



**WINMAR RESOURCES**  
— LIMITED —

ABN 80 085 905 997

**HALF YEAR FINANCIAL REPORT**

**31 DECEMBER 2018**

# **WINMAR RESOURCES LIMITED**

## **CORPORATE INFORMATION**

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### **DIRECTORS**

Mr Jason Brewer                              Non-executive Chairman  
Mr Richard Lloyd                             Non-executive Director

### **COMPANY SECRETARY**

Mr Michael Pitcher

### **REGISTERED AND PRINCIPAL OFFICE**

Ground Level, 20 Kings Park Road  
West Perth WA 6005  
Telephone (08) 6462 1421  
Website [www.winmarresources.com.au](http://www.winmarresources.com.au)

### **POSTAL ADDRESS**

PO Box 1024  
West Leederville WA 6007

### **AUDITORS**

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

### **SHARE REGISTER**

Boardroom Pty Limited  
Level 12,  
225 George Street  
Sydney, NSW, 2000  
Telephone: 1300 737 760  
Facsimile: (02) 9279 0664

Winmar Resources Limited shares are listed on the Australian Securities Exchange (ASX)

<b>ASX Code</b>	WFE
<b>ACN</b>	085 905 997
<b>ABN</b>	80 085 905 997

In this report, the following definitions apply:

“**Board**” means the Board of Directors of Winmar Resources Limited

“**Winmar**” or the “**Company**” means Winmar Resources Limited ABN 80 085 905 997

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# **WINMAR RESOURCES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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Your directors submit the financial report of the Company for the half year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

#### **DIRECTORS**

The directors of the Company at any time during or since the end of the half-year are:

Mr Jason Brewer	<i>Non-Executive Director and Chairman</i>
Mr Richard Lloyd	<i>Non-Executive Director (appointed 1 November 2019)</i>
Mr Thomas Durr	<i>Non-Executive Director (resigned 12 February 2020)</i>
Mr Michael Fry	<i>Non-Executive Director (resigned 1 November 2019)</i>

#### **REVIEW OF OPERATIONS**

The Hamersley Iron Project is the principal undertaking of the Company, however given the prevailing market conditions in the iron ore sector, the main focus of the Company during the half year ended 31 December 2018 has been in pursuing opportunities in cobalt and implementing a cobalt strategy.

In July 2018 the Company announced that it had executed a Heads of Agreement to acquire a 50% interest in Luapula Processing Facility (**the Facility**) located in Democratic Republic of Congo (**DRC**), and a separate Heads of Agreement to acquire a portfolio of exploration licenses located near to the Facility prospective for copper and cobalt mineralisation (the **Proposed Acquisitions**).

The Australian Stock Exchange (**ASX**) determined that the Proposed Acquisitions constituted a significant change in the nature and scale of activities of the Company and that it 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 Proposed Acquisitions.

As a consequence, during the half year, the majority of the Company's resources have been directing at satisfying ASX in order to complete the Proposed Acquisitions.

In October 2018, at ASX's request, the Company completed an application for in-principle advice (**Application**) setting out the key terms of the Proposed Acquisitions, the material arrangements, the terms of the proposed associated capital raising and proposed capital structure.

In November 2018, ASX responded to the Application advising that ASX has various concerns that were the Company 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. And, that even were the Company to satisfy those concerns, admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons.

The Company continues to work with its advisors to satisfy ASX in relation to its concerns and for that reason the Company will continue to seek to re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to complete the Proposed Acquisitions.

An overview of the Proposed Acquisitions is as follows.

##### **a. Luapula Processing Facility**

The Facility is located on the outskirts of the DRC Copperbelt town of Likasi, 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**).

# WINMAR RESOURCES LIMITED DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



Figure 1: Location Map - Facility



Figure 2: Aerial photo - Luapula Processing Facility

The Facility was constructed in 2014 at a reported cost of US\$80m and initially operated to produce a predominantly copper hydroxide concentrate product for sale into domestic and international markets. At the time, 100% of the ore feed to the Facility was being purchased from third parties, including local Congolese mining companies and co-operatives.

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

In May 2018, DRC based metallurgical consultants Groupe EJKK (**EJKK**) completed an independent audit and assessment of the Facility which confirmed the Facility's operating capabilities and robust technical fundamentals. The report also estimated the capital costs to recommence operations as being approximately US\$500,000 and a 4 to 6 month timetable to complete the recommended capital upgrades necessary to commence production of high-grade cobalt hydroxide product.

On 22 January 2020, the Company advised that it had received a response from ASX in regards to the Company's in-principal applications made in October 2019 and November 2019 to acquire the Facility. ASX advised that "there is a significant likelihood that [Winmar] would fail to meet ASX's requirements for admission, were it to proceed with its application" and furthermore that "under Listing Rule 1.19, admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons." ASX further advised that should the Company seek to proceed with an application for admission despite this advice, its application will be formally considered under ASX's admission discretion. As a result of the response from ASX, the Company advised shareholders that it will not be proceeding with the acquisition of the Facility.

## **b. Exploration Licenses**

Pursuant to an executed Heads of Agreement, Winmar may acquire a 100% interest in 5 granted and contiguous Exploration Licenses located in the DRC Copperbelt and in close proximity to the Facility.

The Company has elected not to proceed with the acquisition of these licenses.

Also during the half year the Company continued to advance its Bloom Lake Cobalt Project:

### ***Bloom Lake Cobalt Project***

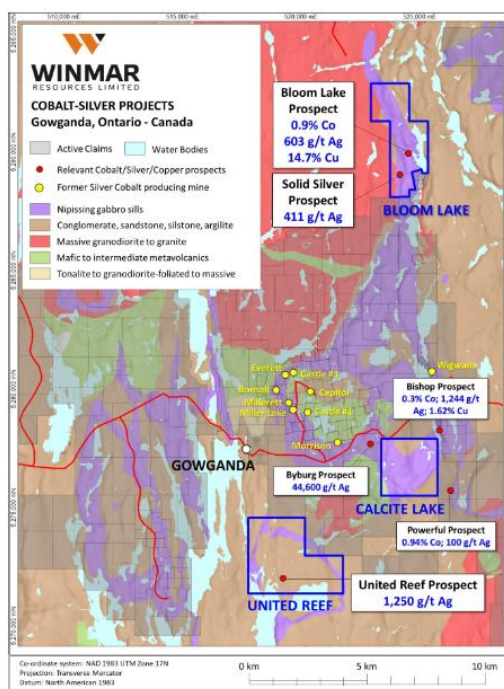
#### Overview

In December 2017, Winmar secured through an agreement with CBLT Inc. (TSXV: CLBT), three blocks of mining claims, referred to as Bloom Lake, Calcite Lake and United Reef, considered prospective for cobalt mineralisation and located in the historic high-grade silver-cobalt mining district of Cobalt-Gowganda in north-eastern Ontario, Canada.

