

ASX RELEASE | 3 April 2024

Exclusive option to Acquire Renard Project

HIGHLIGHTS

- Exclusive Option Agreement (Option) signed to acquire the assets comprising the Renard Mine and associated infrastructure (Renard) or all the issued capital in Stornoway (the 100% owner of Renard), subject to Québec Court approval. Renard is located circa. 60 kilometres south (in a straight line) of Winsome's 59 million tonne Lithium Mineral Resource¹ at Adina (Adina).
- Renard processed first ore in 2016 and operated as a diamond operation until Q4 2023. The Renard process plant has a design capacity of 2.2Mtpa and Winsome believes is potentially capable of being repurposed to treat lithium bearing material.
- Renard's process plant consists of dense media separation, upfront jaw, cone, high-pressure grinding rolls and ore sorting circuits necessary for spodumene concentrate production.
- Renard has a range of mineral processing and operating permits that may advance Winsome's pathway to lithium production at a previously operating, brownfields site in Quebec and facilitate growth in the Canadian EV battery supply chain.
- Recent site visits to Renard by the Winsome management and technical teams confirmed the quality of the site-associated infrastructure, which includes an operating airport, power station, maintenance workshop and warehouse, water treatment plant, tailings storage, camp and office buildings and an all-season access road connecting the site to the provincial road network, the national railway system to the EV battery supply chain hub in Bécancour and major ports on the St Lawrence seaway.
- Potential acquisition of Renard, in which over C\$900 million of capital has been invested, has the ability to materially reduce upfront capital expenditure, project risk and footprint at Adina.
- Winsome will pay a C\$4 million Option fee in cash and may exercise the Option during the period following Québec Court approval the Option until 30 Sep 2024, unless extended (Option Period). Winsome may extend by 3 months (to 31 Dec 2024) by paying C\$2 million in cash, and by a further 2 months (to 28 Feb 2025) by paying an additional C\$2 million in cash.
- Option Period will be used to confirm the feasibility of repurposing Renard, as well as determining the optimal transaction structure, and negotiating definitive transaction agreements.
- Winsome is committed to working with Government and community stakeholders as it undertakes further studies to unlock strategic infrastructure in the Eeyou Istchee James Bay region.

¹ Refer to the Company's ASX announcement dated 11 December 2023 titled "Globally significant maiden Mineral Resource of 59Mt at 100% owned Adina Lithium Project" and Table 1 at the foot of this announcement.

Lithium explorer / developer Winsome Resources (ASX: WR1, **Winsome** or the **Company**) is pleased to announce it has entered into a binding agreement with Stornoway Diamonds (Canada) Inc. (**Stornoway**) and 11272420 Canada Inc. (together the **Vendors**) pursuant to which Winsome has secured (subject to Superior Court of Québec (**Court**) approval) an exclusive option (**Option**) to acquire, at its election, the assets comprising the Renard diamond mine, processing facility and associated infrastructure (**Renard**) or all of the issued capital in Stornoway.

Winsome sees the proposed acquisition as an exciting opportunity to advance the development of Winsome's 100% owned Adina Lithium Project (**Adina**), and potentially other lithium deposits in the region, by exploring the possibility of repurposing the existing infrastructure at Renard into a lithium processing operation.

Other potential opportunities and advantages are set out further below.

Winsome will use the option period to assess the potential technical, economic, environmental, and social feasibility of repurposing Renard as well as identify the optimal transaction structure and negotiate definitive documents to give effect to the proposed acquisition (Proposed Acquisition).

The update to the Adina Mineral Resource estimate of 59Mt at 1.12% Li₂O is still on track for H1 2024.²

Furthermore, studies at Adina continue and remain on track for completion H2 2024 and will consider operating scenarios both with and without the development of Renard.

WINSOME'S MANAGING DIRECTOR CHRIS EVANS SAID:

"Should we exercise the Option, the Renard project, processing plant and associated infrastructure has the potential to be transformative for Winsome's shareholders.

"It would give us access to a fully permitted, recently operated processing facility that utilises similar steps as a spodumene concentrate dense media separation processing operation, and de-risk project development by materially reducing capital cost."

"Furthermore, it is a regionally strategic asset with potential to provide a cost-efficient transport and logistics solution for Winsome's 59 million tonne Lithium Mineral Resource at Adina,¹ by opening up year-round road and rail access to the growing critical mineral and EV battery supply chain hub in nearby Bécancour, Québec."

