

Monday 4<sup>th</sup> July, 2016

### Chameleon Deposit Gold Assay Results - Portfolio Stock (coverage initiated @ \$0.06 in Sep 2015)

**Minotaur Exploration (ASX: MEP, Share Price: \$0.07, Market Cap: \$15m)** is one of our most respected exploration plays – as it maintains a strong and diverse portfolio of exploration projects, a well-credentialed exploration team, combined with solid cash reserves that ensure high-level exploration activity. It also maintains the highly-regarded Sprott Group as a major shareholder with a 12.63% stake.

*Minotaur has advised of positive results from infill drilling program at the Chameleon gold deposit near Kalgoorlie, with stand-out assay results including 11m @ 4.6 g/t Au from 75m down-hole (including 5m @ 7.5 g/t Au from 80m) and 5m @ 4.4 g/t Au from 170m down-hole, with mineralisation open down-plunge.*



### Market Significance

Minotaur's share price firmed by 11% at the close of today's trade on the back of the encouraging Chameleon drilling results, which have confirmed the internal continuity of the lodes and down-plunge extrapolation potential. The results are being incorporated into the database, with the objective that an inaugural JORC 2012-standard resource estimate can be published by the end of July 2016. Interest in the stock should remain extremely high, as there is aggressive exploration drilling taking place at Eloise in Queensland, as well as resource calculation work at Chameleon.

## Announcement Detail – Chameleon Drilling Update

Gold assays have been received from 12 holes recently drilled at Minotaur’s Chameleon gold deposit near Kalgoorlie, which tested approximately 275 metres of strike length and to a depth of 150 metres below surface. Assays were also returned from one historic core hole (LSGD0010 drilled by Scotia Nickel Ltd in 2005) that was previously only partially sampled - this hole intersected the Chameleon gold zone at approximately 200 metres below surface.

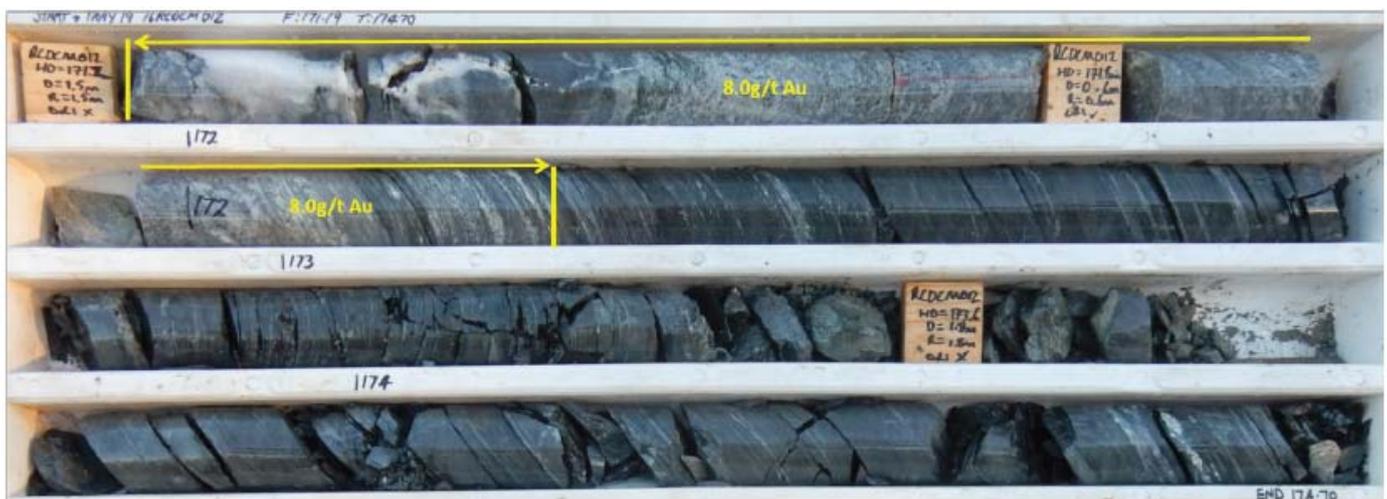
Of the 12 drill holes, 1 hole (16RCCM010) was abandoned before reaching full target depth due to unfavorable ground conditions and five holes returned attractive gold assay results. Historic drill-hole LSGD0010 also returned positive gold values over a 2-metre interval.

Three holes intersected gold in the oxide zone, as follows:

- 16RCCM002: 5 metres @ 1.9 g/t Au from 32 metres
- 16RCCM005: 11 metres @ 4.6 g/t Au from 75m; (including 5m @ 7.5 g/t Au from 80m)
- 16RCCM006: 3 metres @ 3.0 g/t Au from 84 metres

Three holes intersected gold in the fresh zone, as follows:

- 16RCCM011: 5 metres @ 4.4 g/t Au from 170 metres
- 16RCD012: 1.06 metres @ 8.0 g/t Au from 171.19 metres
- LSGD0010: 2 metres @ 3.0 g/t Au from 228 metres

