

26 April 2018

ASX Release

Strategic farm-out to advance kaolin-halloysite assets

- Heads of Agreement signed with Andromeda Metals Limited to establish a joint venture and advance Minotaur's kaolin-halloysite tenements
- Andromeda to spend A\$6m over 5 years to earn up to 75% tenement interest
- Indicative, non binding offtake agreements in place for kaolin-halloysite products
- Kaolin industry expert appointed to lead Andromeda
- Farm out of kaolin assets to Andromeda continues Minotaur's value realisation across its portfolio

Minotaur Exploration Ltd (ASX: MEP, "Minotaur") announces signing of a binding Heads of Agreement ("HoA") with Andromeda Metals Limited (ASX: ADN, "Andromeda"). Under the terms of the HoA Andromeda may earn up to 75% interest in Minotaur's world class kaolin-halloysite deposits in South Australia, through expenditure of \$6 million over a period of up to 5 years.

The assets comprise three tenements containing several kaolin-halloysite deposits 130km east of Streaky Bay in South Australia plus the Camel Lake tenement to the northwest where near-pure halloysite occurrences have been recorded (Figures 1, 2).

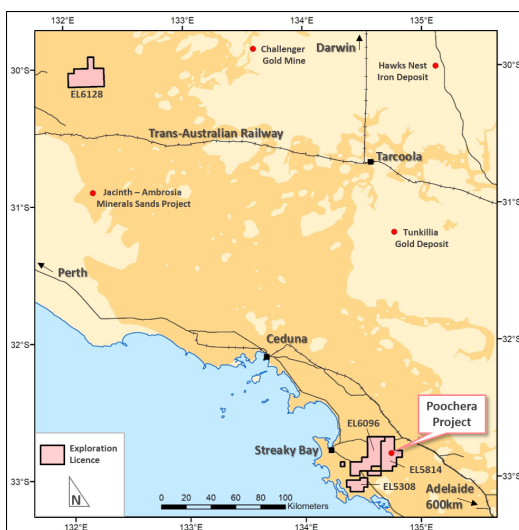


Figure 1: Project location map

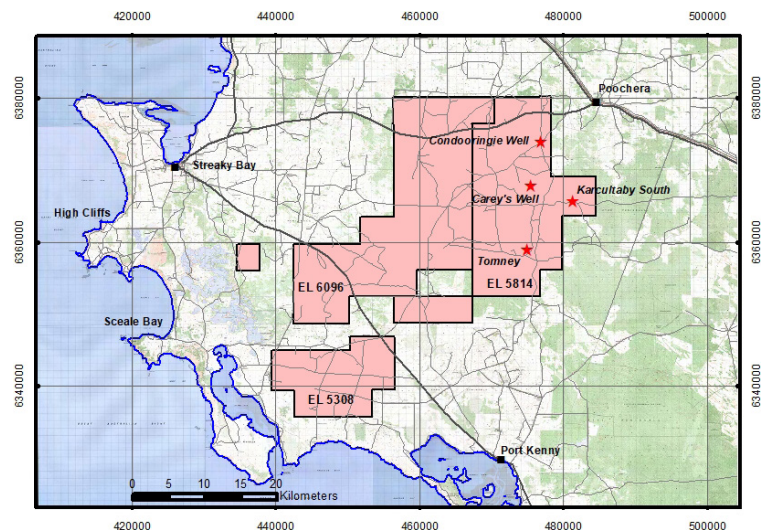


Figure 2: Minotaur's tenements and key kaolin-halloysite deposits

Significant Work by Minotaur established Kaolin attributes

Minotaur has invested significant effort in defining the conventional and unconventional attributes of its kaolin deposits, particularly on the Carey's Well deposit where bulk sampling and pilot plant testwork produced trial marketing samples of 'bright white' kaolin suitable for a range of conventional uses including high-end ceramics. Indicative, non-binding offtake agreements are in place with Asian ceramic manufacturers. In addition to conventional 'platy' kaolin (kaolinite), the deposits include a significant proportion of halloysite, kaolin's nanotubular pseudomorph (Figures 3, 4).

