone processing plant, however access to the Wiluna Gold Plant provides GWR with a low capital option for development and the opportunity to realise value for shareholders.

GWR's Chairman, Gary Lyons, said "This Agreement is a significant milestone for the company, transitioning us from developer to producer and locking in consistent revenue in both the short and long term."

Blackham Managing Director, Bryan Dixon said "This Agreement represents an opportunity to partner with an emerging junior in the Wiluna District for the benefit of both parties and is consistent with Blackham's strategy of strengthening and lengthening its free milling reserves within trucking distance of its Wiluna Gold Plant."

For further information:

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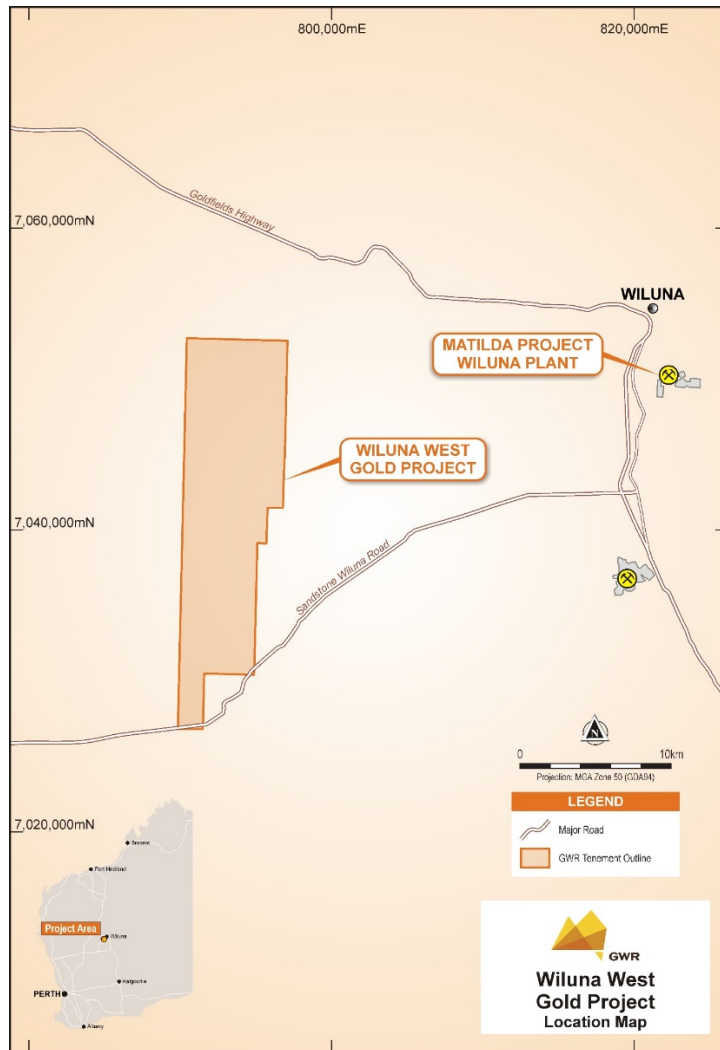


Figure 1: Wiluna West Gold Project Location Plan.

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 Al 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.