

QUARTERLY REPORT

PERIOD 30 SEPTEMBER 2017

Highlights

- Further channel sampling at La Plata confirms the continuity of high grade surface mineralisation some 300m east of previously reported results, extending the potential strike length of the interpreted La Plata vein system to approximately 2km.
- \$1.6m raised in a private placement to fund further exploration across Cuitaboca's multiple prospective precious metal prospects.
- Preliminary metallurgical test work results in high silver recoveries and suggests ore is highly amenable to conventional processing methods for silver recovery.

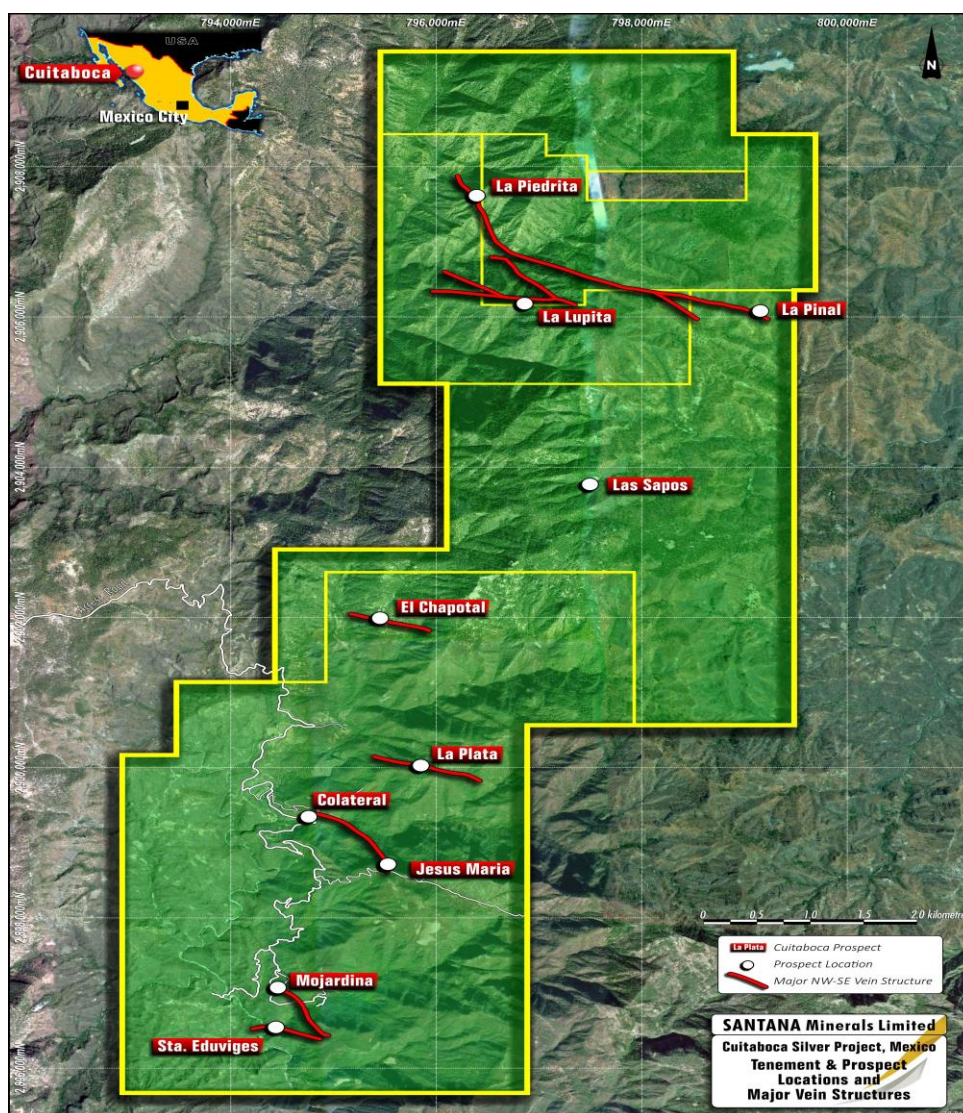


Figure 1: Cuitaboca Project area

OPERATIONAL UPDATE

CUITABOCA - SINALOA, MEXICO (Santana earning to 80%)

During the quarter the Company was pleased to report significant diamond saw channel results from field work undertaken at the La Plata Prospect within the Company's Cuitaboca Project in Sinaloa, Mexico (**Figure 1**).

