

# Quarterly Report

Period ending 30 June 2019



Minotaur Exploration Limited ACN 108 483 601 ASX: MEP  
www.minotaurexploration.com.au

## CORPORATE

Minotaur and joint venture partner OZ Minerals Ltd (ASX: OZL) entered into a binding term sheet to capitalise on their success within the Eloise Joint Venture, the new deal comprising three key aspects. Significantly, it provides for OZ Minerals to fund all activities on the Jericho project from 1 April 2019 with Minotaur being 'loan carried' until production in return for Jericho JV interests being set at OZ Minerals 80% and Minotaur 20%<sup>1</sup>. Minotaur's loan balance becomes payable only from a mining operation at Jericho; to be repaid from 70% of Minotaur's share of positive cash flow. Should an operation not proceed or succeed Minotaur will be absolved of the debt, which accumulates at the bank bill swap rate plus 2%. These terms are incorporated into a formal Jericho Joint Venture Agreement, execution of which is imminent.

Additionally, the existing Eloise Joint Venture has been expanded<sup>2</sup> such that OZL will contribute a further A\$3 million over 24 months to retain its 70% interest level achieved in March 2019. A number of new ISCG style anomalies identified by Minotaur will form the kernel of the expanded JV work plan. Similarly, a new joint venture agreement is under preparation.

More broadly, across 24,000km<sup>2</sup> of the Cloncurry region, the Cloncurry Alliance<sup>3</sup> has been established as a project generating joint venture, to seek opportunities that may complement a resource development project at Jericho. Potential targets could include existing resource assets, infrastructure, tenement positions and mineralised systems. Again, documentation of a formal joint venture agreement is approaching finalisation.

Following signing of a binding term sheet on 28 May 2019 a formal agreement<sup>4</sup> for the sale of Minotaur's Leinster and Saints nickel tenements near Kalgoorlie was executed and is proceeding towards completion. Acquirer Auroch Metals Ltd (ASX: AOU) will, subject to shareholder approvals<sup>5</sup>, issue Minotaur with 18.333 million AOU shares which, on an undiluted basis, will result in Minotaur holding 15.2% ownership of Auroch. Auroch is preparing for a diamond drilling programme in the September Quarter, at Saints, targeting possible resource extensions.

The Company capitalised on this suite of positive news, quickly completing a private placement to sophisticated investors and existing shareholders, raising \$1.25 million before costs. Minotaur's issued ordinary shares now total 334.4 million and cash held at end June was \$3.986 million<sup>6</sup>.

<sup>1</sup> MEP report to ASX, *OZ Minerals to loan carry Minotaur through to commercial production from Jericho copper deposit*, dated 14 May 2019

<sup>2</sup> MEP report to ASX, *Eloise JV restructured and OZ Minerals funding increased*, dated 14 May 2019

<sup>3</sup> MEP report to ASX, *OZ Minerals and Minotaur form Cloncurry Alliance*, dated 14 May 2019

<sup>4</sup> AOU report to ASX, *Auroch to acquire high-grade Nickel projects*, dated 18 July 2019

