



WHINNEN
RESOURCES
ACN 123 511 017

8 March 2011

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

WHINNEN PARTNERS WITH SANDFIRE RESOURCES IN CHILEAN COPPER PROJECTS

- Whinnen Resources Limited (ASX: WWW) (**Whinnen** or the **Company**) to acquire 100% of Mystic Sands Pty Ltd (**Mystic Sands**)
- Mystic Sands, through its subsidiary, holds a portfolio of copper, gold and silver exploration properties in the Atacama mining region of northern Chile
- Large prospective ground holdings including a highly prospective copper portfolio located in well-known and productive mineral districts
- Additional Gold project under option – covers an area of 160km
- Sandfire Resources NL (**Sandfire**) to become cornerstone investor (17.1%) and provide ongoing technical advice and support to existing assets and new projects
- Company to aggressively pursue additional projects
- Whinnen to raise A\$7.28 million through a placement

Whinnen is pleased to announce that it intends to enter into agreements to acquire 100% of the issued share capital of Mystic Sands (**Mystic Sands Acquisition**).

Mystic Sands holds a number of highly prospective exploration projects located in the mining region of Atacama in Chile, with close proximity to the mining towns of Copiapo and Vallenar. The two lead projects are the Condor major shear zone hosted copper/gold system and the Nany epithermal gold project (together, the **Projects**).

Whinnen also intends to enter into an agreement for Sandfire (ASX: SFR) to take a strategic investment in Whinnen which will result in Sandfire emerging with circa 17.1% of the issued capital of Whinnen. Sandfire intends to provide on-going technical advice and support in relation to the Projects and any new projects acquired in the future (**Technical Services Agreement**).

Whinnen to place up to 104 million new fully paid ordinary shares (**Shares**) to be listed on the Australian Securities Exchange (**ASX**) at \$0.07 per Share to raise gross proceeds of approximately \$7.28 million via a placement to sophisticated investors (**Placement**). The



WHINNEN
RESOURCES
ACN 123 511 017

issue of Shares under the Placement will be subject to shareholder approval and the completion of the Mystic Sands Acquisition.

The Mystic Sands Acquisition and the Placement together represent the **Proposed Transaction**.

Commenting on the Proposed Transaction, Nathan McMahon, Managing Director of Whinnen noted:

“The Board of Whinnen is pleased to welcome Sandfire as a cornerstone investor with a shareholding of 17.1%. Sandfire brings a wealth of technical expertise and a track record of finding and developing world class mining projects.

Upon completion of the Placement, the Company will be fully funded to embark on an aggressive exploration programme of the Mystic Sands projects with technical assistance from Sandfire and have the capacity to identify new mineral resources projects.”

Key terms

Upon the settlement of the acquisition agreements (**Acquisition Agreements**) for the Mystic Sands Acquisition with each of the shareholders of Mystic Sands (**Mystic Sands Shareholders**) and subject to shareholder approval, the Company will acquire 100% of the issued capital of Mystic Sands for the issue of:

- 40,000,000 Shares in the capital of the Company to the Mystic Sands Shareholders; and
- 8,000,000 options with an exercise price of A\$0.20 per share and an expiry date of 30 April 2014 to the Mystic Sands Shareholders

(together, the **Consideration**).

In addition to the Consideration, the Company intends to issue the following Shares and options as consideration for services to other parties in connection with the Proposed Transaction:

- Sandfire - 17 million Shares and 14.5 million options with an exercise price of A\$0.20 per share and an expiry date of 30 April 2014 as consideration under the Technical Services Agreement;
- Ravenhill Investments Pty Ltd (**Ravenhill**) – 14 million Shares for fees associated with introducing the Proposed Transaction; and
- 10 million Shares for advisory and capital raising fees associated with the Proposed Transaction.

Completion of the Mystic Sands Acquisition is subject to a number of conditions, including the Company:



WHINNEN
RESOURCES
ACN 123 511 017

- completing legal due diligence on Mystic Sands and the Projects;
- execution of each of the Acquisition Agreements with the Mystic Sands Shareholders;
- execution of the Technical Services Agreement with Sandfire;
- execution of an origination agreement with Ravenhill regarding the issue of the Shares to Ravenhill for fees associated with introducing the Proposed Transaction;
- obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Proposed Transaction;
- obtaining all other consents, approvals, waivers or other authorisations which are necessary or desirable to implement the Proposed Transaction; and
- the Company completing the Placement.

Sandfire intends to subscribe for 26.5 million shares at 7 cents per share for proceeds of A\$1.855 million in the Placement.

It is intended that, under the Technical Services Agreement, on completion of the Proposed Transaction, Sandfire will have the right whilst a holder of 10% or greater interest in Whinnen:

- to nominate two directors to the Board; and
- to participate in future equity issues to the extent required to preserve the percentage holding which it holds at the time that the equity issue is proposed (**Non-Dilutionary Right**).

