

ASX ANNOUNCEMENT

07 July 2011

Winmar Signs Memorandum of Understanding with VS Lad

Indian Iron Ore Producer joins forces with Winmar

- **Winmar enters MOU to place 10 million shares at 30c per share with Santosh Lad of the VS Lad Group to raise \$3million**
- **Mr Santosh Lad to join the Board of Winmar**

The Board of Winmar Resources Ltd (“the Company”, “Winmar”) are pleased to announce that the Company has signed a Memorandum of Understanding with Santosh S Lad (**Investor**), a representative of the Indian mining and steel producer VS Lad & Sons to raise \$3 million.

Pursuant to the MOU, Winmar has agreed to place with the Investor 10 million shares in the capital of the Company at 30c per share to raise \$3million. The funds raised will be used to fast track the current Winmar Resource upgrade and metallurgical test work program and to fund the acquisition of a majority interest in two new Iron ore projects (Mt Stuart and Ethel Creek) in the Pilbara region of Western Australia.

Mr Santosh S Lad, son of the late Shivaji Lad, is a major stakeholder in VS Lad & Sons (vslgroup.com), a debt free iron ore mining concern with more than 55 years of commercial history in mining. The VSL Group also owns VS Steels Ltd (vslsteels.in) which manufactures pig iron from its plant located at Hiriyur In Karnataka State, India.

Mr Santosh Lad is a member of the Congress Party which is the major political party in India and is serving his second term as a member of the legislative assembly in Karnataka. Mr Santosh Lad has diversified interests in software, entertainment and real estate (sladgroup.com).

The MOU is subject to Foreign Investment Review Board approval in Australia and other conditions, including:

- the company securing a 75% earn-in right to Mt Stuart (EL 47/2012, 47/2027 and 47/2043) and Ethel Creek (EL 46/918) tenements, presently owned by Cazaly Iron Pty Ltd, a wholly owned subsidiary of Cazaly Resources Limited;

- clearance from the Reserve Bank of India under the Foreign Exchange Management Act in India;
- all other regulatory approvals that may be required in Australia or India;
- Board approvals of Winmar and the investing entity;
- the parties entering into a term sheet granting Santosh Lad (or his associated nominee) the first right of refusal to enter into an exclusive agreement with the company in relation to the future mining rights in respect of the company's projects (should a mining lease be granted) on the basis that Santosh Lad (or his associated nominee) will fund all capital and operating costs associated with developing and operating any such mining operation and paying the company a royalty of not less than \$2.25 per tonne of product sold.

Santosh S Lad (or his nominee) will also be granted 10,000,000 options under the MOU to subscribe for one fully paid ordinary share, exercisable at \$0.30, expiring 31 December 2014. The grant of the options will be subject to shareholder approval.

Santosh S Lad (or his nominee) will be restricted from disposing of all securities issued to him (or his nominee) under the MOU for a period of 12 months after issuance.

On completion of the placement, Santosh S Lad or his nominee will be joining the board.

The funds invested by Santosh Lad and/or his nominee will be used to expand upon the 12,000m RC drilling extension and infill program currently underway, to maximise future resource upgrades and to fund the acquisition of a majority interest in the Mt Stuart and Ethel Creek tenements. The current Inferred Resource Estimate for Winmar is 143Mt @ 52.6% Fe (55.6% CaFe). An update of the Resource Estimate is due to be completed in the 3rd Quarter of 2011, together with an Order of Magnitude Study.

The additional funds will also allow further analysis of the potential for successful beneficiation of the DID material, involving a more comprehensive range of tests across the full strike length of the deposit.

For further information, please contact:

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