<sup>5</sup> AOU Notice of General Meeting, to be held 22 August 2019

<sup>6</sup> Refer Appendix 5B lodged with ASX on 15 July 2019

## EXPLORATION, R&D

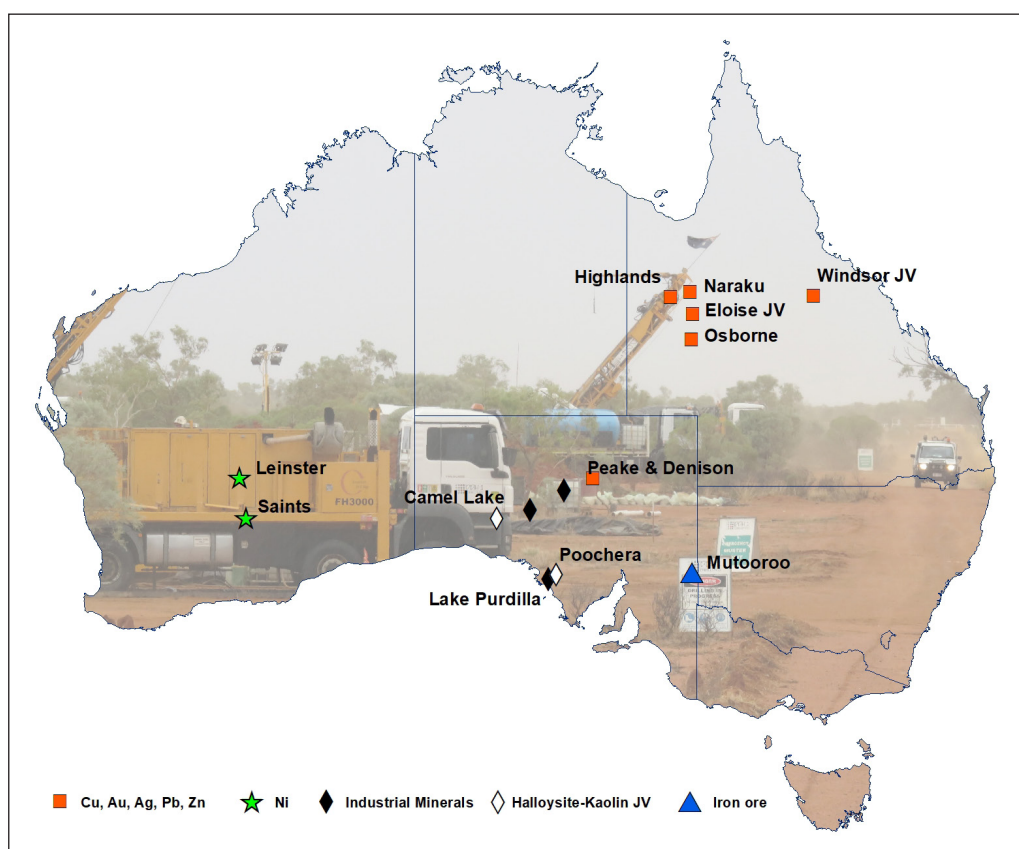


Figure 1: Minotaur Exploration's project locations

Project Location	Tenement Area km <sup>2</sup>
South Australia <sup>5</sup>	5,645
Queensland <sup>5</sup>	2,811
Victoria	120
Western Australia	196
<b>Total Area</b>	<b>8,772</b>

Table 1: Minotaur Exploration's tenement areas, under application and/or held 100% and/or in joint venture<sup>5</sup>