Significant results from the surface diamond saw channel sample program included:

LPTTR-30 **2.45m @ 362g/t Ag including:**
 1.00m @ 158g/t Ag
 0.85m @ 603g/t Ag
 0.60m @ 362g/t Ag

and

LPTTR-31 **4.60m @ 295g/t Ag including:**
 1.00m @ 450 g/t Ag
 1.00m @ 322 g/t Ag
 1.00m @ 306 g/t Ag
 0.90m @ 188 g/t Ag
 0.70m @ 160 g/t Ag

The reported results from surface channels **LPTTR-30 and LPTTR-31** (shown in **Figure 2**) were significant as they represent a continuity of high grade surface mineralisation some 300m east of the following previously reported results:

LPTTR-19 2.00m @ 78 g/t Ag
 LPTTR-19 1.00m @ 1,995 g/t Ag
 LPTTR-23 5.00m @ 242 g/t Ag
 LPTTR-25 7.00m @ 131 g/t Ag (including 3m @278g/t Ag)

This 300m step-out extends the potential strike length of the interpreted La Plata vein system to approximately 2km. Given the significant surface results reported to date it is intended that part of the funds raised in September will be used to undertake a micro-drill program (a portable micro-drill rig which will drill core to a depth of 15-20m). Surface channel widths along the interpreted strike length have been limited to accessible outcropping so micro-drilling will seek to identify the vein dip and direction and confirm that the veins and mineralisation begins to expand over wider zones at depth.