# WINMAR RESOURCES LIMITED

## DIRECTORS' REPORT

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2018



**Figure 3:** Location Map – Bloom Lake Project

In January 2018, Winmar completed the acquisition of the Bloom Lake Project and entered into a 12-month option to acquire either or both of the United Reef and Calcite Lake projects, which in December 2018 Winmar exited from.

The Bloom Lake Project comprises 51 individual claims and is located peripheral to a cluster of former high-grade silver-cobalt mines which operated from 1910 to 1989 and where historic production from this region in the period up to 1969 is reported as having been 60.2 million ounces of silver and 1.3 million pounds of cobalt.

#### Work during the half-year

In July 2018, Winmar completed Phase 1 of its Exploration Program at Bloom Lake Cobalt Project consisting of mapping and sampling. In total, 33 samples were collected from both bedrock and from loose material proximal to historic trenches, adits and shafts.

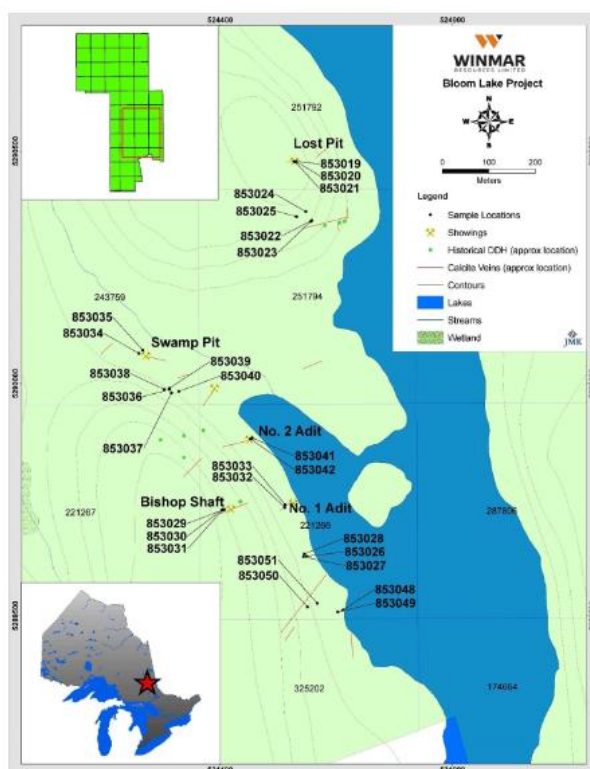
In August 2018, Winmar received the assay results of its sampling program which evidence high-grade copper-cobalt mineralisation with anomalous gold and nickel.

Better 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
- 5.18% Nickel - Sample ID 853052

The locations of the samples taken are shown in the map below.

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DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**



**Figure 4:** Location Map: Bloom Lake Phase 1 reconnaissance sampling plan

The results of Phase 1 are being utilised in the planning of Phase 2 of the Cobalt exploration program, where the Company's technical consultants work are focused on the identification and prioritisation of several of the 51 mining claims that would be the focus on this program.

The Company also retains an interest in the Hamersley iron Ore Project:

***Hamersley Iron Ore Project***

Overview

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: JORC (2004) Mineral Resource Estimate for Hamersley Iron Project**

Resource	Type	Mt	Fe %	SiO2 %	Al2O3 %	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  $café\% = [(Fe\%)/100 - LOI / 1000] * 100$
  - 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.

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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.

#### Work during the half-year

Throughout the half year, Winmar maintained the mining lease and monitored developments and opportunities within the region.

Late in the half year period, the Company commenced a technical due diligence review process with a major global iron ore company in respect to a potential joint venture development transaction or possible acquisition transaction of all or part of the Company's interest in the Hamersley Iron Ore Project. As at the date of this report, this due diligence review process is ongoing.

Subsequent to the end of the half year, there has been a sharp price rise in the spot price for iron ore and this has led to a decision to undertake a thorough review of Hamersley Iron Ore Project in order to seek out opportunities to advance development studies further and seek to realise value for shareholders.

As a result of rise in the iron ore price and market, the Company has subsequent to the end of the half year been working with a number of technical consultants to review a number of the previously completed technical reports and studies. This review work will assist the Company in planning its next phase of exploration and pre-feasibility and feasibility study work to be commenced.

This work has been focused on the following:

1. Completing an updated JORC (2012) Compliant Resource;
2. Reviewing and updating the 2014 Hamersley Iron Project Mine Gate Scoping Study;
3. reviewing the 2014 Transport Infrastructure Scoping Study for the Hamersley Iron Ore Project; and
4. updating and reviewing the metallurgical and mineral processing aspects of the project in respect to the proposed initial 2Mtpa dry Direct Shipping Ore Product and expansion to a wet Beneficiated Fines Ore (BFO) Processing Operation at the Hamersley Iron Ore Project.

In early 2020, the Company announced the results of an independent review of previous Mineral Resource JORC Code (2004) estimate reported by Runge Pinnock Minarco Limited. This work also included an independent review and audit of all the QAQC procedures for the historic drilling, sampling and assaying work completed to ensure compliance with JORC Code (2012), and independent re-modelling of the historical drilling, sampling and assay data to validate previous Mineral Resource estimate and to allow a Mineral Resource estimate to be reported in accordance with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"(JORC Code 2012).



