

## ASX ANNOUNCEMENT

8 July 2019

### March 2019 Quarterly Activities Report



Images 1,2, and 3: The Luapula Processing Facility located in the DRC

#### HIGHLIGHTS – LUAPULA PROCESSING FACILITY, DRC

- The Company's shares remain suspended from trading on ASX following a determination by ASX that the proposed acquisitions by the Company of a 50% interest in the Luapula Processing Facility and a 100% interest in a group of exploration licences prospective for copper and cobalt mineralisation in the DRC amounted to a significant change in the nature and scale of Winmar's current activities and that as such Winmar was required to satisfy Listing Rules 11.1.2 and 11.1.3 and obtain approval from its shareholders and to re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to complete the acquisitions and re-list on ASX.
- The Company has been attempting to satisfy ASX as to re-listing on ASX since July 2018 and remains committed to doing so.
- Despite the delay caused by the re-listing process the Company continues to advance its plans for operation of the Facility and to align itself with parties in relation to operational aspects involving feed, personnel, and offtake.
- The planning has allowed the Company to come to the decision that it will no longer pursue the up-front acquisition of the 100% interest in the group of Exploration Licenses, instead it will source feed under the Ore Supply Agreements already

entered into with local mining operations. The Company will continue to review opportunities to acquire prospective mining and exploration licenses and mining operations, which given the changes in the cobalt market over the past 12 months have become more attractively priced, but its initial focus will be on maximising efficiency and throughput of production.

- In regards to the re-listing on ASX, the following is noted:
  - At ASX's request, the Company submitted to ASX an application for in-principle advice (Initial Application) summarising the key terms of the proposed acquisitions, the material arrangements and associated capital raising and proposed capital structure.
  - The Company received a response from ASX in respect of its Initial Application that ASX has various concerns and that were Winmar to proceed, on the basis of the Initial Application, there was a significant likelihood that the Company would fail to meet ASX's requirements for admission.
  - The Company considered ASX's response to its Initial Application and formed a view that it could adequately address all of the concerns raised by ASX, and that a re-listing was in the best interests of all shareholders.
  - In April 2019, the Company announced that it lodged a fresh Application for In-Principle Advice (April 2019 Application) addressing the concerns previously raised by ASX.
  - In recent weeks the Company has entered into advanced negotiations with a number of parties in regards to cobalt offtake and associated debt funding, and equity participation by way of cornerstone investment. Those negotiations are expected to be finalised shortly.
  - The decision not to proceed with Exploration Licenses acquisitions previously proposed, and the expected changes to the capital structure, amount and terms of any equity capital raising (if any), due to the underlying terms of expected cobalt offtake and financing (debt/equity) left the Company with no choice but to withdraw its April 2019 Application, which it did in late May 2019. The Company intends on lodging an updated application for in-principle advice with ASX once negotiations on financing have been completed.
- In February 2019, the Company executed several binding Ore Purchase Agreements for the supply of high-grade cobalt and copper ores (minimum acid soluble cobalt grades of 1% and minimum acid soluble copper grades of 2.5%) to meet +100% of the design throughput of the Luapula Processing Facility over a minimum 36 months. These Agreements were executed with established operations with proven

records of high-grade cobalt and copper ores deliveries to operating cobalt and copper processing plants located in the DRC Copperbelt.

- Also in February 2019, Winmar announced that it was pursuing a dual listing on the London Stock Exchange (LSE) and had engaged Memery Crystal to advise on the process. The current intention is to list on LSE simultaneous with re-listing on ASX.
- In March 2019, the Company received an independent valuation report on the Luapula Processing Facility undertaken by Mr Damien Connelly of MEST Engineering Group Pty Ltd (METS). The independent valuation of the Luapula Processing Facility was determined using a number of valuation methodologies as follows:

ASSET VALUE CLASS	VALUATION	COMMENTS
<i>"As is"</i> basis	US\$33,353,000	Based on second hand plant as is and including all infrastructure
<i>"Historical cost"</i> basis	US\$46, 317,668	Purchased and installed
<i>"Going concern"</i> basis	US\$70,000,000	Assumes US\$10m to get the project up and running
<i>"New plant"</i> basis	US\$85,000,000	All equipment new and clear site

- The independent valuation was sought largely for the purposes of addressing ASX concerns arising from the Company's Initial Application.
- The independent valuation strongly vindicates the decision by the Winmar Board of Directors to pursue the acquisition of a 50% interest in the Luapula Processing Facility.
- In April 2019 (post the end of the quarter), the Company has lodged initial documentation with LSE; and received feedback that there are no serious items of concern at this time.
- The Company continues to work with its Strategic Advisor, Airguide International Pte Limited (Airguide) to develop and finalise offtake agreements for the sale of cobalt and copper concentrates produced from the Luapula Processing Facility. These discussions are well advanced with negotiations currently ongoing with a number of parties.