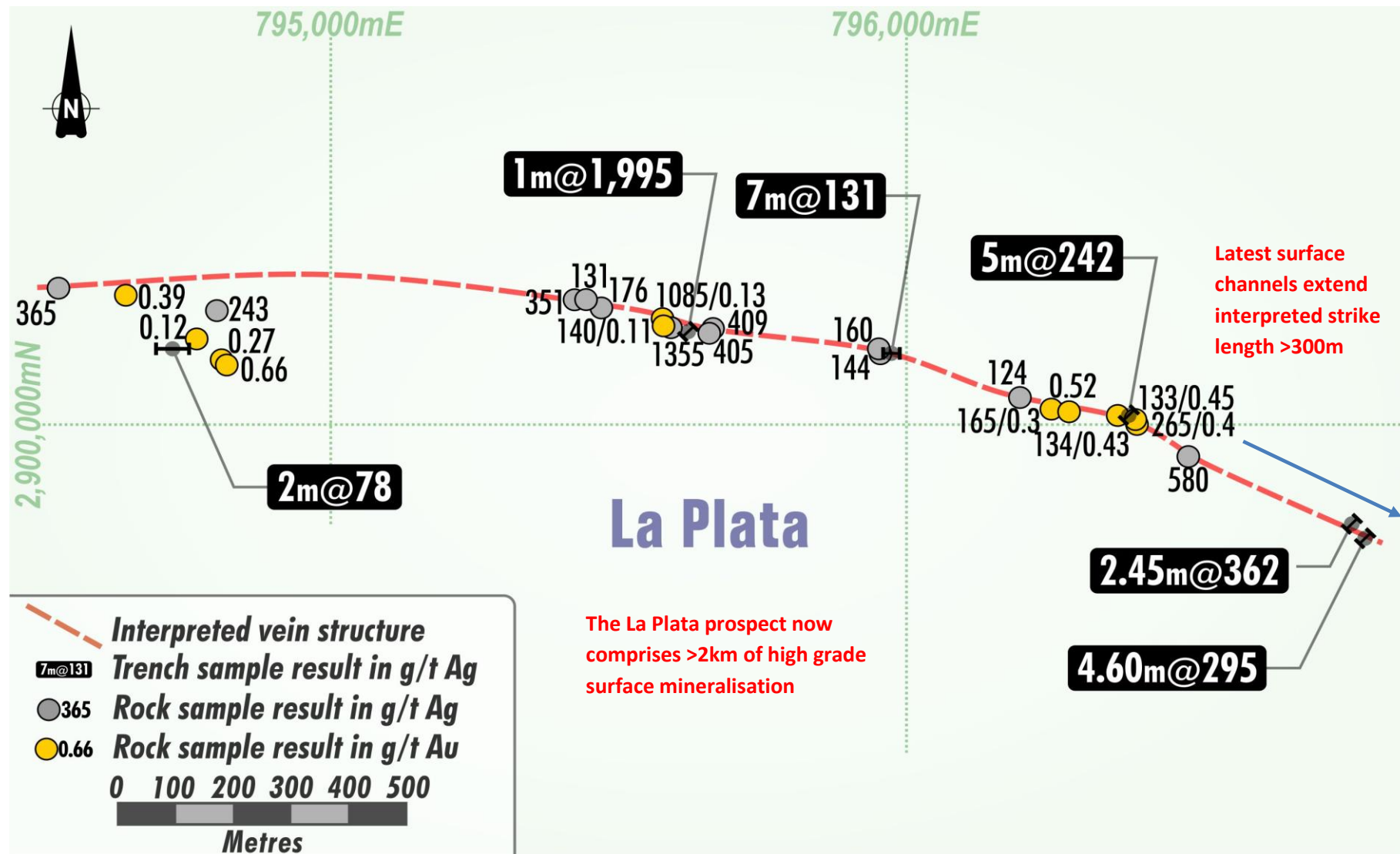


Figure 2: The interpreted La Plata vein system now extends more than 2km

Metallurgical Test Work

During the quarter the Company conducted a preliminary metallurgical test program on composite samples from 3 drill holes of the Mojardina Prospect (**Table 1**).

Table 1

Hole	Interval (m)	Average Ag (g/t)	Sample Mass (Kg)
RC16CT-19 (Evangelina)	65-110	45	245
RC16CT-21 (Evangelina)	0-35	221	162
RC16CT-23 (Las Animas)	24-52	216	149

The purpose of the preliminary metallurgical test program was to determine initial leaching and flotation performance to recover the main material of economic interest, Silver.

The Metallurgical test work was carried out by Core Resources, Albion laboratory in Brisbane, Australia.

A total of 556kg of RC drill core rock chips from the three drill holes was divided into 3 composite samples.

Representative samples for the three drill holes were sent to Bureau Veritas Minerals Laboratory in British Columbia, Canada for Mineralogical assessment using QEMSCAN Particle Mineral Analysis (PMA) and QEMSCAN Trace Mineral Search (TMS). A summary of the chemical and mineralogical contents of the samples tested is shown in **Table 2**.

Table 2 - Chemical and Mineralogical Composition data

Chemical Assays (% or g/t)				Mineral Contents (Wt %)			
Element	Hole 19	Hole 21	Hole 23	Minerals	Hole 19	Hole 21	Hole 23
Cu	0.01	0.02	0.02	Silver Minerals	0.01	0.03	0.02
Pb	0.06	0.28	0.07	Sulphide Minerals	0.12	0.14	0.09
Zn	0.15	0.73	0.10	Pb Oxides	0.07	0.21	0.10
Fe	3.14	3.63	4.51	Iron Oxides	2.15	2.80	3.23
S	0.03	0.02	0.03	Ilmenite	0.60	1.02	1.68
Ag	40.1	199.6	215.3	Quartz	28.9	22.0	15.1
Au	0.04	0.06	0.03	K-Feldspars	49.7	61.2	61.7
				Carbonates	7.68	0.49	2.74
				Micas	7.41	7.54	5.59
				Chlorite	1.52	1.05	7.30
				Kaolinite (Clay)	0.08	0.35	0.72
				Others	1.76	3.17	1.73
				Total	100	100	100

Particle Mineral Analysis showed a high degree of silver mineral liberation could be expected at a partial size of 150 micron and that liberated silver would likely be amenable to cyanide leaching.

Leach Test Results

A series of standard Carbon In Leach (CIL) bottle roll tests were conducted on whole rock portions cut from the composite samples at a target grind size of 75 micron and leaching duration of 48 hours. Results of the leach tests are shown in **Table 3**, and confirm the amenability of the silver to be extracted by leaching with silver recoveries greater than 93% being achieved.

Table 3 - Silver extraction by cyanide leaching

Sample	pH	Lime Consumption (Kg/t)	Cyanide Consumption (Kg/t)	Ag Extraction (%)
Hole 19	10.9	1.0	1.6	93.1
Hole 21	10.9	2.0	1.8	95.3
Hole 23	10.9	1.6	2.2	98.4

Flotation Test Results

Flotation is a standard mineral beneficiation process, where after grinding the ore the minerals of value are concentrated and separated from the minerals of no value by taking advantage of mineral hydrophobicity differences. Rougher flotation is the first stage of the flotation process where the maximum amount of the valuable mineral is concentrated. Rougher flotation results are shown in **Table 4**.

Table 4 - Rougher Flotation Results

Sample	% weight to concentrate	Concentrate grade Ag (g/t)	Ag Recovery to concentrate (%)	Comment
Hole 23	28.9	649	93.6	32 % Solids
Hole 23	16.1	1,170	88.2	22% Solids
Hole 23	8.8	2,229	86.8	32% Solids & 500g/t Sodium Silicate



Figure 3: Rougher flotation testwork

Initial rougher flotation resulted in 93.6% Ag recovery to a concentrate grading 649g/t Ag consisting of 28.9% of the mass in the flotation test. Subsequent tests at lower % solids and with the addition of sodium silicate highlight the potential to increase the grade of the concentrate by reducing the mass of concentrate with a mild reduction in Ag recovery.