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DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

*Table 2: JORC (2012) Mineral Resource Estimate for Hamersley Iron Project*

INDICATED MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO2	Al2O3	P	LOI	CaFe <sup>1</sup>
	Mt	%	%	%	%	%	%
Channel (CID) <sup>2</sup>	42.6	55.2	10.9	5.5	0.0	3.6	57.3
Total	42.6	55.2	10.9	5.5	0.0	3.6	57.3

INFERRED MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO2	Al2O3	P	LOI	CaFe <sup>1</sup>
	Mt	%	%	%	%	%	%
Detrital (DID) <sup>3</sup>	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID) <sup>2</sup>	276.3	55.2	9.7	4.4	0.0	6.3	58.9
Total	300.6	54.5	10.9	4.4	0.0	6.0	58.0

TOTAL MINERAL RESOURCE (JORC 2012)							
Mineralisation Type	Tonnes	Fe	SiO2	Al2O3	P	LOI	CaFe <sup>1</sup>
	Mt	%	%	%	%	%	%
Detrital (DID)	24.3	46.4	24.8	5.2	0.0	2.5	47.6
Channel (CID)	318.9	55.2	9.8	4.5	0.0	5.9	58.7
Total	343.2	54.5	10.9	4.6	0.0	5.7	57.9

Notes: 1: Calcined Fe (CaFe) calculated by the formula  $CaFe \% = [(Fe\%)/100 - LOI / 1000] * 100$

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.

Table 1: JORC Code 2012 Mineral Resource Estimate for the Hamersley Iron Project

# **WINMAR RESOURCES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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#### **FINANCIAL POSITION**

The company made a loss for the half-year of \$3,052,322 (2017: loss of \$831,600). At balance date, capitalised exploration costs totalled \$5,980,646 (30 June 2018: \$5,925,326). Cash reserves were \$188,125 (30 June 2018: \$950,100); representing a decrease of \$761,975.

#### **CORPORATE ACTIVITIES**

On 9 July 2018, 25,000,000 unlisted options having an exercise price of \$0.03 per option and expiring 30 June 2020 were issued to Sixty Two Capital Pty Ltd in connection with services provided as Lead Arranger for the March 2018 Placement, as approved by the Company's shareholders at the Extraordinary General Meeting held on 20 June 2018;

On 23 July 2018, the Company announced that it had executed a Heads of Agreement to acquire a 50% interest in Luapula Processing Facility located in DRC, and a separate Heads of Agreement to acquire a portfolio of exploration licenses located near to the Facility prospective for copper and cobalt mineralisation and the intention to undertake a capital raising to fund the acquisitions by way of private placement to raise \$8.0 million by way of the issue of 333,333,333 new shares at the price of \$0.024 (2.4 cents) per share.

In July 2018, Winmar received advice from the Australian Securities Exchange that the Acquisitions and associated Capital Raising constituted a change in nature and scale of the Company's activities and that they triggered the application of ASX Listing Rule 11.1.3 necessitating Shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As at the date of this report, the Company is in the process of undertaking these requirements.

On 13 August 2018, Winmar issued 100,000,000 fully paid ordinary shares pursuant to a Conditional Placement announced to ASX on 27 March 2018 to fund the DRC Cobalt Strategy, as approved by the Company's shareholders at the Extraordinary General Meeting held on 20 June 2018; with the shares to remain under Trading Lock as instructed by, and at the discretion of, ASX.

Also on 13 August 2018, Winmar issued 100,000,000 performance rights granted as part-consideration for acting as strategic adviser for previous and future capital raising and transaction support, as approved by the Company's shareholders at the Extraordinary General Meeting held on 20 June 2018; with the performance rights to remain under Trading Lock as instructed by, and at the discretion of, ASX.

On 30 August 2018, Winmar announced the appointment of Michael Fry as Company Secretary replacing Nicola Butteridge.

On 12 September 2018, Winmar announced that it had appointed international consulting group Kumi Consulting Ltd to oversee a responsible and ethical cobalt production strategy for Winmar subject to Winmar completing its proposed acquisitions of a 50% interest in the Luapula Processing Facility located in DRC, and a portfolio of exploration licenses located near to the Facility prospective for copper and cobalt mineralisation.

On 20 September 2018, Winmar issued 100,000,000 fully paid ordinary shares pursuant to a Conditional Placement announced to ASX on 27 March 2018 to fund the DRC Cobalt Strategy, as approved by the Company's shareholders at the Extraordinary General Meeting held on 20 June 2018; with the shares to remain under Trading Lock as instructed by, and at the discretion of, ASX.

On 18 October 2018, Winmar entered into loan facility agreements arranged by Sixty Two Capital Pty Ltd with four investors for an aggregate amount of \$750,000. The loans bear interest at a rate of 10% p.a. and a facility fee of 20% from the total loan payable. The loan is repayable in full within 10 days following re-instatement to trading of the Company on the ASX and may be repaid in shares at the discretion of the Company.

On 29 October 2018, Winmar issued its Notice of Annual General Meeting.

On 30 November 2018, Winmar held its Annual General Meeting and all resolutions were carried on a show of hands including a resolution relating to the replacement of the constitution.

On 27 December 2018, Winmar announced that it had elected to withdraw from the options to acquire the Calcite Lake and United Reef Cobalt Projects.

# WINMAR RESOURCES LIMITED

## DIRECTORS' REPORT

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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#### EVENTS SUBSEQUENT TO REPORTING DATE

The Company's securities remain suspended from trading on the Australia Stock Exchange pending the re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

On 5 March 2019 the restricted cash balance of \$1,027,985 received for the intended capital raising to acquire the Facility was returned to participants who had advanced it to the Company. Restricted cash balances were reduced to zero and the current liabilities were reduced by \$1,027,985 following this repayment.

On 1 November 2019, Mr Michael Fry resigned as Non-Executive Director and Company Secretary. On the same date Mr Richard Lloyd was appointed Non-Executive Director and Mr Michael Pitcher was appointed Company Secretary.

On 26 November 2019, Cape Lambert Resources Limited lodged an application for forfeiture against the M47/1450 alleging non-compliance with the minimum expenditure obligations imposed under the *Mining Act 1978 (WA)* (**Mining Act**) for the year ending 2019.

On 20 December 2019, the Company lodged with the Western Australian Department of Mines, Industry Regulation and Safety its annual statutory expenditure report in relation to M47/1450, reporting expenditure in excess of the minimum expenditure obligations and in compliance with the Mining Act. The Company considers the application by Cape Lambert Resources Limited is without merit and the proceedings before the Mining Warden will be defended accordingly. The application is not expected to have any impact on the Company's ongoing work programs.

