

ASX ANNOUNCEMENT

21 October 2016

Update on drilling at Lomero, Spain

HIGHLIGHTS

- Drill contractor appointed for up to 2,500m of drilling scheduled to start late November
- Newly-acquired datasets include valuable metallurgical test data and resource reports
- Electromagnetic (EM) profiles suggest targets located beyond known mineralisation
- Acquisition of warehouse space and further administrative steps are in progress

Winmar Resources Ltd (**Winmar**) (ASX:WFE) would like to update investors on its progress towards the start of its first drilling programme at the Lomero gold-silver-copper-zinc deposit, Spain, scheduled to commence in the second half of November.

Drilling company SPI (Sondeos Y Perforaciones Industriales del Bierzo S.A.) has contracted to undertake up to 2,500m of drilling on behalf of Winmar. The principal, José Cereijo Soto, is a certified engineer and will serve as *Director Facultativo* for the project.

On 4 October, Winmar announced it had acquired drill core and associated QA/QC data from 56 holes totalling 10,053m drilled at Lomero in 2001 to 2004. As explained in that announcement, this material was unavailable to the two previous resource estimations and its recovery by Winmar is expected to enable the next estimation to re-rate much of the Lomero resource from Inferred to Indicated status.

In addition to the QA/QC datasets, the computer hard drive and data discs stored with the core have also yielded 35 GB of original datasets, records and reports representing five years of high-quality investigation and data compilation. Winmar is still undertaking its initial review of this material amongst other priorities ahead of the drilling. In particular, the original independent metallurgical test data and internal resource assessment reports will enable Winmar to jump-start its evaluation of the Lomero massive sulphide deposit.

With Winmar's drilling approaching, of immediate interest are the profiles of electromagnetic (EM) data plotted from surface surveys undertaken in 2003 that show a number of conductive responses located beyond the known mineralisation, together with the profiles of subsequent down-hole EM surveys made in 2004. In one case, the down-hole EM profiles suggest the source of the conductive response remains at some distance from the drill hole, while a

number of other conductive responses in the surface surveys appear to remain untested by drilling. Winmar cautions that modelling of the multi-component digital datasets is required before a drill target or targets can be confidently defined. Accordingly, those datasets are currently being sought from the geophysical survey contractors.

Lastly, several additional administrative and practical measures are currently in progress. These steps include the lodgement this week of the €40,000 environmental bond, the transfer of all remaining 2013 drill core from the Lomero mine site to an off-site storage facility, preparation of an additional report detailing the drilling specifications to the government mining agency, negotiations with the landowner, and acquisition of a new warehouse space to enable efficient processing and sampling of the new drill core.

Further updates will follow as events unfold.

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Compliance Statement

The information in this report that relates to Exploration Results at the Lomero gold-silver-copper-zinc project in Spain is based on information compiled by Mr Rod Sainty, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Sainty is a full-time employee of Winmar Resources Ltd. Mr Sainty has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sainty consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.