## Activities Report for the Quarter ended 31 March 2018

(ASX:WFE) Winmar Resources Ltd (**Winmar**) is pleased to provide the following summary of activities undertaken during the quarter to 31 March 2019 (**Quarter**) to deliver on the Company's stated cobalt strategy.

### 1. DRC COBALT STRATEGY AND ACQUISITION STATUS

At an Extraordinary General Meeting of the Company in June 2018, shareholders demonstrated their support to the Company's proposed strategy to acquire advanced and highly prospective cobalt projects and operations in the Democratic Republic of Congo. At the meeting, all resolutions were carried on a show of hands and with validly appointed proxies of between 93% - 98% in favour of each resolution.

Shareholders ratified the issue of shares for the A\$3.1m funding that was secured to advance the Company's 'DRC Cobalt Strategy'.

In July 2018 the Company announced that it had entered into a Heads of Agreement with African Holding Investment Company Limited (**AHIC**), to establish a new 50/50 joint venture to operate the existing Luapula Processing Facility located near the town of Likasi in the Democratic Republic of Congo (refer ASX Announcement 23 July 2018). The Company further announced that it had entered into two further Heads of Agreement to acquire a portfolio of highly prospective cobalt exploration licenses, located close to the Luapula Cobalt Processing Facility and was further continuing to review other acquisition opportunities including nearby cobalt tailings projects and the purchase of third party high-grade cobalt feed (together the **DRC Cobalt Production Acquisitions**).

The DRC Cobalt Production Acquisitions are considered by the Company to have the potential to be transformative as it aims to become one of the world's leading, publicly listed, primary producers of high-grade cobalt concentrates.

On completion, the DRC Cobalt Production Acquisitions will amount to a significant change in the nature and scale of Winmar's current activities, and as such, Winmar has been advised by ASX that it will be required to satisfy Listing Rules 11.1.2 and 11.1.3 and obtain approval from its shareholders, and to re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to complete the DRC Cobalt Production Acquisitions.

At ASX's request, the Company provided ASX with an application for in-principle advice (**Initial Application**) summarising the key terms of the DRC Cobalt Production Acquisitions, the material arrangements, the associated capital raising and the resultant proposed capital structure.

During the December 2018 quarter, the Company received a response from ASX in respect of its Application stating that ASX has various concerns and that were Winmar to proceed, on the basis of the Application, there was a significant likelihood that the Company would fail to meet ASX's requirements for admission.

The nature of these concerns is set out in detail in the Company's ASX announcement of 3 December 2018.

Upon considering the concerns raised by ASX, the Company was of the view that it could adequately address all of the concerns raised by ASX and that it remained committed to re-listing, which it considered to be in the best interests of all shareholders.

The Company noted however that admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons.

In April 2019 the Company has lodged a fresh application for in-principle advice (**New Application**).

In late May 2019 the Company entered into advanced discussions with a number of parties in regards to cobalt offtake and associated debt funding. This has led to offers of offtake, debt funding, and equity participation by way of cornerstone investment that the Company is currently working to finalise and execute. Due to the confidential nature of these negotiations the Company is not in a position to disclose this information publicly.

Those negotiations are expected to be finalised shortly.

Once the negotiations are finalised the Company can then move quickly to finalise a Notice of Meeting and Explanatory Memorandum seeking shareholder approval and a full form Prospectus.

The Notice of Meeting and Explanatory Memorandum and Prospectus are required to include, amongst other things, an Investigating Accountant's Report, and an Independent Solicitor's Report.

In anticipation of this, the Company engaged Pitcher Partners to complete the Investigating Accountant's Report, and Pelesa and Associates to complete the Independent Solicitor's Report. These reports remain in draft awaiting ASX approval of an application for in-principle advice before finalisation can occur.

