

28 April 2021

ASX Announcement

C4 Deposit Iron Ore – Production Update

HIGHLIGHTS

- Our third shipment with 52,265 Wet Metric Tonnes (wmt) of Iron Ore Lump has successfully departed on board Cargo Ship “MV Ballard” in accordance with GWR Group Limited’s (GWR) offtake agreement with Hong Kong Trader, Pacific Minerals.
- GWR confirms it has secured the “MV Banasol” for its fourth shipment and anticipates departure loaded with premium high-grade lump and fines on or around 15th May 2021.
- In accordance with the Alliance Mining Agreement, GWR has made significant payments out of revenue to cover capital and operational expenditure during the March quarter. Despite a delay in the April shipment, due to the impacts of cyclone Seroja, GWR is confident the June 2021 quarter will begin to reflect improved operational and financial metrics.
- Haulage has seen significant improvement in recent weeks, except for the interruption by Tropical Cyclone Seroja, the number of available haulage units has increased in line with previous forecasts and the Company continues to add to its haulage fleet and has been able to spread its exposure with a number of different haulage contractors now working on the project.
- Haulage daily tonnage is now regularly at 90% of the stage 1 target and building each week.
- GWR is assessing options to increase its crushing capacity. The Strip ratio from operations is now in line with forecast around 1.25:1 and leading into the fourth shipment GWR is anticipating operational metrics moving towards the lower end of our A\$120 – A\$170/t cost estimates.
- GWR has renegotiated certain terms of its offtake agreement with Hong Kong Trader, Pacific Minerals following the completion of the first two shipments and now receives a greater proportion of lump premium available in the market.
- The current average Iron Ore price received for the first three shipments is US\$170/t and we note the current near record Iron Ore prices and premiums currently being received for high grade lump ore. The price received, based on the 10 day average prior to departure of the April shipment was US\$194.66/t including the lump premium. This equates to A\$251.76/t (using the Oanda forex rate of 23 April 2021).

Stage 2 – C4 deposit

- Stage 2 negotiations have progressed to the stage where contractors have now been selected and contracts are being finalised for the haulage and mining elements.
- Stage 2 will be integrated into stage 1 by virtue of mining the ore from the existing C4 deposit but with an expanded pit, and by having an option of 2 separate crushing plants or one larger plant for both stages.
- Mid West Ports Authority have granted GWR an extended tenure on the Port Storage shed which is now secured until 31 Dec 2021.

GWR Group Limited (ASX:GWR) (“GWR Group” or “the Company”) is pleased to provide this production update to shareholders for the GWR’s 100% owned flagship C4 Iron Ore deposit in Wiluna.

Following the successful departure of the Company’s third shipment onboard the MV Ballard cargo ship from the Port of Geraldton, containing 52,265 tonnes of premium high-grade lump, GWR has now shipped a total 156,068 tonnes of iron ore pursuant to GWR’s offtake agreement with Hong Kong Trader, Pacific Minerals.

The third shipment was subject to an improved renegotiation of certain terms of its offtake agreement with our offtake partner and GWR now receives a greater proportion of lump premium available in the market. GWR has received an average Iron Ore price of US\$170/t across its three shipments this year, and received a price of approximately US\$194.66/t including the lump premium for its most recent shipment (based on 10 day average price prior to shipment).

The Company is pleased to advise its fourth vessel, MV Banasol has been secured and is expected to be loaded with premium high-grade lump and fines on or around 15th May 2021, in addition the Mid West Ports Authority have granted GWR an extended tenure on the Port Storage shed which is now secured until 31 Dec 2021.

The Company has overcome a number of setbacks during the commencement of operations and haulage continues to be challenging in the current environment but the company has been able to spread its exposure with a number of different contractors now working on the project.

As advised in recent updates, haulage has seen significant improvement and except for the interruption by Tropical Cyclone Seroja, the number of available haulage units has increased in line with previous forecasts, GWR is continuing to add to its haulage fleet.

GWR remains confident it will meet its daily haulage target of 2,700 tonnes of ore per day into its shed at the Port of Geraldton within the next month.

Based on the anticipated improvement in haulage operations, GWR is assessing options to increase its crushing capacity ahead of commencing the Stage 2 development at C4.

GWR Chairman Mr Gary Lyons commented:

“The Board is pleased to update shareholders, with our third shipment bringing the total amount of premium iron ore shipped to our offtake partners to date to 156,068 tonnes.

Despite a delay in the April shipment due to the impacts of cyclone Seroja on Port activity, GWR is confident the financial metrics for the June 2021 quarter will begin to reflect an improving financial operation as costs begin to move in line with pre-production forecasts.

Haulage remains GWR’s biggest challenge in the current environment however we have moved to expand our network of contractors and expect to see continued improvement in haulage metrics ahead of Stage 2 negotiations which have progressed to the stage where contractors have now been selected and contracts are being finalised for the haulage and mining elements.”

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

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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") a Corporate Member of the 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.

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 ₂ %	Al ₂ O ₃ %	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
	TOTAL			10.10	62.45	4.50	1.87	3.41	0.053
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 JOYNEERS	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
TOTAL			72.03	59.94	7.76	2.43	3.64	0.056	
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 JOYNEERS	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
TOTAL			48.82	59.45	7.45	2.57	4.03	0.055	
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 JOYNEERS	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
Grand Total				131.10	60.00	7.40	2.40	3.80	0.060

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