"The Renard assets are in incredibly good condition, having been operating for less than a decade since processing first material in 2016."

"Winsome has the potential to acquire and repurpose the Renard assets at a fraction of their replacement value."

"Existing infrastructure includes an operating airport, power station, maintenance workshop and warehouse, water treatment plant, tailings storage, camp and office buildings, all within 60km of our world-class Adina project."

We look forward to continuing to work with all of Stornoway's stakeholders in progressing the transaction to a successful outcome."

² Refer to the Company's ASX announcement dated 11 December 2023 titled "Globally significant maiden Mineral Resource of 59Mt at 100% owned Adina Lithium Project" and Table 1 at the foot of this announcement.

About Stornoway

Stornoway is a Canadian diamond production, exploration and development company. Stornoway's material mineral property is its 100% owned Renard diamond mine and processing facility.

On 27 October 2023, Stornoway announced Renard was being placed into care and maintenance, pending a recovery in diamond prices, and restructuring proceedings under the *Companies Creditors Arrangement Act* (R.S.C., 1985, c. C-36) before the Court had commenced.

In parallel, the Court granted a Sale and Investment Solicitation Process (**SISP**) order authorising the Vendors (with the assistance of the Court-appointed SISP agent, Deloitte Corporate Finance Inc.) to undertake a sale process.

About Renard

Renard is a mining and processing site located in the Eeyou Istchee James Bay region of Québec. Renard is circa. 60 kilometres south (in a straight line) of Adina (**Figure 1**) and is circa. 400 kilometres north of a national railway system at Chibougamau, which is connected by road and rail to the critical mineral and EV battery supply chain hub in Bécancour.

Renard first produced diamonds in 2016 and has operated for several periods since then. Infrastructure at Renard includes:

- Two open pits (no longer mined) and underground mine, currently at circa. 600 metres depth.
- A state-of-the-art, fully covered 2.2Mtpa processing facility (**Processing Plant**), including primary, secondary and tertiary crushing circuits, two dense media separation circuits, and tailings thickening and dewatering circuits.
- The Clarence and Abel Swallow Airport, which is operable 24 hours a day. The gravel airstrip is 1.5km long and 30 metres wide and is also equipped with a jet fuel station.
- A circa. 16MW LNG-fired power station, with supporting LNG storage vaporisation infrastructure.
- A fully permitted tailings storage facility, with other disposal sites identified for future storage.
- Water infrastructure, including a water collection system and a mine wastewater treatment plant.
- Maintenance shop, suitable for a wide range of mobile and fixed equipment.
- A 330-bed camp, with gymnasium, cafeteria, and other recreational facilities.
- Access to a permanent, all-season road leading to a national railway connection at Chibougamau leading to the EV battery supply chain hub in Bécancour and major ports on the St Lawrence seaway.

As understood by Winsome, Stornoway has existing working relationships with its key suppliers and other stakeholders, including existing agreements with the Cree Nation of Mistissini, Grand Council of the Crees and Cree Regional Authority (Mecheshoo Agreement), in addition to the communities of Chibougamau and Chapais.

Adina also sits on the traditional lands of the Cree Nation of Mistissini.