The Company's securities are currently in suspension and will remain in suspension whilst the Company finalises re-compliance with Chapters 1 and 2 of the ASX Listing Rules and completes the DRC Cobalt Production Acquisitions.

## 2. LUAPULA PROCESSING FACILITY

The Luapula Processing Facility is located on the outskirts of the DRC Copperbelt town of Likasi. It has been constructed on Land Plot 2008-2040 on an area of 125,000m<sup>2</sup>.

Likasi is located in the heart of the DRC Copperbelt, mid-way between the main mining towns of Kolwezi to the west and Lubumbashi to the south-east. Likasi is the technical headquarters for DRC state copper and cobalt mining company, La Générale des Carrières et des Mines (**Gécamines**).



**Map 1:** Location of the exploration licenses and Luapula Processing Facility in the centre of the DRC Copperbelt, the world's largest cobalt producing region.



The processing facility is approx. 400m off Route Nationale N1, the country's main roadway which links the capital Kinshasa to its second largest city Lubumbashi.

The Luapula Processing Facility was constructed in 2014 at a reported cost of US\$80m. It is a permitted, conventional copper-cobalt leaching plant, built with a design throughput of 250,000tpa of run-of-mine feed and capacity to produce up to 12,000tpa of a high grade, 30%-40% cobalt hydroxide product and a 15%-20% copper hydroxide product for sale into the international markets.

The Luapula Processing Facility has been designed with 7 distinct processes/sections.



**Images 4, 5 and 6:** The Luapula Processing Facility Milling and Slurry Storage Sections



**Images 7, 8 and 9:** The Luapula Processing Facility Leaching and Leach Filter Sections



**Images 10, 11 and 12:** The Luapula Processing Facility Precipitation Section



**Images 13, 14 and 15:** The Luapula Processing Facility Warehouse and Product Stockpiling



**Images 16, 17 and 18:** The Luapula Processing Facility Offices and Accommodation

The Luapula Processing Facility was initially operated to produce a predominantly copper hydroxide concentrate that was sold into both domestic and international markets. 100% of the ore feed to the facility was purchased from third parties, including local Congolese mining companies and co-operatives.

In late 2016, AHIC elected to cease production of copper concentrates and complete further feasibility study work on process flowsheet upgrades to produce a high-grade cobalt hydroxide saleable product for the international markets and the establishment of a SX-EW process to produce copper cathodes, also for sales into the international markets.

During the September 2018 Quarter, Winmar's technical consultants and management completed further technical due diligence reviews of the Luapula Processing Facility and the previous study-work that had been completed. This work was in addition to the independent audit and assessment completed by DRC based metallurgical consultants Groupe EJKK (**EJKK**) earlier this year, which included several site visits and inspections, a full audit of the processing facility and installed plant and equipment to determine its operating capabilities.

Due diligence work completed during the September 2018 Quarter, has given the Company further confidence in the scope and schedule of work and estimate for the planned re-engineering of the plant to re-commence operations and to operate at sustained levels to process 250,000tpa of run-of-mine feed with the capacity for initial production of 8,000tpa of high grade concentrates rising to 12,000tpa of a high grade cobalt hydroxide product at grades of 30% - 40% Co and a copper hydroxide product at grades of 15% - 20% Cu.

The audit review and process facility assessment and ongoing due diligence reviews being completed by the Company have confirmed the Luapula Processing Facility's operating capabilities and robust financial and technical fundamentals as well as the relatively low capital costs and time frame to recommence operations.

### **3. EXPLORATION LICENSES AND COBALT TAILINGS PROJECT ACQUISITIONS**

The Company had previously executed binding Heads of Agreement with Congolese companies for Winmar to acquire 100% interests in a number of granted and contiguous Exploration Licenses located on the DRC Copperbelt and in close proximity to the Luapula Processing Plant.

Subsequent to the end of the quarter, the Company has elected not to continue with the acquisition of the Exploration Licenses. The previously advanced amount of US\$500,000 placed on deposit, is to be refunded. These funds have been re-classified in the current quarterly cashflow report as a receivable rather than cash. Accordingly, the Quarterly Cashflow Report does not reflect the deposit as cash, and will not do so until it is recovered.

