

## QUARTERLY REPORT

PERIOD ENDING 31 DECEMBER 2017

### Highlights

- Historic data confirms the location of high grade silver mineralisation at the La Lupita prospect in the northern region of Santana's Cuitaboca Project.
- RC drilling reveals the Las Animas/Evangelina structure remains open along strike.
- Phase 2 RC drilling at Mojardina South reveals mineralisation remains open to the North-West.

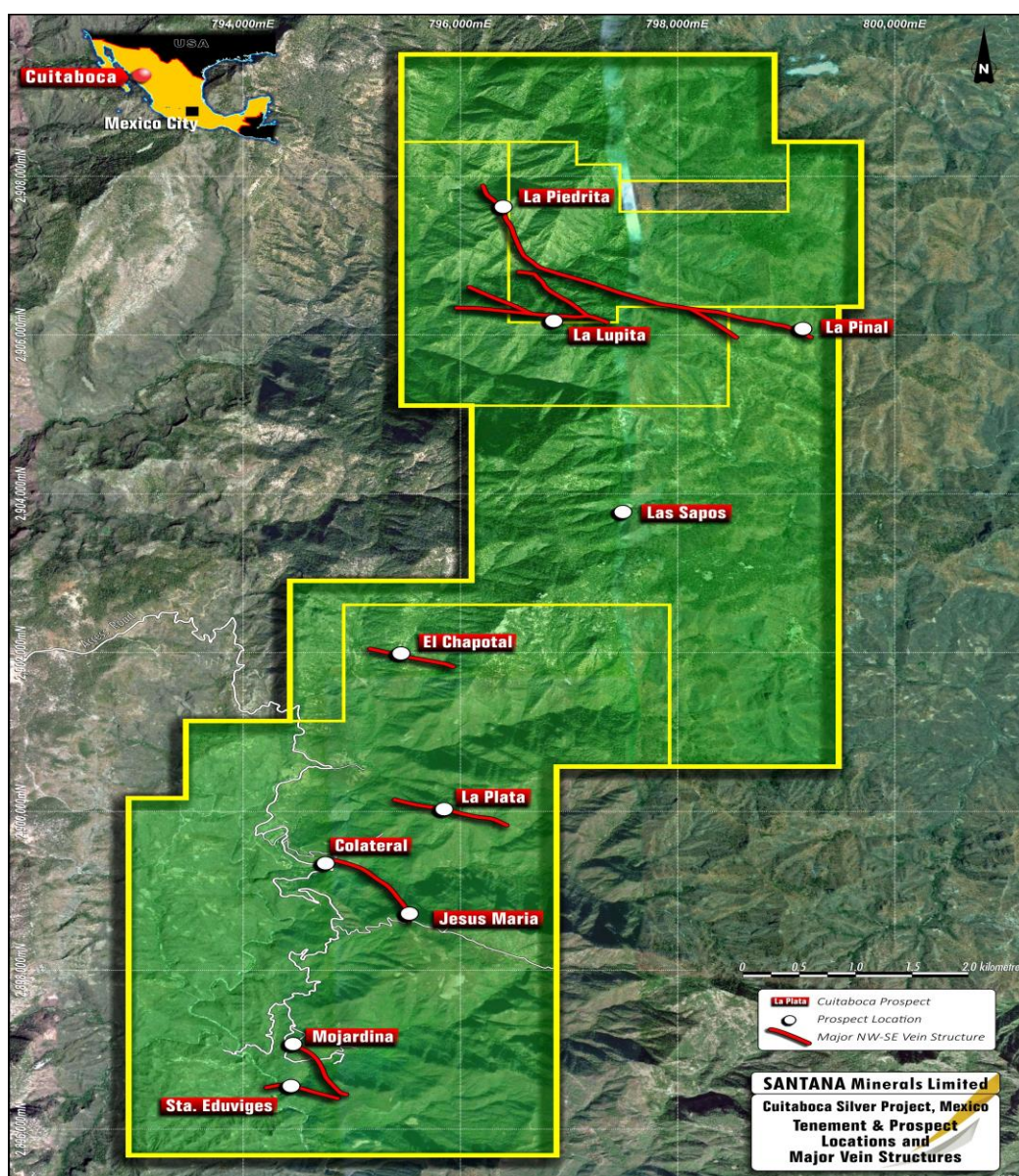


Figure 1: Cuitaboca Project area

## **OPERATIONAL UPDATE**

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

#### **La Lupita**

A review of historic data has confirmed the location of high grade silver mineralisation at the La Lupita prospect in the northern region of Santana's Cuitaboca Project in Sinaloa, Mexico. (Refer **Figure 1**)

A total of 24 samples were taken in the 1990s by Servicios Industrias Peñoles SA de CV (Peñoles). The sample results are shown in **Table 1**.