The Non-Dilutionary Right would be conditional on ASX granting Whinnen a waiver of ASX Listing Rule 6.18 for which Whinnen intends to apply following execution of the Technical Services Agreement.

Whinnen intends to offer the right to Sandfire to purchase up to 70% of its future mineral production on commercial terms (**Commercial Arrangement**).

As with the intended Top up-Right, the rights under the proposed Commercial Arrangement remain for as long as Sandfire has a 10% holding of ordinary shares in Whinnen.

The Company intends to convene a general meeting of its shareholders in the near future to seek all necessary approvals for the Mystic Sands Acquisition and the Placement.

Clayton Utz is acting for the Company in the Proposed Transaction.



WHINNEN

RESOURCES
ACN 123 511 017

Overview of Mystic Sands

Mystic Sands holds a portfolio of exploration tenements in copper, silver and gold projects in the Atacama mining region of northern Chile with large ground holdings all located in known mineral districts and drawing on proven anomalies.

The two key projects are Condor and Nany Varas (**Nany**).



Condor

The Condor project is a steeply dipping, fault – shear hosted, disseminated and vein style copper – gold and silver system over strike of more than 7km (4km held by Mystic Sands) (**Condor Project**).



WHINNEN

RESOURCES

ACN 123 511 017

The Condor Project covers an area of 1,100 hectares in an area known to host gold, copper and silver mineralization along a well defined, continuous, major geologic structure. The target comprises a complex and substantial 5m m to 20m wide, steeply dipping fault- shear zone system which comprises several, largely untested, sub parallel, mineralised structures in a typical shear zone array striking N. This structural regime is developed over a zone measuring some hundreds of meters in width. The mineralised structures contain disseminated and veinlet gold, copper and silver as copper-oxide minerals in the oxidised surficial environment. This mineralisation typically occurs as brittle fracture filling and replacement sulphide veins and associated disseminations over a strike of approximately 7km, of which 4km lies within the Mystic Sands concessions. The next stage of exploration will be a program of work focused on the main San Pablo - Condor north striking shear structure including detailed geologic mapping, rock chip and soil sampling, detailed geophysics with scout drilling of angled RC percussion drill holes into combined targets.

Nany Varas

Mystic Sands holds under an option agreement the right to acquire 100% of the Nany Varas gold project (**Nany**). The Nany prospect is an epithermal gold project that covers an area of 400 hectares. Mystic Sands has achieved promising gold assay results at Nany and based on the assay results the Company expects drilling will commence in July 2011. The target drilling areas are based upon highly promising gold assay samples taken at Nanny over the past 12 months. The rock chip samples taken and assays carried out so far have shown very encouraging results over the entire, generally well exposed, surface outcrop of the vein system, where vein width varies from 5m to 50m at surface area. The average grade of the 430 channel samples taken was 0.86 g/t with values ranging between 0.3g/t Au and 21.8 g/t Au.

Additional work is now planned which will involve further selected trenching to open up the structure where this is thinly covered by soil, followed by detailed geologic mapping and channel sampling across the veins aimed at defining the final distribution of higher grade ore shoots, with drilling of 12 angled RC drill holes to down hole depths of from 75 to 125m to test the gold system to 75m vertical depth.

Other projects

Mystic Sands has ownership of several highly prospective iron oxide copper gold (IOCG) exploration tenements. These comprise large areas in established copper and lead – high grade silver (as upper expressions of the IOCG systems) mining districts with numerous targets including some contained in existing workings. Work is scheduled to commence at the first of these projects by mid 2011.

Project Henry

Project Henry is a substantial Iron Oxide Copper Gold (IOCG) target held within a contiguous group of tenements amounting to 2,700 hectares. The prospect lies at the confluence of three substantial lineaments identified on satellite imagery.

At Project Henry, extensive old alluvial gold workings and recently reconnaissance mapped geology suggests that potential may exist to define a bulk tonnage gold resource from the immediate surface. Alteration and mineralisation mineralogy are consistent with the system



WHINNEN

RESOURCES

ACN 123 511 017

being of the IOCG “Andean” type. At surface, high level 2m to 5m wide high grade lead – silver veins, such as the 3 km long “Daniella Vein”, are probably the upper expressions of the IOCG system, in accordance with the geologic model developed by R. H Sillitoe.

Henry is the largest concentration of claims held by Mystic Sands in Chile. The tenements cover a historic alluvial gold mining area and old bedrock workings for copper and lead with silver. Reconnaissance geologic mapping by Mystic Sands has revealed the area to be the site of an extensive and complex hydrothermal system, with widespread quartz alteration with localized development of stockwork quartz veins and hydrothermal breccias, plus significant dyke and pipe like, quartz-tourmaline breccias bodies. These features are thought to be a high level expression of a large IOCG system with porphyry affinities. Work undertaken so far indicates a large amount of follow up, detailed exploration work will be required to define numerous target types, including: bulk tonnage IOCG mineralization at depth and high grade base metal-silver vein targets, such as the strike extensive Daniella vein.