Certain costs have been incurred in respect of the licenses during the holding period which it is agreed that Winmar will cover. The Company will during the current Quarter, work to agree these costs, such that the net sum (our deposit less reasonable costs) be returned to Winmar.

The Company elected not to pursue with the acquisition of these Exploration Licenses, given the Ore Purchase Agreements entered into during the Quarter and that given the changes in the cobalt market over the past 12 months, more advanced exploration and mining licenses and operations have become more attractively priced and available for the Company to consider as viable acquisitions.

#### **4. JOINT VENTURE COMPANY FORMED**

A joint venture company, Winmar Lufira Mining Company S.A. (**WLMC**) was incorporated during the Quarter, and is held 50% by Winmar and 50% by African Holding Investment Company Limited (**AHIC**). AHIC is the current 100% owner of the Luapula Processing Facility through its wholly owned DRC incorporated subsidiary Societe Luapula SARL.

WLMC is the DRC incorporated legal entity that is intended to own, manage and operate the Luapula Processing Facility. WLMC has been incorporated in order to ensure that prior to the potential reinstatement of the Company's securities on ASX that all of the required permits, approvals and licences have been obtained in the entity that will own and operate the Luapula Processing Facility.

#### **5. OPERATING PERMITS, APPROVALS AND LICENSES**

Winmar has received confirmation from its DRC lawyers that WLMC has now received all necessary permits, approvals and licenses to operate as a company in the DRC. The following permits and licenses have now been issued to WLMC by the requisite authorities:

1. Identification Nationale
2. Nouveau numéro de registre de commerce
3. Attestation fiscale
4. Numéro compte (banque)
5. Numéro import-export
6. Numéro Institut National de Préparation Professionnelle (INPP)
7. Numéro Institut National de Sécurité Sociale (INSS)

In addition, the Company's lawyers advise that they have lodged an application together with all necessary documentation and accompanying reports for WLMC to hold the license necessary to operate the Facility in its own name - L'Arrêté Ministériel portant agrément d'une entité de traitement de l'hétérogénite catégorie B (referred to as "Category B License").

The Company's lawyers have further advised that the issuance of the Category B License is now an administrative matter and is likely to be processed and issued within the next 4 - 6 weeks.

The receipt of these permits and approvals, and the lodgement of the Category B License application, will ensure that prior to the potential reinstatement of the Company's securities to the ASX, the Company will be able to demonstrate that all of the requisite permits, approvals and licenses for the new joint venture company, WLMC, to operate the Luapula Processing Facility have been obtained.

This will also be confirmed in an Independent Solicitors Report.



## 6. ORE SUPPLY AGREEMENTS

Under the terms of the Heads of Agreements, Winmar is proposed to be the operator and manager of WLMC and is responsible for securing the run-of-mine feed to the Luapula Processing Facility from Winmar's owned exploration licenses (to be converted into mining licenses) and potentially from tailings material and high-grade cobalt and copper ore supplied by local Congolese and other established mining companies operating in the DRC.

WLMC will be the legal entity that will enter into these potential ore supply agreements with local Congolese and other operating companies in the DRC to provide high grade cobalt and copper feed to the Luapula Processing Facility.

During and prior to the Quarter, the Company and its advisors in the DRC had completed due diligence on a number of established Congolese and foreign owned mining companies that had expressed their interest and indicated their ability to mine and deliver high grade cobalt and copper ores to the Luapula Processing Facility. As part of this due diligence, the Company and its advisors have completed preliminary site inspections of the operations, and completed detailed legal reviews of the various counterparties, management and shareholders.

In addition, the Company and its advisors had also completed a review of the current and previous ore supply and purchase contracts that these companies have held and maintain with other cobalt and copper processing plants located in the DRC Copperbelt for the delivery high-grade cobalt and copper ores.



**Figure 19 and 20:** Mining and haulage operations near Likasi that is proposed to provide high grade cobalt and copper ores to the Luapula Processing Facility

In February 2019, the Company executed Ore Purchase Agreements with seven selected Congolese companies, from which it is proposed that WLMC will purchase high grade cobalt and copper ores as feed to the Luapula Processing Facility.

A summary of the companies and the contracted monthly ore deliveries is provided below.

