

ASX RELEASE | 3 February 2023

Winsome to raise up to A\$60m to accelerate Canadian lithium projects

HIGHLIGHTS

- Capital raise consists of combination of Flow-Through-Shares (FTS), institutional placement and share purchase plan.
- A\$19m to be raised utilising the FTS provisions under Canadian tax law. The Flow-Through Shares will be placed at A\$4.18 per share, representing a 79% premium to Winsome's last closing price.
- The Flow-Through Shares will be immediately on sold through a block trade agreement to select high-quality domestic and offshore institutional investors.
- Use of the flow-through provisions enables Winsome to significantly minimise the dilution of issued capital.
- Concurrent with the FTS issue the Company is undertaking an institutional placement to raise A\$31m at A\$2.00 per share.
- The Company will also issue a share purchase plan document to raise up to A\$10m from existing shareholders at A\$2.00 per share.
- Strengthened balance sheet provides Winsome with a significant runway to fast-track ongoing lithium exploration and resource drilling activities at Cancet and Adina projects in Canada.

WINSOME'S MANAGING DIRECTOR CHRIS EVANS SAID:

"Winsome Resources is excited to launch this capital raise, and to see the high level of interest from quality investors globally.

"The additional working capital will allow the Company to further ramp up exploration and resource drilling activities at Cancet and Adina as we work towards announcing maiden resources across our projects.

“Further to our previous raise in November 2022, the Flow-Through Share provisions under Canadian tax law mean we are again able to raise capital at a premium to the current share price which in turn minimises dilution significantly.

“The Company continues to see exciting progress and results at Cancet and Adina, and that underpins our decision to pursue this raise and move even more aggressively towards declaring maiden resources and ultimately developing the projects toward lithium production.”

Lithium exploration and development company Winsome Resources (ASX:WR1; **“Winsome”** or **“the Company”**) is pleased to announce it is raising capital through a combination of a Flow-Through Share placement, institutional placement, and a share purchase plan for existing shareholders.

Winsome is currently undertaking exploration and drill programs at the Cancet and Adina projects, and the capital raised will be used to fund acceleration of these programs over the coming months.

As previously announced to the ASX, the Company recently received its first assay results from the Adina drilling campaign, showing impressive lithium mineralisation of 1.34% Li₂O over 107.6m.¹

Pending further assay results, which are expected to be returned from SGS Global in the coming weeks, the Company intends to secure permitting to further advance the Adina discovery. In addition, the expanded program aims to complete further infill and extension drilling at both Adina and Cancet, as well as continue other exploration activities throughout 2023.

Flow-Through Shares Placement Details

The offer (**“FTS Placement”**) is facilitated by Canadian flow-through share dealer, PearTree Securities Inc (**“PearTree”**), pursuant to a subscription and renunciation agreement with the Company, and the end buyer block trade is being facilitated by Canaccord Genuity (Australia) Limited (**“Canaccord”**) who is acting as Lead Manager to the transaction. PearTree will not receive any fees or commissions from the Company for its role in respect of the FTS Placement.

Funds raised from the FTS Placement will be specifically applied as follows:

- expedited follow-up drilling at priority targets at Adina; prospecting, gravity, stripping and channel sampling and CEE eligible staffing expenses at Adina (totalling approximately A\$12.2 million);
- expedited follow-up drilling at priority targets at Cancet; exploration, prospecting, gravity, stripping and channel sampling and CEE eligible staffing expenses at Cancet (totalling approximately A\$5.9 million);
- surveys, field work and preliminary drilling campaigns at Winsome’s other projects: Sirmac, Decelles and Mazarec (totalling approximately A\$508,000); and
- sundry exploration costs (totalling approximately A\$570,000).

The Company has now received firm commitments to undertake the FTS Placement to raise approximately C\$18,000,000 (A\$19,184,093 before costs) through the issue of approximately 4,589,496 shares at an issue price of C\$3.922 (A\$4.18²) per share (**“Flow-Through Shares”** or **“New Shares”**). The Canadian “Flow Through Shares” provide tax incentives to those investors for expenditures which qualify as flow through critical mineral mining expenditures under the Income Tax Act (Canada). The Flow-Through Shares will be issued at a 79% premium to the last closing price of Winsome pursuant to the Canadian flow-through shares regime. The “Flow-Through Share” is a defined term in the Income Tax Act (Canada) and is not a special class of share under corporate law.

Pursuant to a block trade agreement between PearTree and Canaccord, Canaccord will facilitate the secondary sale of the Flow-Through Shares acquired by PearTree clients under the FTS Placement to select institutional investors by way of a block trade at A\$2.00 per share. The Flow-Through Shares will cease to be flow-through shares on the

¹ ASX announcement dated 6 January 2023: *“Strong lithium mineralisation from first Adina assays”*, The Company confirms that it is not aware of any new information or data that materially affects the information contained in the 6 January 2023 announcement.

