

mine life

RESOURCE BULLETIN by Gavin Wendt

Tuesday 18th April, 2017

2017 Exploration Season to Commence - Portfolio Stock (coverage initiated @ \$0.06 in Sep 2015)

Minotaur Exploration (ASX: MEP, Share Price: \$0.075, Market Cap: \$16m) is one of our most respected exploration plays – maintaining a strong and diverse portfolio of exploration projects, a well-credentialed exploration team, together with solid cash reserves and high-profile joint venture partners that ensure a high-level of exploration activity. It also maintains Sprott Group as a 12.63% shareholder.

Minotaur has provided an update of upcoming field activities on its copper-gold and base metals exploration projects. Minotaur and its joint venture partners (OZ Minerals and JOGMEC) have finalised relevant work programs, now commencing with closure of the wet season in northwest Queensland.



Market Significance

Minotaur's share price performance can be directly correlated with the underlying level of exploration activity – particularly seasonal activity due to the weather. There is renewed exploration activity across numerous fronts, but particularly its Eloise project in Queensland. OZ Minerals (ASX: OZL) during 2016 funded \$2.1 million of exploration expenditure on Minotaur's 100%-owned Eloise tenements and has the opportunity to sole-fund up to \$10 million worth of exploration over a six-year period, for which it can earn a 70% beneficial interest in the overall tenement package.

Announcement Detail – Exploration Update

Minotaur has provided an update of upcoming field activities on its promising copper-gold and base metals exploration projects in Queensland. Minotaur and its joint venture partners (OZ Minerals and JOGMEC) have finalised relevant work programs to commence with the end of the wet season in northwest Queensland.

Eloise Project - JV with OZ Minerals, Cloncurry region, Queensland

A third-phase, 3,700-metre drilling program has been confirmed for the Iris-Electra copper-gold prospect. Drilling will initially focus on the undrilled 'Electra' EM conductor along strike from 'Iris'. Modelling and interpretation of the Electra anomaly suggests that it is highly prospective for copper sulphide mineralisation, given the demonstrated relationship between high-conductance and coexistence of chalcopyrite and pyrrhotite - at both the adjacent Iris conductors and the Eloise mine some 5km away.

The drilling program will seek to build on highly encouraging results from the maiden drilling program completed late last year at Iris, which indicated potential for a copper-mineralised system with higher grades in the vicinity of EM conductors. This was evident in hole EL16D08, where a chalcopyrite-rich zone returned 0.4 metre at 12.35% Cu and 14.3g/t Au.

Additionally, a widespread ground EM survey south of the Eloise mine will investigate some 18km of strike along the eastern side of the Levuka Shear Zone. This zone is interpreted to be a continuation of the Mt Norna Quartzite that hosts Eloise, Iris and Altia locally and Artemis, Sandy Creek, Maronan and Cannington deposits (and possibly Osborne) regionally.

Osborne Project - JV with JOGMEC, Cloncurry region, Queensland

The 2016 field season at the Osborne project identified three targets for follow-up drilling where copper-gold and zinc-lead-silver mineralisation styles are targeted. Conductive basement targets were detected below sediment cover at the 'Winter', 'Lark' and 'Robin' prospects. Winter and Robin are prospective for Cannington style Zn-Pb-Ag mineralisation and Winter is interpreted as a possible analogue to Cannington itself – a low-amplitude positive magnetic anomaly within a broad and structurally complex magnetic low. A 700-metre diamond hole during Q2 2017 will test the magnetic body and multiple, coincident EM plates at Winter.

Prominent Hill Project - JV with OZ Minerals, Gawler Craton region, South Australia

Minotaur and OZ Minerals' geologists are jointly finalising a follow-up work program for the Prominent Hill region, mainly focused on the Skylark Shear Zone, a structure identified as prospective for iron-sulphide, copper-gold style (ISCG) mineralisation. ISCG proof-of-concept drilling at the 'Bellatrix' target late last year showed that the Skylark Shear Zone hosts pyrrhotite associated copper-gold mineralisation. Field EM surveys are expected to start during Q2 2017.