On 22 January 2020, the Company advised that it had received a response from ASX in regards to the Company's in-principal applications made in October 2019 and November 2019 to acquire the Facility. ASX advised that "*there is a significant likelihood that [Winmar] would fail to meet ASX's requirements for admission, were it to proceed with its application*" and furthermore that "*under Listing Rule 1.19, admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons.*" ASX further advised that should the Company seek to proceed with an application for admission despite this advice, its application will be formally considered under ASX's admission discretion. As a result of the response from ASX, the Company advised shareholders that it will not be proceeding with the acquisition of the Facility.

On 12 February 2020, Mr Thomas Durr resigned as Non-Executive Director of the Company. As at the date of this report, the Company is still in the process of identifying a new board member, who will be able to assist the Company as it progresses its re-listing on the ASX and its exploration activities at the Hamersley Iron Project in Western Australia and the Bloom Lake Cobalt Project in Canada.

On 31 January 2020 the Company entered into a Convertible Note Deed with 62 Capital Pty Ltd and Markovic Family Pty Ltd each for \$125,000. The purpose of which is to drawdown on the loan to pay existing creditors and general working capital requirements. The principal sum is repayable in 12 months plus accrued interest at the rate of 10% per annum. The Notes may be converted into shares in whole or in part at the discretion of the noteholder.

On 9 March 2020 the Company signed a total of \$80,000 loan facilities to be re-paid in 12 months at an interest rate of 10% per annum to provide immediate cash to provide working capital requirements to meet its minimum expenditure commitments. This facility is repayable within 12 months and may be convertible to shares at the discretion of the company.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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DIRECTORS' REPORT  
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**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the Directors' Report and is included on page 13.

This report is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Jason Brewer', is positioned above the printed name and title.

**Jason Brewer**  
**Chairman**  
13 March 2020

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Winmar Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
13 March 2020

**B G McVeigh**  
Partner

**h**l**b.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**WINMAR RESOURCES LIMITED**  
**CONDENSED STATEMENT OF PROFIT OR LOSS & OTHER**  
**COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018	31 Dec 2017
	\$	\$
<b>Continuing Operations</b>		
Other income	2,583	1,676
Compliance and regulatory expenses	(54,711)	(84,267)
Consulting and professional fees	(499,885)	(85,969)
Employee benefits expense	(73,000)	(271,915)
Impairment of exploration assets	-	(363,531)
Impairment of other receivables	(2,086,086)	-
Share based payments	(141,193)	-
Other expenses	(208,110)	(28,515)
<b>Results from operating activities</b>	<b>(3,060,402)</b>	<b>(832,521)</b>
Finance income	9,573	921
Finance expense	(1,493)	-
<b>Net finance income</b>	<b>8,080</b>	<b>921</b>
<b>Loss for the period before income tax</b>	<b>(3,052,322)</b>	<b>(831,600)</b>
Income tax expense	-	-
<b>Loss for the period from continuing operations attributable to members of the Company</b>	<b>(3,052,322)</b>	<b>(831,600)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period attributable to members of the Company</b>	<b>(3,052,322)</b>	<b>(831,600)</b>
<b>Loss per share</b>		
Basic loss per share (cents per share)	<b>(0.12)</b>	(0.05)
Diluted loss per share (cents per share)	<b>(0.12)</b>	(0.05)

*The above statement of comprehensive income is to be read in conjunction with the accompanying notes.*

**WINMAR RESOURCES LIMITED**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		31 Dec 2018	30 Jun 2018
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	188,125	950,100
Restricted cash and cash equivalents	4	1,027,985	-
Trade and other receivables	5	134,969	113,112
<b>Total current assets</b>		<b>1,351,079</b>	<b>1,063,212</b>
<b>Non-current assets</b>			
Environmental Bond		-	13,460
Prepayments	6	6,816	714,515
Exploration and evaluation	7	5,980,646	5,925,326
<b>Total non-current assets</b>		<b>5,987,462</b>	<b>6,653,301</b>
<b>Total assets</b>		<b>7,338,541</b>	<b>7,716,513</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	1,142,240	272,272
Employee entitlements		-	86,811
<b>Total current liabilities</b>		<b>1,142,240</b>	<b>359,083</b>
<b>Non-current liabilities</b>			
Loans payable	9	750,000	-
<b>Total non-current liabilities</b>		<b>750,000</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,892,240</b>	<b>359,083</b>
<b>Net assets</b>		<b>5,446,301</b>	<b>7,357,430</b>
<b>Equity</b>			
Issued capital	10	45,941,902	45,005,027
Reserves		204,318	-
Accumulated losses		(40,699,919)	(37,647,597)
<b>Total equity</b>		<b>5,446,301</b>	<b>7,357,430</b>

*The above statement of financial position is to be read in conjunction with the accompanying notes.*

**WINMAR RESOURCES LIMITED**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	31 Dec 2018 \$	31 Dec 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,748,488)	(443,257)
GST Received		45,178	3,491
Interest received		9,573	921
Interest paid		(1,493)	-
<b>Net cash flows used in operating activities</b>		<b>(1,695,230)</b>	<b>(438,845)</b>
<b>Cash flows from investing activities</b>			
Purchase for exploration and evaluation		(55,320)	(212,399)
<b>Net cash flows used in investing activities</b>		<b>(55,320)</b>	<b>(212,399)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,000,000	552,205
Receipt of funds for shares yet to be issued		943,985	-
Proceeds from borrowings		750,000	-
Loss of control over funds in trust	5	(677,425)	-
Share issuing costs		-	(32,247)
<b>Net cash flows from financing activities</b>		<b>2,016,560</b>	<b>519,958</b>
Net increase/(decrease) in cash and cash equivalents		266,010	(131,286)
Cash and cash equivalents at beginning of period		950,100	478,498
<b>Cash and cash equivalents (including restricted cash) at end of period</b>	3	<b>1,216,110</b>	<b>347,212</b>

*The above statement of cash flows is to be read in conjunction with the accompanying notes.*