## QUEENSLAND

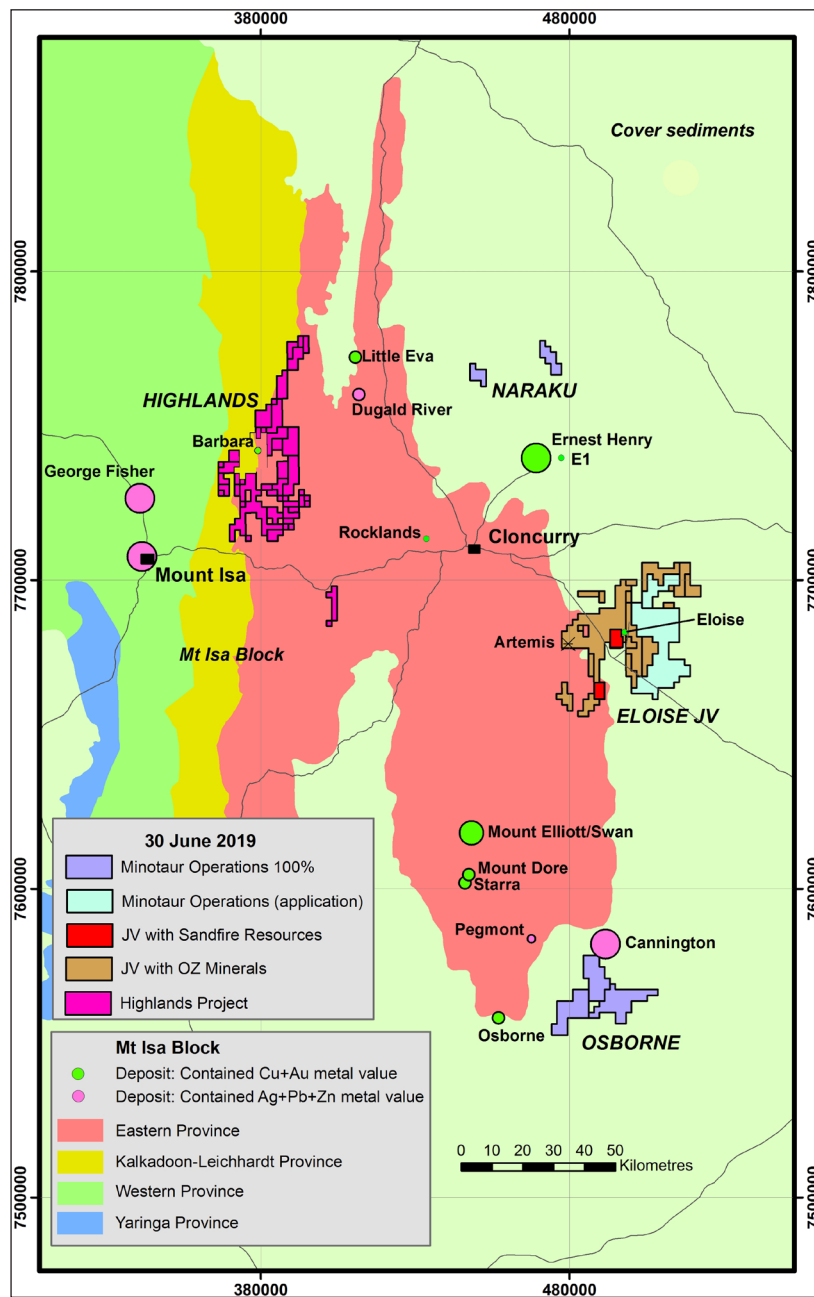


Figure 2: Location of Minotaur tenements in the Cloncurry and Mount Isa regions of Northwest Queensland

## QUEENSLAND

### Jericho JV (OZ Minerals)

Minotaur 20%, OZ Minerals 80%; Area 28.52km<sup>2</sup>

The Jericho deposit was excised from the Eloise Joint Venture and forms the basis of the new Jericho Joint Venture.

Drilling under the Jericho JV commenced early April and concluded on 24 July 2019, with 58 holes completed for 14,880m. This brings the total number of holes drilled at Jericho (2017-2019) to 96 for 29,740m. The 2019 drill program tested the parallel J1 and J2 copper-gold lodes to around 250-300m below top of basement (Figures 3-5). The principal aim was to improve geological confidence in lode continuity and grade along 2.3km of J1 and 1.7km of J2.

Assays have been reported for 40 holes with the majority intersecting strong copper-gold mineralisation, demonstrating continuity of mineralisation through the host structures J1 and J2, as expected. Some of those copper-gold intercepts are summarised below; for details on all significant intercepts received to date refer to ASX announcements dated 6 June, 27 June and 23 July 2019.

Results for the remaining 18 holes will be published in August.

#### J1 Zone

JE19D006

- 15m @ 1.77% Cu and 0.23g/t Au from 191m

JE19D012

- **10m @ 2.24% Cu and 0.2g/t Au** from 321m

JE19D013

- 11m @ 1.68% Cu and 0.52g/t Au from 111m

JE19D014

- 27m @ 1.20% Cu and 0.16g/t Au from 295m  
Including **7.9m @ 3.16% Cu and 0.39g/t Au** from 299m

JE19D015

- **8m @ 2.05% Cu and 0.52g/t Au** from 105m

JE19D021

- 17.35m @ 1.60% Cu and 0.32g/t Au from 272.65m  
Including **5.35m @ 2.94% Cu and 0.25g/t Au** from 272.65m

JE19D028:

- 21m @ 1.04% Cu and 0.15g/t Au from 196m  
Including **6.8m @ 2.26% Cu and 0.29g/t Au** from 210.2m

#### J2 Zone

JE19D007

- 12m @ 1.78% Cu and 0.14g/t Au from 392m

JE19D016

- 12m @ 1.45% Cu and 0.16g/t Au from 181m  
Including **6m @ 2.71% Cu and 0.29g/t Au** from 181m

JE19D032

- 14m @ 1.40% Cu and 0.35g/t Au from 213m  
Including **6m @ 2.69% Cu and 0.59g/t Au** from 221m

JE19D035

- 12m @ 1.62% Cu and 0.20g/t Au from 323m  
Including **6.9m @ 2.45% Cu and 0.22g/t Au** from 327m

JE19D036

- 4.3m @ 1.79% Cu and 0.62g/t Au from 188m,  
And **9.1m @ 2.92% Cu and 0.25g/t Au** from 225.9m

## QUEENSLAND

Drilling has been suspended to allow for consolidation of data and refinement of the geological model to guide the next drill programme. Minotaur is very satisfied with the outcome of this latest phase of drilling, proving high-grade copper mineralisation occurs in coherent zones over substantial strike and depth extent, particularly in the central part of J1. The whole dataset enables compilation of wire frame models for J1 and J2 and a preliminary block model for the centre sections of both.

During the September Quarter activities peripheral to geological modelling will include baseline ecological studies, first-pass metallurgical testing and high level mining optimisations.

