



1 November 2019

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**QUARTERLY ACTIVITIES REPORT**  
**FOR THE 3 MONTHS ENDING 30 SEPTEMBER 2019**

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- The Company's shares remained suspended from trading on ASX during the Quarter as the Company continued to progress the proposed acquisition of a 50% interest in the Luapula Processing Facility
- Winmar is 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 acquisition and have its shares resume trading on ASX
- During the Quarter, the Company continued discussions with ASX Perth over the proposed acquisition and in respect to some outstanding concerns raised over certain aspects of the acquisition structure
- Subsequent to the Quarters end, the Company made an updated submission to ASX to specifically address these outstanding concerns. A response to this updated submission remains outstanding as at the date of this report
- Discussions also continued during and post the Quarter with the proposed joint venture partners. The Company has continued to update them on the ongoing discussions with ASX and status of re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- Despite the prolonged period of suspension and that the acquisition has yet to be completed, the transaction remains in good standing and both the potential joint venture parties continue to work together and are committed to finalise the acquisition
- The Company advanced offtake and associated debt and equity funding negotiations during the Quarter with a number of parties in China and Europe.
- Several indicative offtake and associated debt and equity funding offers have been received by the Company. These indicative offers remain non-binding, conditional on completion of the acquisition and are outstanding as at the date of this report, with negotiations continuing
- The Company has secured standby loan facilities of A\$250,000 from a number of the Company's major shareholders that are available to be drawn to meet any creditor payments that become due and payable. This ensures that the Company continues to meet its financial obligations whilst it finalises its discussions with the ASX on the proposed acquisition
- During the Quarter, the Company engaged Perth based MinesOnline.com Pty Ltd, which is owned by PCF Capital Group Pty Ltd, an Australian based investment banking and corporate advisory firm, to assist Winmar with the marketing and divestment of its Hamersley Iron Ore Project
- Subsequent to the Quarters end, Mr Richard Lloyd was appointed to the Board as a non-executive director, and Mr Michael Pitcher was appointed as Company Secretary and Chief Financial Officer

Winmar Resources Limited (**ASX Code: WFE**) (“**Winmar**” or the “**Company**”) provides the following summary of activities undertaken during the quarter to 30 September 2019 (**Quarter**) to deliver on the Company’s stated cobalt strategy.

### **1. DRC Cobalt Strategy and Acquisition Strategy**

At a General Meeting of the Company in June 2018, shareholders demonstrated their support to the Company’s proposed strategy to acquire advanced and highly prospective cobalt projects and operations in the Democratic Republic of Congo. At the meeting, all resolutions were carried on a show of hands and with validly appointed proxies of between 93% - 98% in favour of each resolution. Shareholders further ratified the issue of shares for funding that was secured to advance the Company’s ‘DRC Cobalt Strategy’.

In July 2018 the Company announced that it had entered into a Heads of Agreement to establish a new 50/50 joint venture to manage and operate the existing Luapula Processing Facility located near the town of Likasi in the Democratic Republic of Congo (refer ASX Announcement 23 July 2018) (**Acquisition**).

The Acquisition is considered by the Company to have the potential to be transformative as it aims to become one of the world’s leading, publicly listed, primary producers of high-grade cobalt concentrates.

Winmar has been advised by ASX that on completion, the Acquisition will amount to a significant change in the nature and scale of its activities, and as such it will be required to satisfy Listing Rules 11.1.2 and 11.1.3 and obtain approval from its shareholders. The Company’s securities continue to remain in suspension whilst the Company progresses re-compliance with Chapters 1 and 2 of the ASX Listing Rules and completes the Acquisition.

The Company has over the previous 15 months provided ASX with a number of applications for in-principle advice (**Applications**) summarising the key terms of the Acquisition, the material arrangements, the associated debt and or equity capital raising and the resultant proposed capital structure. The Company has over this period sought to address various concerns raised by ASX in regards to the Acquisition and Applications submitted.

Despite the considerable time that the Company has spent on the Acquisition, the Company has been of the view that it could adequately address all of the concerns raised by ASX and that it considered the Acquisition to be in the best interests of all shareholders. Accordingly the Company has remained committed to progressing re-compliance with Chapters 1 and 2 of the ASX Listing Rules and completing the Acquisition.