**WINMAR RESOURCES LIMITED**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Issued Capital	Share based payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>45,005,027</b>	-	<b>(37,647,597)</b>	<b>7,357,430</b>
Comprehensive loss for the period	-	-	(3,052,322)	(3,052,322)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(3,052,322)</b>	<b>(3,052,322)</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the period	1,000,000	-	-	1,000,000
Performance rights	-	141,193	-	141,193
Share options	-	63,125	-	63,125
Capital Raising Costs	(63,125)	-	-	(63,125)
<b>Balance at 31 December 2018</b>	<b>45,941,902</b>	<b>204,318</b>	<b>(40,699,919)</b>	<b>5,446,301</b>
<b>Balance at 1 July 2017</b>	<b>42,436,362</b>	-	<b>(36,048,281)</b>	<b>6,388,081</b>
Comprehensive loss for the period	-	-	(831,600)	(831,600)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(831,600)</b>	<b>(831,600)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares	-	-	-	-
Capital Raising Costs	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>42,436,362</b>	<b>-</b>	<b>(36,879,881)</b>	<b>5,556,481</b>

*The above statement of changes in equity is to be read in conjunction with the accompanying notes.*

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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# **WINMAR RESOURCES LIMITED**

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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#### **1. CORPORATE INFORMATION**

Winmar Resources Limited ("Winmar" or the "Company") is a company domiciled in Australia. The address of the Company's registered office is Ground Floor, 20 Kings Park Road, West Perth, WA 6005.

The company is a for-profit entity and is primarily involved in investing in mineral exploration assets in the Gowganda region of Canada and in the Pilbara Region of Western Australia, and the conduct of exploration activities on those assets.

#### **2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

The condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") including AASB134 Interim Financial Reporting.

The condensed financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

##### **2.1 Basis of Preparation**

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The Company's functional currency is Australian dollars.

The principal accounting policies and methods of computation adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **2.2 Going Concern Basis**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company incurred an operating loss for the half year of \$3,052,322 (2017: loss \$831,600) and incurred net cash outflows from operating activities of \$1,695,230 (2017: outflows of \$438,845). Cash and cash equivalents excluding restricted cash as at 31 December 2018 were \$188,125 (30 June 2018: \$950,100).

The Company is currently undertaking a re-compliance with Chapters 1 and 2 of the Australian Stock Exchange (ASX) Listing Rules and a re-listing on ASX. As part of this process the Company intends to complete a capital raising to provide working capital to and to fund its future operating activities on its Hamersley Iron Project.

The company notes the \$750k shareholder loan facility (refer note 9) is repayable 10 days following reinstatement, but can be converted to equity at the company's discretion.

Whilst the directors are confident of the Company's ability to raise capital as and when required, there is no guarantee of the success of any future capital raising activities. Accordingly, there is a material uncertainty that may cast significant doubt as to whether the company will be able to raise sufficient capital to enable it to continue to meet its minimum expenditure commitments and to meet ongoing corporate operating costs, and therefore whether the Company will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The company has also entered into the following loan facilities:

- On 31 January 2020 the Company entered into a Convertible Note Deed with 62 Capital Pty Ltd and Markovic Family Pty Ltd each for \$125,000. The purpose of which is to drawdown on the loan to pay existing creditors and general working capital requirements. The principal sum is repayable in 12 months plus accrued interest at the rate of 10% per annum. The Notes may be converted into shares in whole or in part at the discretion of the noteholder.

# **WINMAR RESOURCES LIMITED**

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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- On 9 March 2020 the Company signed a total of \$80,000 loan facilities to be repaid in 12 months at an interest rate of 10% per annum to provide immediate cash to provide working capital requirements to meet its minimum expenditure commitments.

#### **2.3 Use of Estimates and Judgements**

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key estimates and assumption that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3 – Exploration and evaluation

The Company's policy for exploration and evaluation is discussed in Note 2.10 at the 30 June 2018 Annual Report. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the profit or loss. The carrying amount of exploration and evaluation is disclosed in Note 7.

#### **2.4 Significant accounting policies**

The accounting policies applied by the Company in the interim financial statements are the same as those applied by the Company in its financial statements for the year ended 30 June 2018, except for the matters outlined in section 2.5 below.

#### **2.5 Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group operations and effective for annual reporting periods beginning on or after 1 July 2018, specifically AASB9 Financial Instruments and AASB15 Revenue from Contracts with Customers.

It has been determined by the Directors that there is no material impact of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

- *AASB 9 Financial Instruments*

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company has assessed the potential impact on its financial statements resulting from the application of AASB 9 and has determined that impact to be immaterial.

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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- *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company has assessed the potential impact on its financial statements resulting from the application of AASB 15 and has determined that impact to be minimal as the Company is not generating revenues.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018 specifically AASB 16 Leases. As a result of this review the Directors have determined that there is no material impact of the new and revised standards and interpretations on its business and therefore, no change is necessary to group accounting policies.

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018	30 Jun 2018
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	188,125	866,100
<b>Cash and cash equivalents</b>	<b>188,125</b>	<b>866,100</b>
<i>Reconciliation to cash flow statement</i>		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	182,672	183,221
Restricted cash (refer Note 4)	1,027,985	84,000
Cash held in trust <sup>(1)</sup>	5,453	682,879
<b>Cash for reconciliation of cash flow statement</b>	<b>1,216,110</b>	<b>950,100</b>
1. During the year ended 30 June 2018, an amount of US\$500,000 was transferred to the Company's DRC lawyer - Pelesa & Associates Law Firm, to be held in trust for the future acquisition of mining licenses located in the DRC Copperbelt. The Company subsequently has elected not to proceed with the acquisition of the mining licenses and is seeking recovery of those funds from its DRC lawyer (refer note 5).		
<b>4. RESTRICTED CASH AND CASH EQUIVALENTS</b>		
Restricted cash at bank and in hand <sup>(1)</sup>	1,027,985	-
<b>Restricted cash and cash equivalents</b>	<b>1,027,985</b>	<b>-</b>
1. Restricted cash relates to funds received for an intended capital raising as announced by the Company on 22 July 2018. The funds are required to be returned to the investors in the event that the proposed capital raising does not progress or fails to meet minimum subscription, or in the event that the investors requests for the funds to be returned prior to shares being issued. Subsequent to the end of the reporting date, the capital raising was terminated and an amount of \$978,000 has been returned to the investors.		
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Other receivables	2,200,777	100,020
GST receivables	20,278	13,092
Impairment of trade and other receivables <sup>(1)</sup>	(2,086,086)	-
<b>Total current trade and other receivables</b>	<b>134,969</b>	<b>113,112</b>
<b>Allowance for impairment loss</b>		
Balance at 1 July 2018	-	-
Charge for the half year	2,086,086	234,004
Utilised	-	(234,004)
<b>Balance at 31 December 2018</b>	<b>2,086,086</b>	<b>-</b>

