

# Quarterly Report

Period ended 31 December 2021



Minotaur Exploration Limited | ACN 108 483 601 | ASX: MEP  
minotaurexploration.com.au

## CORPORATE

Minotaur held cash of \$2.29 million at the end of the December Quarter, during which exploration expenditure amounted to A\$2.2 million.

### Takeover Offer and Demerger

Andromeda Metals Ltd (ASX: ADN) lodged with Minotaur a scrip for scrip takeover offer on 9 November 2021. By a subsequent Bid Implementation Agreement Andromeda and Minotaur agreed to put the offer to Minotaur's shareholders. A Bidder's Statement and Target's Statement were released on 3 December 2021. Minotaur's directors unanimously recommended acceptance of the offer which Andromeda stated is due to close on 31 January 2022, unless extended or withdrawn at Andromeda's discretion. As at 18 January Andromeda had received acceptances for 59% of Minotaur's issued shares.

The takeover is conditional, primarily, on Minotaur's shareholders approving the separation of Minotaur's non-kaolin assets and their transfer to subsidiary Demetallica Ltd, with Demetallica to be formally demerged from Minotaur. Subject to that approval at a meeting on 20 January 2022 Minotaur's ~3,300 shareholders will receive approx. 1,000 new shares in Demetallica for each 20,000 Minotaur shares held as at the Record Date of 27 January 2022. Demetallica will then prepare for an initial public offering (IPO) and listing on ASX, anticipated to be early April 2022.

With satisfaction of the takeover pre-conditions a change of control will occur and existing Minotaur directors will be replaced by nominees of Andromeda. Should Andromeda succeed in its aspiration to achieve 90% acceptances and then move to compulsory acquisition of the minority holdings, this Quarterly report may be Minotaur's final edition.

### Demetallica's Prospects

A joint venture was agreed with OZ Minerals for participation in Minotaur's 'frontier' Peake and Denison project, details of which were published on 1 December 2021.

OZ Minerals and Minotaur transacted sale of OZ Minerals' interests in the Eloise JV (70%) and Jericho JV (80%) for staged cash payments of \$6.6 million and contingent performance payments linked to publication of a pre-feasibility study (\$2.75 million) and resource upgrades (up to US\$8.82 million). Refer announcement dated 9 December 2021 for details. Minotaur's acquisitions of those interests and preceding purchase (24 August 2021) of Sandfire Resources' interests in the Altia polymetallic deposit (60%) and surrounding tenements (100%) consolidate a strategic land position around the Eloise copper-gold mine, south-east of Cloncurry, Queensland. Demetallica has named the Cloncurry asset group the Chimera Polymetal Project.

Offering a mix of copper-gold and base metal mineral deposits the Chimera Polymetal Project cements the foundation for Demetallica's IPO and complements other very prospective projects in the stable such as Pyramid, Windsor (both in Queensland) and Peake and Denison (in South Australia).

## Exploration

Minotaur completed drilling of The Gap and Maxwell's EM targets on the Chimera Polymetal Project in northwest Queensland and sample collection for the copper isotope-in-groundwater survey at the Windsor project in northeast Queensland (Figure 1). Planned drilling of the Jericho copper-gold deposit - the cornerstone asset of the Chimera Polymetal Project - and the Pyramid gold project in northeast Queensland, were postponed due to access issues relating to early onset of the Monsoon wet. Drilling at the Peake and Denison project in South Australia will start in March 2022.