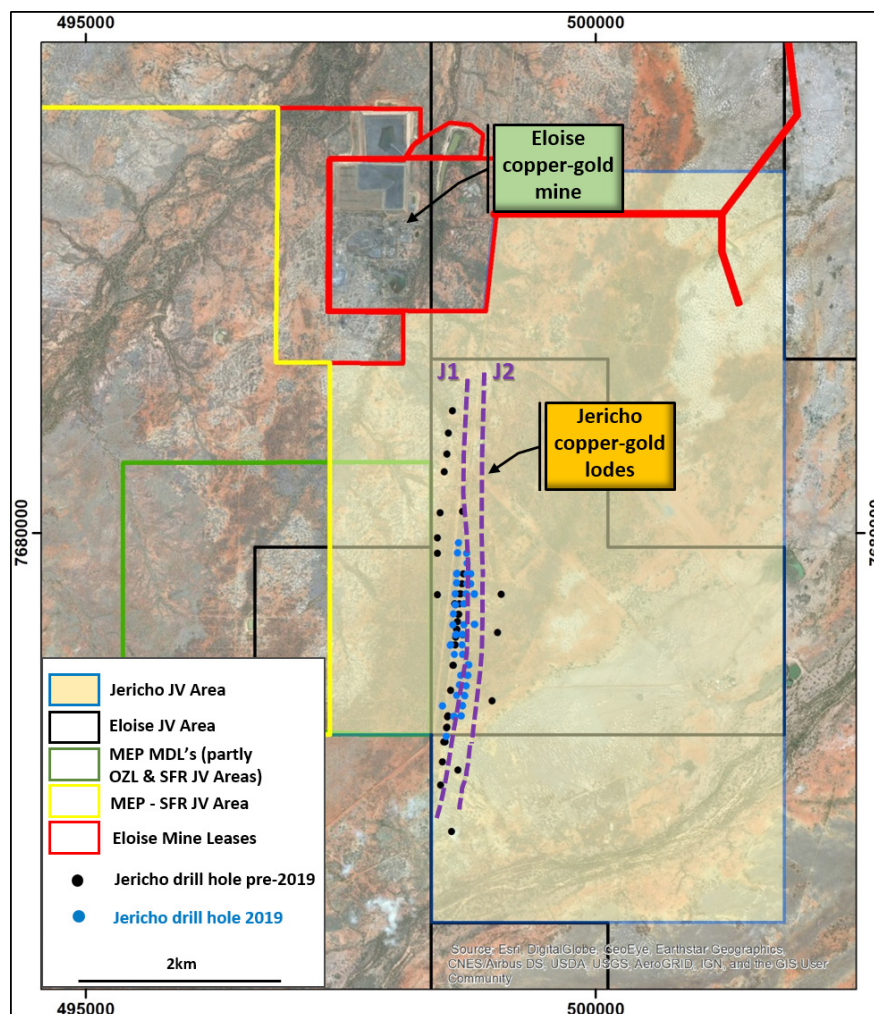


Figure 3: Jericho JV area with drill hole locations and copper-gold lode positions



## QUEENSLAND

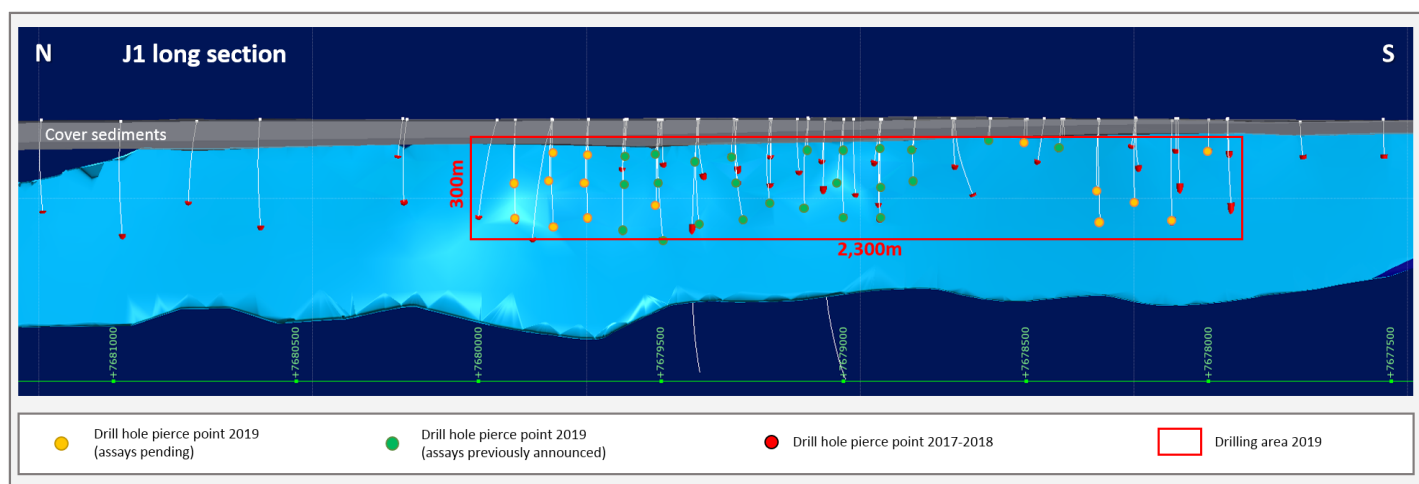


Figure 4: Jericho "J1 Zone" long section (looking east). Area of 2019 drilling focus outlined in red box