An infill ground EM survey at Robin will help refine the EM model and finalise the initial drill trajectory. Two conductive bodies are identified at Lark, where structurally-controlled copper-gold mineralisation is anticipated. New ground EM will close-off the EM plates and guide first-pass drill collar positioning.

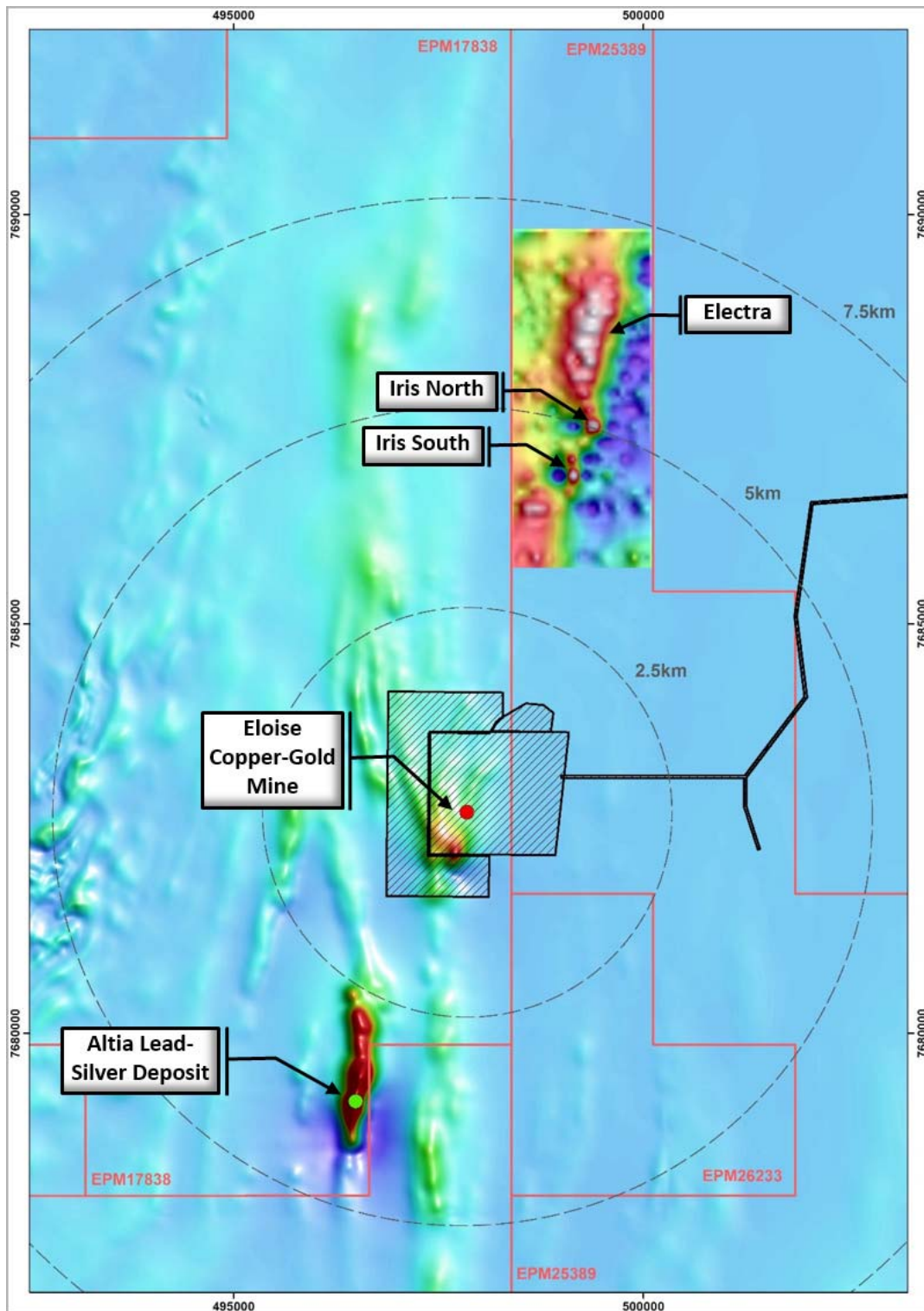


Figure 1: Location of Iris and Electra EM conductors in relation to the Eloise Copper-Gold mine. The coloured image at Iris and Electra is Channel 35 of the X-component EM response where white and red are strong responses. The main background image is RTP1VD magnetics.