Company	Operations	Monthly Ore Deliveries	Grade of Product
Ormega Limited SA	Likasi/Kolwezi	5,000 - 10,000 wmt	min 1% Co, min 2.5% Cu
Bleu Sky SARL	Likasi/Lubumbashi/Fungurume	5,000 wmt	min 1% Co, min 2.5% Cu
ETS Macarons SA	Likasi	5,000 - 10,000 wmt	min 1% Co, min 2.5% Cu
Gaetan Moloko Musamaka	Kambove/Kolwezi/Likasi	20,000 wmt	min 1% Co, min 2.5% Cu
Cooperaitive Union de JC	Kolwezi/Likasi	3,000 wmt	min 1% Co, min 2.5% Cu
Hanaf T & C Limited	Kambove/Likasi/Lubumbashi	7,500 - 10,000 wmt	min 1% Co, min 2.5% Cu
Multimat SARL	Kambove/Kolwezi/Likasi	7,500 wmt	min 1% Co, min 2.5% Cu

**Table 1:** Summary of contracted Congolese companies to supply high grade cobalt and copper ores

The monthly deliveries proposed under the Ore Purchase Agreements are sufficient to supply more than 100% of the run-of-mine feed to the 250,000tpa nameplate capacity Luapula Processing Facility until the Company has completed mine planning and feasibility study work on the several exploration licenses that it is also acquiring in close proximity to the Luapula Processing Facility and which are considered suitable to supply longer term run-of-mine feed.

Under the terms of the Ore Purchase Agreements, the minimum contracted monthly ore deliveries to the Luapula Processing Facility of 53,000 wet metric tonnes per month have been secured at minimum acid soluble cobalt grades of 1% and minimum acid soluble copper grades of 2.5%

The Ore Purchase Agreements have been entered into for an initial period of 12 months. WLMC has at its election an option to extend each Ore Purchase Agreement by a further 24 months. Deliveries to the Luapula Processing Facility will be at the at the mining companies own cost and expense.

It is further a requirement under the Ore Purchase Agreements that all mining operations, that are proposed to supply the Luapula Processing Facility, will be the subject of an audit to be carried out by the Company and its consultants, Kumi Consulting Ltd (**Kumi**), to demonstrate that the operating practices are aligned with the relevant international standards, in particular, the *OECD Due Diligence Guidance for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas* (the OECD Guidance) and further meet Winmar's minimum standards in respect to responsible and ethical cobalt mining.

## **7. OFFTAKE AGREEMENTS**

Under the Heads of Agreement, Winmar will also have the sale and marketing rights to 100% of any cobalt and copper concentrate production from the Facility, with the proceeds of the sale of the rights to be distributed between the joint venture participants in accordance with their shareholding.

WLMC will also be the legal entity that will enter into these cobalt and copper concentrates offtake and any related prepayment funding agreements.

As reported above, the Company is nearing the execution of offtake agreement(s) for the sale of cobalt and copper concentrates produced from the Luapula Processing Facility.

## **INTERNATIONAL CONSULTING GROUP APPOINTED TO OVERSEA WINMAR'S RESPONSIBLE AND ETHICAL COBALT PRODUCTION STRATEGY**

During the September Quarter, the Company appointed leading international consultancy group, Kumi Consulting Ltd (**Kumi**), to develop and implement a responsible and ethical cobalt mining and production strategy for Winmar's proposed DRC's operations to be aligned with the IFC Performance Standards and the OECD Guidance for Responsible Mineral Supply Chains.

Kumi is a UK-based management consultancy group that specialises in helping companies to develop and implement responsible sourcing and operating practices for minerals and other raw materials. Founded in 2015, Kumi is working on responsible mineral sourcing at mine sites in central Africa, at smelters and refiners across the world, at global downstream companies, and with many industry-led conflict minerals programmes.

Kumi's current work on cobalt enables it to bring insights from across the full supply chain as its work with DRC-based miners, international traders, major refiners and global automotive manufacturers.

Kumi are also working with non-governmental organisations to support the legalisation and HSE performance improvement of artisanal miners. In the DRC, Kumi is currently retained by one of the world's largest commodity traders to develop and implement a responsible sourcing programme for the company's minerals supply chains.

Under the terms of their appointment by Winmar, Kumi will commence work with the Company upon Winmar's successful completion of re-compliance under ASX Listing Rules Chapters 1 and 2 and the resumption of trading of the Company's shares on the ASX.