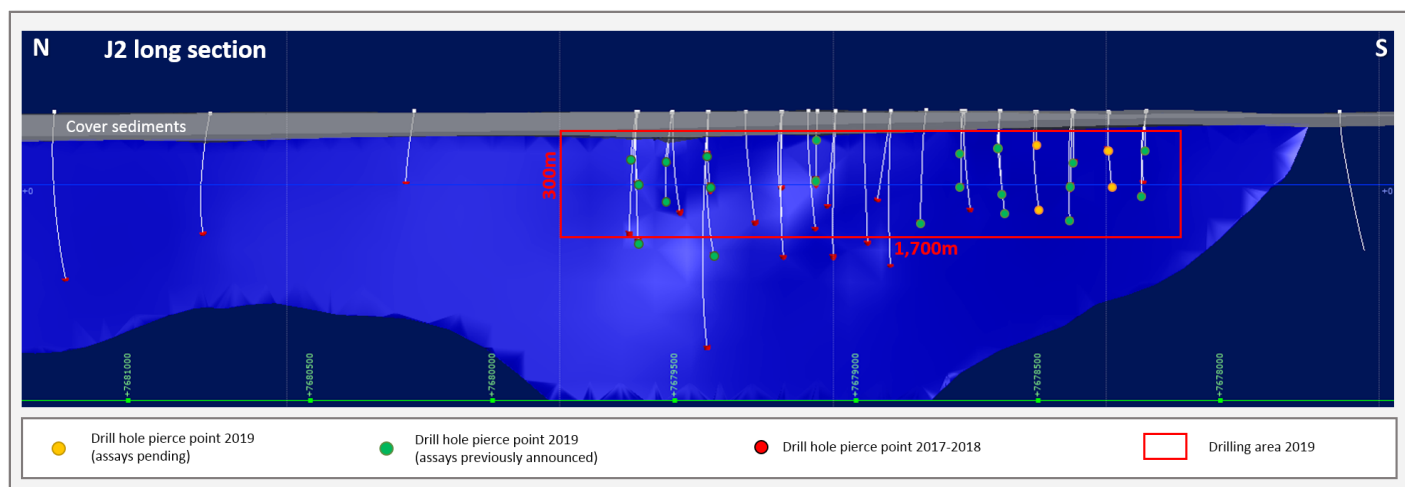


Figure 5: Jericho "J2 Zone" long section (looking east). Area of 2019 drilling focus outlined in red box

## QUEENSLAND

### Eloise JV (OZ Minerals)

Minotaur 30%, OZ Minerals 70% (except on those parts of MDL431 and EPM17838 where Sandfire Resources NL 60% and Minotaur 40%); Area 631km<sup>2</sup>

Field activity focussed on the Jericho drilling program during the Quarter. Activity on the Eloise JV will resume in the September Quarter aimed at building a suite of regional targets, additional to those already identified at Seer and Big Foot/Little Foot EM (Figure 6), for later drill testing. The Eloise JV is well funded, with \$3M required to be expended by OZ Minerals over 24 months.