1. The amount of impairment of trade and other receivables includes impairments of the following receivables:
- As referred to in Note 3 above, an amount of US\$500,000 was transferred to the Company's DRC lawyer - Pelesa & Associates Law Firm, to be held in trust for the future acquisition of mining licenses located in the DRC Copperbelt. The Company subsequently elected not to proceed with the acquisition of the mining licenses and is seeking recovery of those funds from its DRC lawyer. The Company accepts that certain costs have been incurred in respect of the licenses during the holding period which the Company has agreed to cover to the extent that they are reasonable. The Company and Pelesa & Associates Law Firm are in dispute as to what are reasonable costs. As a consequence, the Company has fully impaired the amount advanced at 31 December 2018 resulting in an impairment expense of \$677,425.

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

- b. Pursuant to 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 (DRC), Winmar paid an initial amount of US\$500,000 (AU\$694,515) pursuant to the terms of acquisition (Luapula Acquisition). During the six months to 31 December 2018 Winmar paid a further AU\$714,145 to African Holding Investment Company Limited (AHIC) to secure the joint venture agreement to operate the existing Luapula Processing Facility.

Subsequently, Winmar received advice from the Australian Securities Exchange that the Luapula Acquisition and associated Capital Raising constituted a change in nature and scale of the Company's activities and that they triggered the application of ASX Listing Rule 11.1.3; necessitating Shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As at the date of this report, the Company has elected not to proceed with the joint venture and the Company will endeavor to recover these funds. As a consequence, the Company has fully impaired the amount paid at 31 December 2018 resulting in an impairment expense of \$1,408,660.

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
<b>6. PREPAYMENTS</b>		
Cobalt Project DRC - Acquisition costs	-	694,515
Calcite Lake and United Reef Canada project	-	20,000
Insurances	6,816	-
<b>Total prepayments</b>	<b>6,816</b>	<b>714,515</b>

*Cobalt Project DRC*

Pursuant to 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 (DRC), Winmar paid an initial amount of US\$500,000 (AUD\$694,515) pursuant to the terms of acquisition (Luapula Acquisition).

Subsequently, Winmar received advice from the Australian Securities Exchange that the Luapula Acquisition and associated Capital Raising constituted a change in nature and scale of the Company's activities and that they triggered the application of ASX Listing Rule 11.1.3; necessitating Shareholder approval and re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As a consequence the Company has elected not to proceed with the joint venture and have transferred the prepayment to receivable for the half year end 31 December 2018 (refer note 5).

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018	30 Jun 2018
	\$	\$
<b>7. EXPLORATION AND EVALUATION</b>		
<b><i>Hamersley Iron Ore Project</i></b>		
Exploration and evaluation phases - at cost	9,768,266	9,726,559
Less impairment	(3,915,731)	(3,915,731)
<b>Net carrying amount Hamersley Iron Ore Project</b>	<b>5,852,535</b>	<b>5,810,828</b>
<b><i>Bloom Lake Copper-Cobalt Project</i></b>		
Acquisition cost	100,000	100,000
Exploration and evaluation phases - at cost	28,111	14,498
<b>Net carrying amount DRC Cobalt Project</b>	<b>128,111</b>	<b>114,498</b>
<b>Net carrying amount exploration and evaluation phases</b>	<b>5,980,646</b>	<b>5,925,326</b>
<b>Reconciliation of carrying amounts</b>		
Balance at 1 July	5,925,326	5,762,823
Exploration expenditure capitalised during the period	55,320	289,889
Provision for impairment during the period	-	(127,386)
<b>Balance at end of period</b>	<b>5,980,646</b>	<b>5,925,326</b>

*Hamersley Iron Ore Project*

The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

Effective as at 30 June 2018, the Company reviewed the carrying value of the Hamersley Iron Ore Project and, based upon an independent valuation report received, determined that no further impairment was required. Since that time, the iron ore price has started to improve and the volume of iron ore being exported from Australia has continued to rise indicating that the outlook for iron ore is strengthening and favourable. On this basis, no impairment is considered necessary as at 31 December 2018.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

**8. TRADE AND OTHER PAYABLES**

Trade creditors and accruals	109,663	171,783
Restricted cash – future capital raising <sup>(1)</sup>	1,027,985	84,000
Other creditors	4,592	16,489
<b>Total trade and other payables</b>	<b>1,142,240</b>	<b>272,272</b>

1. Restricted cash relates to funds received for an intended capital raising as announced by the Company on 22 July 2018. The funds are required to be returned to the investors in the event that the proposed capital raising does not progress or fails to meet minimum subscription, or in the event that the investors request for the funds to be returned prior to shares being issued. Subsequent to the end of the reporting date, the capital raising was terminated and an amount of \$978,000 has been returned to the investors.



**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018	30 Jun 2018
	\$	\$
<b>9. LOANS PAYABLE</b>		
Shareholder loans	750,000	-
<b>Total loans payable</b>	<b>750,000</b>	<b>-</b>

On 18 October 2018, the Company entered into loan facility agreements arranged by Sixty Two Capital Pty Ltd with four investors for an aggregate amount of \$750,000. The loans bear interest at a rate of 10% p.a. and a facility fee of 20% from the total loan payable. The loan is repayable in full within 10 days following re-instatement to trading of the Company on the ASX and post balance date, the loan's terms were amended so that it may be repaid in shares at the discretion of the Company.

Funds advanced under the loans were to be applied to meet due diligence costs associated with the acquisition of the Facility and costs associated with obtaining operating permits, authorisations and approvals for the Company to operate the Facility and to secure contractual ore feed supply agreements for the Facility.