The appointment of Kumi by the Company is considered important in ensuring its cobalt production practices are aligned with the relevant international standards and provide confidence to all its stakeholders and shareholders, offtakers and financiers, that its cobalt has been responsibly and ethically sourced and produced.

## 8. INDEPENDENT VALUATION OF LUAPULA PROCESSING FACILITY

In January 2019, the Company appointed METS Engineering Group (**METS**) to complete an independent valuation for the purposes of addressing one of the concerns raised by ASX in response to the Company's Application for In-Principle Advice in connection with the Company's intended re-listing on ASX (refer ASX Announcement of 3 December 2018).

METS is an Australian based engineering consulting firm specialising in mineral processing with over 30 years of experience across a wide range of over 6,000 projects in different commodities and jurisdictions. METS expertise extends across all aspects of mineral processing, hydrometallurgy, pyrometallurgy, testwork design and management, engineering studies, optimisation and risk assessment, process innovation and engineering design, expert witness, and independent audits, valuations and due diligence.

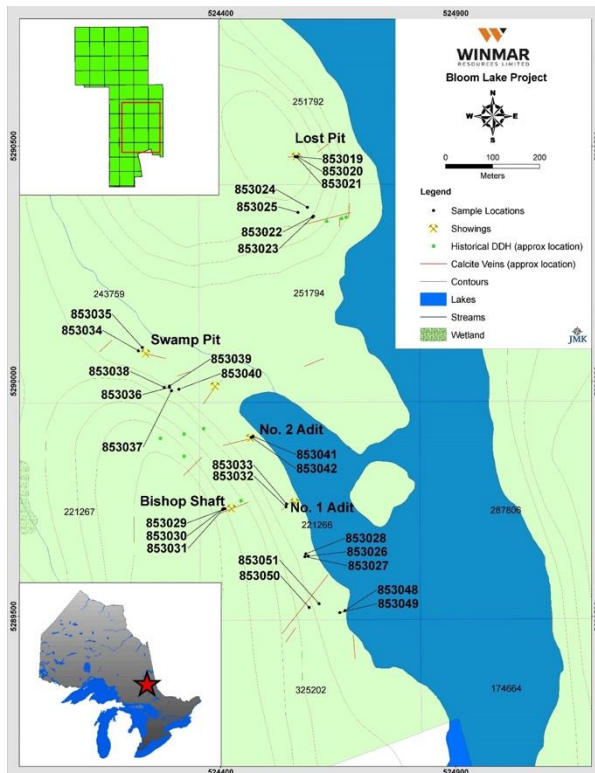
METS' founder and Principal Consulting Engineer, Mr Damian Connelly, has extensive experience in the copper, cobalt, lithium, vanadium, nickel, gold, lead, zinc, uranium and iron ore industries and will undertake the independent valuation for and on behalf of METS. Mr Connelly is an internationally recognised specialist in Mineral Processing having worked globally over the last 30 years and has experience in plant operations feasibility studies, detailed design, construction and commissioning, and all unit operations. Mr Connelly is a Fellow, Australasian Institute of Mining and Metallurgy (AusIMM), Fellow of Engineers Australia (FIEAust) Member of Mineral Industry Consultants Association (MICA) and Society for Mining, Metallurgy, and Exploration (SME) Member of the Canadian Institute of Mining and Metallurgy (CIMM), Fellow of the Australian Institute of Management (AIM), Member of the South African Institute of Mining and Metallurgy (SAIMM) and Member of the Western Australian Chinese Chamber of Commerce (WACCC).

In March 2019, the Company received the independent valuation report, a copy of which was published on ASX platform on 19 March 2019. The report summarises the independent valuation of the Luapula Processing Facility, which was determined using a number of valuation methodologies, as follows:

ASSET VALUE CLASS	VALUATION	COMMENTS
<b>"As is" basis</b>	US\$33,353,000	Based on second hand plant as is and including all infrastructure
<b>"Historical cost" basis</b>	US\$46,317,668	Purchased and installed
<b>"Going concern" basis</b>	US\$70,000,000	Assumes US\$10m to get the project up and running
<b>"New plant" basis</b>	US\$85,000,000	All equipment new and clear site

The independent valuation strongly vindicates the decision by the Winmar Board of Directors to pursue the acquisition of a 50% interest in the Luapula Processing Facility.

