

11 January 2023

## ASX Announcement

### GWR Substantially Improves Iron Ore Mining Rights Agreement

GWR Group Ltd (**ASX:GWR**) ("**GWR Group**" or "the **Company**") is pleased to announce that at the request of Gold Valley Iron Ore Pty Ltd ("**GV**") it has entered into a further variation to the previously announced Binding Term Sheet (ASX 20 July 2022) to grant mining rights for the C4 Iron deposit and the transfer of its residual rights in relation to the JWD Iron deposit, to assist GV with its cash flow requirements and at the same time increase the prospective consideration to be received by GWR.

As part of the agreed variation, GWR has agreed to substitute the obligations for GV to pay the sum of \$5,000,000 on 19 March 2023 (together with interest) and to pay \$15,000,000 upon the earlier of 19 January 2024 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 with the following payment obligations:

- 1 A minimum monthly payment (inclusive of any royalty payments made for that month) of:
  - \$756,000 per month up until the earlier of such time as GV has shipped or otherwise sold 3,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 36 such monthly payments have been made.
  - thereafter \$336,000 per month up until the earlier of such time as GV has shipped or otherwise sold 6,500,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made.
  - thereafter \$252,000 per month up until the earlier of such time as GV has shipped or otherwise sold 10,000,000 tonnes of iron ore from the C4 deposit on or after 3 January 2023 or a total of 42 such monthly payments have been made.
- 2 Additionally an increased royalty per tonne of iron ore shipped or otherwise sold by GV from the C4 deposit as follows:
  - \$9.00 per tonne in relation to the first 3,000,000 tonnes shipped or otherwise sold.
  - \$4.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold.
  - \$3.00 per tonne in relation to the next 3,500,000 tonnes shipped or otherwise sold.
  - \$1.00 per tonne for any additional tonnes shipped or otherwise sold.

The minimum monthly payments commence from the month of January 2023 and the new royalty rates apply to ore shipped or otherwise sold on or after 2 January 2023.

The effect of the variation means that GWR will receive a minimum of approximately \$52,000,000 from GV over the next 10 years compared to the minimum of approximately \$20,000,000 GWR is entitled to receive from GV under the existing arrangement.

GWR and GV have also agreed to other non-material variations to the Binding Term Sheet to ensure the arrangement between the parties continues to operate on a mutually beneficial basis.

The variation to the Binding Term Sheet will take effect from the date that GV pays to GWR all amounts payable in relation to shipments of iron ore made on or before 2 January 2023 as well as a deposit of an agreed amount into trust in relation to estimated rehabilitation expenditure for the C4 Deposit,

providing those payments are made on or before 14 January 2023. (or such later date as agreed to by GWR).

*GWR Chairman Mr Gary Lyons commented*

*I am very pleased with the outcome of our recent negotiations with GV. By accommodating GV's request to vary the Agreement we have been able to negotiate more attractive terms which see the adoption of a "Take or Pay" mechanism guaranteeing GWR a minimum payment of \$756,000 per month for a minimum period of 36 months or until 3,000,000 tonnes have been sold or shipped by GV as well as a significant increase in the level of royalty being paid over the first 10,000,000 tonnes.*

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

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