

ASX ANNOUNCEMENT

3 December 2018

Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

OPERATING PERMITS AND LICENSES RECEIVED FOR DRC COBALT JOINT VENTURE

Winmar Resources Limited (**Winmar** or the **Company**) (ASX: WFE) is pleased to advise that its lawyers in the Democratic Republic of Congo (**DRC**) have confirmed the incorporation of the joint venture company that is proposed to operate the Luapula Processing Facility (**Facility**) pursuant to the Heads of Agreements executed in July 2018 (refer ASX Announcement dated 23 July 2018), the completion of which is subject to Winmar's re-compliance with Chapters 1 and 2 of the ASX Listing Rules and Winmar re-listing on ASX.

In addition, the Company's DRC lawyers have confirmed that this new joint venture company has received all necessary permits, approvals and licenses to operate as a company in the DRC and that an application has been lodged for the new joint venture company to hold the requisite license necessary to operate the Facility, which is expected to be issued in the next 4-6 weeks.

The incorporation of the new joint venture company, confirmation on the status of the permits, approvals and licenses, recent progress in the DRC on potential high grade cobalt and copper ore supply agreements and concentrate offtake agreements for the Facility and other in-country developments by the Company and its proposed joint venture partner, does in the opinion of the Company, go a long way towards addressing recent concerns raised by ASX in response to the Company's lodgement of an Application for In-Principle Advice, refer following.

1. New Joint Venture Company

A new joint venture company, Winmar Lufira Mining Company S.A. (**WLMC**) has been incorporated, and is held 50% by Winmar and 50% by African Holding Investment Company Limited (**AHIC**). AHIC is the current 100% owner of the Luapula Processing Facility through its wholly owned DRC incorporated subsidiary Societe Luapula SARL.

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.

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2. Operating Permits, Approvals and Licenses

Winmar is pleased to have received confirmation from its DRC lawyers that WLMC has now received all necessary permits, approvals and licenses to operate as a company in the DRC. The following permits and licenses have now been issued to WLMC by the requisite authorities:

1. Identification Nationale
2. Nouveau numéro de registre de commerce
3. Attestation fiscale
4. Numéro compte (banque)
5. Numéro import-export
6. Numéro Institut National de Préparation Professionnelle (INPP)
7. Numéro Institut National de Sécurité Sociale (INSS)

In addition, the Company's lawyers have lodged an application together with all necessary documentation and accompanying reports for WLMC to hold the license necessary to operate the Facility in its own name - L'Arrêté Ministériel portant agrément d'une entité de traitement de l'hétérogénite catégorie B (referred to as "Category B License").

The Company's lawyers have advised that the issuance of the Category B License is now an administrative matter and is likely to be processed and issued within the next 4 - 6 weeks.

The receipt of these permits and approvals, and the lodgement of the Category B License application, will ensure that prior to the potential reinstatement of the Company's securities to the ASX, the Company will be able to demonstrate that all of the requisite permits, approvals and licenses for the new joint venture company, WLMC, to operate the Luapula Processing Facility have been obtained.

This will also be confirmed in an Independent Solicitors Report.

3. Ore Supply Agreements

Under the terms of the Heads of Agreements, Winmar is proposed to be the operator and manager of WLMC and is responsible for securing the run-of-mine feed to the Luapula Processing Facility from Winmar's owned exploration licenses (to be converted into mining licenses) and potentially from tailings material and high-grade cobalt and copper ore supplied by local Congolese and other established mining companies operating in the DRC.

WLMC will be the legal entity that will enter into these potential ore supply agreements with local Congolese and other operating companies in the DRC to provide high grade cobalt and copper feed to the Luapula Processing Facility.

The Company and its advisors in the DRC and AHIC have over the past months been approached by a number of established mining operators that have expressed their interest and indicated their ability to mine and deliver high grade cobalt and copper ores to the Facility.

The Company, together with its advisors and AHIC, is currently reviewing these high-level proposals and anticipates WLMC entering into a number of formal Ore Supply Agreements over the coming weeks.

4. Offtake Agreements

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 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 these cobalt and copper concentrates offtake and any related prepayment funding agreements.

The Company continues to work with its Strategic Advisor, Airguide International Pte Limited (**Airguide**) and with AHIC in order to develop and finalise offtake agreements for the sale of cobalt and copper concentrates produced from the Luapula Processing Facility.

Winmar is confident of securing offtake agreements for the sale of cobalt and copper concentrates produced from the Luapula Processing Facility.