During the Quarter, the Company continued to progress its discussions with ASX Perth over the Acquisition and to seek to address some outstanding concerns raised over certain aspects of the Acquisition structure.

Subsequent to the Quarters end, the Company made an updated submission to ASX to address these outstanding concerns. A response to this updated submission currently remains outstanding.

The Company will notify its shareholders once it receives a response from ASX to this updated submission.

The Company’s securities remained in suspension during the Quarter and will continue to remain in suspension whilst the Company finalises re-compliance with Chapters 1 and 2 of the ASX Listing Rules and complete the Acquisition.

## 2. Luapula Processing Facility

The Luapula Processing Facility is located on the outskirts of the DRC Copperbelt town of Likasi. It has been constructed on Land Plot 2008-2040 on an area of 125,000m<sup>2</sup>. It is located approx. 400m off Route Nationale N1, the country's main roadway which links the capital Kinshasa to its second largest city Lubumbashi.

The Luapula Processing Facility was constructed in 2014 and is a conventional copper-cobalt leaching plant that has been designed with 7 distinct processes/sections.



**Images 1, 2 and 3:** The Luapula Processing Facility Milling and Slurry Storage Sections



**Images 4, 5 and 6:** The Luapula Processing Facility Leaching and Leach Filter Sections



**Images 7, 8 and 9:** The Luapula Processing Facility Precipitation Section



**Images 10, 11 and 12:** The Luapula Processing Facility Warehouse and Product Stockpiling





**Images 13, 14 and 15:** The Luapula Processing Facility Offices and Accommodation

The Luapula Processing Facility was placed on care and maintenance in 2016. It has remained on care and maintenance and has not operated for the past 3 years.

During 2018, the Company's technical consultants and management completed technical due diligence reviews of the Luapula Processing Facility and the previous study-work that had been completed. This work was in addition to an earlier independent audit and assessment completed by DRC based metallurgical consultants.

In 2019, the Company appointed METS Engineering Group (**METS**) to complete an independent valuation the Luapula Processing Facility.

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

The Company released the independent valuation report in March 2019 (refer ASX Announcement dated 19 March 2019). The report summarised the independent valuation of the Luapula Processing Facility, which was determined using a number of valuation methodologies, as follows:

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

The audit review and process facility assessment and independent valuation report have confirmed the Luapula Processing Facility's operating capabilities and technical fundamentals as well as the relatively low capital costs and time frame to recommence operations.

### **3. Current Status of Transaction**

Over the past 15 months, a significant amount of technical and legal due diligence has been completed in the DRC on the Acquisition and the proposed operations.

A new joint venture company, Winmar Lufira Mining Company S.A. (**WLMC**) has been incorporated in DRC and is held 50% by Winmar. WLMC is the DRC incorporated legal entity that is intended to own, manage and operate the Luapula Processing Facility. WLMC has been incorporated in order to ensure that prior to the potential reinstatement of the Company's securities on ASX that all of the required permits, approvals and licences have been obtained in the entity that will own and operate the Luapula Processing Facility.

WLMC has also received all necessary permits, approvals and licenses to operate as a company in the DRC.

Winmar, as the proposed operator and manager of WLMC, is responsible under the Heads of Agreement for securing the run-of-mine feed to the Luapula Processing Facility, and in February 2019, executed several Ore Purchase Agreements with selected Congolese companies, from which it is proposed that WLMC will purchase high grade cobalt and copper ores as feed to the Luapula Processing Facility. The monthly deliveries proposed under these Ore Purchase Agreements are sufficient to supply more than 100% of the run-of-mine feed to the Luapula Processing Facility.

Following the execution of the Ore Supply Agreements, the Company elected not to proceed with the acquisition of a 100% interest in a series of Exploration Licenses that was previously considered as a potential longer-term feed source for the Luapula Processing Facility. The Company has continued to review opportunities to acquire further mining and exploration licenses and mining operations in the DRC, which given the changes in the cobalt market over the past 12 months have become more attractively priced. Funds previously advanced to secure the 100% interest in a series of Exploration Licenses are due to be repaid.

Under the Heads of Agreement, Winmar will also have the sale and marketing rights to 100% of any cobalt and copper concentrate production from the Luapula Processing Facility, with the proceeds of the sale of the rights to be distributed between the joint venture participants in accordance with their shareholding. WLMC will also be the legal entity that will enter into the formal offtake and any related funding agreements.