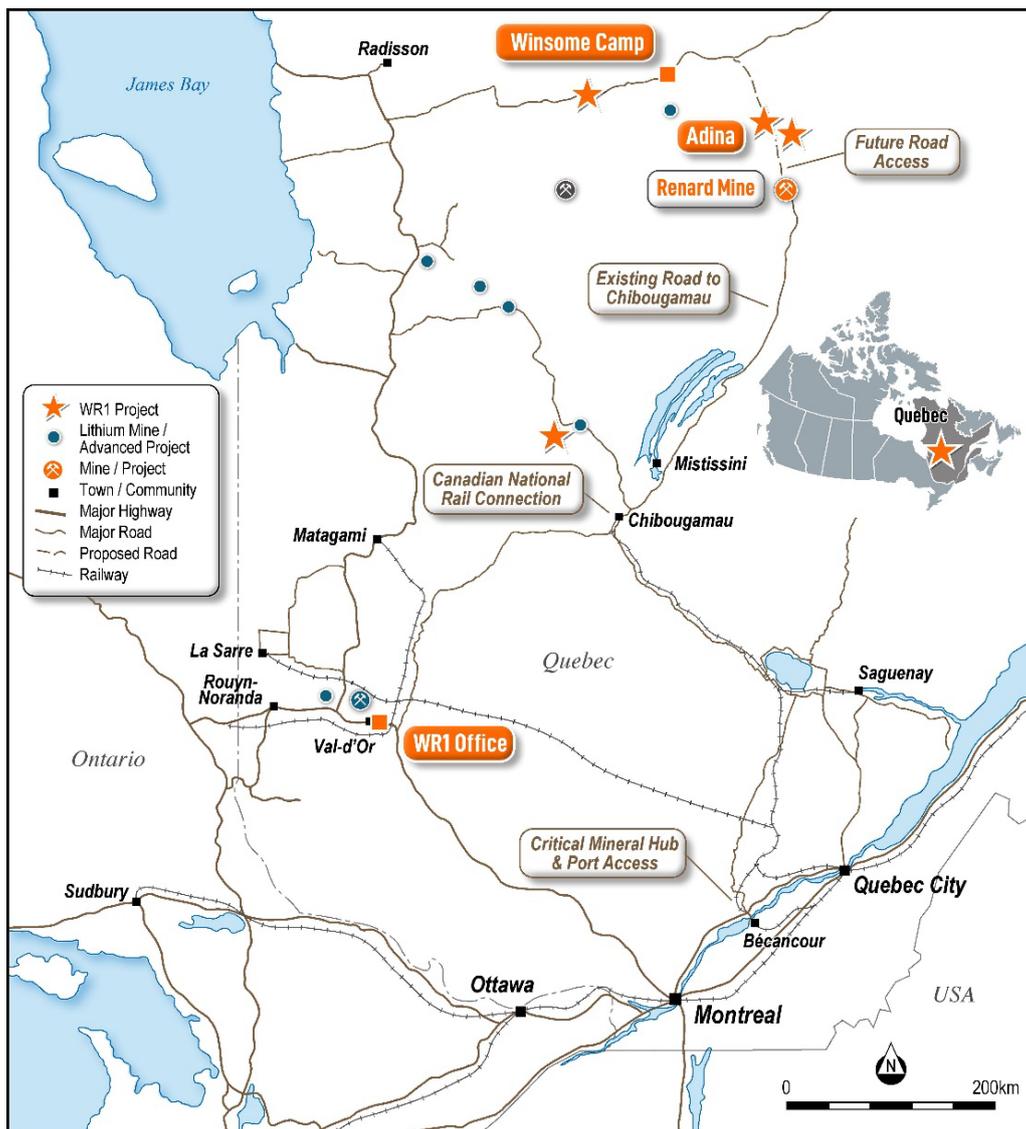


Figure 1. Eeyou Istchee James Bay Region - Adina Project and Infrastructure Map.

Potential opportunities and advantages of the Proposed Acquisition

Based on its due diligence to-date, Winsome believes the Proposed Acquisition (should it occur) could provide the following potential opportunities and advantages:

- De-risk and reduce the upfront capital and funding requirement associated with the development of Adina, through repurposing of the Renard Processing Plant to process spodumene-bearing pegmatite from Adina.
- Several of the processing stages could be utilised for a lithium processing operation, including the crushing, ore sorting and dense media separation circuits.
- Leverage existing permits and approvals held by Stornoway to potentially advance and de-risk the permitting process for Adina. Whilst these permits will need amendment to facilitate Renard transitioning to a lithium processing operation, this could reduce risks associated with permitting.

- Develop and enhance relationships with key stakeholders of Stornoway, including local communities, Cree Nation of Mistissini and other traditional land users, regulators and other provincial and governmental stakeholders.
- Reduce Adina's footprint by utilising areas previously disturbed during diamond mining operations for storage of tailings and other process residues from a lithium processing operation. This includes the existing open pit and underground mines at Renard, as well as the existing tailings storage facility.
- Potentially expand the infrastructure in the future, to become a central operational and lithium processing operation, further transforming the Eeyou Istchee James Bay region into a lithium district.
- Utilise existing infrastructure (e.g., airport, power station, camp) to facilitate exploration, development, and construction activity at Adina as well as Adina and Renard as an integrated asset (**Images 1 to 8**).
- Utilise the existing road between Renard, Chibougamau and Bécancour, and rail from Chibougamau, to facilitate transport of material to customers downstream in the region.
- Design and develop an all-season road to facilitate the transport of material from Adina to existing southern road network currently ending at Renard Mine. Winsome has held discussions with local stakeholders on proposed plans to develop this type of supportive infrastructure, which has the potential to expand transportation links in the Eeyou Istchee James Bay region for multiple potential users.

