ASX ANNOUNCEMENT

17 August 2016

Winmar enters Farm-In and Joint Venture for the Lomero Gold-Silver-Copper-Zinc Project, Spain

HIGHLIGHTS

- Winmar Resources Ltd to earn 70% in the Lomero gold-silver-copper-zinc project.
- First world, pro-mining and pro-investment jurisdiction.
- Close proximity to existing mining and mineral processing infrastructure.
- 8km from large Trafigura copper mine and processing facility; 5km from rail
- Historic production to 1984 of 2.6 Mt at 5.0 g/t Au and 1.2% Cu.
- Two resource estimates since 2012 indicate 600,000 oz to 800,000 oz gold plus significant credits from silver, copper and zinc.
- Capital to be allocated towards exploration targets, resource definition and metallurgy

Winmar Resources Ltd (**Winmar**) (ASX:WFE) is pleased to announce that it has entered into a Farm In and Joint Venture Agreement (**JVA**) with ASX-listed Kimberley Diamonds Limited (**KDL**) in relation to KDL's Lomero gold-silver-copper-zinc project in Spain (**Lomero Project**).

Lomero is an advanced exploration project located in Andalucia, Spain, in proximity to several major mining projects (Figure 1). The project is described in the following pages.

The key terms of the arrangement between Winmar and KDL are as follows:

- Following execution of the JVA and payment of a condition precedent payment of AUD$200,000, Winmar has acquired a right to earn in up to a 70% interest in the tenements over a 3 year period, starting 13 May 2016.
- Winmar will acquire an initial 10% by spending €400,000 in Year 1.
- Winmar may then elect to acquire a further 35% interest (for a total 45% interest) by spending €3 million in Year 2.
- Winmar may then elect to acquire a further 25% interest (for a total 70% interest) by spending a further €2 million in Year 3.
- In the event of a decision to mine, the JVA will proceed on a contributing basis (Winmar 70%, KDL 30%).

DJ Carmichael Pty Ltd (**DJ Carmichael**) acted as Lead Manager and Corporate Adviser to Winmar for this transaction.

The Lomero gold-silver-copper-zinc project

The Lomero gold-silver-copper-zinc project is located 60km north of the deep-water port of Huelva in Andalucia, Spain, within Spain's premier mineral district, the Iberian Pyrite Belt. It is located just 8km west of the large Aguas Teñidas copper mine, which is operated by a Joint Venture between Trafigura and Mubadala. A rail line 4.5km east of Lomero is used to transport mineral concentrates to the port of Huelva.