During 2019 and the recent Quarter, the Company advanced offtake and associated debt and equity funding negotiations with a number of global commodity trading groups and end users in China and Europe. The Company has received several indicative offers of cobalt and copper concentrate offtake and associated debt and equity funding. These indicative offers remain non-binding, conditional on completion of the Acquisition and are outstanding as at the date of this report.

Negotiations are continuing with these parties in parallel with the Company's discussions with ASX and its lawyers on re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company is committed to ensure that in the event that the Acquisition is completed it's proposed DRC's operations are fully aligned with the IFC Performance Standards and the OECD Guidance for Responsible Mineral Supply Chains and that it implement a responsible and ethical cobalt mining and production strategy. The Company continues to progress this with leading industry consultants and end users.

#### **4. Audited Financial Reports and Financial Standing**

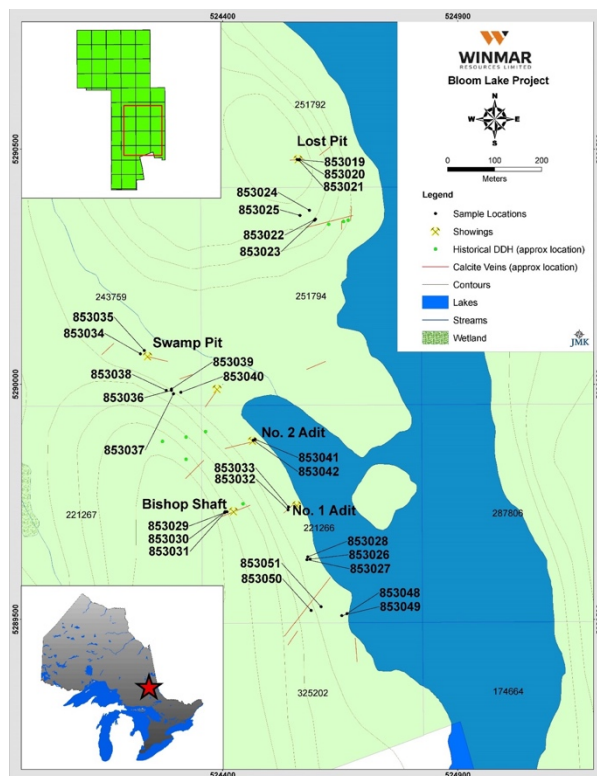
The Company's Half Yearly and Annual Financial Reports were completed during and subsequent to the Quarter by the Company's auditors.

The accounts are now waiting sign-off by the Company's directors and auditors.

To ensure that the Company has sufficient funding to meet any creditor payments that become due and payable and to meet its ongoing financial obligations whilst it finalises its discussions with the ASX on the Acquisition and re-compliance with Chapters 1 and 2 of the ASX Listing Rules, the Company has subsequent to the Quarter, secured standby loan facilities of an initial amount of A\$250,000 from a number of the Company's major shareholders. These standby loan facilities are secured against the Company's assets, attract an interest rate of 10% p.a., and subject to shareholder approval, at the option of the lenders can be converted into ordinary shares in the Company upon the reinstatement of the Company to trading on the ASX.

In addition, the Company's directors and officers have continued to not draw any salaries and have agreed to defer any accrued payments due until the reinstatement of the Company to trading on the ASX.

## 5. Bloom Lake Cobalt Project, Canada



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

The Bloom Lake Cobalt Project was acquired in January 2018 from CBLT Inc. (TSXV: CBLT).

The project is located within the historic high-grade silver-cobalt mining district of Cobalt-Gowganda in eastern Ontario and is peripheral to a cluster of former high-grade silver-cobalt mines at Gowganda, 85km northwest of Cobalt, which operated from 1910 to 1989. The region is reported as having produced 60.2 million ounces of silver and 1.3 million pounds of cobalt up to end of 1969.

The Company's initial Phase 1 Cobalt Exploration Program was undertaken in 2018 and consisted of mapping and sampling historical trenches, adits, and shafts located on the Bloom Lake Project.

A total of 33 samples were collected from both bedrock and from loose material proximal to historical trenches, adits, and shafts.

