

## ASX Announcement

### MEMORANDUM OF UNDERSTANDING WITH BLACKHAM RESOURCES FOR MINING WILUNA WEST GOLD DEPOSITS

#### Highlights

- **Non-binding Memorandum of Understanding (“MoU”) executed**
- **Profit sharing agreement to be negotiated**
- **Under MoU, GWR is responsible for drilling deposits to JORC (2012) Indicated category and Blackham will conduct Feasibility Study, and if positive, undertake mining, transport and processing of gold bearing ore**
- **Initial focus will be on Golden Monarch and Emu / Eagle deposits**

GWR Group Limited (ASX: GWR) (“GWR” or “the Company”) is pleased to announce that it has executed a non-binding Memorandum of Understanding with Blackham Resources Limited (“Blackham”) (ASX: BLK) with respect to the Wiluna West Gold Project.

Blackham is the owner and operator of the Matilda/Wiluna Gold Operation, which includes a recently re-commissioned processing and treatment plant (“Matilda Operation”), located 40km from the Wiluna West Gold Project (“Wiluna West”).

The Wiluna West Gold Project contains JORC (2004) compliant Mineral Resources of 3,478,000 tonnes at 2.3 g/t Au for an estimated 258,200oz Au (estimated at a 1 g/t lower cut off), including an Indicated Resource estimate of 46,000 tonnes at 3.5 g/t Au for 5,200oz and an Inferred Resource estimate of 3,432,000 tonnes at 2.3 g/t Au for 253,000oz (refer Table 1).

The MoU sets the framework for Blackham and GWR to delineate, study and mine gold deposits at Wiluna West and process at Blackham’s 100% owned Wiluna Gold Plant.

#### Key elements of the MoU

The MoU between the companies is predicated on the assumption that the parties will agree to either a profit sharing or ore sales arrangement for Wiluna West.

Under the MoU, GWR will be responsible for drilling the gold deposits out to JORC (2012) compliant level with a minimum Indicated category. GWR will also be responsible for initial sighter metallurgical testwork associated with the deposits.

Following resource definition and initial metallurgical testwork, GWR may propose the deposit to Blackham as a Proposed Qualifying Deposit. Blackham will then undertake a Feasibility Study (to a minimum Pre-Feasibility Study level) to determine the economic potential of the project.

Upon completion of a positive Feasibility Study for a Qualifying Deposit, Blackham will be entitled to make an offer to GWR that schedules the mining and processing of ore from the Qualifying Deposit following receipt of necessary permits and approvals.

Blackham will be responsible managing the mining, transport and processing of ore from a Qualifying Deposits unless it elects to purchase ore from GWR delivered to the Wiluna Gold Plant ROM.

If mining does occur, Blackham will pay GWR either its profit share or ore sales proceeds on a monthly basis.

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## Initial forward work plan

GWR has commenced a detailed review of both the Golden Monarch and Emu / Eagle deposits and is planning drilling programs that will upgrade the current JORC (2004) Inferred Resources to JORC (2012) compliant confidence level of Indicated or higher.

As part of the proposed drilling program, larger composite samples will be collected for the sighter metallurgical testwork program.

It is anticipated that these programs will be undertaken in the first half of 2017.

The Golden Monarch and Emu / Eagle deposits are upon granted Mining Leases and are within areas that Clearing Permits have already been granted as part of the Wiluna West Iron Ore Project approvals.

**Table 1**  
**Wiluna West Gold Project JORC (2004) Gold Resources**  
**Reported above a 1 g/t cut off**

Prospect	Classification	Tonnes	Grade (g/t)	Ounces
Golden Monarch	Indicated	46,000	3.54	5,200
	Inferred	685,000	2.31	50,900
Eagle	Inferred	489,000	2.4	37,800
Iron Hawk	Inferred	138,000	1.53	6,800
Iron King	Inferred	481,000	2.3	35,600
Goldfinch	Inferred	80,000	1.39	3,600
Bronzewing	Inferred	104,000	2.4	8,000
Bottom Camp	Inferred	329,000	2	21,100
Bowerbird	Inferred	169,000	3.12	17,000
Brilliant	Inferred	342,000	2.53	27,900
Comedy King	Inferred	183,000	1.84	10,800
Emu	Inferred	371,000	2.41	28,700
Wren	Inferred	61,000	2.48	4,800
<b>TOTAL</b>		<b>3,478,000</b>	<b>2.31</b>	<b>258,200</b>

Note: The Mineral Resource Estimate for the Wiluna West Gold Project was published pursuant to ASX announcement dated 14 June 2010 and 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.