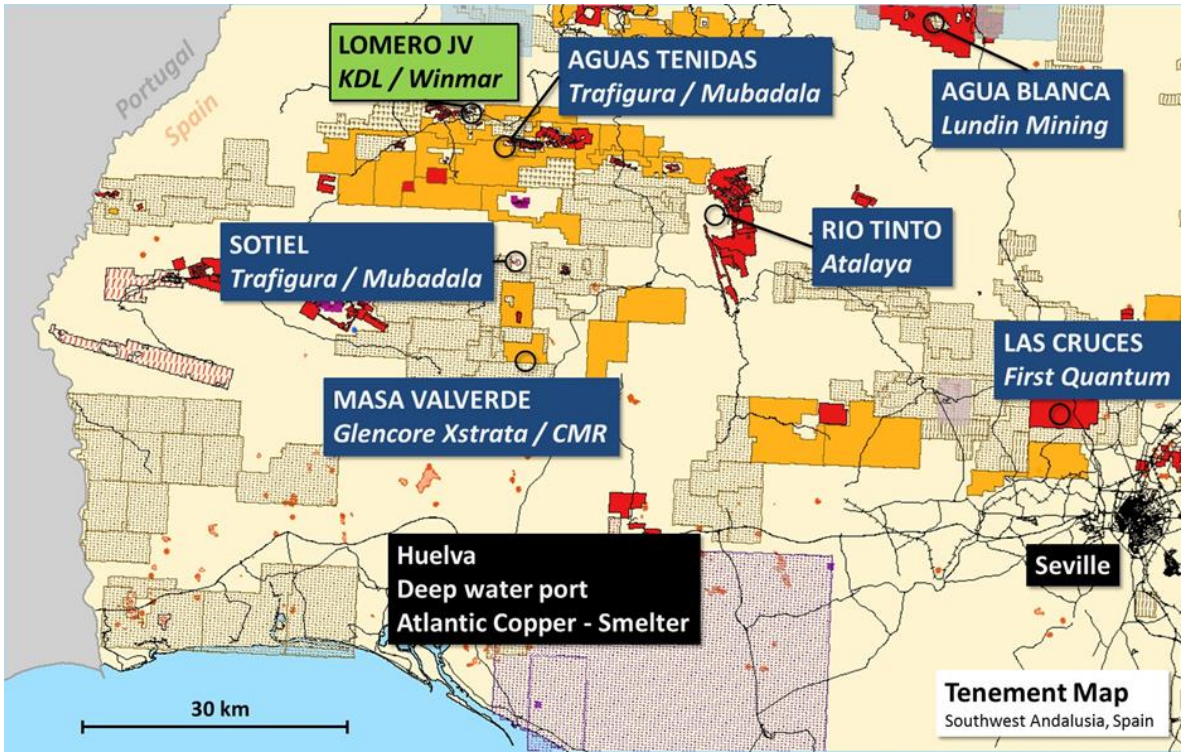

Figure 1: Location of the Lomero Project in relation to major mining and development projects and infrastructure in Andalucia, Spain.

Lomero is a 1km-long tabular volcanogenic massive sulphide (**VMS**) deposit with the highest gold grade of any mineral deposit within the Iberian Pyrite Belt. The previous mining operation at Lomero extracted at least 2.6 million tonnes of massive sulphide ore containing an average grade of 5 g/t gold and 1.2% copper. The deposit is approximately 1,000m in length, strikes east-west and dips moderately to the north.

A longitudinal section of the Lomero deposit is shown in Figure 2. Most of the gold known is contained within two adjacent lenses of massive sulphide. Note the almost total absence of drill holes below the present limits of the deposit, only 250m below the surface.