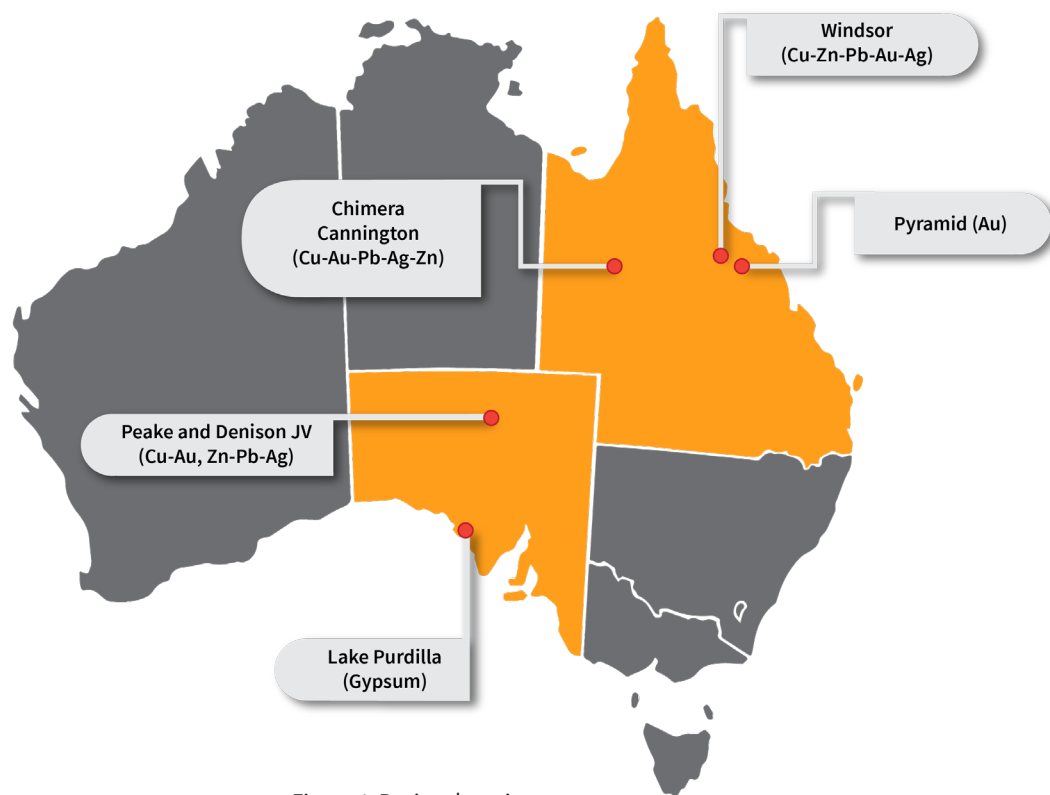


Figure 1: Project location map

## Queensland

### Chimera Polymetal Project (MEP 100%)

Drilling at The Gap and Maxwell's targets, south of Cloncurry in northwest Queensland, targeted ground EM conductor anomalies seeking Iron Sulphide Copper-Gold (ISCG) style mineralisation. Four RC drill holes were completed, all intersecting highly graphitic schist with only minor sulphide to adequately explain the source of the conductors.

Drilling planned at Jericho copper-gold deposit was not conducted due to an early rain event preventing access. A substantive drilling program will be conducted in 2022 by Demetallica immediately after the company lists on the ASX.

## Pyramid Gold Project (MEP 100%)

A planned 10-hole, 1,500m RC drill program, testing five targets for gold mineralisation, was postponed due to wet weather restricting access and will be conducted in Q2 of 2022 by Demetallica.

## Windsor Project (MEP 100%)

Sampling is complete for the innovative copper isotope characterisation of groundwater searching for indications of buried Volcanogenic Massive Sulphide (VMS) base metal deposits within the Windsor project area. Results are not expected for several months due to the complex array of analytical techniques employed to evaluate the water samples, including isotope analyses to be conducted in the USA.

## South Australia

### Peake & Denison JV (MEP 100%, OZL earning 70%)

Three priority targets are to be drill investigated under the recently formed Farm-in and Joint Venture (JV) with OZ Minerals, field preparations having been completed during the Quarter. The JV is primarily targeting Cloncurry-style Iron-Oxide Copper-Gold mineralisation associated with discrete magnetic anomalies in covered basement rocks. Drilling by Demetallica is planned to commence early March 2022.

### Great White Kaolin-Halloysite Project (ADN 75%; MEP 25%)

Minotaur and Andromeda Metals are joint venture partners in the Great White Kaolin-Halloysite Project and in Natural Nanotech Pty Ltd (NNT). Through Andromeda's off-market scrip offer to acquire all Minotaur's shares on issue, the kaolin-based assets will become wholly Andromeda owned, allowing more flexibility to the operator (Andromeda) and improving prospects for debt funding attraction. Subject to pre-conditions the offer is due to close on 31 January 2022 and Minotaur will become a wholly owned or controlled subsidiary of Andromeda.

Andromeda maintains its guidance that the definitive feasibility study will be published in Q2 of 2022 and Minotaur shareholders, having accepted Andromeda paper, will be directly exposed to the benefits of the DFS.

## Compliance Statement

Payments made under a commercial lease agreement to a related entity of Dr Antonio Belperio, a Director of the Company, are reported in Appendix 5B, Section 6.1.

## December 2021 Quarter ASX Announcements

The following significant announcements were lodged with ASX during the December Quarter:

- Great White JV technology advances, 1 October 2021
- Andromeda and Minotaur to combine, 10 November 2021
- OZ Minerals farms-in to \$10M JV at Peake and Denison, 1 December 2021
- Target's Statement, 3 December 2021
- Jericho copper acquisition to cornerstone Demetallica IPO, 9 December 2021
- Short Form Prospectus, 16 December 2021
- Company presentation, Demetallica, 16 December 2021