Further to this last point, a funding application was recently submitted through the C\$1.5 billion Critical Minerals Infrastructure Fund, a new federal initiative to advance clean energy and transportation infrastructure projects under Stream 1 (Preconstruction and project development) by Eskan Company, a 100% Cree owned Development Corporation. Winsome Adina Lithium Inc. is the named collaborator and industry partner on this initiative. Pending a positive decision, this funding would directly support the undertaking of technical studies (e.g., road design and engineering), permitting support studies (e.g., consultation and environmental and socioeconomic baseline studies) and an environmental and social impact assessment all led by Eskan.

The Company believes that several of the processing stages installed in the Renard processing facility could be utilised for a lithium processing operation, including the crushing, ore sorting and dense media separation circuits. Recent favourable results from HLS test work demonstrated the amenability of Adina mineralisation to beneficiation by dense media separation³ and the Company has recently completed a wide diameter diamond core drilling programme at Adina to collect a further set of representative samples for a comprehensive metallurgical test work programme to be implemented in 2024. This test work programme is likely to be expanded during the Option period to enable the suitability of the Adina mineralisation for processing at Renard as well as the potential recoveries to be assessed.

³ Refer to the Company's ASX announcement dated 20 February 2024 titled "*Exceptional Metallurgical Test Work Results from Adina*".



Image 1. Aerial render of the Renard site layout.