Minotaur commissioned innovative testwork with researchers from University of Adelaide, University of South Australia and University of Newcastle into the unique nanotubular properties of the naturally occurring halloysite. Natural nanotubes have the potential to replace expensive manufactured carbon nanotubes in a wide variety of new technology applications including strengthening filler applications, carbon and hydrogen adsorption, and energy storage. High purity alumina ('HPA') is a complementary new age material crucial in the manufacture of many modern high-technology products. Processed kaolin-halloysite from Carey's Well exhibits potential to be an ideal HPA feedstock, with metallurgical characterisation research underway to establish quality.

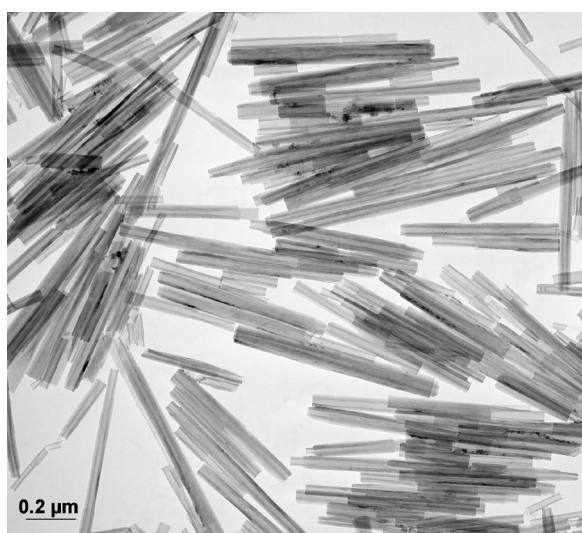


Figure 3: Halloysite nanotubes, Camel Lake

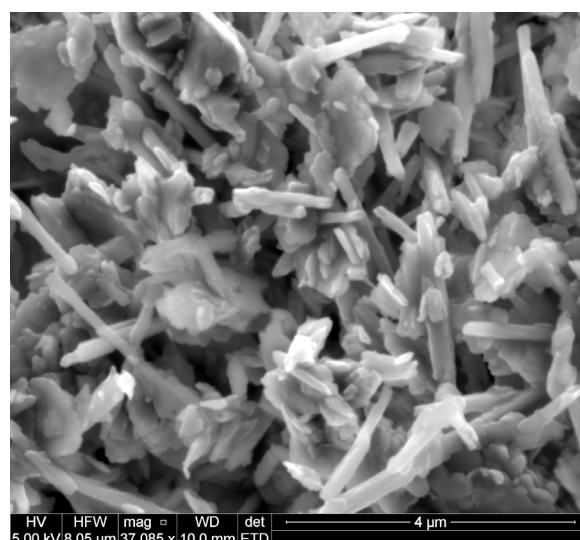


Figure 4: Mixed kaolinite-halloysite, Carey's Well

Andromeda secures industry expert to lead its kaolin-based strategy

Creation of the joint venture will provide an avenue to accelerate Minotaur's kaolin assets towards commercialisation through the efforts of a dedicated team at Andromeda, allowing Minotaur to focus resources on its base metal projects.

Minotaur notes Andromeda's appointment of Mr James Marsh as Andromeda's new managing director. Mr Marsh was employed by Minotaur through 2010-2011 as General Manager, Industrial Minerals.

He oversaw processing of trial kaolin batches at Minotaur's pilot plant and specialised laboratory at Streaky Bay and provided market guidance for development of a range of 'white-bright' kaolin products suited to the needs of end users. Mr Marsh brings to Andromeda decades of experience in product development, marketing and sales of kaolin products throughout Australasia, China and Europe and is ideally suited to advance Minotaur's kaolin clay and nanoclay assets to commercialisation.

Joint Venture Heads of Agreement

Minotaur recently commissioned research into the suitability of the Carey's Well kaolin resource to convert to HPA. That work is being conducted by a commercial laboratory in Perth and at the University of Newcastle, with initial results expected within the 60 day due diligence period granted to Andromeda. The HoA provides that, dependent on the outcome of the independent research work, Andromeda may elect to enter into the earn-in joint venture and is then committed to spend \$400,000 on the assets within 9 months of the Heads of Agreement date. The Heads of Agreement further provides that Andromeda may earn 51% interest in the joint venture through total expenditure of \$3 million within two years and subsequently earn up to 75% interest for additional \$3 million expenditure within further three year period (for total of \$6 million over 5 years).

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