Other Recent Activity

Announcement Detail – Eloise Project Update

Minotaur during late 2016 completed an in-fill ground EM geophysical survey over its Iris and Electra prospects, hosted 5km north-northeast of the Eloise copper-gold mine (refer to graphic above).

Approximately 18 line km were completed on 200-metre line spacing, with stations 50 metres apart. This work, combined with the earlier EM survey, encompassed 4km of line of strike along an interpreted shear zone - along which both the Iris and Electra conductors are located.

Conductive overburden is generally around 130 metres thick over the survey area, providing technical challenges in receiving and processing EM signals from the basement below. Consequently, only a weak EM response was detected at Electra in the original survey. The survey data over Electra was collected at double the original station density and on more closely spaced lines.

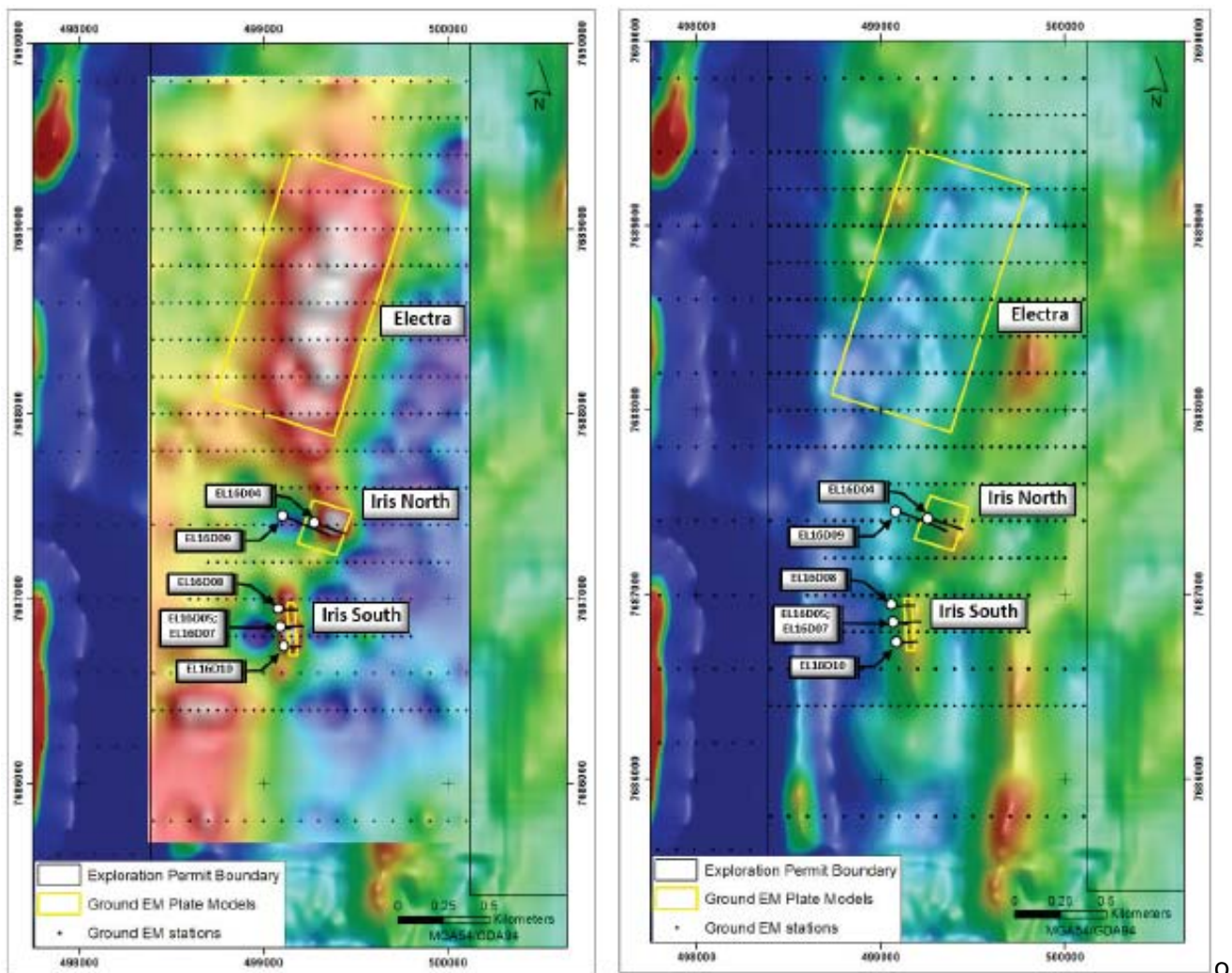


Figure 2: a) left image shows gridded conductivity (red and white zones are conductive) of the X-component EM data of channel 35. Yellow polygons are the modelled conductive plates; b) right image shows conductive plates over RTP1VD magnetics

Technical Significance

Preliminary processing has confirmed a large, coherent and strong conductor - modelled at 470 metres depth with up to 1.4km of strike, significant depth extent and conductance of 1100 Siemens). Conductive bodies are now modelled along a strike length of 2.7km, from about 130 metres below surface at Iris South, to about 470 metres below surface at Electra. *What's particularly interesting is the large size of the modelled conductor at Electra relative to those at Iris North and South.*

Project Overview - Eloise Joint Venture, Queensland

The joint venture partners, Minotaur and OZ Minerals, are targeting Cannington-style silver-lead-zinc and Eloise-style copper-gold mineralisation, situated 55km southeast of Cloncurry. OZ Minerals is farming into Minotaur's tenements via an initial \$1.5 million spend during 2016. Ultimately, OZ Minerals could earn a 70% stake by investing \$10 million in the ground.

