

13 November 2020

## ASX Announcement

### Mining Contract Executed for Development of C4 Iron Deposit

#### Highlights

- **GWR Group Limited has formally executed the Alliance Mining Contract with Pilbara Resource Group Pty Ltd (PRG) for the development of the C4 Iron Deposit.**
- **The Alliance Mining Contract provides for all aspects of the operations ‘from Pit to Port’ on a cost plus basis. GWR is not required to provide any upfront Capex or Opex and will retain a 70% share of the project profit whilst also maintaining the rights for ore sales, strategy and timing.**
- **The Agreement with PRG covers just 1 million tonnes of C4’s Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe, an exceptional, DSO iron ore development project, which will produce a high grade, low impurity iron ore<sup>1</sup>.**
- **PRG commenced development and site works at the high-grade C4 Iron Ore deposit on 6th October 2020 and progress update will be released shortly.**
- **RC drilling results from the recently completed 1,185 meters of pre-production infill and grade control RC drilling are imminent.**
- **The company will continue to update the market as it reaches Key Production Milestones (Table 2) ahead of production of the High-grade Iron Ore C4 DSO hematite project, including Feasibility Studies, final mine planning and scheduling, Port and Shed access, offtake agreements, commencement of mining and first sales/shipment of ore.**
- **GWR’s production from C4 is on track to commence later this year with first shipment scheduled for early 2021.**

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<sup>1</sup> 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).

GWR Group Limited (ASX: GWR) (“**GWR**” or “the **Company**”) is pleased to announce that it has formally executed a works contract (**Alliance Mining Contract**) with experienced mining contractor Pilbara Resource Group Pty Ltd (PRG), whereby PRG will carry out agreed works for development, mining and transport of Stage 1 of the C4 Iron Deposit (Commercial Terms set out below).

Stage 1 covers just 1 million tonnes of C4’s Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe an exceptional, DSO iron ore development project, which will produce a high grade, low impurity iron ore.

GWR is not required to provide any upfront Capex or Opex and will retain a 70% share of the project profit and GWR will retain the rights for ore sales, strategy and timing.

As highlighted in GWR’s recent ASX Announcement on 7 October 2020, company is awaiting assay results from the recent 1,185 metre drill program that consisted of 43 Infill RC drill holes which means the Stage 1 pit is now drilled-out on an approximate 25m x 10m spacing. These assay results are now imminent.

GWR has commenced accepting offtake proposals for the sale of its product and is close to finalizing its discussions with the Mid West Ports Authority and current users for port and shed access.

GWR Chairman Gary Lyons said,

*“The execution of the Alliance Mining Contract for the development of the C4 Iron Deposit is very significant for GWR shareholders, and together with the early works currently being performed and recently announced mining approvals represents a major milestone for the Company paving the way for the commencement of commercial iron ore production at the Wiluna West Iron Ore Project.*

*The Wiluna West Iron Ore Project, an exceptional, DSO iron ore development project, which will produce a high grade, low impurity iron ore. The Company aims to take advantage of the current strong iron ore prices.”*

## **C4 Iron Deposit**

The C4 Iron Deposit is 1.4 km long and contains a combined DSO hematite, JORC 2004 Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe, comprising 18.5 million tonnes at 61.2% Fe Indicated and 3.1 million tonnes at 58.0% Fe Inferred (refer to ASX announcement 8th July 2011). The C4 deposit has widths of DSO hematite mineralisation of up to 120 m with close spaced RC drilling having previously been undertaken on a 25 m by 10 m spacing over a strike length of 200 m. The C4 Stage 1 project targets a 500m strike length of outcropping high-grade DSO hematite mineralisation within the larger C4 deposit. GWR has undertaken internal mine designs and scheduling.

GWR has commenced early works on haul road construction, establishment of water supply and site infrastructure and mining equipment is arriving onsite. Also, GWR has completed a service agreement with the nearby Rosslyn Hill Mine (Currently on care and maintenance) for access to site services such as village, workshops and water.