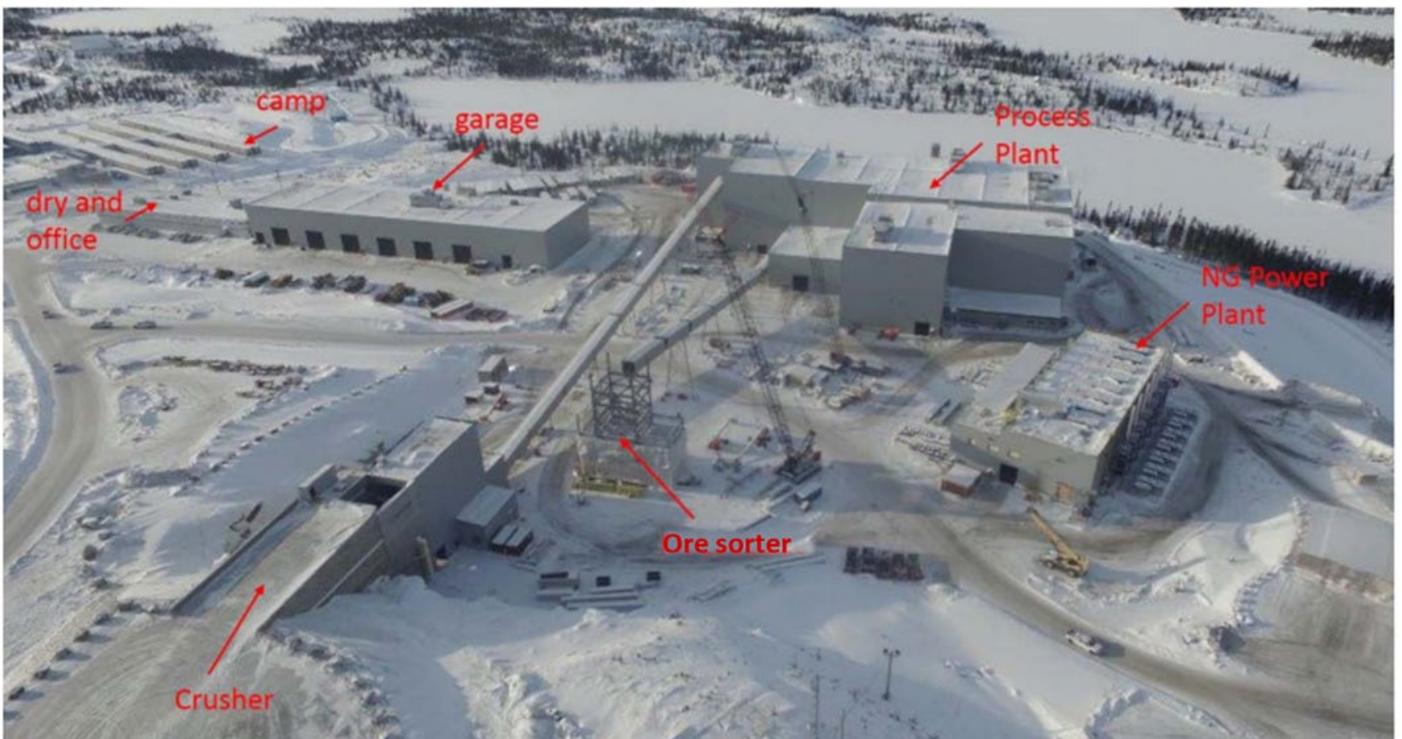


Image 2. Renard's crusher and processing plant.



Image 3. Main camp and accommodation at Renard housing up to 330 people.



Image 4. LNG-fired power station with a total capacity of circa 16MW.

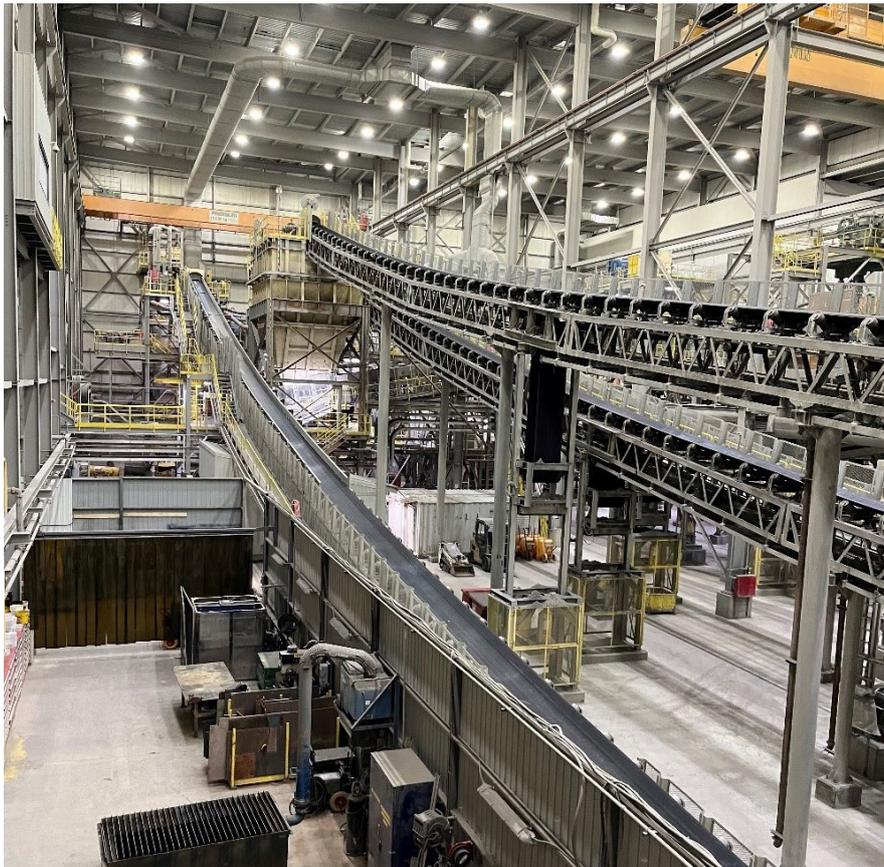


Image 5. Winterised dense media separation process plant including workshop.