## BLOOM LAKE COBALT PROJECT, CANADA



**Map 2:** Phase 1 Cobalt Exploration Program - sample locations at the Bloom Lake Project in Gowganda, Ontario

The Bloom Lake Cobalt Project is one of three blocks of mining claims that the Company secured from CBLT Inc. (TSXV: CBLT) in an agreement first announced on 8 December 2017. In January 2018, the Company announced that it had acquired the Bloom Lake Project and had been granted 12-month options to acquire either, or both, of the United Reef and Calcite Lake projects.

Together the three projects cover 2,240 ha within the historic high-grade silver-cobalt mining district of Cobalt-Gowganda in eastern Ontario, Canada (refer ASX Announcement 22 January 2018).

The three projects are located peripheral to a cluster of former high-grade silver-cobalt mines at Gowganda, 85km northwest of Cobalt, which operated from 1910 to 1989. The region is reported as having produced 60.2 million ounces of silver and 1.3 million pounds of cobalt up to end of 1969.

The Phase 1 Cobalt Exploration Program was undertaken by the Company's consultant geologists in Canada and consisted of mapping and sampling historical trenches, adits, and shafts located on the Bloom Lake Project. In total 33 samples were collected from both bedrock and from loose material proximal to historical trenches, adits, and shafts.

Assay results returned confirm high-grade copper-cobalt mineralization with anomalous gold and nickel. Key highlights of the assay results included:

- 6.84 % Cobalt, 0.422 g/t Gold, 0.58% Copper and 1.56 % Nickel - Sample ID 853028
- 2.02% Cobalt and 0.35% Nickel - Sample ID 853024
- 1.50% Cobalt, 8.94% Copper and 0.10% Nickel - Sample ID 853044
- 1.16% Cobalt and 2.24% Copper - Sample ID 853048
- 0.79% Cobalt, 0.34g/t Gold and 0.40% Copper - Sample ID 853039
- 0.47% Cobalt and 0.29% Nickel - Sample ID 853035
- 0.29% Cobalt and 5.34% Copper - Sample ID 853036
- 0.25% Cobalt and 5.69% Copper - Sample ID 853045

Full details of the assay results are included in the Company's ASX Announcement of 15 August 2018.

*The above assay results were reported by the Company in an ASX announcement dated 15 August 2018. Winmar is not aware of any new information or data that materially affects the information included in the ASX announcement of 15 August 2018.*

Planning is currently being undertaken for an airborne geophysics survey is to be completed over the Bloom Lake Project and also the United Reef and Calcite Lake Projects. Results of the airborne survey will govern future exploration activity and a decision on whether to acquire either, or both, of the United Reef and Calcite Lake Cobalt Projects.



## HAMERSLEY IRON ORE PROJECT

The Hamersley Iron Project comprises Mining Lease M47/1450 and is located approximately 50 km north-east of Tom Price in the Pilbara region of Western Australia, immediately south of the Solomon project held by Fortescue Metals Group Ltd (ASX: FMG) and north of Rio Tinto's Rail network. The project is a Joint Venture (JV) between Winmar Resources (70%) and Cazaly Resources (30%). The JV was formed in October 2010 following Cazaly's discovery of the Winmar Deposit in late 2008.

In May 2013, independent mining consultants RungePincockMinarco Ltd estimated the total Mineral Resources within M47/1450 as 343.2 Mt at an average grade of 54.5% Fe (57.9% Calcined Fe<sup>1</sup>), including 42.6 Mt at an average grade of 55.2% Fe (57.3% Calcined Fe<sup>1</sup>) classified at the Indicated Mineral Resources Category. The Resource comprises a Channel Iron Deposit (CID) occupying a surface area of 2.0 km by 2.5 km. A minor component consists of Detrital Iron Deposit (DID) style mineralisation.