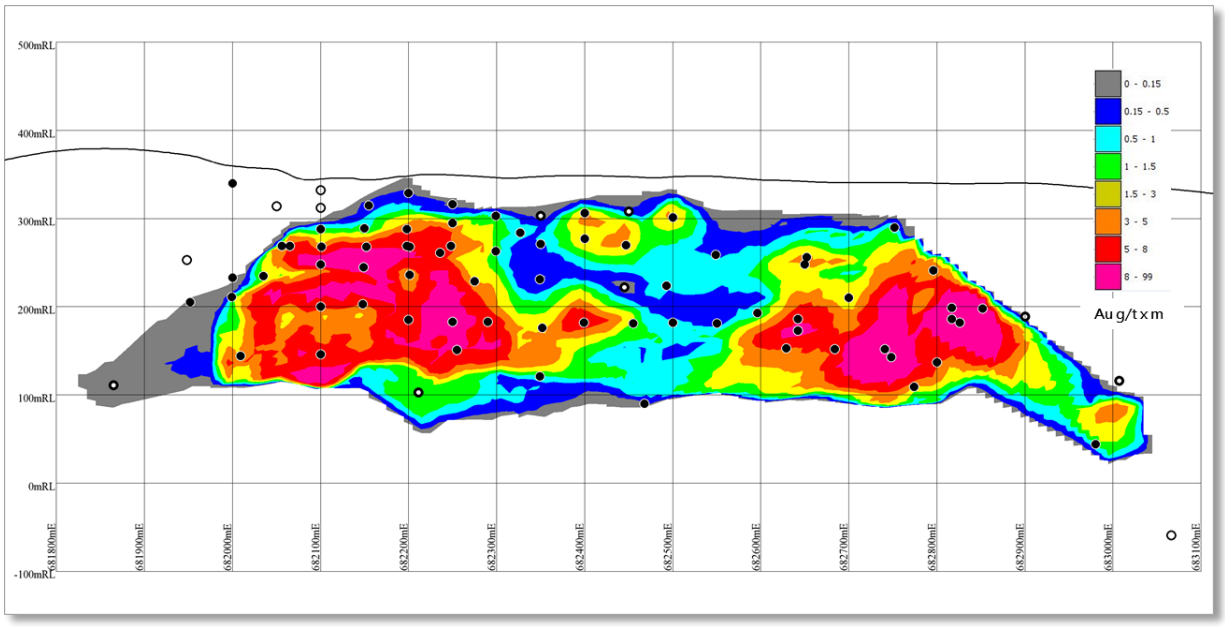

Figure 2: East-west longitudinal section of the Lomero deposit. The colours represent the product of gold grade (in g/t) and thickness (in m), i.e., g/t x m. The grid lines shown are spaced 100 apart. Black dots and circles represent drill intercepts through the ore position.

Why Spain?

Spain offers highly prospective geology, a first-world jurisdiction and infrastructure, pro-mining government policies and lower costs of production relative to those in Australia. It is an ideal environment in which to gain a strategic foothold. Indeed, in the southern autonomous region of Andalucia, major international companies have acquired all the significant mining projects within the last five to eight years.

The Iberian Pyrite Belt is arguably the Earth's largest VMS province. It contains over 80 known deposits, several of which are an order of magnitude larger than any other VMS deposit on Earth.

Technical Summary

The following technical information is included for interested readers. The JORC Table 1 Report appended to this announcement was completed by Snowden on behalf of KDL and is being provided to comply with the company's continuous disclosure obligation (Listing Rule 3.1).

Investigations completed at Lomero after mine closure in 1984

In 2001, US-based Newmont Mining (**Newmont**) in joint venture with UK-based Cambridge Mineral Resources (**CMR**) drilled nine diamond core holes totalling 2,490m into the Lomero deposit to verify the underground drilling dataset and obtain sulphide samples for metallurgical test-work. Newmont departed the project in 2002 as a result of its corporate re-direction, although it was reported at the time that a number of its senior personnel joined CMR to progress Lomero.

Between 2002 and 2011, CMR drilled a further 48 diamond drill holes totalling 4,781m, primarily directed towards establishing a near-surface open-pit resource. CMR also completed three internal resource evaluations, metallurgical test work and geophysical surveys.

In early 2012, Canada-based Petaquilla Minerals (**PTQ**) and its Spanish subsidiary, Corporaćion Recursos Iberia (**CRI**) acquired Lomero. PTQ and CRI immediately commissioned the global resource consultancy Behre Dolbear International (**BDI)** to undertake a resource evaluation compliant to the Canadian reporting standard NI43-101. The BDI report was released in May 2012. During 2013, CRI drilled 27 diamond drill holes totalling 6,222m to improve the confidence level of the resource estimation from Inferred to Indicated. However, sampling and assaying of the drill core was interrupted when PTQ suffered severe difficulties at its gold mine in Panama and all work on the project ceased.

KDL was awarded Investigation Permit (**IP**) 14977 over Lomero on 7 October 2014. KDL set out to acquire the datasets generated by the previous drill programmes and commissioned a new resource estimate from Spanish engineering consultants CRS Ingenieria (**CRS)** and global resource consultants Snowden Consultoria Limitada do Brasil (**Snowden**). The resource estimate was received by KDL on 29 December 2015 and announced on 11 January 2016 within its *Statement of Mineral Resources and Reserves as at 31 December 2015*. The formal grant resolution for IP 14977 was received by KDL on 13 May 2016, triggering the commencement of the Year 1 expenditure commitment of €400,000.

Two independent resource estimates

As noted in the previous section, two independent resource estimations have been completed on Lomero since 2012. Both estimations are summarised below because they contain significant differences and the reasons for those differences are as yet unresolved.

BDI Resource estimate, May 2012

In May 2012, UK-based Behre Dolbear International (**BDI**) completed a resource estimation for CRI and PTQ. The estimate was reported to the Canadian standard NI43-101 and is available on the internet via a search for "Lomero NI43-101 May 2012".