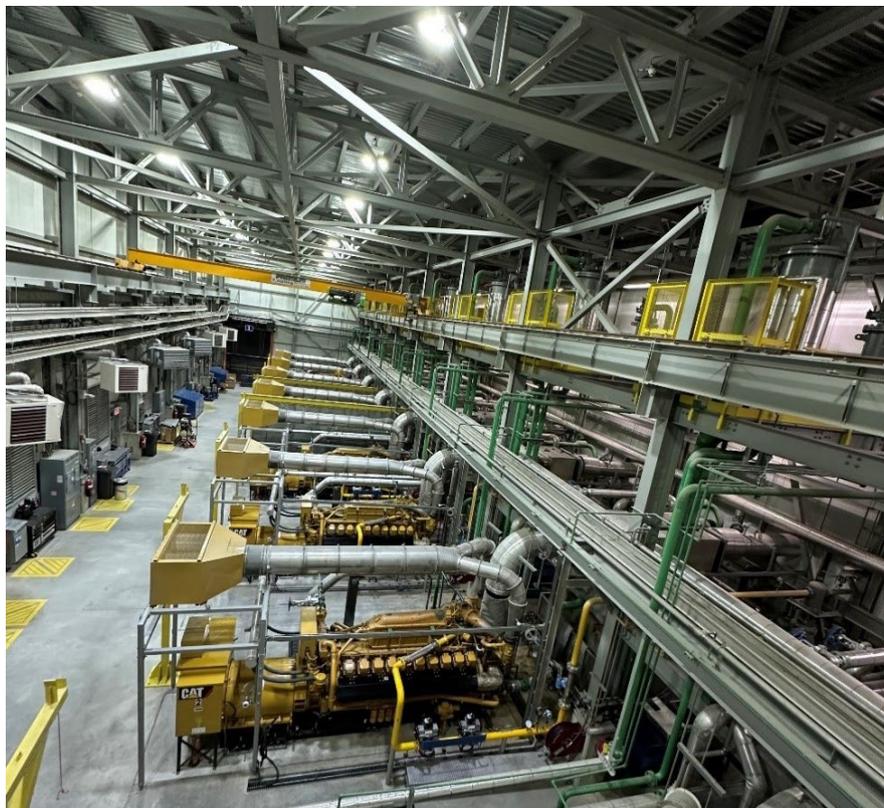


Image 6. Natural gas generators housed within the power station.



Image 7. LNG storage tanks on site at Renard.



Image 8. Existing Renard airstrip is 1,500 metres long.

Option Terms

The Option entitles Winsome to acquire, at its election, the assets comprising Renard or all the issued capital in Stornoway during the period commencing on the date the Court approves the Option (under the SISF) until 30 September 2024 unless extended (**Option Period**).

Winsome has agreed to pay C\$4 million in cash for the Option (**Option Price**). If Court approval is not obtained by 30 April 2024, the Option Price will be refunded to Winsome (unless otherwise agreed). The Option Price is intended to fund Stornoway's care and maintenance costs during the Option Period. Winsome can elect to extend the Option Period by 3 months (to 31 December 2024) by the payment of C\$2 million in cash, and then a further 2 months (to 28 February 2025) by the payment of an additional C\$2 million in cash.

During the Option Period, the Vendors are:

- restricted from soliciting any other interest in Renard or Stornoway during the Option Period and must discontinue any other discussions regarding the same; and
- subject to customary obligations to ensure the Renard assets and Stornoway are maintained in good standing, in accordance with generally accepted industry standards (whether being operating as an operating mine or on care and maintenance) and generally with a view to preserve value.

Winsome will use the Option Period to assess the potential technical, economic, environmental, and social feasibility of repurposing Renard, as well as identify the optimal transaction structure and negotiate definitive transaction documents to give effect to the Proposed Acquisition. There can be no guarantee that Winsome will exercise the Option. Further, if the Option is exercised, the Proposed Acquisition itself will be subject to conditions (including Court approval) and therefore there can be no guarantee that the Proposed Acquisition will complete.

Should Winsome elect to exercise the Option at any point during the Option Period, the key terms of the Proposed Acquisition are to be as follows:

Basis of the Proposed Acquisition	On a cash and debt free basis, meaning that none of the existing financial debts of Stornoway shall be assumed by Winsome except mine rehabilitation obligations and other liabilities as agreed by Winsome (irrespective of the structure of the Proposed Acquisition). Diamond inventory and other equipment directly associated with a diamond mining operation not required by Winsome are also to be excluded.
Consideration	<p>C\$52 million payable in cash, Winsome shares, or a combination thereof at Winsome's election, as follows:</p> <ul style="list-style-type: none"> • C\$15 million, payable upon closing of the Proposed Acquisition (Closing); • C\$22 million, payable by the 12-month anniversary of Closing; and • C\$15 million, payable by the 24-month anniversary of Closing. <p>In the event Winsome elects to pay the consideration by the issue of Winsome shares, the value of Winsome shares to be issued will be determined based on the higher of the volume weighted average price of Winsome shares on the ASX over the 5 ASX trading days immediately preceding the date:</p> <ul style="list-style-type: none"> • on which the Option is exercised by Winsome (Exercise Share Price); and