² Using an exchange rate of A\$1 = C\$0.9383

completion of the FTS Placement and end buyers taking the Flow-Through Shares in the block trade will not take the Flow-Through Shares as flow-through shares.

A prospectus prepared in accordance with section 713 of the Corporations Act 2001 (Cth) will be issued in connection with the FTS Placement to facilitate secondary trading of the New Shares.

The tax benefits associated with the Flow-Through Shares are available only to the investors (who are Canadian residents) and not to any other person who acquires the Flow-Through Shares through the on-sale or transfer of those Flow-Through Shares.

FTS Placement - Additional Details

An issue price of A\$4.18 per share represents an implied:

- 79.4% premium to the last closing price of A\$2.330 per share on 31 January 2023; and
- 96.7% premium to the 10-day volume weighted average price (“**VWAP**”) of A\$2.125 per share as of 31 January 2023.

The New Shares will be issued under the Company’s existing placement capacity under ASX Listing Rule 7.1. Settlement of the Placement is expected to occur on Friday, 10 February 2023 and the New Shares will rank equally with the Company’s existing shares on issue.

Institutional Share Placement Details

Strong demand for the FTS Placement encouraged the Board to undertake a further issue of 15,500,000 shares to institutional investors (“**Institutional Share Placement**”) of approximately A\$31,000,000 at \$2.00 per share (“**Offer Price**”), being the same price as the Flow Through Shares block trade.

The Offer Price represents an 14.2% discount to the last closing price on Tuesday 1 February of A\$2.330 per share, 10.0% discount to the 5-day VWAP of A\$2.222 per share, and a 5.9% discount to the 10-day VWAP of A\$2.125 per share.

Funds raised from the Institutional Share Placement will be applied to:

- Accelerate and expand drilling programs currently underway at Adina;
- Expanded exploration and drilling programs at Cancet;
- Preliminary environmental and project development studies;
- Surveys, field work and maiden drilling campaigns at the Company’s other projects;
- Provide funds to pursue corporate opportunities; and
- General working capital and costs of the Offer.

The shares issued under the Institutional Share Placement will be issued under the Company’s existing placement capacity under ASX Listing Rule 71. And ASX Listing Rule 7.1A. Settlement of the Institutional Share Placement is expected to occur on Friday, 10 February 2023 and the shares issued under the Institutional Share Placement will rank equally with the Company’s existing shares on issue.

Share Purchase Plan

The Company is also announcing a Share Purchase Plan (“**SPP**”) for Eligible Shareholders (as defined below). Under the SPP, Eligible Shareholders will be able to apply for between A\$2,500 and A\$30,000 worth of shares at A\$2.00 per share, being the same price as the FTS block trade and Institutional Share Placement. The Company will seek to raise up to A\$10m under the SPP, which will result in the issue of up to 5,000,000 new shares.

The SPP is an initiative to provide Eligible Shareholders with the opportunity to purchase additional shares at a discount without brokerage and transaction costs.

Participation under the SPP is optional and is available exclusively to shareholders of the Company who are registered as holders of shares at 5.00pm (AWST) on 2 February 2023 (“**Record Date**”) and whose registered address is in either Australia or New Zealand (“**Eligible Shareholders**”).

The SPP entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase shares up to the value of A\$30,000 at the Offer Price of A\$2.00 per share.

The proceeds raised under the SPP are intended to be utilised to fund exploration expenditures not eligible under the FTS Placement and for general working capital purposes.

Full details of the SPP, including offer letters and the application form, will be dispatched to Eligible Shareholders following completion of the FTS Placement and Institutional Shares Placement.

Effect on capital structure

Assuming the FTS Placement, Institutional Shares Placement and SPP all complete as contemplated by this announcement, the Company's capital structure will be as follows:

Class	Shares	Options	Performance Rights
Securities on issue at the date of this announcement	148,932,028 ¹	11,000,000	7,500,000
Shares to be issued pursuant to the FTS Placement	4,589,496	-	-
Shares to be issued pursuant to the Institutional Shares Placement	15,500,000	-	-
Maximum Shares to be issued pursuant to the SPP	5,000,000		
Total on completion of the FTS Placement, Institutional Shares Placement and SPP (assuming maximum amount is raised)	174,021,524	11,000,000	7,500,000

Note:

1. Includes 8,240,007 shares subject to escrow.

Advisors:

Canaccord Genuity (Australia) Limited acted as sole lead manager and bookrunner to the capital raising. Foster Stockbroking Pty Ltd and Jett Capital acted as co-managers.

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 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, also located near the Quebec mining town of Val-d'Or.

The Company's two flagship projects – Cancet and Adina - host high grade lithium mineralisation 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.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.

PREVIOUS EXPLORATION RESULTS

The information in this announcement relates to Exploration Results on the Cancet and Adina projects has previously been released in ASX announcements dated 28 October 2022 and 1 November 2022. Winsome confirms it is not aware of any new information or data which materially affects the information included in the original market announcements. 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.

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