**Table 1: Mineral Resource Estimate for Hamersley Iron Project**

Resource	Type	Mt	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	CaFe %
Indicated	Channel	42.6	55.2	10.9	5.5	0.04	3.6	57.3
Inferred	Detrital	24.3	46.4	24.8	5.2	0.03	2.5	47.6
Inferred	Channel	276.3	55.3	9.7	4.4	0.04	6.3	58.9
<b>Total Resource</b>		<b>343.2</b>	<b>54.5</b>	<b>10.9</b>	<b>4.6</b>	<b>0.04</b>	<b>5.7</b>	<b>57.9</b>

Notes: 1: Calcined Fe (CaFe) calculated by the formula  $\text{CaFe\%} = \left[ \frac{(\text{Fe\%})}{100 - \text{LOI}} \times 100 \right] \times 100$   
 2: Channel Iron Deposit mineralisation reported at a 52% Fe cut-off grade.  
 3: Detrital Iron Deposit Mineralisation reported at a 40% Fe cut-off grade.  
 4: The Mineral Resource Estimate was prepared and first disclosed on 22 May 2013 under JORC Code 2004. It has not been updated since then to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

In October 2013, Winmar announced the results of metallurgical test work provided confidence that the resource can be beneficiated through dry crushing and screening, or through additional de-sliming of the material to further upgrade the product - the test work demonstrated that the CID grade is significantly higher and more consistent than previously reported with simple dry crushing and screening of the RC chip samples producing an average grade of 58.5% FE (59.9% CaFe). The main gangue constituents are silica and alumina which average about 13% in total, with all other impurities low. Composite samples were additionally wet screened and the size fractions assayed to assess the upgrade potential of a de-sliming operation. The Fe grade increased by between 1.4% and 2.4%, and silica and alumina decreased by about 2% for cut sizes of 45 microns and above.

In July 2014 the Company announced the results of the Transport Infrastructure study conducted by AECOM Australia Limited. The study confirmed the viability of transporting iron ore from mine gate to port which included a combination of existing and new road and rail infrastructure and also the ability of the Company to negotiate with 3<sup>rd</sup> party infrastructure owners.

The Company suspended all work on the Project (due to a significant fall in the iron ore price) in 2016 in order to pursue opportunities in other commodities.

**INTERESTS IN MINING TENEMENTS AS AT 31 MARCH 2019**

Project	Lease	Commodity	Location	Interest
Hamersley <sup>^</sup>	M47/1450	Iron Ore	Western Australia	70%
Bloom Lake	104745, 127877, 127878, 127996, 139341, 148437, 155882, 171868, 172508, 174025, 174026, 174664, 175693, 185034, 191344, 191345, 191346, 192000, 220645, 220646, 220647, 221266, 221267, 228597, 228598, 228599, 229223, 240761, 243759, 248051, 248708, 251792, 251793, 251794, 263279, 270531, 287182, 287806, 287807, 287808, 295314, 295940, 307414, 307415, 308044, 308045, 308046, 325074, 325202, 335540, 336173	Cobalt-Silver	Ontario, Canada	100%
United Reef <sup>*</sup>				0%
Calcite Lake <sup>*</sup>				0%

<sup>^</sup> Winmar's interest in the Hamersley Iron Ore Project is by way of an unincorporated joint venture with Lockett Fe Pty Ltd, a subsidiary of Cazaly Resources Ltd.

<sup>\*</sup> Winmar has elected to withdraw from the option agreement over United Reef and Calcite Lake Project claims

**For further information, please contact:**

Mr Jason Brewer  
**Chairman**  
 Winmar Resources Limited

### **Competent Person Statement**

The geological related information in this report has been extracted from previous ASX announcements made by the Company available on the Company's website at [www.winmarresources.com.au](http://www.winmarresources.com.au) and on ASX. The Company is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

### **Forward looking statements**

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

WINMAR RESOURCES LIMITED

### ABN

80 085 905 997

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(18)	(102)
(b) development	-	-
(c) production	-	-
(d) staff costs	(22)	(473)
(e) administration and corporate costs	(68)	(718)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	11
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other		
- GST Refunds	19	64
- Miscellaneous	-	36
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(88)</b>	<b>(1,183)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	20	20
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Future capital raising)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>20</b>	<b>1,020</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	184	279
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(88)	(1,183)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20	1,020
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>116</b>	<b>116</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	116	184
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)		-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>116</b>	<b>184</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
5
-

The payments made to directors of the entity and their associates reported at 6.1 relate wholly to director' fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>60</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil	-	-	-

Note: refer Quarterly Activities Report for table of tenement holdings

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director)

Date: 8 July 2019

Print name: Michael Fry

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.