<b>EAST</b>	<b>NORH</b>	<b>ID</b>	<b>Width</b>	<b>Au g/t</b>	<b>Ag g/t</b>
797119	2906297	1	1.05	-	8
797115	2906294	2	0.3	-	161
797113	2906299	3	0.66	-	786
797125	2906296	4	1.09	0.5	535
797128	2906305	5	0.34	-	700
797125	2906309	6	0.63	-	610
797108	2906295	7	0.57	-	330
797143	2906304	8	1.5	-	34
797134	2906308	9	1.5	0.5	8
797136	2906291	10	1	0.4	160
797106	2906305	11	1	0.5	242
797098	2906299	12	1	-	58
797189	2906299	13	1.1	-	44
797178	2906289	14	0.53	1	12
797187	2906290	15	1.5	-	112
797205	2906299	16	0.73	0.5	30
797205	2906288	17	0.45	-	36
797199	2906287	18	0.85	1.5	155
797199	2906296	19	1.05	-	235
797218	2906292	20	1.4	1.8	452
797224	2906297	21	0.8	-	34
797228	2906291	22	0.72	-	370
797209	2906294	23	0.44	0.5	136
797212	2906286	24	0.85	-	45

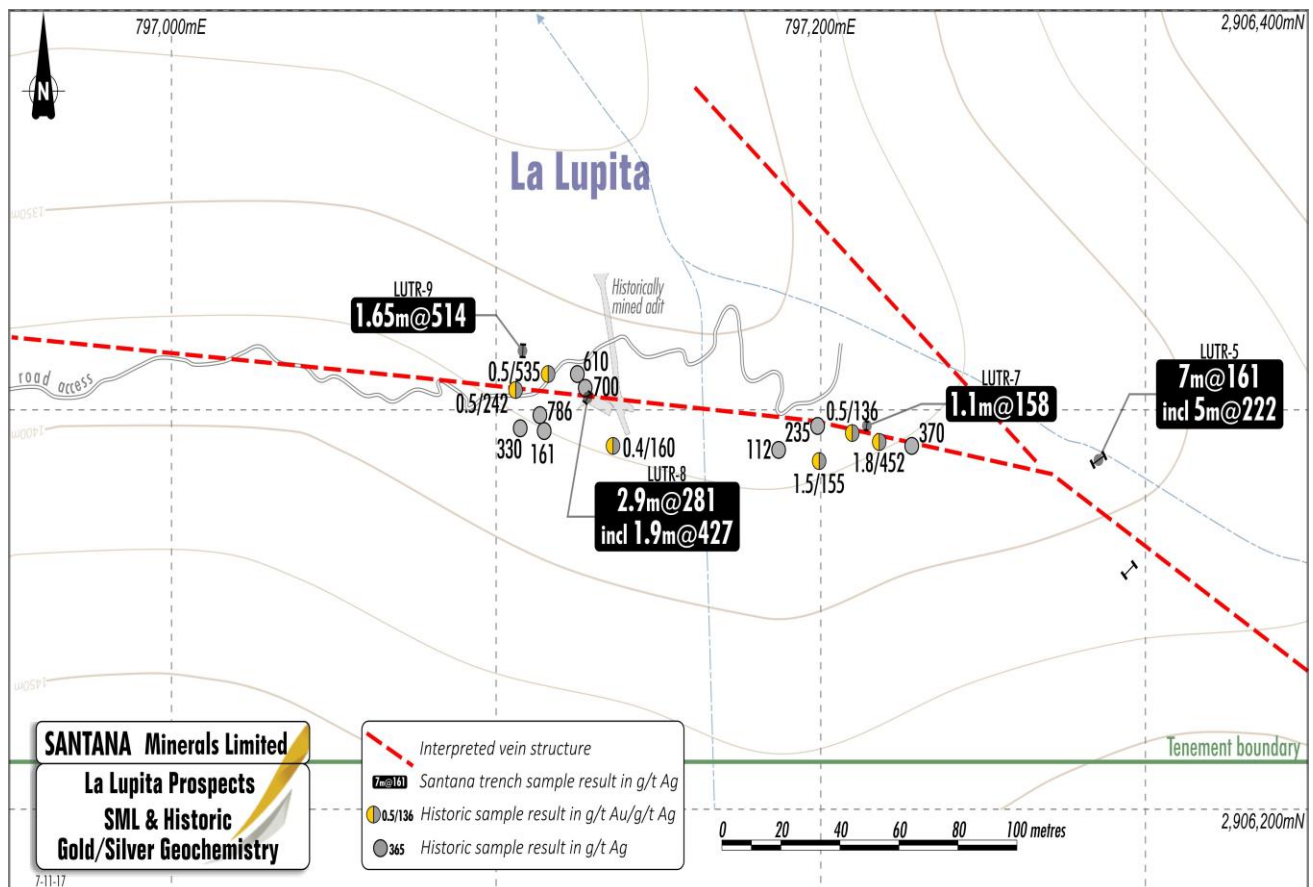
**Table 1:** Peñoles historic sampling records at La Lupita