	31 Dec 2018 No. Shares	30 Jun 2018 No. Shares	31 Dec 2018 \$	30 Jun 2018 \$
<b>10. CONTRIBUTED EQUITY</b>				
<b>Share capital</b>				
Ordinary shares fully paid	2,622,951,276	2,422,951,276	45,941,902	45,005,027
<b>Opening balance at 1 July</b>	<b>2,422,951,276</b>	<b>1,455,072,461</b>	<b>45,005,027</b>	<b>42,436,362</b>
Placement of ordinary shares at 0.08 cents per share 9/10/2017	-	68,750,000	-	55,000
Placement of ordinary shares at 0.1 cents per share 9/10/2017	-	45,000,000	-	45,000
Ordinary shares issued under the rights offer at 0.1 cents per share 30/10/2017	-	89,317,226	-	89,317
Ordinary shares issued under the rights offer shortfall at 0.1 cents per share 10/11/2017	-	302,888,000	-	302,888
Options exercised 22/12/2017	-	20,000,000	-	60,000
Placement of ordinary shares at 0.3 cents per share 22/01/2018	-	16,666,667	-	50,000
Placement of ordinary shares at 0.5 cents per share 25/03/2018	-	425,256,922	-	2,126,285
Placement of ordinary shares at 0.5 cents per share 13/08/2018	200,000,000	-	1,000,000	-
Share issue costs	-	-	(63,125)	(159,825)
<b>Closing balance at end of period</b>	<b>2,622,951,276</b>	<b>2,422,951,276</b>	<b>45,941,902</b>	<b>45,005,027</b>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

No dividends were paid or declared by the Company to members since the end of the previous financial year and the Directors do not recommend the payment of a dividend at this time.

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

At shareholders' meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

**11. OPTIONS**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>Number</b>	<b>Number</b>
Options over ordinary shares	45,000,000	20,000,000
<b>Balance as at 1 July</b>	<b>20,000,000</b>	<b>20,000,000</b>
Options issued	25,000,000	-
<b>Balance at end of period</b>	<b>45,000,000</b>	<b>20,000,000</b>

Each option entitles the holder, when exercised, to one ordinary share, and are exercisable wholly or in part as follows:

<b>Option Plan</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise Price</b>	<b>Number</b>
Underwriter's Unlisted Options	15 November 2017	29 March 2019	\$0.001	20,000,000
Lead Arranger's Unlisted Options	20 September 2018	30 June 2020	\$0.003	25,000,000

There were no performance or service conditions or vesting requirements attached to the above options.

**Fair Value of Options Issued**

On 20 September 2018, 25,000,000 options were issued to Sixty Two Capital Pty Ltd in its capacity of Lead Arranger to the March 2018 capital raising following approval for issue at the Company's General Meeting held on 20 June 2018. The options have an exercise price of \$0.03 each (i.e 3 cents each) and expire on 30 June 2020.

The assessed fair value of the options was determined using a Hybrid ESO option pricing model, taking into account the exercise price, term of option, the share price at grant date, and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate of the term of the option.

The options will only vest if the Company's 5-day VWAP share price exceeds \$0.04 per share.

The fair value of the options is recognised over the vesting period of the options. An amount of \$63,125 is recognised in the Consolidated Statement of Changes in Equity for the half year ending 31 December 2018.

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

The inputs to the model were:

Dividend Yield	-
Expected volatility (%)	90
Risk-Free interest rate (%)	1.89
Expected life of option (years)	2.03
Discount (%)	30
Option exercise price (\$)	0.03
Grant Date	20 June 2018
Share price at grant date (\$)	0.024
Value of option (cents)	0.0101
Number issued	25,000,000
Total value of options issued (\$)	252,500

**Fair Value of Performance Rights Issued**

On 13 August 2018, 100,000,000 Performance Rights were issued to Airguide International Pte Ltd (Airguide) pursuant to an agreement for Airguide to act as Winmar's strategic adviser to facilitate and support Winmar with entering into commercial agreements, including resource agreements and capital raising. The arrangement was approved at the Company's General Meeting held on 20 June 2018.

The Performance Rights were issued at nil cost and are subject to a vesting condition, as follows:

1. (Tranche 1) 20,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$30,000,000 for a minimum of 10 consecutive trading days;
2. (Tranche 2) 30,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$60,000,000 for a minimum of 10 consecutive trading days;
3. (Tranche 3) 50,000,000 Performance Rights to be issued in the event that the Fully Diluted Market Capitalisation (defined in the glossary below) of the Company is equal or higher than AUD\$100,000,000 for a minimum of 10 consecutive trading days;

The assessed fair value of the Performance Rights was determined based on the probability of each of the vesting conditions being met, as follows:

<b>Tranche 1 Performance Rights</b>	
Number	20,000,000
Probability (%)	100%
Value per Right	2.4 cents
Total Value	\$480,000
Charge in half year	\$120,164

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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<b>Tranche 2 Performance Rights</b>	
Number	30,000,000
Probability (%)	10%
Value per Right	2.4 cents
Total Value	\$72,000
Charge in half year	\$18,025

<b>Tranche 3 Performance Rights</b>	
Number	50,000,000
Probability (%)	1%
Value per Right	2.4 cents
Total Value	\$12,000
Charge in half year	\$3,004

<b>Total of Performance Rights</b>	
Number	100,000,000
Total Value	\$564,000
Charge in half year	\$141,193

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**12. SEGMENT INFORMATION**

The entity has four operating segments; Australia (Hamersley Iron Project), Spain (Lomero Project), Canada (Bloom Lake, Calcite Lake and United Reef Projects) and Democratic Republic of Congo (Cobalt Project DRC). The entities are managed primarily on the basis of geographical area of interest. Each geographical area has different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. The Board of Directors (the chief operating decision maker) reviews internal reports of each operating segment at least quarterly.

Information related to each operating segment is set out below.