	<ul style="list-style-type: none"> • which is 2 business days prior to the date on which the relevant tranche of the consideration is to be paid (Prevailing Share Price). <p>However, where the Prevailing Share Price is less than the Exercise Share Price, Winsome must ‘top-up’ the cash component of the consideration such that the aggregate value of the cash and Winsome shares (valued at the Prevailing Share Price) is equal to the relevant tranche of the consideration (i.e. in respect of the payment at Closing, C\$15 million).</p> <p>If Winsome elects to make payment of second or third tranche of the consideration earlier than the deadline (being the 12-month anniversary and 24-month anniversary of Closing respectively), Winsome must pay the whole of the relevant tranche and not part.</p> <p>Any allotted Winsome shares would be subject to a reasonable “lock up” period.</p>
Conditions	<p>The Court approving the Proposed Acquisition on terms acceptable to Winsome. The Proposed Acquisition is also subject to shareholder approval for the purposes of Listing Rule 7.1 and potentially other conditions as Winsome considers appropriate. ASX has confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the Option, however Winsome will re-confirm the application of Chapter 11 of the ASX Listing Rules to the Proposed Acquisition if the Option is exercised or if Winsome determines to commence diamond mining operations at Renard (which Winsome has no intention to do).</p>
Closing	<p>The timing and procedure for Closing will be set out in the definitive documents.</p>

Advisers

Winsome is being advised by Azure Capital as its financial adviser and DLA Piper as its legal adviser in relation to the Proposed Acquisition. Winsome has also engaged the services of the following consultants and advisers to assist with its due diligence on Stornoway and Renard, and the studies:

- Synectiq Inc. (technical advisers and project managers)
- WSP Canada Inc. (waste management advisers)
- DRA Global (process and metallurgical advisers)

Webinar

Managing Director, Chris Evans will be presenting a Webinar to further explain to investors and any interested stakeholders the opportunities associated with this transaction. The Webinar will be held at on Thursday 4th April, 2024 @ 7.00am AWST (10.00am AEST) register here to attend:

[EP05 | Winsome Resources \(ASX:WR1\) Webinar Series with Chris Evans – Demio](#)

- Ends -

This announcement is authorised for release by the Board of Winsome Resources Limited.

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ABOUT WINSOME RESOURCES

Winsome Resources (ASX: WR1) is a Perth-based, lithium focused exploration and development company with four project areas in Québec, Canada. All of Winsome's projects – Adina, Cancet, Sirmac-Clappier and Tilly are 100% owned by the Company. Recently the Company acquired a further 47km² of claims at the Tilly Project, located near Adina, and 29 claims of the Jackpot Property, immediately north of Adina. The most advanced of Winsome's projects - Adina and Cancet, provide shallow, high grade lithium deposits and are strategically located close to established infrastructure and supply chains.

In addition to its impressive portfolio of lithium projects in Québec, Winsome Resources owns 100% of the offtake rights for lithium, caesium and tantalum from Power Metals Corp (TSXV:PWM) Case Lake Project in Eastern Ontario, as well as a 19.6% equity stake in PWM. The Company recently divested Decelles and Mazerac, two early stage projects located near the Québec mining town of Val-d'Or, to PWM in exchange for an increased shareholding.

Winsome is led by a highly qualified team with strong experience in lithium exploration and development as well as leading ASX listed companies. **More details:** www.winsomerresources.com.au

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements concerning Winsome. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory, including environmental regulation and liability and potential title disputes.

Forward-looking statements in this document are based on the Company's beliefs, opinions and estimates of Winsome as of the dates the forward-looking statements are made, and no obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

MINERAL RESOURCES

Winsome confirms it is not aware of any new information or data which materially affects the Mineral Resource, or the supporting information included in the original market announcements referred to in this announcement. The Company also confirms all material assumptions and parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed. The Company notes, as disclosed in this announcement and in previous announcements, drilling is currently underway at Adina and results presented in this announcement will be incorporated into an update to the Mineral Resource currently planned for the first half of 2024. Winsome confirms the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Table 1. Mineral Resource Statement for the Adina Lithium Deposit

Zone	Inferred			Total		
	Tonnes (Mt)	Li ₂ O (%)	Contained LCE (Mt)	Tonnes (Mt)	Li ₂ O (%)	Contained LCE (Mt)
Main	28.6	1.12	0.79	28.6	1.12	0.79
Footwall	29.9	1.12	0.83	29.9	1.12	0.83
Total	58.5	1.12	1.62	58.5	1.12	1.62

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