The BDI estimation was based on the assay data from split core samples of 57 diamond drill holes completed by Newmont in 2001 and CMR in 2002-2004.

BDI modelled the deposit in 3D as a single domain based on > 25% sulphur and > 1g/t gold. The block model was constrained by reasonable parameters for underground mining and by the existing mine workings, developed as solids from the detailed mine plans. The resource was estimated using Indicator Kriging after Ordinary Kriging was found to be insufficiently robust.

The resource was initially classified as Indicated where drill intercepts were spaced closer than 30m apart and as Inferred where drill intercepts were further than 30m apart. However, the entire resource was ultimately classified as Inferred because BDI was unable to obtain certain key documents and files, particularly the assay laboratory QA/QC certificates and the density measurements of the sulphide samples. BDI assumed a density value of 4.5 for the massive sulphide.

BDI classified Lomero as an Inferred Resource of 6.1 million tonnes (**Mt**) at an average grade of 4.25 g/t gold using a 1 g/t cut-off grade. At a 2 g/t gold cut-off, the resource was estimated as 5.7 Mt at an average grade of 4.45 g/t gold (refer Table 1, below).

Based on this estimation, Lomero contains approximately 830,000 oz of gold at a 1 g/t cut-off and 810,000 oz of gold at a 2 g/t cut-off. The gold is accompanied by significant levels of silver, copper and zinc.

Class Inferred	Cut-off g/t Au	Volume m3	Cumulative M Tonnes	Cumulative Au g/t	Cumulative Ag g/t
Base-case	**> 1.0**	**1,348,656**	**6.07**	**4.25**	**88.74**
	> 2.0	1,261,039	5.66	4.45	92.33
	> 3.0	1,114,235	4.89	4.74	96.47
	> 4.0	864,606	3.63	5.16	102.24
	>5.0	520,970	1.92	5.77	111.6
	>6.0	162,814	0.59	6.51	124.57
	>7.0	29,806	0.04	7.76	132.24
	>8.0	4,703	0.01	9.02	171.03
	>9.0	830	0.004	9.82	187.77

Table 1: BDI Mineral Resource Estimate, May 2012, for Lomero underground mining, at cut-off grades shown, assuming S.G. of 4.5. Source: NI43-101 Technical Report by Qualified Person Richard Fletcher, Behre Dolbear International Ltd, UK, May 2012, p.59.

C/-Kimberley Diamonds Ltd
Level 39 264-278 George Street, SYDNEY
NSW, AUSTRALIA, 2000

P: (02) 8243 7517
F: (02) 8243 7599
www.winmarresources.com.au

CRS & Snowden Resource estimate, December 2015

In December 2015, Madrid-based CRS Ingenieria (**CRS)** and Brazil-based Snowden Consultoria Limitada do Brasil (**Snowden**) completed a resource estimation for KDL. The estimation was reported to the Australian standard JORC 2012 and will be available shortly at www.winmarresources.com.au.

CRS & Snowden utilised the 57 diamond drill holes used by BDI in 2012 and incorporated split core assay data and density data available from 13 of the 27 diamond drill holes completed by CRI in 2013. Only lithological data was available for the remaining 14 diamond drill holes completed by CRI.

According to the lithological data, 16 of the 27 holes drilled by CRI intersected mining voids, making grade estimation more difficult. No QA/QC certificates were available for any assay results other than those from the 13 CRI holes drilled in 2013.

CRS & Snowden modelled the deposit in 3D using two mineral domains, an outer envelope of >0.15 g/t gold and an inner envelope of massive sulphide. Grade estimates were made using Ordinary Kriging. The resource was split into that considered to have reasonable prospects of being mineable by open cut and that considered to have reasonable prospects of being mineable by underground mining. The split is shown in Table 2, below.

The resource was classified as Indicated where the mineralised blocks occur (1) within an envelope of up to 50m from individual 2013 intercepts and up to 120m between 2013 drill intercepts, (2) within blocks estimated in the first pass of the gold estimation (up to 105, 83 and 5m in major, semi-major and minor axis, respectively, and (3) contain a minimum of 5 samples (from 3 drill holes).