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MINOTAUR EXPLORATION LTD

ABN

35 108 483 601

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(218)	(436)
	(e) administration and corporate costs	(677)	(1,056)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		700
1.8	Other (JV contributions received)	456	580
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(439)</b>	<b>(212)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	(475)	(575)
	(c) property, plant and equipment		(4)
	(d) exploration & evaluation	(1,725)	(2,712)
	(e) investments		
	(f) 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) entities		
	(b) tenements	140	140
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		25
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>(2,060)</b>	<b>(3,126)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	76	76
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(8)
3.5	Proceeds from borrowings	475	475
3.6	Repayment of borrowings	(6)	(12)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>545</b>	<b>531</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	4,244	5,097
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(439)	(212)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,060)	(3,126)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	545	531

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,290	2,290

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	2,005	3,959
5.2	Call deposits	285	285
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)	2,290	4,244

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	17
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	306	306
7.2	Credit standby arrangements	4,000	475
7.3	Other (OZ Minerals Ltd)	955	955
7.4	<b>Total financing facilities</b>	<b>5,261</b>	<b>1,736</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>3,525</b>
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>7.1 - Secured mortgage facility with the National Australia Bank at an interest rate of 4.32% p.a. and maturing 4 July 2043.</p> <p>7.2 - Funding facilities provided by Andromeda Metals Ltd as part of their take-over offer.</p> <p>7.3 - Non-recourse loan carry arrangement with OZ Minerals at an interest rate of BBSW + 2% p.a. in relation to the Jericho JV. Matures 5 years after the date on which positive cash flow is first established from commercial production at Jericho.</p> <p>Loan will be extinguished on acquisition completion of OZ Minerals' interest in Jericho tenements causing termination of the Jericho JV.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(439)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,725)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,164)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,290
8.5	Unused finance facilities available at quarter end (item 7.5)	3,525
8.6	Total available funding (item 8.4 + item 8.5)	5,815
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2.69</b>
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A - Item 8.7 is greater than 2 quarters	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A - Item 8.7 is greater than 2 quarters	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A - Item 8.7 is greater than 2 quarters

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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.

Date: 19 JANUARY 2022

Authorised by: VARIS LIDUMS  
COMPANY SECRETARY

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

# INTERESTS IN MINING TENEMENTS AS AT 31 DECEMBER 2021



Tenement ID	Tenement Reference	Holder	% Interest beginning of quarter	% Interest end of quarter	Location	Status
<b>Cloncurry (Regional)</b>						
MDL432	Altia	Levuka Resources	40	40	QLD	Ongoing
EPM 25897	Breena Plains West	Levuka Resources	0	100	Queensland	
EPM 25920	Kevin Downs Amalgamated	Levuka Resources	0	100	Queensland	
EPM 25921	Breena Plains North Amalgamated	Levuka Resources	0	100	Queensland	
EPM 25922	Breena Plains South Amalgamated	Levuka Resources	0	100	Queensland	
EPM 25950	Altia South 2	Levuka Resources	0	100	Queensland	
EPM 26184	Bluff Creek	Levuka Resources	0	100	Queensland	
EPM 26447	Garnet Creek	Levuka Resources	0	100	Queensland	
EPM 26508	Maronan South	Levuka Resources	0	100	Queensland	
EPM 26572	Taltal	Levuka Resources	0	100	Queensland	
EPM 19542	Wilgunya	Levuka Resources	0	100	Queensland	
EPM 25782	Black Rock	Levuka Resources	0	100	Queensland	
EPM 25854	Cannington	Levuka Resources	0	100	Queensland	
EPM 26361	Pegmont East	Levuka Resources	0	100	Queensland	
EPM 26456	Anitra	Levuka Resources	0	100	Queensland	
EPM 26698	White Tank	Levuka Resources	0	100	Queensland	
EPM 26537	Glenholme	Levuka Resources	0	100	Queensland	
EPM 27056	Spell Paddock	Levuka Resources	0	100	Queensland	
<b>Highlands Project</b>						
EPM16197	Blockade	Minotaur Operations	100	100	QLD	Ongoing
EPM17914	Blockade East	Minotaur Operations	100	100	QLD	Ongoing
EPM17947	Blockade East Extension	Minotaur Operations	100	100	QLD	Ongoing
EPM19733	Mt Remarkable Consolidated	Minotaur Operations	100	100	QLD	Ongoing
EPM18492	Mr Remarkable Extension	Minotaur Operations	100	100	QLD	Ongoing
EPM17638	Phillips Hill	Minotaur Operations	100	100	QLD	Ongoing
EPM14281	Yamamilla	Minotaur Operations	100	100	QLD	Ongoing
<b>Pyramid Project</b>						
EPM 12887	Pyramid	Minotaur Gold Mines	100	100	QLD	Ongoing
EPM 25254	Pyramid 2	Minotaur Gold Mines	100	100	QLD	Ongoing
EPM 19554	Pyramid 3	Minotaur Gold Mines	100	100	QLD	Ongoing
<b>Windsor Project</b>						
EPM27426	Crooked Creek	Minotaur Operations	100	100	QLD	Ongoing
EPM25135	Liontown 3	Minotaur Operations	100	100	QLD	Ongoing
EPM25134	Liontown 4	Minotaur Operations	100	100	QLD	Ongoing
EPM25148	Liontown 5	Minotaur Operations	100	100	QLD	Ongoing
EPM25270	Liontown 6	Minotaur Operations	100	100	QLD	Ongoing
EPM25271	Liontown 7	Minotaur Operations	100	100	QLD	Ongoing
EPM25437	Liontown 8	Minotaur Operations	100	100	QLD	Ongoing
EPM25680	Liontown 9	Minotaur Operations	100	100	QLD	Ongoing
<b>Jericho Joint Venture (OZ Minerals)</b>						
EPM25389*	Fullarton	Minotaur Operations	20	20	QLD	Ongoing
EPM26233*	Route 66	Minotaur Operations	20	20	QLD	Ongoing
MDL431*	Eloise	Levuka Resources	20	20	QLD	Ongoing

