



## OPTION TO ACQUIRE SECOND CANADIAN HIGH-GRADE ZINC 'WINSTON LAKE' PROJECT

### HIGHLIGHTS

- Option to acquire an initial interest of 70% in the past-producing Winston Lake Zinc Project in Ontario, Canada from First Quantum Minerals Ltd which lies adjacent to the Pick Lake Project
- Historical mine production of 3.3Mt at 14% Zn and 1.0% Cu with further exploration potential identified
- High quality Patent claim tenure with access to surface infrastructure and sub-surface infrastructure
- Consolidation of key exploration and production data allowing analysis of exploration opportunities within the joint Pick Lake Project and Winston Lake Project areas

As announced on 6 December 2017, **Ishine International Resources Limited (to be renamed 'Superior Lake Resources Limited')** (ASX:ISH) ("Company") has entered into a binding terms sheet (**Option Agreement**) pursuant to which Superior Mining Pty Ltd (ACN 623 056 566) (**Superior**) has granted the Company an option to acquire 100% of the issued capital in Superior (free from encumbrances) from the shareholders of Superior (**Acquisition**).

Superior is the legal and beneficial owner of 70% of the issue capital of Ophiolite Holdings Pty Ltd (ACN 617 182 966) (**Ophiolite**). Ophiolite is a proprietary exploration company and is the legal and beneficial owner of the zinc and copper prospective "Pick Lake Project", located in Ontario, Canada (**Pick Lake Project**). Further details of the Pick Lake Project are set out in the Company's announcement dated 6 December 2017 and the Company's Notice of General Meeting released 5 January 2018.

Shareholders approved the Acquisition at the Company's General Meeting held 6 February 2016. Completion of the Acquisition is anticipated to occur on or around Friday, 23 February 2018.

The Company is pleased to announce that subsequent to obtaining shareholder approval for the Acquisition, Ophiolite has entered into an option agreement (**Subsequent Option Agreement**) pursuant to which First Quantum Minerals Ltd (a company incorporated in Canada) (**Vendor**) has granted Ophiolite an exclusive 12 month option to acquire the zinc and copper prospective "Winston Lake Project" located in northwest Ontario, Canada (**Winston Lake Project**) which lies adjacent to the Pick Lake Project (**Subsequent Acquisition**).

Accordingly, upon completion of both the Acquisition and Subsequent Acquisition, the Company will hold a 70% indirect interest in both the Pick Lake Project and Winston Lake Project (via its 70% interest in Ophiolite).

Execution of the Subsequent Option Agreement signifies the first time since the cessation of mining in 1998 that the Winston Lake and Pick Lake deposits will be combined into a single project allowing the integration of all available data from both areas.

The combination of the Pick Lake and Winston Lake areas in conjunction the additional adjoining tenements pegged by Superior will allow a comprehensive exploration program in this VMS style geological area known to be prospective for base metals.

The inclusion of the Winston Lake patented claim area also allows any future development to utilise the existing infrastructure (see Figure 2) and ensures any new infrastructure can be located on previously occupied land.

The Winston Lake Project is located within the northern Wawa terrane in the Archean Superior Province. It is hosted in the Winston Lake Greenstone Belt, between the Shebandowan Greenstone Belt located to the west and the Manitouwadge Greenstone Belt to the east (see Figure 1). All three belts encompass notable base metal past producers:

- Winston Lake Mine, past production of 3.3 MT at 14.1% Zn and 1.0% Cu
- Pick Lake Mine, past production of 173,000t at 10%Zn and 0.7%Cu
- Geco Mine, past production of 58 MT at 3.5% Zn and 1.9% Cu



**Figure 1:** Winston Lake Project location plan



**Figure 2:** Winston Lake - Pick Lake Surface Infrastructure (existing)

## **Historical Operations**

Previous owners of the Winston Lake Project, Minnova Inc. commenced mining of Winston Lake in 1988 and mined approximately 3.3 million tonnes grading 14% zinc, 1% copper, 1.0g/t gold and 30g/t silver over an 11-year period.

During this period separate zinc and copper concentrates were produced that were shipped to various smelters both locally and internationally. Approximately 900Mlbs of zinc, 53Mlbs of copper and over 1 million ounces of gold were produced with reported recoveries of 95% (zinc) and 78% (copper).

1993 saw the commencement of a 2,200m drift to mine the nearby Pick Lake deposit through the mine workings at Winston Lake. The upper Pick Lake deposit was the focus of the mining activity, with the lower Pick Lake deposit virtually untouched when the mine closed in 1998 due to low zinc prices.