CRS and Snowden classified Lomero as an Indicated and Inferred Resource containing 8.1 Mt at an average grade of 2.3 g/t Au, 31 g/t Ag, 0.56% Cu. 0.68% Pb and 1.41% Zn. The allocation between Indicated Resources and Inferred Resources is shown in Table 2, on the following page.

Based on this estimation, Lomero contains approximately 600,000 oz of gold, 8.1 million oz of silver, 45,000 tonnes of copper, 55,000 tonnes of lead and 110,000 tonnes of zinc.

MiningMethod	Category	KTonnes	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)
Open pit	Indicated	1,926	2.77	34.08	0.70	0.86	2.01
	Inferred	4,115	1.71	24.69	0.57	0.54	1.04
	Total	6,041	2.05	27.68	0.61	0.64	1.35
Underground	Indicated	199	5.18	65.40	0.36	1.39	1.80
	Inferred	1,858	2.86	39.26	0.43	0.75	1.33
	Total	2,057	3.09	41.78	0.42	0.81	1.38
Total	Indicated	2,125	3.00	37.01	0.67	0.91	1.99
	Inferred	5,973	2.07	29.22	0.52	0.60	1.13
	Total	8,098	2.31	31.27	0.56	0.68	1.36

Table 2: CRS + Snowden Mineral Resource Estimate, December 2015, for Lomero at cut-off grades of 0.5 g/t Au (open pit mining) and 1.5 g/t Au (underground mining). Source: Lomero-Poyatos Resource Estimate Report, by Marcelo Zangrandi (Competent Person) Senior Consultant, Snowden Consultoria Limitada do Brasil, and Juan León Coullaut Sáenz de Sicilia, General Director CRS, 29 December 2015, p.10.

Proposed Work Programme

Details of the proposed work programme will be outlined in a subsequent announcement once this programme has been finalised by the Company.

For further information, please contact:

Ms Carolyn Patman
Company Secretary
Winmar Resources Limited
M: 0412 686 556
carolyn.patman@winmarresources.com.au

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	The Lomero - Poyatos deposit was sampled using diamond drill holes (DD) on a nominal 50 m x 50 m to 100 m x 50 m grid spacing, with some minor infill in 25 m x 25 m. A total of 83 DD holes were drilled for 8433.48 m. Holes were generally angled southwards between -70º and -80º to optimally intersect the mineralized zones.
	• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	According to the reports from previous owners of the project, the drill hole locations were picked up and downhole surveyed by survey contractors. Diamond core was used to samples from the mineralized intervals that were logged for lithological, structural and other attributes. Protocols used for sampling as well as the QAQC procedures are unknown due to the lack of documentation and historical nature of the data.
	• Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	According to the previous reports diamond core is mostly HQ and NQ size, sampled on geological intervals, cut into half or quarter core. Only for the 2013 CRI drilling campaign information from the laboratory procedures is available: samples were crushed (70%, <2mm), dried and pulverized (1000g to 85%, 75 µm) to produce a sub sample for analysis by FA-Grav finish for Au and Agua Regia – ICP for Ag, Pb, Cu, Zn.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Diamond drilling accounts for 100% of the current drilling at Lomero - Poyatos and comprises NQ or HQ sized core.

Criteria	JORC Code Explanation	Commentary
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed.	There are no records of Diamond core recoveries in the database. In the drill cores observed during the site visit and in some photographs available from historical drilling, overall recoveries are >95% and seems there are no core loss issues or significant sample recovery problems.
	• Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No information is available about measures taken to maximize sample recovery, as much of this data was not accessible due to the recent ownership changes.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	Only geological codification, with major lithocodes, is included in the database available for resource estimation.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	For the 2013 CRI drilling campaign, core was cut in half and quarter core, using core saw at ALS Lab. For previous campaigns the method was not documented or not available.
	• For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The sample preparation of diamond core for 2013 drilling campaign follows industry best practice in sample preparation involving oven drying, coarse crushing of the 70% core sample down to 2 mm followed by pulverization of the entire sample to a grind size of 85% passing 75 micron. Unknown for previous campaigns.
	• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Crushing and pulverizing QC test conducted in ALS Lab (2013 drilling campaign). Unknown for previous drilling.
	• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Unknown. No information available.
	• Whether sample sizes are appropriate to the grain size of the material being sampled.	For 2013 drilling, the sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation based on: the style of mineralisation (massive sulphides), the thickness and consistency of the intersections and the sampling methodology.
Quality of assay data and	• The nature, quality and appropriateness of the assaying and laboratory	For 2013 drilling, analytical techniques used aqua regia acid

