

Monday 18<sup>th</sup> April, 2016

### Drilling of Highly Prospective Eloise Targets – Portfolio Stock (bought @ \$0.06 in Sep 2015)

**Minotaur Exploration (ASX: MEP, Share Price: \$0.068, Market Cap: \$14m)** is one of our favoured exploration plays – as it maintains a strong and diverse portfolio of exploration projects, a well-credentialed exploration team, as well as solid cash reserves that ensure high-level exploration activity. It also recently welcomed the highly-regarded Sprott Group onto its share register with a 12.23% stake.

*Minotaur has advised that it and joint venture partner OZ Minerals (ASX: OZL) have elected to accelerate exploration on two advanced ‘Eloise-style’ targets – Bullwinkle and Olympus - within the Eloise project tenements, with ground gravity underway to assist with final design of an accelerated drilling program.*



### Market Significance

Despite broad sector volatility, Minotaur Exploration remains one of the sector’s best-credentialed companies, led by a vastly experienced team comprising Chairman Derek Carter and MD Andrew Woskett. The OZ Minerals - Minotaur partnership is an exciting development that is leveraging both companies’ expertise. The current Eloise program is targeting advanced ‘Eloise-style’ targets, whilst continuing the search for ‘Cannington-style’ targets further to the northeast. The improved share price performance from a low of \$0.05 during February reflects growing interest based on renewed activity.

## Announcement Detail – Eloise Update

Based on their Farm-In Agreement signed late last year, joint venture partners OZ Minerals and Minotaur Exploration have elected to accelerate exploration on two advanced ‘Eloise-style’ targets within the Eloise project tenements.

Following recent infill IP work, two strong geophysical targets have been identified for drilling:

- Bullwinkle - with a possible extension of Artemis mineralisation
- Olympus - with a very large and broad IP anomaly that is coincident with elevated copper in rock chip samples of 2.7% - 7% Cu, plus gold at a gossan outcrop

The projects are located in the eastern succession of the Mt Isa inlier, which is host to a number of significant copper-gold mines including Eloise, Ernest Henry, Osborne and the Cannington lead-zinc-silver mine. An extensive ground gravity program is now being fast tracked across both areas to assist in finalising an accelerated drill program.