GWR's Chief Executive Officer, Craig Ferrier, said "*The MoU with Blackham is an important step in potentially monetising the Wiluna West Gold Project. The commencement of operations by Blackham and their willingness to enter into the MoU provides a significant opportunity for GWR.*"

*"The current size of the Wiluna West gold deposits does not justify the construction of a standalone processing plant, however access to the Wiluna Gold Plant provides GWR with a low capital option for development and the opportunity to realise value for shareholders."*

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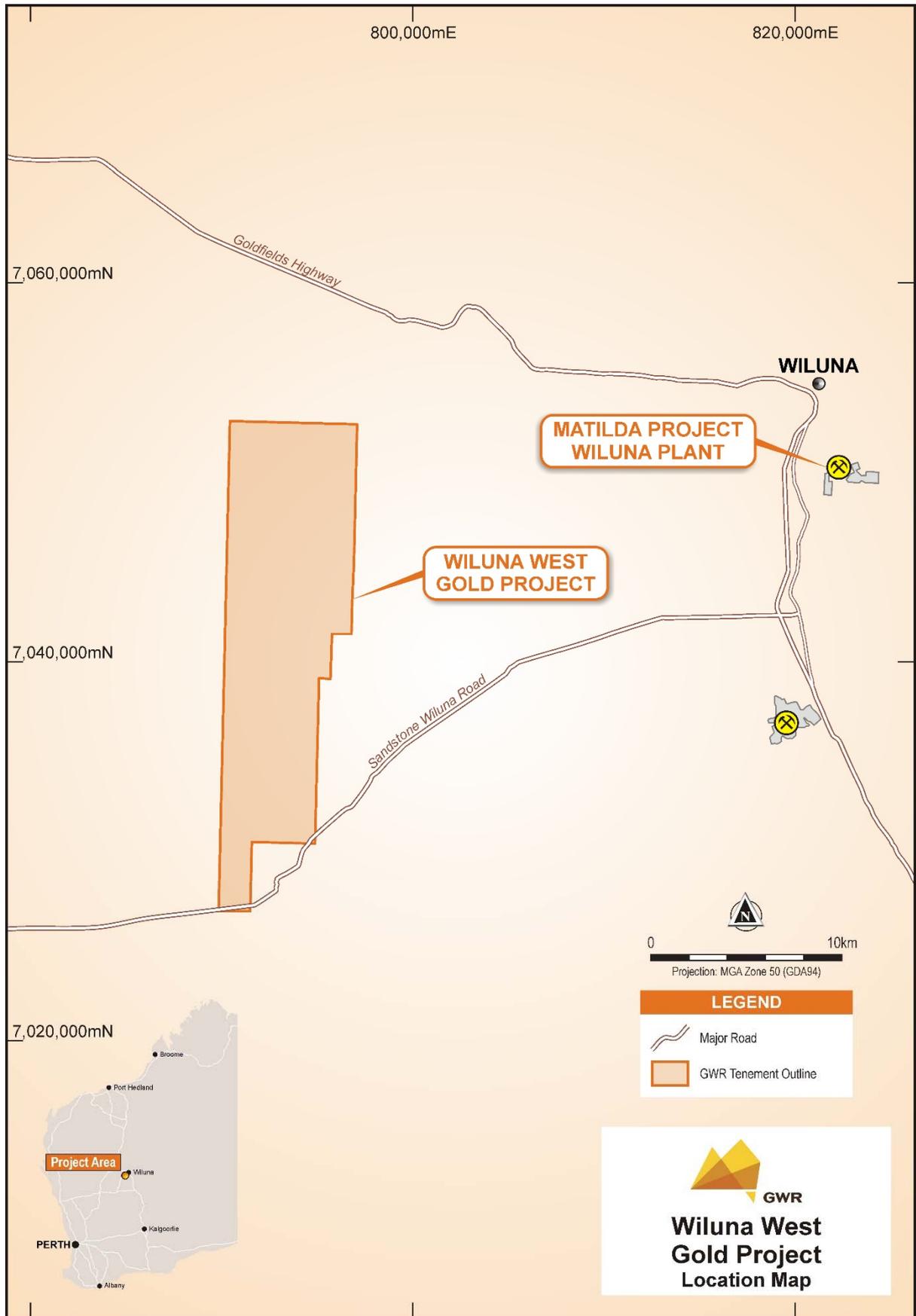


Figure 1: Wiluna West Gold Project Location Plan

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## Competent Persons 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 Australasian Institute of Mining & 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 35 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.

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