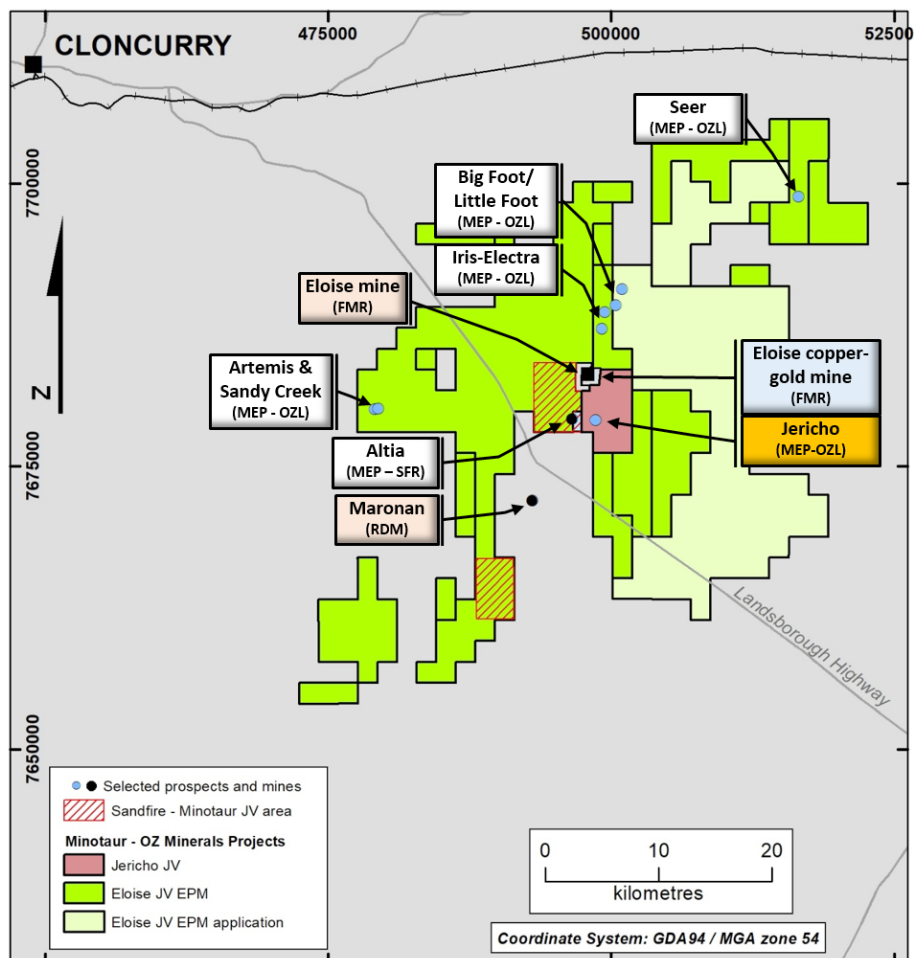


Figure 6: Eloise JV project location

## QUEENSLAND

### Cloncurry Alliance (OZ Minerals)

Minotaur's project generation activities commenced with the Alliance looking to secure additional base metals projects within the Cloncurry district. Interested parties are encouraged to contact Minotaur if they are considering divesting projects in the region.

### Altia Joint Venture

*Sandfire 60%, Minotaur 40% on parts of MDL431 and EPM17838 excised from the Eloise JV with OZ Minerals*

No activity reported by Sandfire Resources (Operator).

### Highlands Project

*Minotaur 100%; Area 667km<sup>2</sup>*

No activity to report.

### Regional Cloncurry Project - Naraku and Osborne

Minotaur is progressively relinquishing tenements from the Naraku and Osborne projects; expected to be complete by the end of the September Quarter (see Figure 2 for project locations). Both projects operated for several years under joint venture with JOGMEC, with Naraku in particular a key learning ground that helped Minotaur fine tune its ISCG exploration targeting methodology. That knowledge aided Minotaur's early stages of exploration leading up to the discovery of Artemis, Iris/Electra and Jericho. Both projects have run their course and Minotaur's regional focus has pivoted to the Cloncurry Alliance with OZ Minerals aimed at establishing new exploration and development opportunities.

## QUEENSLAND

### Windsor Joint Venture

Private Entity 100%; Area 631km<sup>2</sup>

Windsor, centered 200km south-west from Townsville in north east Queensland (Figure 1), is a joint venture between Minotaur and the tenement holder. The tenement area encompasses 631km<sup>2</sup> and is held 100% by a private entity. Minotaur may earn up to 80% interest in the tenements through expenditure of \$4 million over 5 years.

Minotaur initiated field work with a ground electrical geophysical survey (Induced Polarisation, IP) on 29 July searching under cover for VMS-style base metal mineralisation in the known, well mineralised Thalanga-Liontown-Waterloo belt. The survey, comprising 30 line km of IP, is focused in the western portion of the project area covering parts of the interpreted Thalanga and Waterloo VMS horizons (Figure 7). Data acquisition is expected to take around 6 weeks.