Criteria	JORC Code Explanation	Commentary
laboratory tests	procedures used and whether the technique is considered partial or total.	digest multi element suite with ICP/AES finish (30 gram FA/AAS for Au). Method considered appropriated. Method unknown for previous drilling campaigns.
	• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine any element concentrations used in either resource estimate.
	• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	For the 2013 campaign, sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. No QAQC records are available from the previous owners of the project.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel.	No information related to verification of significant intersections is available.
	• The use of twinned holes.	Four twin DD holes have been drilled at 2013 campaign. The results confirmed the initial intersection geology and assays values.
	• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	No assay primary data available for resource estimation, unless the assay certificates of 13 drill holes corresponding to the 2013 campaign.
	• Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in either estimate.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Collar coordinates of 77 DD holes were validated and certificated with new survey, by surveyor hired by Kimberley (2015). No information available about the down-hole survey method.
	• Specification of the grid system used.	The system for Lomero – Poyatos is ED50 ("European Datum 1950")
	• Quality and adequacy of topographic control.	Topographic surface for Lomero - Poyatos uses Lidar with a density of 0.5 points/m.
Data spacing and distribution	• Data spacing for reporting of Exploration Results.	The nominal drill hole spacing is 50 m (northing) by 50 m (easting) in the core of the deposit, and is up to 100 m by 50 m on the margins, with some minor infill in 25 m x 25 m.
	• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and	The mineralised domains for Lomero - Poyatos have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral

Criteria	JORC Code Explanation	Commentary
	classifications applied.	Resources and the classifications applied under the 2012 JORC Code.
	• Whether sample compositing has been applied.	Samples have been composited to two meters lengths, and adjusted where necessary to ensure that no residual sample lengths have been excluded.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Drill holes were generally angled southwards between -70º and -80º to optimally intersect the mineralized zones at a close to perpendicular relationship for the bulk of the deposit.
	• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias has been identified at Lomero - Poyatos in the data at this point.
Sample security	• The measures taken to ensure sample security.	No sample security measures conducted by previous companies owning the project are known.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	A review of the data was carried out by Snowden and CRS as part of resource estimate and the database is considered to be of sufficient quality to carry out resource estimation, with the considerations explained for resource classification.

Section 3
Estimation and Reporting of Mineral Resources
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Snowden received databases in spreadsheet format, including tables for collar, survey, assay and geology.
	• Data validation procedures used.	Snowden carried out the following basic validation checks on the data supplied by Kimberley prior to resource estimation: - Drill holes with overlapping sample intervals. - Sample intervals with no assay data. - Duplicate records. - Assay grade ranges. - Assay certificates vs database validation. - Collar coordinates ranges. - Valid drill hole orientation data. There are no significant issues with the data.
Site visits	• Comment on any site visits undertaken by the Competent Person and the	Marcelo Zangrandi (Senior consultant- Snowden), who is