5. Reinstatement of the Company's Securities to and Response to Winmar's Application for In-Principle Advice

The Company has previously received advice from ASX that the proposed acquisitions of a 50% interest in the Luapula Processing Facility and a 100% interest in a portfolio of several exploration licenses (**Proposed Acquisitions**) will amount to a significant change in the nature and scale of Winmar's current activities and that Winmar is required to satisfy Listing Rules 11.1.2 and 11.1.3 and obtain approval from its shareholders in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company notes that admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons.

The Company lodged with ASX an Application for In-Principle Advice (**Application**) summarising the key terms of the proposed acquisitions, the material arrangements, the terms of the proposed associated capital raising and proposed capital structure.

ASX has responded to the Application, advising that ASX has various concerns and that were Winmar to proceed, on the basis of the Application, there was a significant likelihood that the Company would fail to meet ASX's requirements for admission.

ASX was concerned that *"AHIC does not currently hold the requisite licence to operate the Luapala Processing Facility, and that the joint venture company to be established with AHIC is likely not to hold such a licence prior to reinstatement of the Company's securities to official quotation"*.

Winmar notes that AHIC's wholly owned subsidiary held all of the permits, approvals and licences necessary to operate the Luapula Processing Facility in DRC and to export its mineral product.

Winmar also notes that the new joint venture company, WLMC, has now been incorporated and all of the necessary permits, approvals and licenses to operate as a company in the DRC have been issued to WLMC. Further, lawyers have now made application for the joint venture

company to be issued the Category B License required to operate the Facility, with the issue of the Category B License expected to be completed in the coming weeks.

As such, all of the permits, approvals and licenses required for the new joint venture company, WLMC, to operate the Luapula Processing Plant, are expected to be held prior to reinstatement of the Company's securities to official quotation.

ASX was further concerned that *"the joint venture company currently will not have any ore supply agreements to provide feed to the Luapala Processing Facility and no offtake agreements to sell product from the Luapala Processing Facility in place prior to reinstatement of the Company's securities to official quotation"*.

Winmar advises that the Company and its advisors in the DRC and AHIC are in advanced negotiations with a number of parties for the supply of high-grade cobalt and copper ore to the Facility. The Company anticipates making an announcement in the short-term on the finalisation of a number of Ore Supply Agreements.

In addition, the Company continues to work with its Strategic Advisor, Airguide, and AHIC in order to finalise Offtake Agreements for the sale of cobalt and copper concentrates produced from the Facility. Airguide has advised that it is in discussion with potential off-take partners, including groups from China, Europe and Africa.

As such, the Company expects that it will have appropriate arrangements in place for the supply of high-grade cobalt and copper ore to the Luapula Processing Facility and sale of the high-grade cobalt and copper concentrates for WLMC prior to reinstatement of the Company's securities to official quotation.

ASX was additionally concerned over the *"paucity of the financial information contained in the accounts of AHIC for the years ended 31 December 2016 and 2017 and the half year ended 30 June 2018, and the fact that the accounts do not comply with accounting standards acceptable to ASX such as International Financial Reporting Standards"*.

Winmar advises that it has previously provided ASX with audited financial reports for AHIC for the periods described above, prepared in accordance with the requirements of AHIC's country of incorporation.

Following the Company being advised of ASX's concern in relation to the accounts, the Company has approached AHIC who have indicated their preparedness to provide audited accounts prepared in accordance with International Financial Reporting Standards.

The Company awaits receipt of the accounts prepared in accordance with International Financial Reporting Standards.

Lastly, the ASX advised that it was also concerned with *"the history of the Luapala Processing Facility, having been constructed over a period of approximately 4 years at an estimated cost of US\$80 million, in operation for a period of 2 years, following which it was placed on care and maintenance with its written down value to nil but subsequently re-valued to approximately US\$30 million"*.

The Company is in the process of finalising the engagement of an expert to undertake an independent valuation of the Facility which it expects will allay any concerns ASX has in this regard.

The Company anticipates that an independent valuation will support the acquisition terms of the Luapula Processing Facility.

Based on the above, the Company is of the view that it can adequately address the items of concern raised by ASX and for this reason it will continue to seek reinstatement of its securities to official quotation. The Company notes however that admission to the official list is in ASX's absolute discretion and ASX may grant or refuse admission without giving any reasons.

Please contact the undersigned if you require any further information in relation to this matter.

Mr Jason Brewer
Chairman
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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 licences 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.