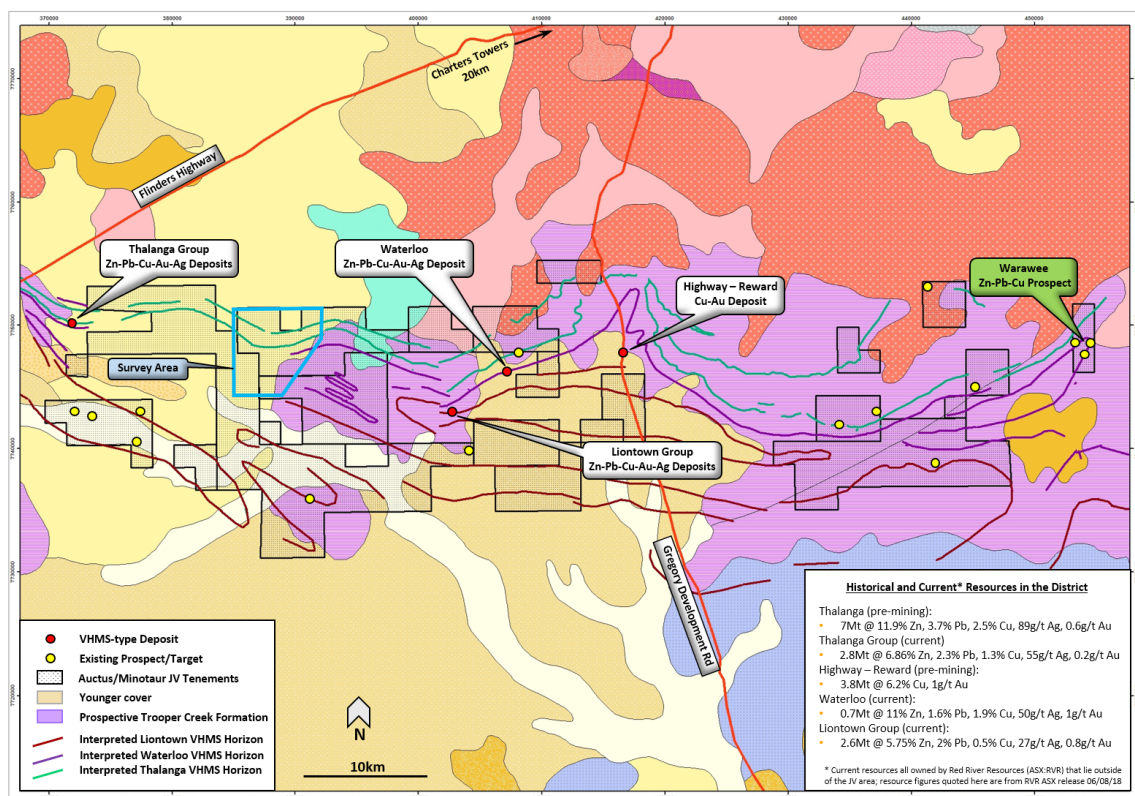


Figure 7: Windsor regional geology, targets, regional mineral resources & mines and location of proposed geophysical survey (blue outline)

## SOUTH AUSTRALIA

### Border Base Metals JV

*Sumitomo 52.7%, Minotaur 47.3%; Area 243km<sup>2</sup>*

The JV is seeking to divest the Mutooroo magnetite project and Minotaur encourages interested parties to make contact.

### North Flinders Project

*Minotaur 10%, Perilya 90%; Area 601km<sup>2</sup>*

No activity reported by Perilya (Operator).

### Poochera Kaolin

*Minotaur 100%; Area 1,576km<sup>2</sup>. Andromeda Metals in joint venture to earn up to 75%*

Andromeda Metals (ASX: ADN) is ramping up project assessment activity, intended to lead to a Scoping Study in the second half of 2019. Positive responses in June from potential off-take customers in China support the case for a commercial mining and export operation, subject to confirmation of customer acceptance trials of samples in hand.

### Peake & Denison Ranges R&D

*Minotaur 100%; Area 2,547km<sup>2</sup>*

Minotaur identified the Peake & Denison domain as a possible host for 'under cover' iron oxide-copper-gold (IOCG) systems less like Olympic Dam style mineralisation and more akin to IOCG deposits within the Cloncurry area of Queensland. Recent 3D magnetic cube modelling of originally visualised aeromagnetic data has exposed new views and techniques for interpretation of complex subsurface magnetic anomalies. A range of possible features emerged, including magnetite dominated and conceivably copper mineralised breccia pipes in obscured basement formations, for ground truthing through initial ground surveys and drill probing.