Project Amigo

Project Amigo is potentially a major IOCG system of the Candelaria type which is located in one of Chile’s major copper mining districts. The company holds a total of 1,700 ha under exploration licenses as a coherent block. The prospect is located immediately to the East of the oldest, and historically second largest, copper mining district in Chile, at Algorrobo-El Roble which was intensively mined in the past by the British (1853 to 1909) to a depth of 450m below surface. There are several historic copper workings well within the Mystic Sands tenements. The copper workings of Algorrobo-El Roble are hosted within the Punte del Cobre volcanic suite and adjacent intrusives which are host to the Punte del Cobre copper mine (140 Mt at 3%Cu) and the directly associated, world class, Candelaria IOCG deposit (650 Mt at 0.95% Cu and 0.28% g/t Au) owned and operated by Freeport MacMoran Inc. The Algorrobo-El Roble deposits bear direct comparison with those at Punte del Cobre and, significantly, a major hydrothermal alteration system associated with locally massive hematite replacement and disseminated copper mineralization. This large area of alteration covering the entire MS tenement area, situated immediately adjacent to the Atacama mega fault structure, is thought to overlie a Candelaria sized IOCG system which has also given rise to the adjacent Algorrobo-El Roble vein system, which would comprise an integral part of the same mineralised system as Punte del Cobre does to Candelaria. Hence Amigo is regarded as a major exploration target to be explored by detailed geophysics and near surface percussion and deep diamond drilling directed to locate the Candelaria type target at depth.

Whinnen expects that drilling will commence as soon as approvals are given and a suitable drilling rig can be sourced.

Project Dundee

MS tenement holding over this shear hosted quartz vein gold system amounts to 100 hectares, in which MS holds a 60% equity. The tenements cover 2km of the strike of this subvertically dipping north striking vein. The vein has been worked along the geologic strike for 100 meters to a depth of 40m below surface. The limonitic quartz – gold vein, which measures some 1m to 4m in width, is hosted within a three to four meter wide shear zone developed within the Cerro Morado granodioritic complex. The vein can be traced on satellite imagery for some 250m and disappears under shallow soil cover to the north where it can be seen as a discrete limonitic colour anomaly along the geologic strike. MS rock chip channel sampling of the vein returned gold grades of 10.6 g/t Au, 9.2 g/t Au and 10.7 g/t Au, analysed



WHINNEN

RESOURCES

ACN 123 511 017

through ACME Laboratories (Chile) Ltd. These samples support the contention that the original miners were exploiting the core of the quartz gold vein. Potential exists to examine the entire vein – shear zone mineralised system and to assess this system both along the geologic strike and at depth.

Capital Structure

The capital structure of the Company following the Proposed Transaction is set out below:

Shares	Number
Shares currently on issue	70,085,003
Shares to be issued pursuant to the Placement ¹	104,000,000
Shares to be issued pursuant to the Acquisition ¹	81,000,000
Total Shares post transaction ¹	255,085,003

Options	Number
WWWO Listed options – 20 cents exercisable before 30 April 2013	61,642,502
Unlisted options – 35 cents exercisable before 19 April 2012	3,725,000
Unlisted options – 40 cents exercisable before 19 April 2012	3,725,000
Unlisted options – 20 cents exercisable before 30 April 2014 ²	22,500,000

Notes:

1. Subject to shareholder approval of the Proposed Transaction, assuming no options are exercised and the Company does not issue any further securities.
2. Subject to shareholder approval of the Proposed Transaction, the Company intends to issue these options on completion of the Acquisition. The unlisted options would have an exercise price of 20 cents and be exercisable before 30 April 2014.

Indicative timetable

Subject to the Company being satisfied with its due diligence investigations, the Company intends to dispatch a Notice of Meeting containing an Explanatory Memorandum in relation to the Proposed Transaction to shareholders in early April.

It is intended that settlement of the Proposed Transaction will occur following shareholder approval at a general meeting of shareholders expected to be held in early May 2011.

It is the view of the current Directors that the acquisition of Mystic Sands and the introduction of Sandfire as a cornerstone investor are exciting opportunities for the Company and would provide shareholders the opportunity to participate in a significant exploration programme within a highly prospective copper / gold province.

Yours sincerely

Nathan McMahon
Managing Director



WHINNEN
RESOURCES
ACN 123 511 017

Competent Person

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Nigel Maund, who is a fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institution of Geoscientists.

Nigel Maund has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Nigel Maund consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer: This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Whinnen, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Whinnen nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. This document has been prepared by Whinnen. No party other than Whinnen has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document. Sandfire and its related bodies corporate, directors, employees, servants or agents (Affiliates) make no representation or warranty, expressed or implied, as to the accuracy or completeness of this document. Except for any liability which cannot be excluded by law, Sandfire and its Affiliates expressly disclaim and accept no responsibility or liability (including liability for negligence) for the contents of this document.