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

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

- 0.47% Cobalt and 0.29% Nickel - Sample ID 853035
- 0.29% Cobalt and 5.34% Copper - Sample ID 853036
- 0.25% Cobalt and 5.69% Copper - Sample ID 853045

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

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

No work has been completed by the Company during the Quarter, whilst the Company continues its discussions with ASX on re-compliance with Chapters 1 and 2 of the ASX Listing Rules and seeks to complete the Acquisition.

## 6. Hamersley Iron Ore Project

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

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

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

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

Notes: 1: Calcined Fe (CaFe) calculated by the formula  $\text{CaFe \%} = \left( \frac{\text{Fe\%}}{100 - \text{LOI}} \times 1000 \right) \times 100$

2: Channel Iron Deposit mineralisation reported at a 52% Fe cut-off grade.

3: Detrital Iron Deposit Mineralisation reported at a 40% Fe cut-off grade.

4: The Mineral Resource Estimate was prepared and first disclosed on 22 May 2013 under JORC Code 2004. It has not been updated since then to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

In October 2013, Winmar announced the results of metallurgical test work provided confidence that the resource can be beneficiated through dry crushing and screening, or through additional de-sliming of the

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

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

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

In 2019, with the significant increase in the iron ore price, the Company has completed a review of its options with regards to the Hammersley Project and a potential divestment strategy.

During the Quarter, several companies approached the Company and expressed interest in a potential acquisition of the Company's interest in the Hamersley Iron Ore Project. These discussions are ongoing and as at the date of this report, no formalised transaction has been entered into.

Given the high level of interest, the Company engaged Perth based MinesOnline.com Pty Ltd, which is owned by PCF Capital Group Pty Ltd, an Australian based investment banking and corporate advisory firm, to assist Winmar with the marketing and divestment of its Hamersley Iron Ore Project.

## **7. Appointment of UK-Based Director**

Subsequent to the Quarters end, Mr Richard Lloyd was appointed to the Board of the Company, as a Non-Executive Director.

Mr Lloyd has over 25 years investment banking and mining geology experience. Mr Lloyd, who is based in London holds a BSc (Hons) in Mining Geology and A.R.S.M and an M.Sc in Mineral Deposit Appraisal from the Royal School of Mines, Imperial College. Mr Lloyd is a Fellow of the Institute of Materials, Minerals and Mining and a Fellow of the Geological Society.

Mr Lloyd was a Director in the Resources, Energy Infrastructure team at ANZ London having joined from Commerzbank AG. He has also held positions at Dresdner Kleinwort, Financial Security Assurance UK Ltd and Standard Bank. Before entering the financial services sector to work with natural resource companies, he began his career as a geologist, having worked on projects in Indonesia, Malaysia, Peru and Zimbabwe, as well as deep level gold mining with AngloGold in South Africa.

Mr Lloyd is currently Chief Executive Officer of London based MINEXIA Limited.

With the appointment of Mr Lloyd, current non-executive director, Mr Michael Fry resigned from the Board of Directors of the Company.



In addition, Mr Mike Pitcher was appointed as Company Secretary and Chief Financial Officer replacing Mr Michael Fry due to his other increased work commitments. Mr Pitcher has over 30 years' experience in a variety of accounting, financial and commercial roles.

**For further information, please contact:**

Mr Jason Brewer

**Chairman**

Winmar Resources Limited

## INTERESTS IN MINING TENEMENTS AS AT 30 SEPTEMBER 2019

Project	Lease	Commodity	Location	Interest
<b>Hamersley<sup>1</sup></b>	M47/1450	Iron Ore	Western Australia	70%
<b>Bloom Lake</b>	104745, 127877, 127878, 127996, 139341, 148437, 155882, 171868, 172508, 174025, 174026, 174664, 175693, 185034, 191344, 191345, 191346, 192000, 220645, 220646, 220647, 221266, 221267, 228597, 228598, 228599, 229223, 240761, 243759, 248051, 248708, 251792, 251793, 251794, 263279, 270531, 287182, 287806, 287807, 287808, 295314, 295940, 307414, 307415, 308044, 308045, 308046, 325074, 325202, 335540, 336173	Cobalt-Silver	Ontario, Canada	100%

<sup>1</sup> Winmar's interest in the Hamersley Iron Ore Project is by way of an unincorporated joint venture with Lockett Fe Pty Ltd, a subsidiary of Cazaly Resources Ltd.

### Competent Person Statement

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

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

### Forward looking statements

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

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

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

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