

14 July 2021

ASX Announcement

Term Sheet Signed for Additional 400ktpa Mine-Gate Sale

HIGHLIGHTS

- GWR enters into a Term Sheet with ASX listed Macarthur Minerals Ltd (ASX:MIO) for the mine-gate sale of up to 400,000 tonnes per annum (for an initial 2 year period) of DSO lump and fines products from its flagship C4 Iron Ore deposit.
- The Term Sheet is binding but conditional and provides GWR with the ability to increase its Iron Ore export tonnage outside of its Port of Geraldton operations.
- Macarthur Minerals Ltd has secured up to 400,000 tonnes per annum of rail capacity on the Kalgoorlie to Esperance rail line under a term sheet with Pacific National, which aligns perfectly with the GWR deal, and could see DSO being purchased and shipped by Macarthur as early as Q1 2022 (and possibly sooner), subject to Macarthur completing the balance of the route to market arrangements.
- The agreement with MIO affords GWR the ability to sell ore without incurring the haulage costs to Geraldton. It should also facilitate an improved sale pricing for the collaborative as a whole and MIO for its Ularring DSO, which is contracted for sale to Glencore under an existing Offtake agreement entered into in 2019.
- The deal will not affect the current Stage 1 and Stage 2 mine plans, with haulage rates continuing to improve, GWR remains on track to export 1,000,000 tonnes by December 2021, exclusive of this mine-gate agreement.
- GWR expects to ship at least twice per month (total ~110,000 tonnes) with a target of 5 shipments every 2 months (total ~275,000 tonnes).
- The first ship for the month of July, the MV QC Matilde is due to commence loading at the Port of Geraldton on 18th July 2021 and GWR confirms that it has secured its second vessel for the month of July, due to commence loading at the Port of Geraldton on or around 29th of July 2021.
- GWR will update the market shortly regarding its long-term infrastructure initiatives currently being assessed to significantly increase the volume of high-grade Iron ore mined and transported.

GWR Group Limited (**ASX:GWR**) (“**GWR Group**” or “the **Company**”) is pleased to announce it has entered into a binding term sheet with ASX listed Macarthur Minerals Ltd (ASX:MIO) (**Macarthur**) to sell up to 400,000 tonnes per annum of direct shipment ore (DSO) product from the flagship C4 Iron Ore deposit, Wiluna WA.

With current C4 Stage 1 operations continuing to improve and GWR assessing initiatives to increase its production tonnage, this agreement with Macarthur allows GWR the ability to sell and export additional tonnages without impacting upon the existing operations through the Port of Geraldton.

GWR remains on track to export 1,000,000 tonnes by December 2021, exclusive of mine-gate sales and GWR expects to ship at least twice per month (total ~110,000 tonnes) with a target of 5 shipments every 2 months (total ~275,000 tonnes).

The first ship for the month of July, the MV QC Matilde is due to commence loading at the Port of Geraldton on 18th July 2021 and GWR confirms that it has secured its second ship for the month of July, due to commence loading at the Port of Geraldton on or around 29th of July 2021.

On 8 July 2021 Macarthur announced to the ASX that it had entered into a binding term sheet with Pacific National under which Macarthur has secured up to 400,000 tonnes per annum of rail capacity along the rail line between Kalgoorlie and Esperance, supporting a potential direct shipment ore (DSO) export pathway.

The Term Sheet is binding but conditional and allows Macarthur to purchase up to 400,000 tonnes per annum of DSO lump and fines products from GWR at the mine gate for an initial period of 2 years, with the ability to extend for up to a further 2 years.

The sale price for GWR’s DSO will reflect an equitable split of the realised sale price on an FOB basis at the ship rail, having regard to Macarthur’s costs to transport the product, which will be disclosed on an open book basis between the parties. The term sheet is subject to the parties entering into a definitive agreement following completion of the balance of the route to market arrangements by Macarthur on a basis that is commercially acceptable to both parties.

