

ASX ANNOUNCEMENT

15 November 2016

Managing Director's address to Shareholders

Dear Shareholders

On behalf of the Chairman and the Board, I am pleased to provide the following update on your Company's progress during the 2016 Financial Year.

I want to thank shareholders for your attendance today and showing continued interest in your Company. I am and will continue to do everything I can to make our existing and new endeavours a success, to seek additional opportunities to build value in the company, and together with the Board, to make sound decisions in all we do.

I also want to publicly acknowledge my colleague Luke Humphreys for his conscientious efforts as the previous Managing Director, and for his valuable support to me in his new role as Executive Director.

As you know, Winmar's single focus up to August this year has been the Hamersley Iron project in Western Australia, in which the Company holds a 70% interest. The project has the advantage of being well-located relative to rail infrastructure and to Fortescue Metal Group's Solomon project.

Winmar has had excellent technical success in that project by improving both the size and the grade of the Winmar Iron Deposit. As determined by independent consultants, Winmar's drilling campaigns there took the total size of the iron oxide resource from 143 million tonnes to 343 million tonnes and improved the overall grade from 52.6% Fe to 55.2% Fe. We also converted about 12% of the total resource, a portion located at the shallowest end of the deposit, from the Inferred category to the higher-confidence Indicated category.

The mine gate scoping study confirmed that Winmar could mine this portion as Direct Shipping Ore, without beneficiation, as a low cost means of entry.

Unfortunately, the reduction in the spot price for iron ore over the last two years has made our Hamersley project sub-economic to develop at present and the outlook for the near to medium-term is disappointing. Accordingly, the value of the asset has been impaired from its original \$9.6 million valuation to a current figure of \$5.7 million. So our venture into iron ore remains a success at the technical level rather than a financial one.

Holding the Mining Lease and the surrounding Exploration Licence entails on-going fees, administration and on-ground expenditures, and during this past year the Board reduced costs on the project by divesting the northern portion of the surrounding Exploration Licence to Fortescue Metals Group. Given the circumstances I've outlined, the best way forward may be to sell the project for a satisfactory figure, rather than continue to hold the project long term, and to use that return to pursue opportunities elsewhere. The Board received an offer from a third party some months ago but the offer was clearly too low. In the near future the Board will consider what steps we can take to either add value to the project or facilitate a sale.

Faced with an on-going poor outlook for iron ore, Winmar has over the last 12 months aggressively sought a second project that could offer our shareholders an excellent increase in value. With this goal, the company evaluated several opportunities in detail while minimizing cash outgoings. In March this year the Company entered into a binding term sheet with a company offering a mobile phone payment platform for Chinese tourists, however, the pilot programme revealed the financial returns did not meet expectations and the acquisition was terminated. In April this year the Company enlisted corporate advisor DJ Carmichael to provide corporate advice and services and to act as lead manager in future capital raisings.

In June, Winmar was introduced to the Lomero gold-silver-copper-zinc project in southern Spain. The owner, Kimberley Diamonds Limited, had acquired the Lomero project in October 2014 through a public tender issued by the government of Andalusia. Indeed, I am the

geologist who acquired it for KDL and who since then has been acquiring all the relevant drilling data, metallurgical test work and resource estimates and connecting with the government, technical specialists and the local community in order to initiate a more thorough evaluation. However, by May this year, when the project was officially granted, KDL was no longer in a position to advance the project as it had intended. Winmar recognised the opportunity to benefit from the situation. Nevertheless, in order to form a completely independent and thorough assessment of its own, Winmar asked DJ Carmichael to conduct an independent appraisal and examine Lomero closely, pitting it against all the relevant alternatives known to it. Carmichael's eventual conclusion was that Lomero was the most attractive project available, at least within Winmar's price range.

We think that Lomero holds plenty of potential to realise a substantial increase in value. It's a partly-mined gold-bearing massive sulphide deposit that has been tied up between just two companies since the year 2000. One major company, Newmont, farmed in with one of those companies, but its corporate goals shifted to bigger things just a year later and it withdrew. Lomero is located in one of Earth's great mineral provinces, in a district rich in mining infrastructure, and one in which several significant international companies have taken positions.

Lomero is unique in the region for having a significant gold content. The historic production was 2.6 million tonnes at an average recovered grade of 5 g/t gold. It also contains significant silver, copper, lead and zinc. As we've pointed out in our presentation, Lomero is located just 8km west of the large MATSA mine operated by Trafigura and 4.5km west of the railway line used to transport its mineral concentrates to the port of Huelva, 60km south. At Huelva, Atlantic Copper operates a world-class smelter and refinery complex. The manager there has offered to test the Lomero material when we obtain samples in suitable quantities.

Two previous exploration companies have drilled Lomero, but both limited their opportunity by focusing on the area contained within the old mine workings. Our first intention, instead, is to enlarge the deposit outwards by targeting holes at and beyond the current edges of the deposit. That way we hope to discover a significant extension and, perhaps, a completely

new sulphide lens. Massive sulphide deposits typically occur as clusters of individual lenses, so the best way to increase the tonnage of the project is to drill outwards on a broad scale, using the guidance one can gain along the way from geophysics.

In addition, the drilling will provide fresh samples with which we can refine the metallurgical test-work conducted more than ten years ago. With these and other data, we intend to complete a scoping study and, if warranted, a pre-feasibility study at the earliest opportunity.

We recently had success in obtaining, at low cost, much of the historic drill core for the project, and with it, the QA/QC datasets for the drill core assays. We believe that these items will provide the next resource estimation with the means to upgrade the confidence level of most of the resource from Inferred to Indicated. An Indicated Resource is vital because only it can lead to a Mineral Reserve for mining.

A few people have asked: If Lomero is so good an opportunity, how did it come to be in the hands of a small Australian company, rather than one of the majors already operating there? The answer involves multiple facets: I was already seeking opportunities in the region and had engaged the services of a top mining lawyer as my local representative. My earlier attempt to contact the company that held the Lomero project had failed. By this time, we were negotiating to secure an agreement on another project in the region. However, the company that held Lomero also had an agreement with the people with whom we were now negotiating, and these new contacts told us that the government had revoked that company's title after repeated non-compliance. My representative diligently checked each day's edition of the government gazette for the forthcoming tender notice. The tender notice for Lomero appeared just once, in the "Other Notices" section near the back, and the timing placed it near the start of the summer holiday season. This timing proved to be lucky for us. Three potential competitors have told me they missed seeing the notice until it was too late. One had even announced publicly that it intended to pursue the project when it became available. When I later asked one of its directors for information it became obvious that he was completely unaware that the tender had been issued and closed and awarded

to somebody else. When I told him it had been awarded to us he was speechless and terminated the conversation. On top of all that, the tender was competitive and the level of detailed required in the submission was onerous and intimidating, but we put our heads down and managed it.

We are currently very busy in finalizing arrangements for our first work programme at Lomero. Our intention is to complete the work as cost-effectively as possible. We have engaged some highly experienced specialists in Spain; nevertheless, the government administrative process sometimes takes us by surprise and creates unexpected delays. We intend to communicate with you through meaningful updates as frequently as possible. I will endeavour to get the best results I can for shareholders from this project and hope that you can continue your support.

Thank you for your attention and interest this morning.

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