ASX ANNOUNCEMENT

1 December 2016

Update on Lomero gold-silver-copper-zinc project, Spain

HIGHLIGHTS

- First drill programme at Lomero re-scheduled for January 2017.
- Previous DHEM data modelled and results used to refine drill targets.
- Resource consultants contracted to prepare a new Lomero resource model.

Winmar Resources Ltd (**Winmar**) (ASX: WFE) wishes to provide investors with an update on its progress on the Lomero gold-silver-copper-zinc deposit in southern Spain.

Winmar has been working to (a) resolve two issues that have impeded the start of drilling, (b) optimise the targeting of the proposed drillholes by acquiring and modelling down-hole electromagnetic (DHEM) data, and (c) prepare a new resource model ahead of a revised resource estimation.

Drilling preparations progressed

On 15 September, Winmar announced that it had brought forward its first drilling on the Lomero project by including four step-out diamond drill holes within its Year 1 work plan, which it had lodged that day with the Andalucian government mining authority. Approval for the drilling was expected to take up to two months, the maximum time period allowable under Spanish law. Accordingly, in its announcement the Company estimated that drilling would commence in late November.

On 13 November, two days before the two month limit, the mining authority notified the Company's representatives of certain deficiencies within the work plan and the need for additional details, principally regarding the safety contracts.

Managing Director Rod Sainty has arrived in Seville and will seek to finalise the outstanding arrangements with the mining authority and landowner in face to face meetings within the coming week. The mining authority has indicated to our representatives that it will review the revised documentation within a shortened timeframe.

Winmar will confirm these drilling arrangements are in place in a subsequent announcement.

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DHEM conductor identified and modelled

To optimise the targeting of the forthcoming drilling, Winmar recently sought and acquired the original digital datasets from the DHEM (down-hole electromagnetic) surveys undertaken within three deeper drill holes completed in 2003. In practical effect, DHEM surveys extend the search radius of a hole outwards up to circa 100m. Electrically conductive responses (perhaps originating from metallic massive sulphide) are evident in the field plots, however, it appears that the DHEM data was never properly modelled to identify the extent and orientation of the conductive responses. Winmar contracted a highly experienced Australian geophysical consultancy to undertake that modelling.

The consultant's preliminary report indicates that an electrically conductive sheet, which may correspond to an extension of the massive sulphide deposit, extends down-dip and westwards from two holes located beneath the eastern end of the Lomero massive sulphide body. The conductive sheet defined by the modelling is not well-constrained, however, the results are considered sufficiently reliable - and encouraging - to revise the positions of two of the four drill targets.

Resource consultants contracted to prepare new resource model

Winmar recently contracted two independent resource geologists to prepare and update a new resource model for Lomero, in accordance with ASX listing rules that require Winmar to establish and publish its own resource estimation during 2017. The resource consultants are Sydney-based and undertake resource studies for a range of small to medium resource companies.

Further updates will follow.

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