

20 July 2022

ASX Announcement

GWR SIGNS TERM SHEET TO GRANT MINING RIGHTS

GWR Group Limited (**ASX:GWR**) (“**GWR Group**” or “the **Company**”) is pleased to announce the execution of a Binding Term Sheet to grant Mining Rights for its C4 Iron deposit and transfer its residual rights in relation to the JWD Iron deposit for a total consideration of \$30,000,000 plus potential royalties to Gold Valley Iron Pty Ltd (“**GV**”). In addition, GV is acquiring sundry plant and equipment, stores and C4 ore stockpiles for \$5,000,000.

The grant of mining rights across 2 of GWR’s 13 Iron Ore deposits highlights the potential value to be unlocked across the remaining 11 deposits.

HIGHLIGHTS

- **Binding Term Sheet for the grant of iron ore rights to Gold Valley Iron Ore Pty Ltd (“GV”) in relation to C4 and JWD deposits for a consideration of \$30,000,000 plus potential royalties and an additional \$5,000,000 for sundry plant, stores and stockpiles.**
- **Key Terms of the Mining Rights Agreement**
 - **GV granted the right to mine remaining iron ore from the C4 Deposit.**
 - **GV granted all GWR’s rights in relation to the JWD Deposit pursuant to the terms of the existing Mining Rights Agreement between GWR and Wiluna Fe Pty Ltd and the right to mine any iron ore from the JWD Deposit that is not mined pursuant to the Mining Rights Agreement between GWR and Wiluna Fe Pty Ltd.**
 - **GV required to pay all State Government Royalties and all Royalties pursuant to the Mining Agreement with Traditional Owners.**
 - **The Term Sheet shall continue in force until mining has been completed at both the C4 and JWD deposits or such earlier time as it is terminated in accordance with standard termination and default provisions.**
 - **GWR and GV shall use their best endeavours to enter into a formal Mining Rights Agreement as soon as possible.**
- **GV to pay GWR the following consideration:**
 - **\$5,000,000 which has been paid on signing of the Term Sheet (19 July 2022, the Effective Date).**
 - **\$10,000,000 within 45 days of signing of the Term Sheet.**
 - **\$15,000,000 upon the earlier of:**
 - **the date that is 18 months after signing of the Term Sheet; or**
 - **the date immediately after GV has shipped or otherwise sold an aggregate of 1,000,000 tonnes of iron ore from the C4 Deposit on or after the Effective Date.**
 - **An additional \$5,000,000 within 21 days of the signing of the Term Sheet for acquisition of sundry plant, stores and stockpiles.**
 - **A royalty is payable to GWR, based upon the Platts index for 62% Fe and payable across all tonnes (lump and fines) shipped or otherwise sold from the C4 Deposit based on the below pricing index:**

- < USD135/t USD \$1.00 per tonne is payable to GWR
 - > USD135/t USD \$2.00 per tonne is payable to GWR
- GWR has been dealing with GV for a number of years in relation to the JWD deposit over which time GWR has received a number of payments from GV. GWR has also undertaken standard due diligence reviews of publically available information to satisfy itself as to GV's financial capacity to perform its obligations
 - GWR retains both legal and beneficial ownership to all tenements and all other iron ore deposits at Wiluna West Iron Ore Project.
 - There are no conditions that need to be satisfied before the parties are bound to proceed with the Term Sheet.
 - GWR has mining approvals in place for the C3 Deposit located to the south of C4 and for the Bowerbird deposits located to the East of C4 and has a further 10 deposits forming part of the Wiluna West Iron Ore Project.
 - GWR proposes to use the funds received under the Term Sheet for the following purposes:
 - re-evaluate the development models for both the C3 and Bowerbird deposits;
 - review the logistical options available to the group to improve margins through lower transport costs for its iron ore deposits
 - bring forward planned field work and development studies on the groups Prospect Ridge Magnesite project in Tasmania including a 7,350-meter RC drilling program.
 - GWR has a July fixed price shipment of ore mined from C4 at US\$114/t FOB, which is scheduled to commence loading on or around 22 July 2022. GWR has 3 further shipments scheduled for August, September, and October 2022 but has the right to terminate those shipments in the event GV meets its obligation to make the additional \$5,000,000 payment due 21 days after signing the Term Sheet.

GWR Chairman Mr Gary Lyons commented

"We are delighted to have monetised a second Iron deposit, having previously signed a mining rights agreement for the JWD deposit.

The grant of mining rights to 2 of the 13 high grade iron ore deposits within the Wiluna West Iron Ore Project, accounts for approximately 24% of the available 131Mt¹ JORC mineral resource and provides immediate cashflow to GWR and the potential for GWR to expedite its mining of other deposits such as C3.