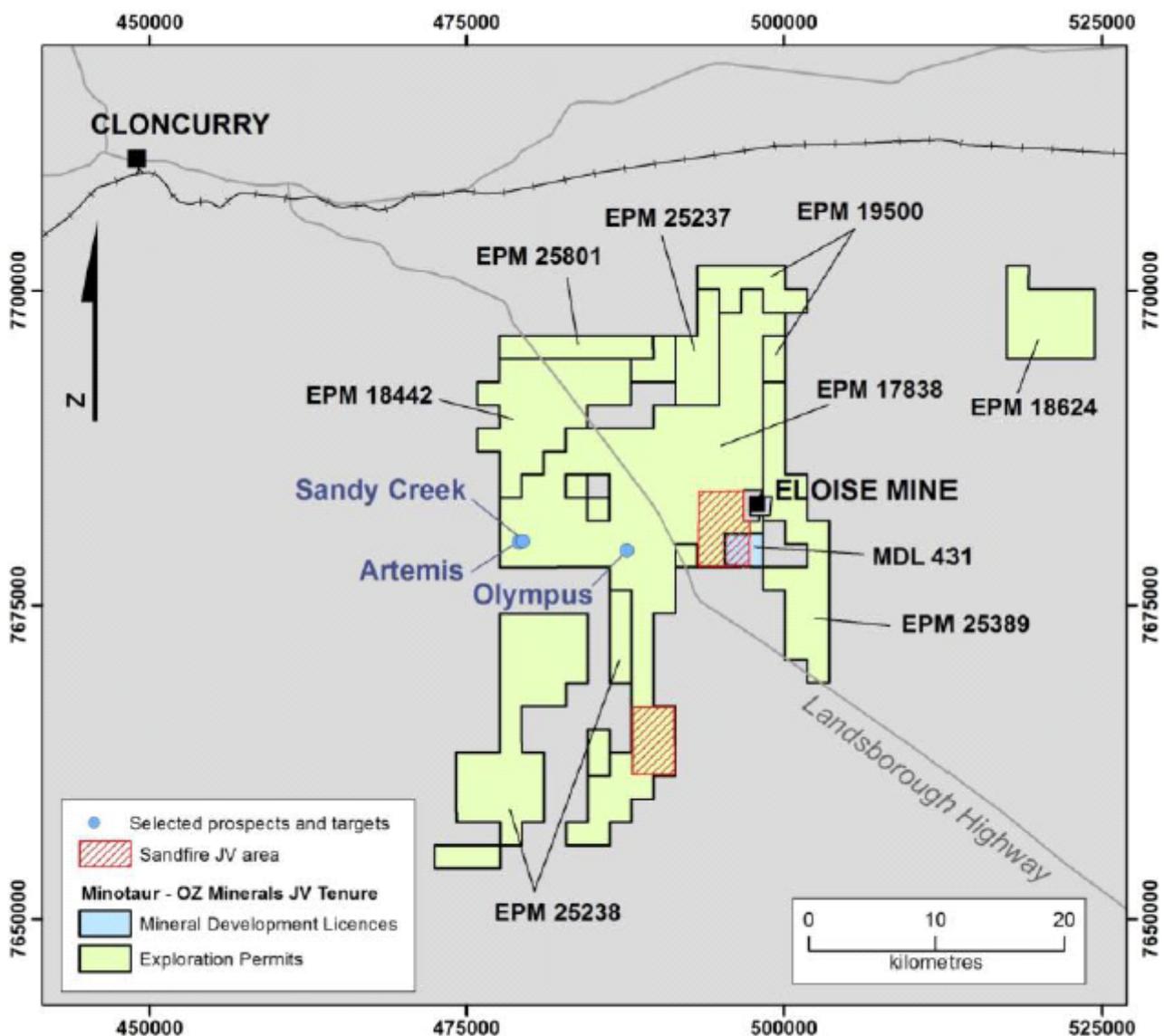


Figure 1: Artemis, Olympus and Eloise Mine locations over Farm-In tenements

## **Technical Significance**

OZ Minerals' CEO Andrew Cole has described the two geophysical features as representing "compelling" targets. "It is encouraging to see surface rock chips of up to seven percent copper coincident with an IP anomaly. These surface expressions are typical of what you would expect to see from a large sulphide system within this belt of rocks." At the same time, work will continue to define 'Cannington-style' targets further to the northeast.

The Eloise Project agreement requires OZ Minerals to invest a minimum of A\$1.5m in 2016, which is intended to primarily fund drilling and then up to A\$5m (in aggregate) within the subsequent two years to earn up to a 51% interest. OZ Minerals may then invest a further A\$5m to earn up to a 70% interest over the next 3 years.

## **Eloise JV Background**

OZ Minerals can inject up to \$10 million in exploration funding over a six-year period into Minotaur's high-grade Eloise copper-gold project, situated southeast of Cloncurry.

OZ Minerals will sole-fund an initial \$1.5 million in exploration during 2016, which is intended to primarily fund drilling at the Eloise project. OZ Minerals can also invest a further \$3.5 million over the two subsequent years – and when it has invested at least \$5 million into the project it will have earned an initial 51% stake in the tenements and the joint venture.

Minotaur will manage and operate the joint venture until OZ Minerals acquires a 51% project interest – at which point OZ Minerals can then invest a further \$5 million to earn up to 70% interest over the next 3 years.

The Eloise project includes Minotaur's flagship Artemis polymetallic discovery, which led to Minotaur being named Queensland Explorer of the Year in 2014.

The agreement is the second major partnership announced between OZ Minerals and Minotaur, the first being an exploration joint venture around OZ Minerals' Prominent Hill copper mine in South Australia (refer to our prior coverage).

Minotaur's increasing success with its exploration modelling, including high-end geophysics, is now attracting interest and partnering support from major greenfields and brownfields project owners.

## **Cloncurry IP Survey Results**

As we outlined in prior coverage, Minotaur previously completed a second IP geophysical survey at Eloise. The latest IP survey follows up the highly encouraging results obtained from the mid-2015 survey, where anomalies were defined and remained open at the Artemis, Bullwinkle and Olympus prospects.

Two IP surveys at Artemis, Sandy Creek, Bullwinkle and Olympus have successfully defined new areas with potential to host significant sulphide mineralisation. The IP data at Artemis and Sandy Creek validates the mineralisation known from previous drilling – and most importantly appears to map out extensions to sulphidic zones along strike south and north at Artemis and along strike north at Sandy Creek, none of which has so far been drill-tested. The newly-defined Bullwinkle prospect is highly encouraging given the known copper-gold-zinc mineralisation in the immediate area.

All three prospects require drilling and Minotaur intends a preliminary RC drill campaign to test each anomalous zone, now that the wet season is over.

### **Sprott Group a Major Shareholder**

As well as its \$1 million cornerstone investment via a placement in late 2015, Sprott also acquired all of the Minotaur shares formerly held by Norilsk Nickel Australia Pty Ltd (Norilsk). Following the placement and transaction with Norilsk, Sprott's holding in Minotaur was approximately 12.64% - making Sprott Minotaur's largest shareholder. The cornerstone support of Sprott, a major North American investment company, represents a strong endorsement of Minotaur's strategy and overall prospects.

### **Summary**

**We initially acquired Minotaur Exploration at a price around \$0.06 during September 2015 - representing a current gain of 13%.**

**Minotaur Exploration is a well-credentialed explorer with an enhanced cash position of \$5.64 million as at the end of the December 2015 quarter, which enables it to engage in full and proper evaluation of not only its extensive Queensland exploration portfolio, but also newly acquired acreage in South Australia. Whilst maintaining 100% ownership of a large chunk of its acreage, it also maintains important relationships and joint ventures with high-quality partners, including OZ Minerals. In all, the company is active currently on four separate project areas in South Australia and Queensland. Accordingly, Minotaur Exploration will remain firmly held within our Portfolio.**

**Disclaimer:** Gavin Wendt, who is a director of Mine Life Pty Ltd ACN 140 028 799, compiled this document. It does not constitute investment advice. In preparing this report, no account was taken of the investment objectives, financial situation and particular needs of any particular person. Before making an investment decision on the basis of this report, investors and prospective investors need to consider, with or without the assistance of a securities adviser, whether the information is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor or the prospective investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission in that information.