## SOUTH AUSTRALIA

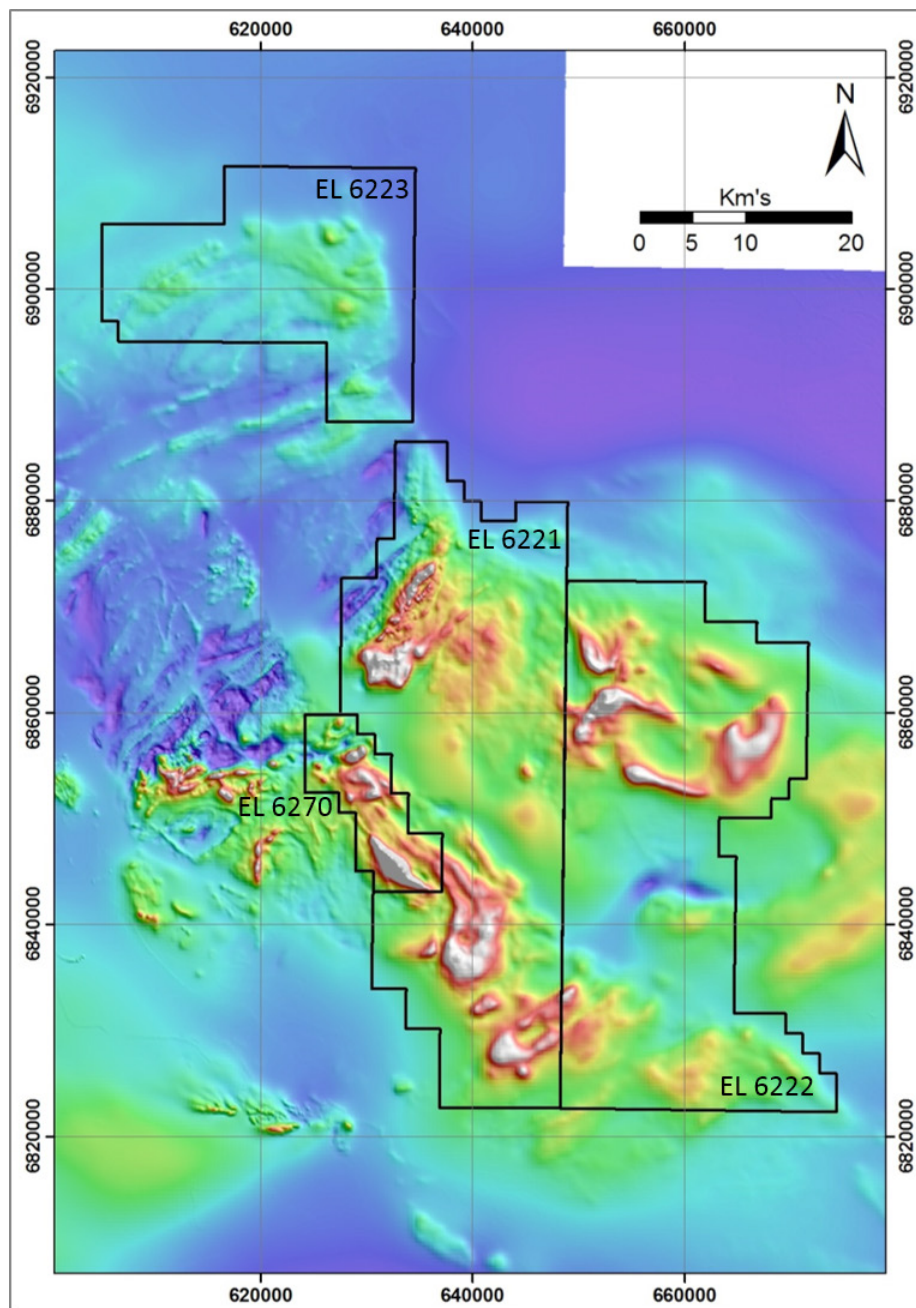


Figure 8: Peake and Denison tenements with RTP magnetics showing areas of high magnetic intensity.

## WESTERN AUSTRALIA

### Saints Nickel Project

*Minotaur 100%; Area 20km<sup>2</sup>*

Auroch Minerals Ltd agreed to acquire this project in return for an equity allocation to Minotaur as consideration. Auroch must seek prior shareholder approval for the issue of sale shares to Minotaur and has convened a shareholder meeting for that purpose on 22 August 2019.

### Leinster Nickel Prospects

*Minotaur 100%; Area 176km<sup>2</sup>*

Purchase by Auroch Minerals of the Leinster tenements forms part of the share sale agreement as for the Saints Nickel project and is subject to the same pre-conditions, as above.

Separately, adjoining tenement E37/909 is the subject of an unconditional sale agreement with PVW Resources Ltd<sup>7</sup>. PVW is proceeding to tenement acquisition in mid September 2019. Consideration is \$200,000 cash.

Completion of these sale agreements will result in final divestment of legacy assets in Western Australia acquired through the 2013 takeover of Breakaway Resources Ltd.

<sup>7</sup>

See <http://pvwresources.com.au/>



### COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration Results is based on information compiled by Mr G. Little, a Competent Person and a Member of Australian Institute of Geoscientists (AIG). Mr Little is a full time employee of the Company and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that 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 (JORC Code). Mr Little consents to inclusion in this document of the information in the form and context in which it appears.

This report contains information extracted from previous ASX releases which are referenced in the report and which are available on the company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Note: June 2019 Quarter ASX Announcements

The following significant announcements were lodged with ASX during and subsequent to the June Quarter:

- Drilling resumes at Jericho copper discovery, 4 April 2019
- OZ Minerals to loan carry Minotaur to commercial production, 14 May 2019
- Eloise JV restructured and OZ Minerals funding increased, 14 May 2019
- OZ Minerals and Minotaur form Cloncurry Regional Alliance, 14 May 2019
- Minotaur undertakes A\$1.25M placement, 16 May 2019
- New R&D collaboration venture, 16 May 2019
- Minotaur sells WA nickel assets for \$1.5m, 28 May 2019
- Jericho JV reports first drill assays for 2019 campaign, 06 June 2019
- Jericho deposit continues to reveal strong copper values, 27 June 2019
- Jericho copper assays – update, 23 July 2019

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