The GWR team will continue to look for logistical solutions that will lead to improved margins and lower costs for its iron ore deposits and will continue its focus on the Tungsten and Magnesite assets in its portfolio as well. The Company looks forward to keeping shareholders updated with progress.

¹ Refer ASX announcements 3 October 2019; 14 May 2021 and 12 November 2021

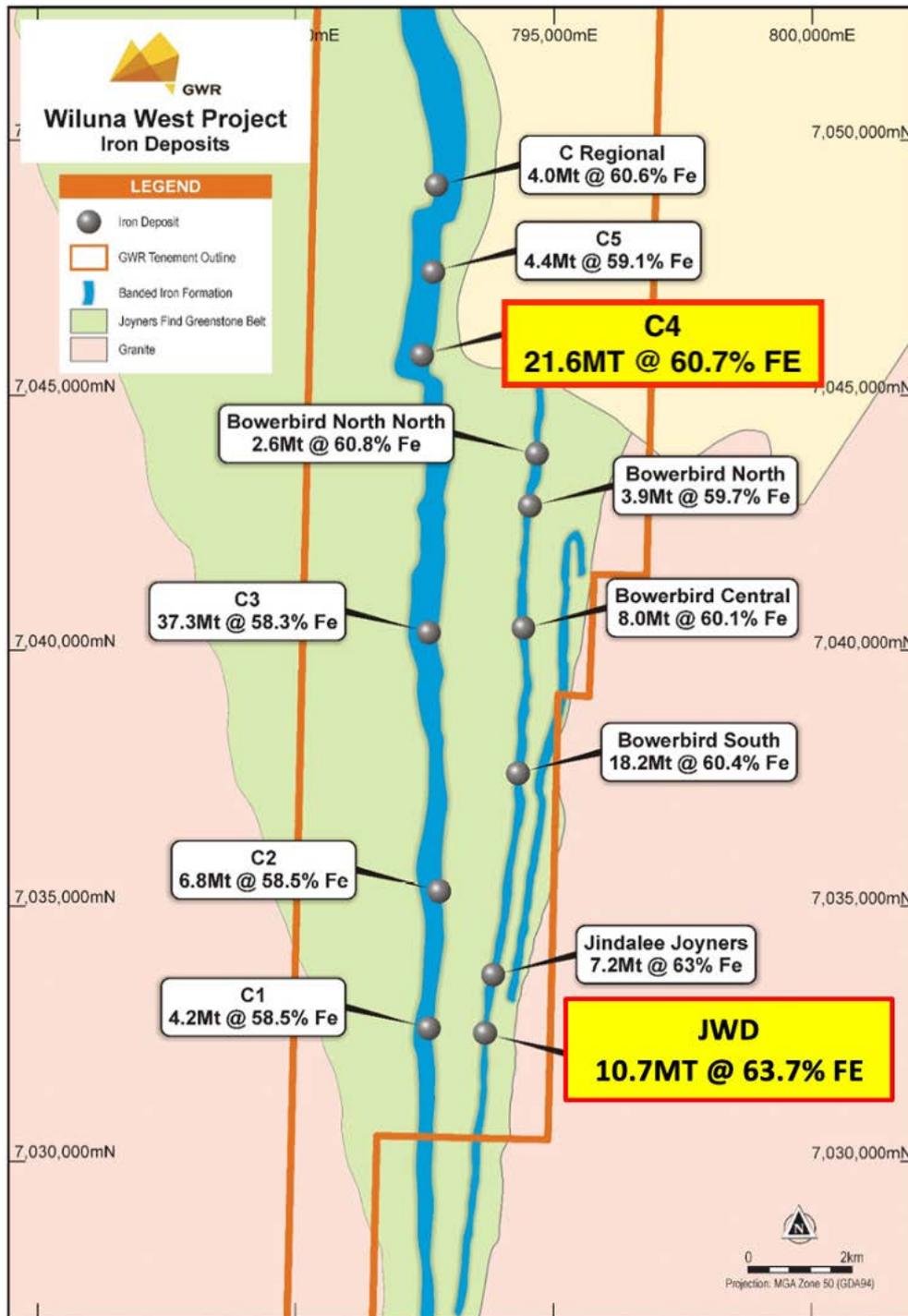


Figure 1: Location of C4 Iron and JWD deposit

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

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About Gold Valley Pty Ltd

Gold Valley (alongside CuFe Limited ASX:CUF) are members of a joint venture to mine up to 3 Mt of iron ore at the Wiluna West Iron Ore Project's JWD deposit. Gold Valley is part of the Gold Valley Group, a diversified Australian based company with interests in mining agriculture and energy. www.goldvalley.com.au

Competent Person's Statement

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") 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

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