Peñoles sampling of this vein yielded an average 0.3g/t Au and 220g/t Ag over an approximate strike length of 130m, the results of which were subsequently verified and recorded in a 2005 Technical Qualifying Report by consultancy group Behre Dolbear & Company Ltd.

The above information was reported by Behre Dolbear de Mexico S.A. de C.V. June 29, 2005 in a Technical Qualifying report for Minera El Pilon S.A. de C.V. The Report was authored by Baltazar Solano-Rico, then president of Behre Dolbear de Mexico S.A. de C.V. who was a Qualified Person for the release as defined in the standards for disclosure of mineral projects within Canada (NI 43-101). The information in the above table was prepared in accordance with the standards for disclosure of mineral projects within Canada (NI 43-101) and not in accordance with the JORC code. The verification of the results by way of field checking of geological maps and channels of samples taken by Minera El Pilon and through an exploration and check sampling program.

The rock-chips were taken by Peñoles along a singular outcropping structure reported to extend more than 500m and included a number of samples in the vicinity of a historically mined adit. The Behre Dolbear report also suggests a series of parallel vein structures to the one sampled and is suggestive of a much thicker mineralised zone.

The historic rock-chip samples can be seen in **Figure 2** and provide further validation of the limited work Santana conducted at La Lupita as part of its regional works program in early 2017 where diamond saw channel sampling was undertaken.



**Figure 2:** Rock-chip samples and channel trenching have proven La Lupita to be a highly mineralised zone



As previously reported in **ASX Announcement 10 February 2017** and shown in **Figure 2**, surface channel sampling of outcropping veins across the La Lupita prospect returned the following results:

LUTR_05	7m @ 161 g/t Ag, <b>including 5m @ 222 g/t Ag</b>
LUTR_07	1.1m @ 158 g/t Ag
LUTR_08	2.9m @ 281 g/t Ag, <b>including 1.9m @427 g/t Ag</b>
LUTR_09	1.65m @ 514 g/t Ag

These historic rock-chip samples, in conjunction with the limited channel sampling performed to date by Santana, demonstrate the highly prospective nature of not only the La Lupita structure but the broader northern region of the Cuitaboca tenement package where material gold/silver mineralisation has been detected as far north as La Piedrita. **(Refer Figure 1)**

Further surface work is being conducted in preparation for a maiden drill campaign when access tracks can be constructed.