The results suggest the possibility of producing a bulk concentrate which would substantially reduce the size of a leaching circuit. It may also allow the transportation of a high-grade concentrate for treatment by others.

The preliminary test work to date has shown that the recovery of Ag by either a direct cyanidation route or by leaching a flotation concentrate remain viable alternatives. Additional test work to further refine flotation performance is planned.

With no detection of deleterious elements and the ore appearing to be highly amenable to conventional, well understood and low-cost processing routes, these results open up the possibility for favourable operating costs per ounce of silver recovered from any future mining operation, subject to the successful delineation of a bulk tonnage silver resource.

CORPORATE

\$1.6m Private Placement

During the quarter the Company reported it had received commitments from investors in a private placement to raise \$1.6m through the issue of 53,333,333 fully paid ordinary shares. The placement was completed at \$0.03 per share and saw the introduction of several new investors to the Company's share register. The raising was also supported by Company directors and management.

As subscription commitments exceeded the Company's placement capacity as provided for by the ASX Listing Rules, the placement was completed in 2 tranches.

The first tranche of shares were issued under the Company's existing capacity as provided for by ASX Listing Rule 7.1. Under the first tranche 30,333,333 shares were issued on 18 September 2017. The issue of 13,000,000 second tranche shares and participation by directors in the issue of a further 10,000,000 shares were subsequently approved at a shareholder meeting held on 20 October 2017.

With the funds raised the Company will embark on a new work campaign that will have three primary objectives:

1. Continuing to define the mineralised envelope across the Las Animas/Evangelina vein systems by following an open zone of 100+ g/t Ag mineralisation along strike and at depth.
2. Further drilling the Mojardina South prospect where a new zone of mineralisation was confirmed during the recently completed June program.
3. Drill testing the La Plata prospect for the first time where excellent high-grade surface channel sample results have been reported over a 2km strike length

Options Expiry

On 5 October 2017 the Company announced that 13,197,500 unlisted options with an exercise price of \$0.03 and an expiry date of 30 September 2017 had expired.

NAMIQUIPA – CHIHUAHUA, MEXICO (Santana 100%)

No significant work was undertaken at the Namiquipa Silver project during the quarter.

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About Santana

Santana is a precious metals explorer focused on Mexico where it's primary focus is earning an initial 80% interest in the Cuitaboca Silver-Gold project in Sinaloa State. Santana also holds 100% of the Namiquipa Silver Project in Chihuahua.

Additional information about Santana and its projects is available on the website:

www.santanaminerals.com

Previous Disclosure - 2012 JORC Code

Information relating to Mineral Resources, Exploration Targets and Exploration Data associated with the Company's projects in this September 2017 Quarterly Report is extracted from the following ASX Announcements:

- ASX announcement titled "Significant Diamond Saw Chanel Samples at La Plata" dated 15 August 2017; and
- ASX announcement titled "Initial Metallurgical Testwork Shows Potential for High Silver Recoveries at Cuitaboca" dated 9 October 2017

A copy of each of these announcements is available to view on the Santana Minerals Limited website www.santanaminerals.com. The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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 announcements.

Additional ASX Listing Rule Information

Santana Minerals Limited ('Santana') provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location

Name	Number	Status	Interest Held
Namiquipa, Mexico			
Tasmania	227076	Granted	100%
America	219975	Granted	100%
Rolys	236046	Granted	100%
Parker Range, Western Australia			
	M77/52	Granted	30%^
	M77/893	Granted	30%^

^ Free carried to production.

Mining tenements acquired during the quarter and their location

Not applicable.

Mining tenements disposed of during the quarter and their location

Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

The Company has completed a transaction which allows it to earn an initial 80% interest in the Cuitaboca Project. The Company is earning, but has yet to earn, its initial interest. Further details are by reference to the announcement of 29 July 2014.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SANTANA MINERALS LIMITED

ABN

37 161 946 989

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(809)	(809)
(b) development	-	-
(c) production	-	-
(d) staff costs	(55)	(55)
(e) administration and corporate costs	(172)	(172)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,035)	(1,035)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	918	918
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(53)	(53)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Placement proceeds pending shareholder approval and share issue)	459	459
3.10	Net cash from / (used in) financing activities	1,324	1,324

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,215	1,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,035)	(1,035)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,324	1,324
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of period	1,489	1,489

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	119	423
5.2 Call deposits	1,370	792
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,489	1,215

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

75

-

Executive and Non-Executive Directors Fees \$75k

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration and corporate costs	110
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	770

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 30 October 2017

Print name: Craig J McPherson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.