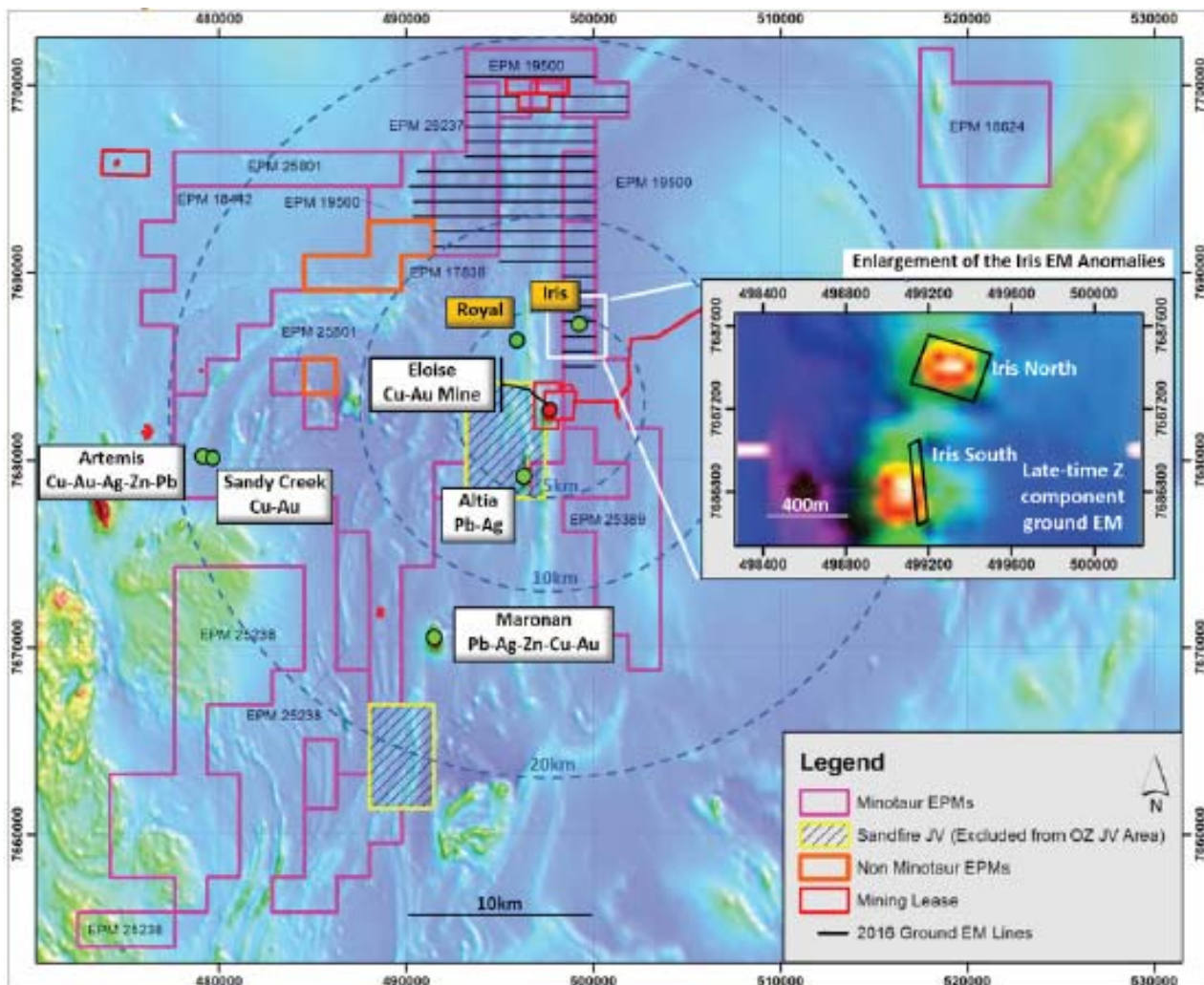


Figure 3: Minotaur's 'Eloise' tenements and the new 'Royal' and 'Iris' ground EM targets over magnetics, referenced to the Eloise copper-gold mine, owned and operated by FMR Investments Pty Ltd. Locations of Altia and Maronan base metals deposits shown

With the benefit of OZ Minerals' funding, Minotaur prior to drilling completed extensive ground gravity and electromagnetic (EM) surveys along the Levuka Shear Zone - north of the existing Eloise copper mine, locating three strong EM conductors about 5km from the mine.

All targets lie within 5km of the operating Eloise copper-gold mine (historical production of ~10 million tonnes @ 3.5% copper and 0.9g/t gold, presently mining from +1,200 metres below surface) and within 10km of the Altia base metals resource (5.8 million tonnes at 4% lead, 40g/t silver and 0.5% zinc, a joint venture between Minotaur and Sandfire Resources, (ASX: SFR) earning 80%), and within 15km of the large Maronan lead-silver and copper-gold deposits (31 million tonnes at 6.5% lead and 106g/t silver and 19 million tonnes at 1.2% copper and 0.6g/t gold).

Minotaur's model for the Iris targets is Iron-Sulphide Copper-Gold (ISCG) mineralisation, similar in style to Eloise. Both targets lie under approximately 120 metres of younger cover.

