

ASX ANNOUNCEMENT

21 July 2011

WINMAR RESOURCE BASE INCREASES 70%

- **New Global Inferred Resource Estimate for Winmar**
241.6mt @ 54.3% Fe (57.6% CaFe)
- **70% increase from June 2010 estimate, 2% Fe improvement in CaFe grade**
- **Main CID Zone comprises 169.3mt @ 55.6% Fe (59.0% CaFe)**
- **Mineralisation remains open, further increases expected**
- **Revised Project Exploration Target of 350 – 400mt @ 54 – 56% Fe**

Winmar Resources Limited (ASX:WFE) in conjunction with Cazaly Resources Limited (ASX:CAZ) is pleased to announce a new Inferred Resource Estimate for the Winmar Deposit at the Hamersley Iron Ore Project. The estimate is based on results received to date from the 12,000m RC drilling extension and infill program completed in May 2011. The project lies approximately 50km NE of the Tom Price township in the Pilbara Region of Western Australia, is well placed amongst existing infrastructure and lies immediately south of FMG's *Solomon* project.

Winmar engaged Runge Limited, an independent resource consultancy, to prepare the latest resource upgrade.

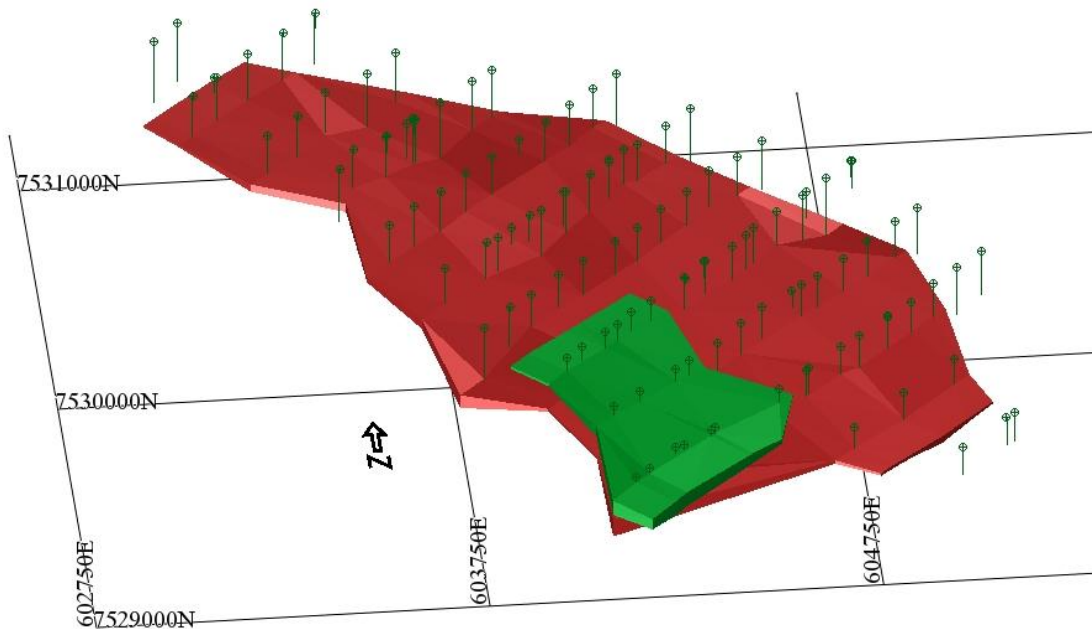
Winmar Iron Ore Deposit

July 2011 Resource Estimate (COG: 40%Fe Detrital, 52%Fe Channel & Bedded)

Type	Inferred Mineral Resource						
	Tonnes Mt	Fe %	Al ₂ O ₃ %	P %	SiO ₂ %	LOI %	CaFe %
Detrital	29.1	47.1	5.6	0.03	23.9	2.6	48.3
Channel	169.3	55.6	4.1	0.04	10.1	5.7	59.0
Bedded	43.2	54.0	4.5	0.05	10.0	7.4	58.3
Total	241.6	54.3	4.3	0.04	11.8	5.6	57.6

A summary of estimate parameters can be found in Appendix A.
CaFe calculated by: $(Fe\% / (100 - LOI\%)) * 100$

Mineralisation occurs as three types; an Upper Detrital Zone, a Mid Level CID and a basement Bedded Iron zone. Of these the CID mineralisation is the most pervasive and important. The zone contains the bulk of the resource and has favourable chemical properties.



Wireframe model of the Winmar deposit, green = detrital mineralisation, red = channel mineralisation.

The estimate has been completed with results from just over half of the RC drill program. Some of those pending results fall outside the current model and may provide further increases in the near-term. The remainder of the results are from infill holes designed to improve confidence in the resource model.

The deposit remains open in several areas warranting further exploration. The Detrital mineralisation has not been a focus of exploration so far and there remains good prospects of defining further resources as drilling moves away from the valley floor towards the bounding ranges. Similarly, Bedded mineralisation has not been a focus of this program, but has been found to extend the full strike of the deposit with many holes terminated in mineralisation.