<b>31 December 2018</b>	<b>Australia</b>	<b>Spain</b>	<b>Canada</b>	<b>Democratic Republic of Congo</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Revenue</b>					
External revenue	-	-	-	-	-
<b>Total segment revenue</b>	-	-	-	-	-
<b>Results</b>					
Impairment	-	-	-	(2,086,086)	(2,086,086)
<b>Segment results before tax</b>	-	-	-	(2,086,086)	(2,086,086)
<b>Reconciliation of segment results before tax to net loss after tax</b>					
Amounts not included in segment result:					
Compliance and regulatory expenses					(54,711)
Consulting and professional fees					(499,885)
Employee benefits expense					(73,000)
Share based payments					(141,193)
Other expenses					(208,110)
Finance income					9,573
Finance expense					(1,493)
Other income					2,583
<b>Segment results before tax</b>					<b>(3,052,322)</b>
<b>Total assets</b>	<b>7,210,430</b>	-	<b>128,111</b>	-	<b>7,338,541</b>
<b>Total liabilities</b>	<b>1,892,240</b>	-	-	-	<b>1,892,240</b>
<b>Other disclosures</b>					
Exploration and evaluation	5,852,535	-	128,111	-	<b>5,980,646</b>

**WINMAR RESOURCES LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

31 December 2017	Australia	Spain	Canada	Total
	\$	\$	\$	
<b>Revenue</b>				
External revenue	1,676	-	-	1,676
<b>Total segment revenue</b>	<b>1,676</b>	<b>-</b>	<b>-</b>	<b>1,676</b>
<b>Results</b>				
Impairment	-	(363,531)	-	(363,531)
<b>Segment results before tax</b>	<b>1,676</b>	<b>(363,531)</b>	<b>-</b>	<b>(361,855)</b>
<b>Reconciliation of segment results before tax to net loss after tax</b>				
Amounts not included in segment result:				
Compliance and regulatory expenses				(84,267)
Consulting and professional fees				(85,969)
Employee benefits expense				(271,915)
Other expenses				(28,515)
Finance income				921
<b>Segment results before tax</b>				<b>(831,600)</b>
<b>Total assets</b>	<b>6,229,947</b>	<b>4,684</b>	<b>15,000</b>	<b>6,249,631</b>
<b>Total liabilities</b>	<b>159,737</b>	<b>13,455</b>	<b>-</b>	<b>173,192</b>
<b>Other disclosures</b>				
Exploration and evaluation	5,793,193	-	15,000	5,808,193

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets at the reporting date.

**14. COMMITMENTS**

In order to maintain the company's tenements in good standing, the Company is required to incur exploration expenditure under the terms of each licence. It is likely that the granting of new licences and changes in terms of each licence will change the expenditure commitment from time to time.

	31 Dec 2018	31 Dec 2017
	\$	\$
<b>a) Exploration tenements</b>		
Within one year	86,580	85,777
One year or later but no later than 5 years	346,319	343,110
More than 5 years	1,026,623	1,029,329
<b>Total exploration tenements payable</b>	<b>1,459,522</b>	<b>1,458,216</b>

**b) Capital expenditure commitments**

At the date of this report there are no commitments for capital expenditure.

**15. EVENTS SUBSEQUENT TO REPORTING DATE**

The Company's securities remain suspended from trading on the Australia Stock Exchange pending the re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

On 5 March 2019 the restricted cash balance of \$1,027,985 received for the intended capital raising to acquire the Facility was returned to participants who had advanced it the Company. Restricted

# **WINMAR RESOURCES LIMITED**

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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cash balances were reduced to zero and the current liabilities were reduced by \$1,027,985 following this repayment.

On 1 November 2019, Mr Michael Fry resigned as Non-Executive Director and Company Secretary. On the same date Mr Richard Lloyd was appointed Non-Executive Director and Mr Michael Pitcher was appointed Company Secretary.

On 26 November 2019, Cape Lambert Resources Limited lodged an application for forfeiture against the M47/1450 alleging non-compliance with the minimum expenditure obligations imposed under the Mining Act 1978 (WA) (Mining Act) for the year ending 2019.

On 20 December 2019, the Company lodged with the Western Australian Department of Mines, Industry Regulation and Safety its annual statutory expenditure report in relation to M47/1450, reporting expenditure in excess of the minimum expenditure obligations and in compliance with the Mining Act. The Company considers the application by Cape Lambert Resources Limited is without merit and the proceedings before the Mining Warden will be defended accordingly. The application is not expected to have any impact on the Company's ongoing work programs.

On 22 January 2020, the Company advised that it had received a response from ASX in regards to the Company's in-principal applications made in October 2019 and November 2019 to acquire the Facility. ASX advised that *"there is a significant likelihood that [Winmar] would fail to meet ASX's requirements for admission, were it to proceed with its application"* and furthermore that *"under Listing Rule 1.19, admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons."* ASX further advised that should the Company seek to proceed with an application for admission despite this advice, its application will be formally considered under ASX's admission discretion. As a result of the response from ASX, the Company advised shareholders that it will not be proceeding with the acquisition of the Facility.

On 12 February 2020, Mr Thomas Durr resigned as Non-Executive Director of the Company. As at the date of this report, the Company is still in the process of identifying a new board member, who will be able to assist the Company as it progresses its re-listing on the ASX and its exploration activities at the Hamersley Iron Project in Western Australia and the Bloom Lake Cobalt Project in Canada.

On 31 January 2020 the Company entered into a Convertible Note Deed with 62 Capital Pty Ltd and Markovic Family Pty Ltd each for \$125,000. The purpose of which is to drawdown on the loan to pay existing creditors and general working capital requirements. The principal sum is repayable in 12 months plus accrued interest at the rate of 10% per annum. The Notes may be converted into shares in whole or in part at the discretion of the noteholder.

On 9 March 2020 the Company signed a total of \$80,000 loan facilities to be re-paid in 12 months at an interest rate of 10% per annum to provide immediate cash to provide working capital requirements to meet its minimum expenditure commitments. This facility is repayable within 12 months and may be convertible to shares at the discretion of the company.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

#### **16. FINANCIAL INSTRUMENTS**

The group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of these financial instruments to be a reasonable approximation of their fair values.

**WINMAR RESOURCES LIMITED  
DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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In accordance with a resolution of the directors of Winmar Resources Limited, I state that:

1. In the opinion of the directors:
  - (a) The condensed financial statements and notes and the Directors' Report are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 2 to the condensed financial statements, which includes a statement of compliance with International Financial Reporting Standards.
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2018.

This declaration is made in accordance with a resolution of the Board of Directors.



**Jason Brewer**  
**Chairman**  
13 March 2020



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Winmar Resources Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Winmar Resources Limited ("the Group") which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Winmar Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Emphasis of matter - material uncertainty related to going concern*

We draw attention to Note 2.2 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *Directors' responsibility for the half-year financial report*

The directors of the group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**13 March 2020**



**B G McVeigh**  
**Partner**