## **Geology, Mineralisation, Resources and Potential**

The Winston Lake deposit lies at the top of the Winston Lake sequence within cherty exhalite and altered felsic-to-intermediate laminated ash tuff. In places, gabbro forms the hanging wall for the deposit. The footwall consists of altered mafic flow rocks and felsic-to-intermediate volcanoclastic rocks which are underlain by altered quartz and feldspar porphyritic rhyolite and feldspar pyritic basalt with intercalated sulphide-rich, bedded, tuffaceous rocks which, in turn, are underlain by the "Main" quartz feldspar porphyry which is intruded by gabbro and pyroxenite.

Hydrothermal alteration, confined to the Winston Lake sequence, and later metamorphism of altered rock have resulted in spectacular assemblages of cordierite, anthophyllite, biotite, garnet, sillimanite, staurolite, muscovite and quartz coincident with an increase in iron, magnesium, and potassium and a decrease in sodium and calcium. Zinc content is directly proportional to the intensity of alteration. High copper values occur at the flanks and top of the alteration "pipe" with the core of the pipe containing relatively depleted copper values.

The most common forms of ore are finely banded sphalerite and pyrrhotite and massive-to-coarsely banded sphalerite and pyrrhotite with minor pyrite and chalcopyrite and up to 45% of sub-angular mafic and felsic fragments averaging 3cm in diameter.

The north-striking and 50 degrees eastwardly dipping deposit has a strike length of 750m and width of 350m. It has an average true thickness of 6m and is open to depth.



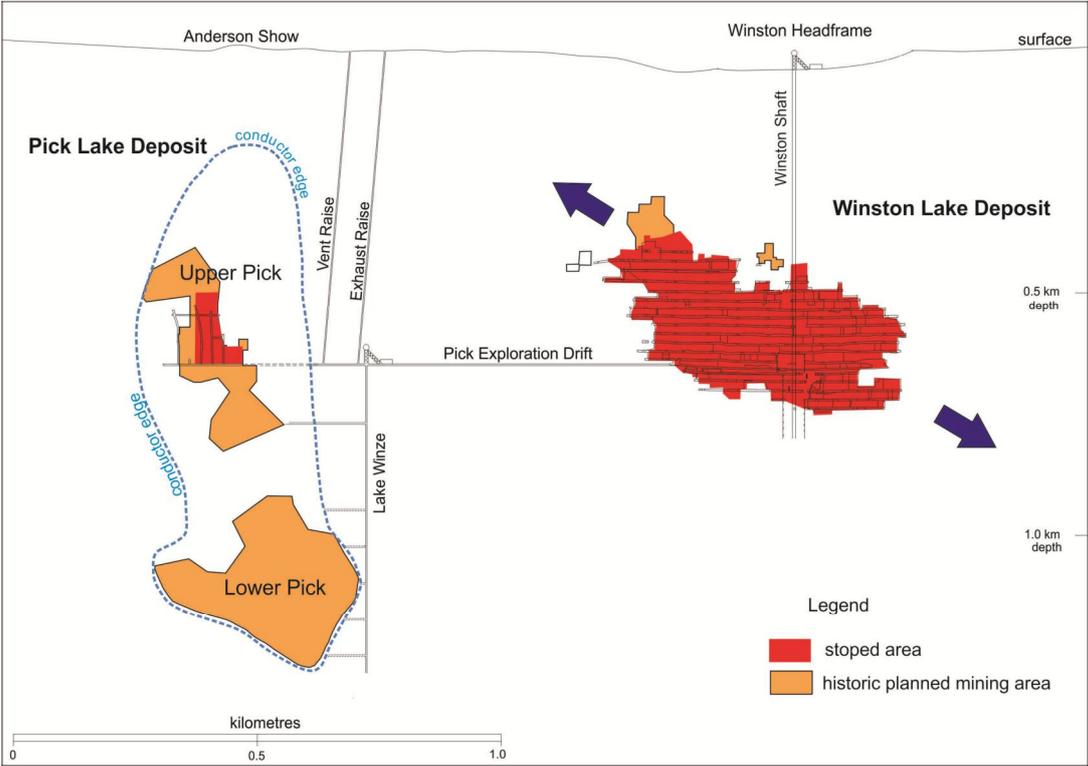
**Figure 3:** Surface Outcropping at Winston Lake / Pick Lake



**Figure 4:** Historical Rock and Core Samples from Winston Lake / Pick Lake

### Exploration program

The Company has acquired the historic data for the Winston Lake Project provided by the Vendor. Over the coming weeks, following compilation and review of this data, the Company will commence a program to fully test the areas peripheral to the main Winston mining area with the view to extending the known mineralisation along the plunge directions.