Criteria	JORC Code Explanation	Commentary
	outcome of those visits.	acting as Competent person, inspected the deposit area and the ALS laboratory facilities in Sevilla, where part of the drill cores are stored. During this time, notes and photos were taken along with discussions were held with Rod Sainty, from Kimberley, regarding the available drill core, geology of the deposit and drill hole collars location. Diamond core was also viewed in the ALS lab. A number of minor recommendations were made on procedures but no major issues were encountered.
	• If no site visits have been undertaken indicate why this is the case.	Not applicable
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	The confidence in the geological interpretation of Lomero – Poyatos is considered good. The deposit is a sheared volcanogenic massive sulphide deposit. The mineralized package consist of massive sulphide (MS) mineralization in the hangingwall wich is in contact with semi-massive and disseminated sulphide (SMS) mineralization, usually found in the footwall.
	• Nature of the data used and of any assumptions made.	Mineralisation logging and geochemistry has been used to assist identification of the ore domains divisions applied in the interpretation process.
	• The effect, if any, of alternative interpretations on Mineral Resource estimation.	The model is supported by surface outcrop and intersections in drill holes. Model must be refined with additional infill drilling in order to have a more robust interpretation and upgrade the resource classification.
	• The use of geology in guiding and controlling Mineral Resource estimation.	Geological controls and relationships were used to define domains. Key features are gold and sulfur contents, and logged mineralization.
	• The factors affecting continuity both of grade and geology.	The presence of massive sulphides increase the grades considerably, compared to the SMS and disseminated mineralization. The contact between both units is well defined and represented in the current model but could be improved with infill drilling.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	The deposit strikes in an east west direction and covers an area of approximately 1.2 km along strike by approximately 0.5 km across strike. The thickness of mineralization ranges from 1 m up to about 25 m. The resource has a maximum depth of 350 m below surface, and is outcropping in some

Criteria	JORC Code Explanation	Commentary
		parts of the deposit.
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Grade estimation using Ordinary Kriging (OK) was completed for Lomero – Poyatos. Vulcan software was used to estimate five elements: Au(ppm), Ag(ppm), Cu%, Pb%, Zn% and S%. Drill grid spacing ranges from 25 m to 100 m. Drillhole sample data was flagged using domain codes generated from three dimensional mineralization domains. Sample data was composited per element to a two meters downhole length using a best fit method, minimizing residuals. Intervals with no assays were excluded from the compositing routine. Top-cuts were only applied only for variography. For all domains, directional variograms were modelled using traditional variograms or normal scores transformations. Nugget values are moderate to high (<0.5 for gold and the other elements). Grade continuity was, depending on mineralisation styles and ranged from 100 m to 320 m in the major direction. Small quantity of samples caused that robust variography could not be generated for some elements in some directions. Estimation searches for all elements were set to the ranges of the variogram for each domain.
	• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	There are previous estimates for Lomero – Poyatos, but detailed information of the estimation techniques, parameters and assumptions, as well as block models, are not available. The historical production information detail is not enough in order to check or validate the current resource estimate.
	• The assumptions made regarding recovery of by-products.	The by-products of the resource are copper, silver, lead and zinc, and recovery considered, according to preliminary metallurgical test, is differential flotation.
	• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	The non-grade element estimated is S%, currently been used for density estimation.
	• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A single block model for Lomero - Poyatos was constructed using an 10 mE by 10 mN by 4 mRL parent block size with subcelling to 1 mE by 1 mN by 0. 5 mRL for domain volume resolution. All estimation was completed at the parent cell scale. Kriging neighborhood analysis was carried out in order to optimise the block size, search distances and sample numbers used. Discretisation was set to 3 by

Criteria	JORC Code Explanation	Commentary
		3 by 2 for all domains. The size of the search ellipse per domain was based on each element variography. Three search passes were used for each domain. The first pass used the ranges corresponding to the 0.8 of the total variance of each element variogram and a minimum of 3 and maximum of 15 samples. In the second pass the search ranges were changed to the ranges of each element variogram, maintaining a minimum of 3 samples. In general, the third pass ellipse was extended to 1.5 to 2 times the range of the variograms for each element, and a minimum of 2 samples were applied. A maximum of 2 samples per hole were used. Most blocks were estimated in the first and second pass. Hard boundaries were applied between all estimation domains.
	• Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.
	• Any assumptions about correlation between variables.	Correlation between S% content and density was used for density calculation in the block model.
	• Description of how the geological interpretation was used to control the resource estimates.	The geological interpretation correlated the gold and sulphide mineralisation to sulphide (S%) contents and geological description to define mineralisation domains. These domains were used as hard boundaries to select sample populations for variography and estimation.
	• Discussion of basis for using or not using grade cutting or capping.	Statistical analysis of the populations were conducted and was concluded that they did not include any significantly erratically high values to be capped and that the entire population should be included in order to provide an estimate of all the contained metals.
	• The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Validating the estimate compared block model grades to the input data using tables of values, and grade trend plots showing northing, easting and elevation comparisons. Visual validation of grade trends was carried out. No reconciliation data is available.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	The tonnages are estimated on a dry basis.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	A nominal grade cut-off of 0.15 ppm Au appears to be a natural grade boundary between disseminated and trace