GWR continues engaging with the Port of Geraldton and current users for port access and continues to investigate opportunities for port access which are well advanced.

Recently GWR announced DMIRS has approved the Mining Proposal, Clearing Permits and Project Management Plan which will allow mining and the construction of a haul road to the Goldfields Highway.

The Company is steadily and deliberately implementing its strategy to transition from explorer to miner, the eventual exploitation of C4 will effectively open up the entire 131 Mt high grade Wiluna West Iron Ore Project for exploitation.

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

<b><u>MILESTONE</u></b>	<b><u>PROGRESS</u></b>
<i>**The Company will keep shareholders informed of operational milestones as they progress**</i>	
Infill / grade control drilling program	Completed (results imminent)
Engaged consultant to assist with the establishment of offtake agreements for sale of product	<b>Completed</b>
Engaged project manager and team to assist with the establishment of offtake agreements for sale of product	<b>Completed</b>
Completion of service agreement with nearby mine for access to site services such as village, workshops and water.	<b>Completed</b>
Finalisation of contract rates for major services; mining, crushing and screening	<b>Completed</b>
Northern Haul Road construction and site setup (workshops, lay down areas, internal access roads and services such as water, power and communication)	<b>Commenced</b>
Works Approval (required for crushing and screening operations)	<b>Progressing</b>
Completion of approvals and designs for Wiluna/Meekatharra Road and C4 Access road intersection	<b>Progressing</b>
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	<b>Progressing</b>
Completion of agreements with Port of Geraldton for services and third party for shed access	<b>Progressing</b>
Completion of establishment offtake agreements for sale of product	<b>Progressing</b>
Geological modelling, mine planning and scheduling	Progressing
First Sales of High-grade DSO Iron Ore	Late 4Q2020
First shipment of Iron Ore Mined and Transported	Early Jan 2021

## Commercial Terms

Key terms set out in the Alliance Mining Contract with PRG are as follows:

- PRG to carry out agreed works incorporating all aspects of operation including but not limited to construction of the open pit; haul road and other required facilities and infrastructure, surveying, mining, crushing, screening and transport
- GWR will undertake mine design, planning and optimisation
- PRG will provide its own project capital for the purpose of funding its performance under the Alliance Mining Contract
- GWR will reimburse PRG for contract works and disbursements from the receipts of the first iron ore shipments net of various direct costs
- GWR may suspend contract works if projected profitability falls below \$10/tonne
- GWR will provide a payment guarantee up to \$1.75million for transport infrastructure investment (Capital Costs) made by PRG. PRG may call on the guarantee within 60days of the project being suspended or terminated or if the Capital Costs have not been paid within 12 months from the start of the Alliance Mining Contract
- GWR will grant to PRG a first registered GSI over up to 1 million tonnes of the C4 deposit as defined by the mine plan including the C4 stockpile for the purpose of securing payments to PRG under the Alliance Mining Contract
- GWR will be responsible for sales strategy and timing

It is the intention of both GWR and PRG to operate on an open book cost plus basis with PRG will be entitled to a 30% share of Project Profit.

The Company will keep shareholders informed of operational milestones as they progress.

### For further information:

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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") and a Corporate Member of the Australasian 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.*

## About C4 High-grade DSO Deposit

The C4 deposit is 1.4 km long and contains a combined DSO hematite, JORC 2004 Mineral Resource estimate of 21.6 million tonnes at 60.7% Fe, comprising 18.5 million tonnes at 61.2% Fe Indicated and 3.1 million tonnes at 58.0% Fe Inferred (refer to ASX announcement 8th July 2011).

The C4 deposit has widths of DSO hematite mineralisation of up to 120 m with close spaced RC drilling having previously been undertaken on a 25 m by 10 m spacing over a strike length of 200m (Figure 4).

The deposit lies upon a granted mining lease where mining approvals and a Mining Agreement with the Wiluna Martu Native title holders are in place.