**Figure 5:** Winston Lake - Pick Lake composite longitudinal section

### Commercial Terms of the Subsequent Option Agreement

The commercial terms of the Subsequent Option Agreement are summarised below:

1. As noted above, First Quantum Minerals Ltd (a company Incorporated in Canada) (**Vendor**) has granted Ophiolite Holdings Pty Ltd (ACN 617 182 966) (**Ophiolite**) an exclusive 12 month option to acquire the Winston Lake Project (free from encumbrances) (**Option**).
2. Upon completion of the Acquisition the Company will own 100% of the issued capital of Superior Mining Pty Ltd (ACN 623 056 566) (**Superior**) and therefore an indirect interest in 70% of the issue capital of Ophiolite. The remaining 30% interest in the issued capital of Ophiolite will be held by five minority shareholders.
3. Accordingly, upon completion of both the Acquisition and Subsequent Acquisition, the Company will hold a 70% indirect interest in both the Pick Lake Project and the Winston Lake Project.

4. The Option is valid for 12 months (unless otherwise extended in accordance with the Subsequent Option Agreement) (**Option Period**) during which time Ophiolite may conduct of due diligence on the Winston Lake Project for the purpose of determining whether to exercise the Option.
5. In consideration for the Option Ophiolite has agreed to pay the Vendors a non-refundable payment totaling C\$100,000 (**Option Fee**).
6. The Option Period may be extended for a further 12 months up to 3 times (for a total Option Period of 48 months) via, in each case, Ophiolite making a non-refundable payment of C\$50,000 to the Vendor at such time.
7. Completion of the Subsequent Acquisition is conditional upon the Vendor completing the following items on or before the Completion Date:
  - a. the covenants, representations and warranties of the Vendor contained in the Subsequent Option Agreement shall be true and correct as of the Completion Date in all material respects with the same force and effect as if such specific written covenants, representations and warranties had been made on and as of such date;
  - b. with respect to any unpatented claims, a duly completed Transfer of Unpatented Mining Claims Form (or such other form of transfer necessary or required under the Mining Act (Ontario) shall have been completed and executed by the Vendor and shall have been placed by the Vendor in escrow with the Vendor's legal counsel to be released to Ophiolite pursuant to the terms of an escrow agreement among the Vendor and the Vendor's legal counsel;
  - c. with respect to the patented claims, a duly completed e-reg transfer, in a form acceptable to the Vendor shall have been completed and signed for completeness by Ophiolite's solicitor and messaged to the Vendor's solicitor to be signed for completeness by the Vendor's solicitor; and
  - d. with respect to any leases to be transferred and assigned, such documents reasonably necessary to assign and transfer the Vendor's rights in each lease, and any other surface or mining leases related to the Winston Lake Project.

(together the **Conditions Precedent**).

8. The Conditions Precedent are for the exclusive benefit of Ophiolite and may be waived, in whole or in part by Ophiolite in its sole discretion.
9. Upon successful completion of due diligence and exercise of the Option Ophiolite will:
  - a. grant to the Vendor a 2% net smelter royalty (**NSR**) from minerals produced from the Winston Lake Project to be effective upon settlement of the Subsequent Acquisition (**Completion Date**). The royalty agreement shall also include the right for Ophiolite to purchase 50% of the NSR (i.e. 1%) from the Vendor for a payment of C\$3,000,000;
  - b. assume all liabilities in connection with the Winston Lake Project in all respects, including liabilities created or related to periods prior to the Completion Date; and
  - c. replace the Vendor's outstanding letter of credit of C\$1,200,000.00 (or such greater amount as may be in place as of the Completion Date),

currently issued in favour of the Ontario Ministry of Northern Development and Mines (**Ministry**), such that the Vendor no longer has any financial obligations to the Ministry or any other governmental entity in respect of the Winston Lake Project.

10. Other standard terms relating to matters such as the method of transfer of patent and unpatented claims, warranties and termination rights.

### **Competent Person Statement**

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The Information contained in this announcement is an accurate representation of the available data and studies for the Winston Lake Project.

The information contained in this announcement that relates to geology and exploration results is based, and fairly reflects, information compiled by Mr Alfred Gillman, who is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy. Mr Gillman is a consultant to Ophiolite Holdings Pty Ltd. Mr Gillman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gillman consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

All parties have consented to the inclusion of their work for the purposes of this announcement. The interpretations and conclusions reached in this announcement are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty. Any economic decisions which might be taken on the basis of interpretations or conclusions contained in this announcement will therefore carry an element of risks.