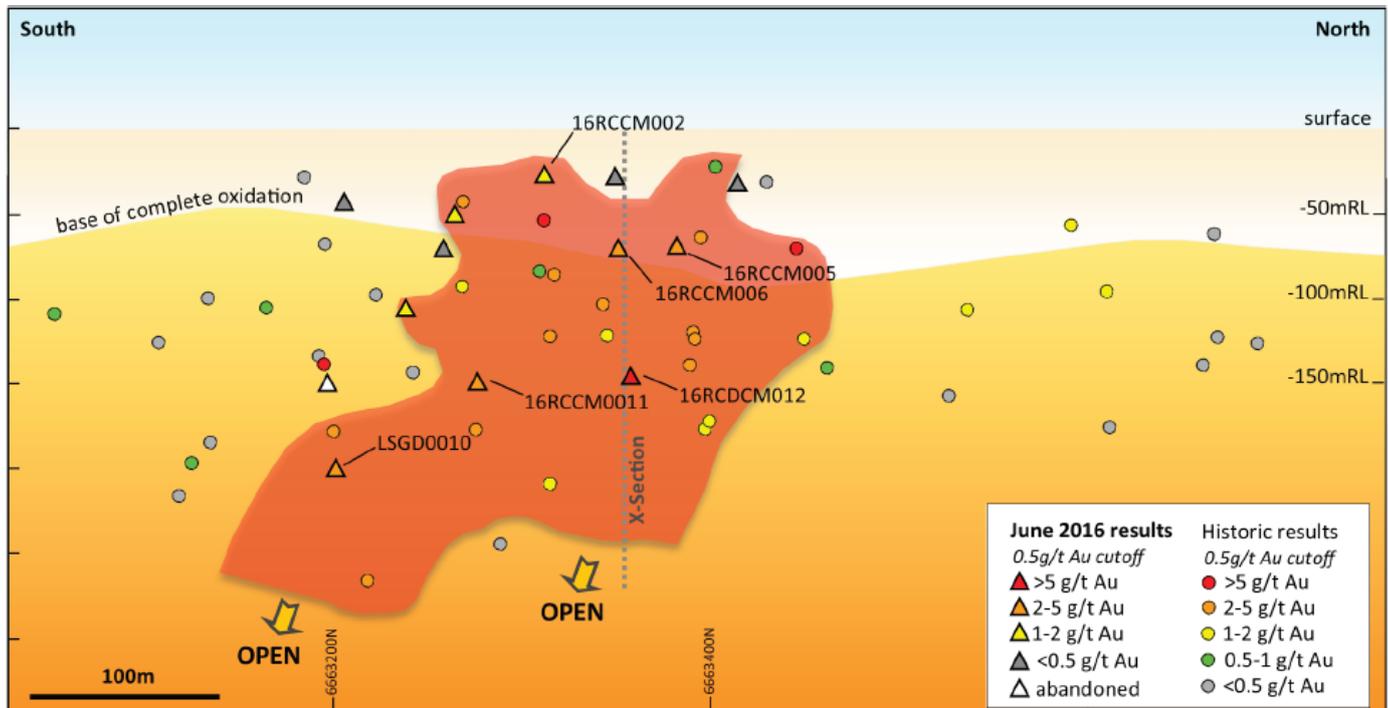


**Figure 1:** Core from hole 16RCD012, interval from 171.19m to 172.25m, reported 8.0g/t Au

## Technical Significance

Gold mineralisation primarily occurs within a steeply-dipping shear zone between ultramafic and mafic volcanic units hosting quartz veining and silicification. The better gold grades and widths are mostly developed within the central portion of the deposit, where the mineralisation is relatively coherent and remains open down-plunge to the south. The results are encouraging and confirm the internal continuity of

the lodes and down-plunge extrapolation potential. The results are being incorporated into the database, with the objective of releasing an inaugural JORC 2012-compliant resource estimate by the end of July 2016.



**Figure 2:** Chameleon gold deposit long section (looking west). The Central gold zone, above 0.5g/t Au, is shown in brown and is open down-plunge. Labelled drill holes relate to intersections described in text above.

## Project Overview

The Chameleon deposit is situated within E29/661, which forms part of the Scotia group of tenements held by Minotaur Gold Solutions Ltd (MinAuSol), a controlled subsidiary of Minotaur Exploration (73%, GFR 27% and diluting). Past exploration programs by a number of operators had established the presence of high-grade gold lodes at Chameleon, extending from near-surface to about 200 metres depth within a steeply-dipping, narrow-but-coherent zone of gold mineralisation, as has now been confirmed by Minotaur.

