

ASX Announcement

GWR ACQUIRES 100% OF HATCHES CREEK TUNGSTEN PROJECT

Highlights

- Acquisition of 100% interest in project from JV partner
- Consideration of A\$500,000 cash plus 1.5% Net Smelter Return
- Consideration is significantly less than existing JV terms, whereby GWR was earning a 50% interest by sole funding \$1,500,000 in the project

GWR Group Limited (ASX: GWR) (“GWR” or “the Company”) is pleased to announce that its wholly-owned subsidiary, NT Tungsten Pty Ltd (“NTT”) has executed a Sale Agreement with Davenport Resources Limited (“Davenport”), for the acquisition of the Hatches Creek Tungsten Project (“the Project”) in the Northern Territory.

The Project was the subject of a JV Agreement between NTT and ASX-listed Arunta Resources Limited. In February 2016, Arunta completed a demerger, with unlisted company Davenport retaining the Hatches Creek Project.

The consideration for a 100% interest in the Project is \$500,000 cash plus a 1.5% Net Smelter Return. Given the existing JV arrangement over the project, there is no due diligence period and the acquisition will settle within the next five (5) business days. The transaction terminates the JV arrangements.

GWR’s Chief Executive Officer, Craig Ferrier, said “*The agreement with Davenport allows GWR to accelerate exploration on this high grade tungsten project. The reduced cost allows us to assume complete control of the project, to develop it to our timeframe and not be subject to JV pressures.*”

“*With our recently updated vision and approach of targeting quality projects in a counter-cyclical manner, we are confident that detailed and methodical exploration of this high grade historical mining centre will deliver results. We look forward to commencing more detailed work during the June quarter.*”

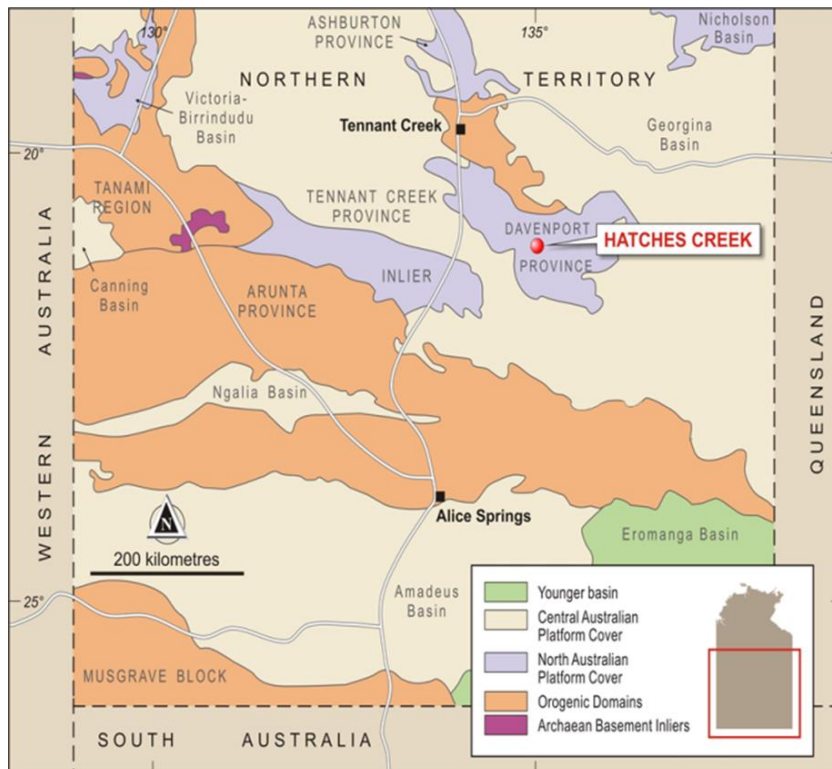


Figure 1: Hatches Creek Location Plan

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Hatches Creek Tungsten Mining Centre

The Hatches Creek project consists of two granted tenements occupying 31.4 km² (EL22912 and EL23462), which cover the entire historic Hatches Creek tungsten mining centre. Hatches Creek is a large historical high grade tungsten mining centre where mining was undertaken between 1915 and 1957. Previous recorded production is approximately 2,840 tonnes of 65% WO₃.

There are a large number of historical mine workings with much of the recorded previous production coming from six groups of historical mine workings spread over an area of 20 km². Historical production was at grades of 1% to 12% WO₃, averaging 2.5% WO₃, with the largest contributor being the Pioneer Group (Figure 2). The mines exploited quartz veins containing wolframite and to a lesser extent scheelite, bismuth and copper.