Of note is that CID mineralisation has been found to extend beyond the coincident gravity anomaly which has guided most of the exploration to date. This provides scope not only for further resource increases at Winmar, but for additional discoveries elsewhere within the project area.

As a result of the highly successful exploration to date and the revised exploration paradigm, the Exploration Target for the Project has been upgraded to **350-400mt @ 54-56% Fe (57-60% CaFe)** (see note below) based on the potential for extensions to the known resource.

As previously reported, The Company has commenced an Order of Magnitude Study utilizing the expertise of Engenium Consultants to investigate the development options of the Winmar Deposit. This new resource estimate and exploration target will be used in the study. Results of the study will be provided in due course.

For further information, please contact:

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Notes:

The information that relates to exploration targets, exploration results and drilling data of Cazaly operated projects is based on information compiled by Mr Gregory Miles who is a Member of The Australian Institute of Geoscientists and is an employee of Cazaly Resources Limited. The information in this report that relates to the Winmar Deposit Resource Estimate is based on information compiled by Mr Craig Allison who is a Member of the AusIMM and a full-time employee of Runge Limited, an independent resource consultancy group. Both Mr Allison and Mr Miles have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both Mr Allison and Mr Miles consent to the inclusion of their names in the matters based on their information in the form and context in which it appears.

The Exploration Target refers to the conceptual extended resource of the Winmar Deposit and surrounding prospects including detrital, channel and bedded mineralisation, based on drilling to date; interpreted geological model and complementary geophysics. At the present time there is insufficient drilling to determine the extended mineral resource estimate and it is uncertain if further exploration will result in the determination of such a resource.

Appendix A: Resource Statement and Parameters: -

Type	Total Mineral Resource						
	Tonnes Mt	Fe %	Al ₂ O ₃ %	P %	SiO ₂ %	LOI %	CaFe %
Detrital (DID)	29.1	47.1	5.6	0.03	23.9	2.6	48.3
Channel (CID)	169.3	55.6	4.1	0.04	10.1	5.7	59.0
Bedded (BID)	43.2	54.0	4.5	0.05	10.0	7.4	58.3
Total	241.6	54.3	4.3	0.04	11.8	5.6	57.6

- Infill and extensional drilling post completion of the initial 2010 resource estimate has significantly extended the iron resource along strike to the north-west. The Winmar deposit currently covers known extents of approximately 2.5km in a NNW-SSE direction. There is a slight northward plunge to the tabular mineralisation envelopes. The mineralisation occurs at a depth of between 20m (detrital iron), and 190m below the surface (bedded iron). True width of the mineralisation varies from approximately 0.5km in the detrital iron mineralisation to 1km for the channel and bedded iron mineralisation of interest. No mining has been carried out to date.
- Runge has not undertaken a site visit, however is satisfied that current information is sufficient to allow a technical assessment to be made without a project inspection.
- The Winmar estimate covers the 2,400m lateral extent from 7,529,000mN to 7,531,400mN and the vertical extent of the resource is 190m from near-surface at approximately 665mRL to 475mRL at depth.
- Drill holes used in the resource estimate included 110 vertical RC and 3 Sonic drillholes (for bulk density analysis). All holes were drilled by Cazaly from 2008 onwards (bar one Robe drillhole from 1998). The bulk of the Mineral Resource has been tested by holes drilled at section spacings of approximately 250m along strike and 50 to 150m across strike. Drillhole collar positions have been surveyed using DGPS and recorded on MGA94, Zone 50 grid co-ordinate system.
- The drillholes were sampled at 2m intervals and assayed by XRF for an iron mineralisation suite of elements. Quality control data for the recent drilling has been reviewed by Runge and has confirmed that the assay data used in the estimate is suitable. Runge selected a 2m interval for domain composites.
- The Winmar deposit was estimated in a standard Surpac block model using Ordinary Kriging (OK) interpolation. The interpolation was constrained by iron mineralisation envelopes prepared using a nominal 40% Fe cut-off grade for a detrital iron domain and a 50% Fe cut-off for separate channel and bedded iron domains.
- The block dimensions used in the model were 100m NS by 50m EW by 5m vertical with sub-cells to 25m by 12.5m by 1.25m. No rotation was applied to the block model after examining drillhole spacing and grade variability along strike and across strike. No high grade cuts were applied after a review of geostatistical characteristics.
- OK grade interpolation used an oriented 'ellipsoid' search for each element. Two passes were used to fill the model with 70 to 80% of the model being filled in the first pass.
- Bulk density values ranging from 2.56t/m³ for near-surface detrital to 3.20t/m³ for bedded iron mineralisation were assigned to the resource model by coded mineralisation domain.
- The 2011 Mineral Resource within this report was classified as Inferred after a review of geological and grade variability, sample density and assay QAQC.