Minotaur believes it is reasonable to compare these with BHP's first drill-hole VO-DDH71 that tested the 'Eloise North' EM conductor in 1986. That hole intersected a patchy pyrrhotite-chalcopyrite veinlet-stringer zone containing low-grade copper, averaging approximately 0.1% across the zone, with a maximum copper assay of 0.51% over a 3-metres interval. The hole provided sufficient encouragement for BHP to continue testing local EM anomalies, leading to discovery of the Eloise deposit only 300 metres to the south, the following year.

Summary

We initiated coverage of Minotaur Exploration at a price around \$0.06 during September 2015 - representing a current gain of 25%.

The company is a well-credentialed explorer with an extensive Queensland exploration portfolio, along with acreage in Western Australia and 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.

Attention has now shifted to its Eloise and Prominent Hill joint ventures in Queensland and South Australia with OZ Minerals. The cornerstone support of Sprott Group with a 12.63% stake also represents a strong endorsement of Minotaur's strategy and overall prospects.

Minotaur's end-of-March Quarter cash at bank position was \$3.2 million, whilst the market valuation of Minotaur's holdings in junior explorers improved in line with general equity sentiment. Minotaur took advantage of improved liquidity and market prices and rebalanced its overall listed investment position to \$1.0 million.

Minotaur Exploration will remain firmly held within our Portfolio and there is the potential for near-term price appreciation as drilling activity commences as part of the 2017 field season.

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