### **November – December RC Drill Programme**

The November - December reverse circulation (RC) drill programme was completed prior to Christmas.

#### **Las Animas/Evangelina depth extensions**

Three RC holes were drilled across the Las Animas/Evangelina vein structures to test the continuity of grade within the previously identified open zone of south-east plunging mineralisation. These three holes intersected broad zones of silicification with continuous zones of >20g/t Ag reported below.

- **MSRC053**            11m @32g/t Ag from 140m  
                             2m @44g/t Ag from 216m  
                             2m @52g/t Ag from 231m
- **MSRC054**            2m @51g/t Ag from 17m  
                             29m @34g/t Ag from 91m **(Including 4m @120g/t Ag from 91m)**  
                             13m @23g/t Ag from 132m
- **MSRC055**            10m @23g/t Ag from 127m

While the grade profile from earlier programmes was not repeated at depth, the Las Animas/Evangelina mineralised zone remains open and further drilling is required on the Las Animas structure to better define the shoot in the vicinity of previous drill holes RC16CT23 and MJRC-046.

### **Mojardina South**

Five holes were drilled into the mineralised zone at Mojardina South with two of the holes returning significant results:

- **MSRC056**                      66m @36g/t Ag from 45m (including 22m @52g/t Ag from 73m)  
and  
**3m @ 136g/t Ag from 108m**
- **MSRC060**                      7m @110g/t Ag from 51m

These holes were drilled at the northern extent of the previously reported holes:

- **MSRC033**                      53m @47g/t Ag from 1m (including 23m @75g/t Ag from 30m)  
and  
**8m @ 157g/t Ag from 45m**

**MSRC034**                      15m @ 100g/t Ag from 3m (including 5m @ 197g/t from 12m)

and below diamond saw channel

- **MJTR25**                      12m @ 102g/t Ag at surface

The system remains open to expansion to the north-west. The 3 holes drilled further south appear to have been constrained by a fault line.

Further interpretation work of Mojardina South is required to fully assess the potential of this zone.

### **La Plata**

At the La Plata prospect (some 4 km north of the Mojardina prospect) a portable micro-rig diamond drilling campaign commenced prior to the Christmas break to test along a 2km strike length of high grade mineralisation identified by previously undertaken surface trenching.

The several holes drilled to date did not reach planned depth due to the hand held portable diamond rig having penetration issues in the hard rock. The program is scheduled to recommence in late January 2018.

### **NAMIQUIPA – CHIHUAHUA, MEXICO** (Santana 100%)

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

For further information, please contact:

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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](http://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 "Historic Data Reveals High-Grade Surface Mineralisation" dated 16 November 2017;
- ASX announcement titled "New Silver Zone Identified Northern Sector – Cuitaboca Project, Mexico" dated 10 February 2017; and
- ASX announcement titled "November – December 2017 Works Programme Update" dated 4 January 2018.

A copy of each of these announcements is available to view on the Santana Minerals Limited website [www.santanaminerals.com](http://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
<b>Namiquipa, Mexico</b>			
Tasmania	227076	Granted	100%
America	219975	Granted	100%
Rolys	236046	Granted	100%
<b>Parker Range, Western Australia</b>			
	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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(599)	(1,408)
(b) development	-	-
(c) production	-	-
(d) staff costs	(59)	(114)
(e) administration and corporate costs	(71)	(243)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(728)</b>	<b>(1,763)</b>

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



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	690	1,608
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	(18)	(71)
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)	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>213</b>	<b>1,537</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,489	1,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(728)	(1,763)
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)	213	1,537
4.5	Effect of movement in exchange rates on cash held	(9)	(24)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>965</b>	<b>965</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	151	119
5.2 Call deposits	814	1,370
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>965</b>	<b>1,489</b>

**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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	475
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration and corporate costs	115
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>650</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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: 29 January 2018

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.