

ASX RELEASE | 2 DECEMBER 2022

Winsome acquires key stake and offtake deal in Ontario critical minerals project

HIGHLIGHTS

- Winsome Resources signs binding agreement to purchase Hong Kong-based Sinomine's interests in Power Metals Corp's Case Lake Project.
- Case Lake hosts high-grade lithium, caesium and tantalum deposits¹ in which Winsome has gained the rights to all offtake.
- Located across the provincial border but in proximity to Winsome's Quebec assets.

Winsome Resource Limited (ASX:WR1; "Winsome" or "the Company") is pleased to announce it has agreed to acquire shares in TSX-V listed Power Metals Corp (TSX-V:PWM) ("Power Metals") that are currently owned by Hong Kong-based Sinomine Rare Metals Resources Co Ltd ("Sinomine").

Under this agreement, Winsome has also agreed to acquire Sinomine's offtake rights for the lithium, caesium and tantalum from the highly prospective Case Lake Project ("the Project"), located in Ontario, Canada.

The Project is owned by Power Metals and hosts high-grade deposits of caesium, lithium and tantalum. All three minerals are included on the latest US and Canadian critical minerals lists.

Located in north-eastern Ontario region approximately 100km north of Kirkland Lake, the Project is accessible year-round via the Translimit Road which connects Ontario and Quebec.

As a Chinese-owned entity, Sinomine is required by recent changes to Canadian law to divest its interests in the Project.

¹ See Power Metals (TSX-V:PWM) Announcements dated 8 September 2022, 13 October 2022 and 19 October 2022

Under the terms of the agreement, for a total cash consideration of CAD\$2,000,000 (AUD\$2.211m) Winsome will acquire Sinomine's total interests in Power Metals and the Case Lake Project, including:

- 7,500,000 common shares (representing 5.72% of PWM's issued capital); and
- 7,500,000 share purchase warrants, which can be converted into shares on a one-for-one basis at CAD\$0.40 per Share, expiring on 17 March 2025,

(together, the "Sale Securities")

Winsome has also agreed to assume all of Sinomine's rights and obligations under the offtake agreement that was signed between Sinomine and Power Metals dated 16 March 2022 ("Offtake Rights").

Offtake:

- Sinomine will have off-take rights for all future lithium, caesium and tantalum extracted or otherwise produced by PWM and any of its agents, employees, successors, assigns, associates, affiliates, subsidiaries, parents or partners or any of them within the Case Lake Area, or any operations directly related thereto.
 - a. Sinomine will pay to PWM for all lithium, caesium and tantalum 95% of the market value of such resources, as determined with reference to the Asian Metal Market.
- If Sinomine elects not to purchase the lithium, caesium or tantalum, PWM may sell those materials to a third party at a rate which is not lower than the rate that Sinomine would have paid for such materials.

Term:

- The term of the Agreement shall remain in effect for a period of three years from the date of the original offtake agreement (17 March 2022), and shall continue thereafter so long as Sinomine holds not less than 2.5% of the issued and outstanding common shares of PWM on a non-diluted basis.
 - a. In the event that PWM issues additional common shares, PWM must provide Sinomine with an option to purchase such common shares on the same conditions as they are being issued to any other party.
 - b. In any event, if Sinomine at any time will hold less than 2.5% of the issued and outstanding common shares of PWM as the result of any private offering, Sinomine will be provided an option to purchase such common shares as would be necessary to retain a minimum of 2.5% of the issued and outstanding common shares of PWM on a non-diluted basis.

- The term of the Agreement will continue until:
 - b. Terminated by agreement in writing between Sinomine and PWM; or
 - c. Terminated by either Sinomine or PWM for substantial breach of this Agreement by the other party as follows:
 - i. Prior to termination by either party, such party must provide reasonable notice, being no less than fourteen (14) days' notice of any breach of this Agreement by the defaulting party; and
 - ii The defaulting party must be provided with a reasonable time within which to remedy such breach, being not less than seven (7) days

Winsome's acquisition of the Sale Securities is subject to the following conditions precedent:

- Execution and delivery of a deed of assignment by Sinomine and Winsome in relation to the Offtake Rights, effective from completion of Winsome's acquisition of the Sale Securities; and
- Sinomine obtaining all necessary shareholder, regulatory approvals and third-party approvals and consents necessary to lawfully complete the matters set out in this Agreement.

It is expected that the Company's acquisition of the Sale Securities and the Offtake Rights will occur on or about 2 December 2022.

Winsome will utilise its existing cash reserve to fund the acquisition. This is consistent with the Company's announcement dated 15 August 2022, in which it is stated that, to the extent that Winsome is presented with additional acquisition opportunities, Winsome's working capital will fund the acquisition costs.

Winsome and Power Metals have commenced strategic discussions aimed at utilising the resources available to both Companies to facilitate the rapid development of the Case Lake Project and build upon the >13,000m of drilling already completed at the site to publish a maiden resource as soon as possible. Additionally, the Companies are in negotiations regarding Winsome assuming the position currently held by Sinomine on the Power Metals Board of Directors.

WINSOME RESOURCES MANAGING DIRECTOR CHRIS EVANS SAID:

"This is an exciting opportunity for Winsome to expand its interests in the Canadian critical minerals space and to enter the established mining province of Ontario, which neighbours Quebec.

"The Case Lake Project is located in relatively close proximity to a number of our assets, in particular Mazerac and Decelles, with similar geological characteristics and strong drill results showing high-grade caesium, lithium and tantalum mineralisation.

"The minerals are all in high demand within North America and the rights to the offtake agreement are another positive step in the Winsome journey. We look forward to working with Power Metals to assist in developing this impressive project"

"However, it is important to note our current plans are for this to remain a passive investment with potential to generate longer term returns. The Company's immediate focus is to continue exploration and development of our flagship Cancet and Adina projects."

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This announcement has been approved for release by the Board of Directors.

ABOUT WINSOME RESOURCES

Winsome Resources (ASX: WR1) is a Perth-based, lithium focused exploration and development company with five project areas in Quebec, Canada. Three of Winsome's projects – Cancet, Adina and Sirmac-Clappier are 100% owned by the Company. The Company has also expanded its lithium footprint in Quebec, with exclusive option agreements to acquire and explore 669 claims totalling 385m² in Decelles and a further 259 claims totalling 149km² at Mazerac, located near the Quebec mining town of Val-d'Or.

The most advanced project – Cancet - provides a shallow, high grade lithium deposit and is strategically located close to established infrastructure and supply chains. 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.winsomeresources.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.