Criteria	JORC Code Explanation	Commentary
		mineralisation for Lomero – Poyatos deposit. This cut-off grade was used to help the definition of SMS and disseminated mineralised envelope within which the higher grade SM domain was interpreted. Resource estimate was reported at a 0.5 ppm grade cut-off for open pit portion of the resource and 1.5 ppm for the underground part. The election of these cut-offs is supported on the cut-offs used for similar deposits in the region. Estimate also reported at a series of Au grade cut-offs to show the grade-tonnage relationship.
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Part of the resource is considered to have reasonable prospects of being economically mined by open pit. An optimal pit was defined to constrain the resource, using mining and economic parameters from similar deposits in the region and around the world and metal prices as average of the last 5 years metal exchange prices. A further part of the resource is considered to have reasonable prospects of being mined from underground using sublevel stopping with after paste fill, a method used in others mines located in the Pyrite Belt (i.e. Aguas Teñidas, Mina Magdalena, Los Frailes Project)
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Preliminary metallurgical testworks demonstrated that the Lomeros-Poyatos ores can be processed by flotation to give copper, lead and zinc concentrates. The gold in the mineralisation is refractory, thus maximum gold recovery requires roasting and cyanidation. These preliminary testworks suggest metallurgical recoveries up to 85% for Au, 50% for Pb and Cu and 80% for Ag and Zn. These recoveries were used as recovery parameters for pit optimization.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	No assumptions have been made and these will form part of the next stages of work commencing in 2016.
Bulk density	• Whether assumed or determined. If	Density was assigned to block using

Criteria	JORC Code Explanation	Commentary
	assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	the correlation verified between sulfur grade and specific gravity determined for drill core samples using the Archimedes method of dry weight versus weight in water. Sulfur grade is estimated in the block model using ordinary kriging and density is calculated using a formula derived from the correlation established between sulfur and specific gravity. The density averages for the mineralized and waste units are listed below: Massive sulphides: 4.24 t/m^3, semi massive sulphides: 3.1 t/m^3 and waste: 2.71 t/m^3.
	• The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	The rocks in general are very hard and competent. Porosity in the mineralised zone is low. Sensitivity to these issues is thus low.
	• Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The bulk density values were calculated using the sulfur grades, which were estimated in the block model separately for each ore domain.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories.	The Mineral Resource classification at Lomero – Poyatos is based on a number of criteria, including the integrity and quality of the data, the spatial continuity of the mineralisation as demonstrated by variography, and the data density.
	• Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	Recent 2013 drilling campaign is considered the most reliable source of data for the resource estimation. Indicated Resource includes those mineralization that meets following criteria: blocks inside an envelope defined around drill holes of the 2013 campaign, with an influence of approximately 50 m around individual drill holes and separations up to 120 m between drill holes, and estimated in the first pass of the Au estimation (up to 105, 83 and 5m in major, semi-major and minor axis respectively) and minimum of 5 samples (3 drill holes) used for block estimation. All the remnant blocks estimated inside the mineralised units (ORE =1 and ORE = 2) were classified as Inferred Resources. For modelling of the mineralised units, the maximum interpolation from the drill holes data is no greater than 120m, considered appropriated for an inferred resource.
	• Whether the result appropriately reflects the Competent Person's view of	The Mineral Resource estimate appropriately reflects the view of

Criteria	JORC Code Explanation	Commentary
	the deposit.	the Competent Person.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	Snowden has completed an internal peer review of the estimate.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.
	• The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement relates to global estimates of tones and grade.
	• These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available for comparison.