# INTERESTS IN MINING TENEMENTS AS AT 31 DECEMBER 2021



Tenement ID	Tenement Reference	Holder	% Interest beginning of quarter	% Interest end of quarter	Location	Status
<b>Jericho Joint Venture (OZ Minerals) (cont.)</b>						
EPM17838*	Levuka	Levuka Resources	20	20	QLD	Ongoing
<b>Eloise Joint Venture (OZ Minerals)</b>						
MDL431§	Eloise	Levuka Resources	30	30	QLD	Ongoing
EPM25389~	Fullarton	Minotaur Operations	30	30	QLD	Ongoing
EPM26233~	Route 66	Minotaur Operations	30	30	QLD	Ongoing
EPM26703	Holy Joe	Minotaur Operations	30	30	QLD	Ongoing
EPM17838§	Levuka	Levuka Resources	30	30	QLD	Ongoing
EPM27052	Matilda	Minotaur Operations	30	30	QLD	Ongoing
EPM18624	Oorindi Park	Minotaur Operations	30	30	QLD	Ongoing
EPM26684	Pink Hut	Minotaur Operations	30	30	QLD	Ongoing
EPM25238	Saxby	Minotaur Operations	30	30	QLD	Ongoing
EPM27279	Swagman	Levuka Resources	30	30	QLD	Ongoing
EPM26521	Sybellah	Minotaur Operations	30	30	QLD	Ongoing
<b>Industrial Minerals Project</b>						
EL6128	Camel Lake	Great Southern Kaolin	25	25	SA	Ongoing
ELA5502	Casterton South	Minotaur Industrial Minerals	0	0	VIC	Ongoing
ELA2019/73	Dromedary	Minotaur Operations	0	0	SA	Ongoing
EL6426	Mount Cooper	Great Southern Kaolin	25	25	SA	Ongoing
EL6202	Mount Hall	Great Southern Kaolin	25	25	SA	Ongoing
EL6285	Sceales	Minotaur Operations	100	100	SA	Ongoing
MC4510	Mineral Claim 4510	Great Southern Kaolin	25	25	SA	Ongoing
EL6588	Tootla	Great Southern Kaolin	25	25	SA	Ongoing
EL6096	Whichelby	Great Southern Kaolin	25	25	SA	Ongoing
ELA2020/217	Yanerbie	Minotaur Operations	100	100	SA	Ongoing
<b>Peake &amp; Denison Project</b>						
EL6221	Big Perry	Minotaur Operations	100	100	SA	Ongoing
EL6270	Davenport	Minotaur Operations	100	100	SA	Ongoing
EL6222	Teemurrina	Minotaur Operations	100	100	SA	Ongoing
EL6223	Wood Duck	Minotaur Operations	100	100	SA	Ongoing
<b>Other Projects</b>						
EL6465	Blinman	Perilya	10	10	SA	Ongoing
EL5117	Ediacara	Perilya	10	10	SA	Ongoing
ML4386	Third Plain	Perilya	10	10	SA	Ongoing
EL6504	Wilkawillina	Perilya	10	10	SA	Ongoing
EL5984	Moonta	Peninsula Resources	10	10	SA	Ongoing
M15 395	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
M15 703	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
L15 128	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
L15 255	West Kambalda	Maximus Resources	1.5% NSR	1.5% NSR	WA	Ongoing
E15 1688	West Kambalda	Mariner Mining	1.5% NSR	1.5% NSR	WA	Ongoing
E15 1689	West Kambalda	Spargoville Minerals	1.5% NSR	1.5% NSR	WA	Ongoing

\* OZ Minerals 80% in portion of tenement

~ OZ Minerals 70% in portion of tenement

§ OZ Minerals 70% in portion of tenement

1.5% NSR = 1.5% NSR all minerals other than Nickel