The combination of these arrangements could see Macarthur undertaking transport of a GWR direct shipment iron ore (DSO) product as early as January 2022 (and potentially sooner subject to availability of suitable rollingstock). This will allow GWR to focus on the continued transport and shipping of its high grade ore through the Port of Geraldton whilst potentially increasing its per annum export tonnage and revenue

The specifications of the GWR ore may enable Macarthur to create a physical or virtual DSO blend product with its Ularring DSO that achieves improved pricing going forward. Macarthur’s iron ore at Ularring is contracted for sale to Glencore under an existing Offtake agreement entered into in 2019.

Andrew Bruton, CEO of Macarthur Minerals commented:

“Macarthur and GWR have enjoyed a very collaborative relationship over the last couple of years, and both companies understand the importance of co-operating to achieve our respective objectives in the region.”

The deal has the potential to enable GWR to realise value for its product by providing additional export capacity. From Macarthur's perspective, GWR's offer to enter into a mine-gate sale arrangement can facilitate early revenue flows for Macarthur between now and commencement of commercial mining operations for DSO at Ularring whilst also providing the potential for Macarthur to create a physical or virtual DSO blend product that achieves improved pricing for its Ularring DSO following commencement of planned commercial mining operations there.

The deal with GWR provides opportunities that can benefit both companies, and Macarthur is grateful to GWR for the opportunity to partner with it. We look forward to a mutually beneficial collaboration which we hope will develop into a broader co-operation that can help realise the untapped economic potential of the Yilgarn region and deliver sustainable jobs and economic benefits for the region and for the State of Western Australia into the future."

GWR Chairman Mr Gary Lyons commented:

"On behalf of the entire GWR team, we are excited to be developing upon our relationship with Macarthur, having taken our flagship high-grade C4 Iron Ore deposit into production earlier this year, with this agreement the future looks very bright for Macarthur to enter the ranks in the near term of ASX Iron Ore producers.

The execution of a term sheet for mine-gate sales with Macarthur provides an opportunity for GWR to increase its export tonnage over and above its planned tonnage without impacting upon its current operations, whilst providing Macarthur with the opportunity to kick-start its DSO mining operations at Ularring."

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

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Company Profile

GWR Group Limited (ASX:GWR) is an independent Australian resource house focused on creating shareholder wealth through the development of high quality mineral exploration and development projects. GWR is transforming from an explorer to a producer with the beginning of mining operations at its Wiluna West Iron Ore Project with first export shipments having already commenced in early 2021. The Company is also pursuing development options which will facilitate additional production from the Wiluna West Iron Ore Project. The Company has a portfolio of mineral commodity projects that include projects held in its own right, in joint venture and indirectly through investment in other listed entities.

About Macarthur Minerals Ltd

Macarthur is an iron ore development, gold and lithium exploration company that is focused on bringing to production its Western Australia iron ore projects. The Lake Giles Iron Project mineral resources include the Ularring hematite resource (approved for development) comprising Indicated resources of 54.5 million tonnes at 47.2% Fe and Inferred resources of 26 million tonnes at 45.4% Fe; and the Lake Giles magnetite resource of 53.9 million tonnes (Measured), 218.7 million tonnes (Indicated) and 997 million tonnes (Inferred). The JORC reporting tables and Competent Person statement for the magnetite and hematite mineral resources have previously been disclosed in ASX market announcements dated 12 August 2020 and 5 December 2019. Macarthur has prominent (~721 square kilometre tenement area) gold, lithium and copper exploration interests in the Pilbara region of Western Australia. In addition, Macarthur has lithium brine Claims in the emerging Railroad Valley region in Nevada, USA.

Competent Person's Statement

GWR – Wiluna West Iron Ore Project

The information in this report which relates to 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 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.

Table 1. 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 JOYNER	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 JOYNER	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 JOYNER	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.