Figure 2, Pioneer Mine

JORC Code (2012) Mineral Resource

On 23 September 2014, Arunta announced a maiden Inferred Resource of 225,000 tonnes grading 0.58% WO₃ (0.2% lower cut off and 1.5% upper cut).

For comparison purposes, the average grade of eight major global tungsten deposits currently being explored / developed by ASX listed companies is 0.34% WO₃, demonstrating that the stockpiled material is relatively high grade. The stockpiled material consists of mineralised waste, tailings and eluvial/alluvial material from the 11 largest historical mines in the Hatches Creek Tungsten Project (Figure 3), which was accumulated during the project's 42 year mining history.

The known resource could be sufficient to underpin near term production. In addition to the benefit of being a high-grade resource, the material has been previously mined, which will be a significant benefit from an operating cost perspective.

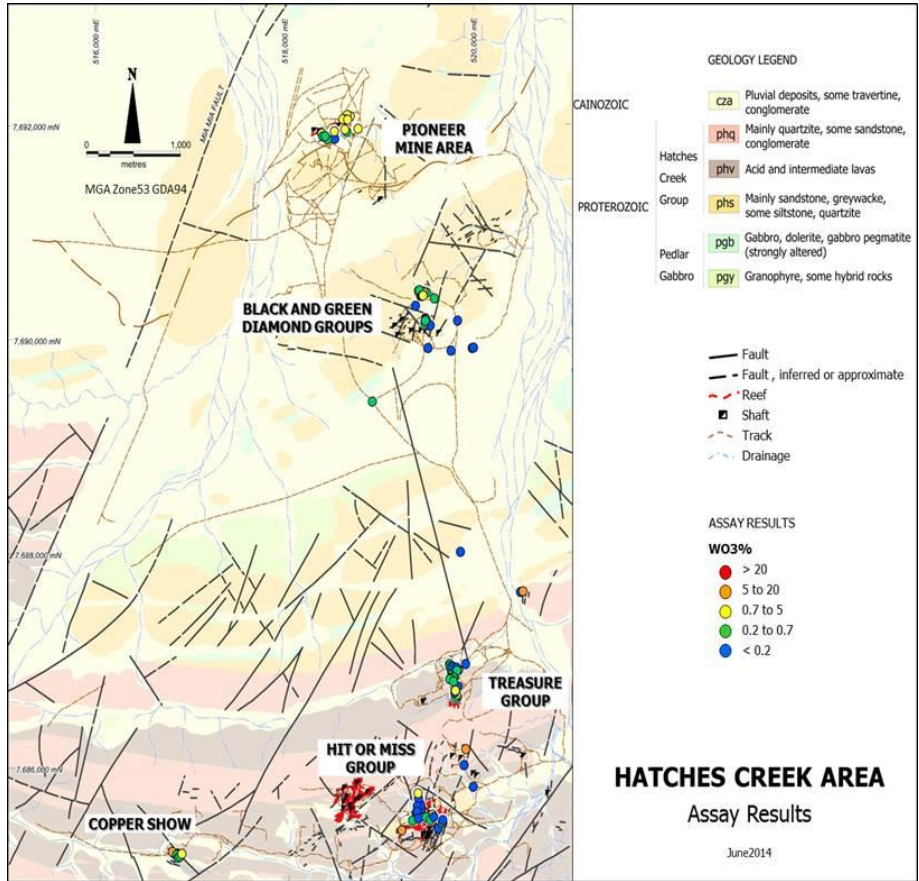


Figure 3: Major mines and dump sampling results

Exploration Potential

There has been no substantial modern exploration or mining undertaken at Hatches Creek since 1957. Numerous historical underground mines are present that exploited high grade quartz veins containing wolframite and to a lesser extent scheelite, bismuth and copper. Workings were confined - mostly to above the water table and elsewhere to a maximum depth of only 60m.

A comprehensive review of the Hatches Creek site was undertaken by the Bureau of Mineral Resources Geology and Geophysics (Commonwealth Government) and published in 1961. This included detailed mapping and surveying of most of the mine workings. This work suggests that the mineralisation is open at depth and the previously mined reefs show excellent continuity.

Review of this data suggests that the Hit or Miss Group is a high priority target for potential open pit mining in view of the large number of individual mineralised veins present.

-ENDS-
12 May 2016

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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 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.

Details concerning the JORC-2012 Resource Estimate for the Hatches Creek Tungsten Project (including table 1 report) and referred to in this announcement are set out in the ASX announcement of Arunta Resources Ltd dated 23 September 2014.

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