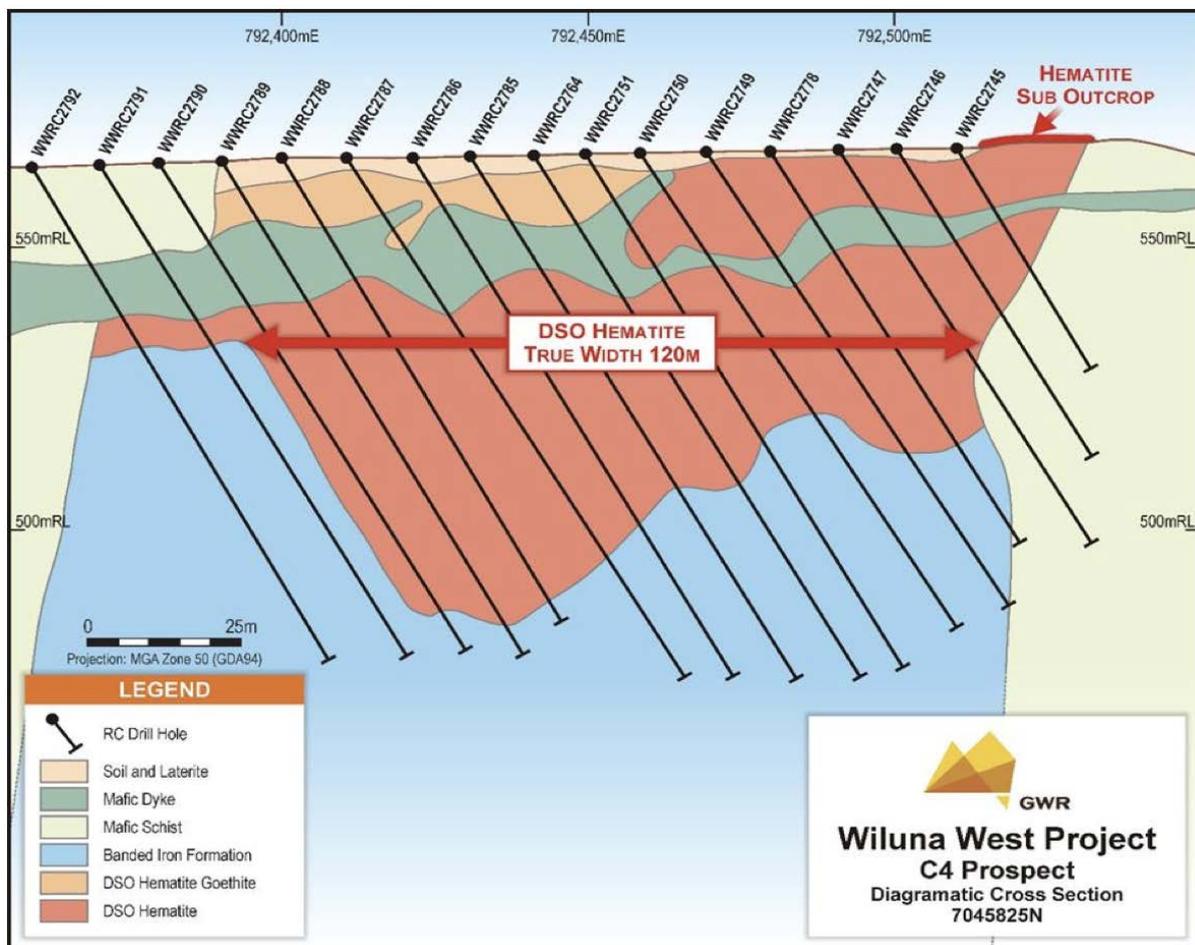


Table 2. Wiluna West Iron Ore Project Mineral Resources by Deposit

GWR Group Limited Wiluna West Global Fe Resources									
Classification	Deposit	Calc	Cut Off	Tonnes (Mt)	Fe %	SiO <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>

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