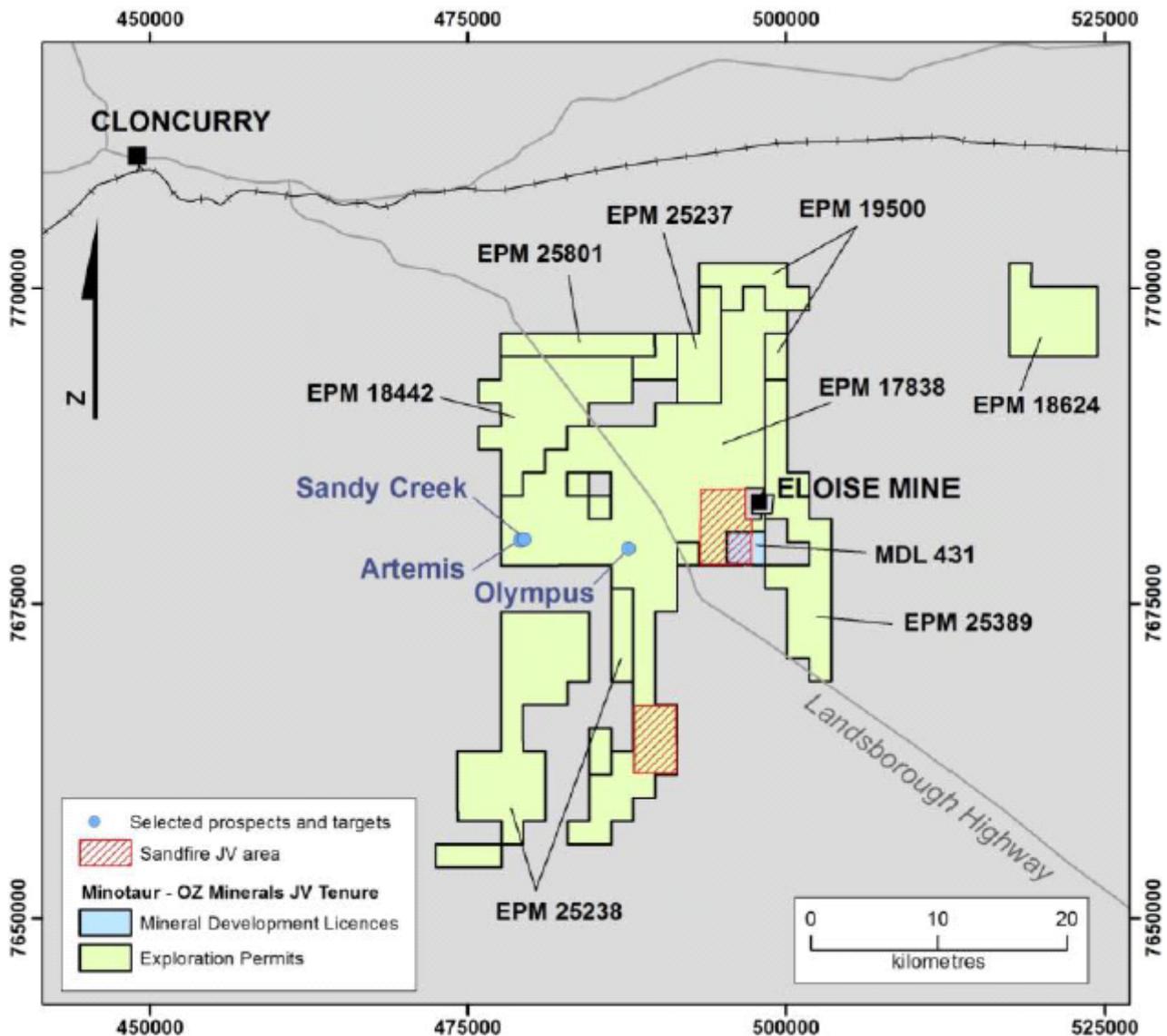
## Eloise Project Update

Based on their Farm-In Agreement signed late last year, joint venture partners OZ Minerals and Minotaur Exploration recently elected to accelerate exploration on two advanced 'Eloise-style' targets within the Eloise project tenements, where first phase drilling is now underway.

Following recent infill IP work, two strong geophysical targets were identified for drilling. The targets sit 150 metres – 300 metres below surface and have not been previously drilled.

- 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 within 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.



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

Drilling on the two IP anomalies is well advanced. Two holes are complete at Olympus, with visual inspection of the core not able to identify base metal mineralisation within the target zone. Drill samples are to be submitted for geochemical analysis. The rig is being moved to place a single diamond hole to 300 metre in order to test the tenor of the IP response at Bullwinkle, just north of the Artemis copper-gold-silver-zinc system.

Simultaneously, a program of ground EM surveys across the Levuka Shear Zone and immediately north of the Eloise copper-gold mine, has identified an EM anomaly named Iris. Iris is situated 5km from the Eloise mine and its modelled plates are 120 metres deep and have 1000 Siemens conductance. An infill EM survey to refine the target is about to commence.

## **Eloise Project Overview**

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

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. 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.

## **Summary**

**We initially covered Minotaur Exploration at a price around \$0.06 during September 2015 - representing a current gain of 17%.**

**Minotaur Exploration 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. The current Eloise program is targeting advanced 'Eloise-style' targets, whilst continuing the search for 'Cannington-style' targets further to the northeast. And we await the release of a maiden JORC resource at the Chameleon deposit in WA at the end of this month. The cornerstone support of Sprott Group with a 12.63% stake represents a strong endorsement of Minotaur's strategy and overall prospects. The improved share price performance from a low of \$0.05 during February reflects growing market interest. Accordingly, Minotaur Exploration will remain firmly held within our Portfolio.**

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