

QUARTERLY REPORT

PERIOD ENDING 30 JUNE 2018

Highlights

- Acquisition of highly prospective **Becker Gold Project** in Chiles's Region VII
 - 2,000ha granted + 6,000ha under application
 - Lajuelas prospect has exhibited some high grade (23.5 to 79.0g/ Au) in trench samples
 - Guindos prospect exhibited grades of >10g/t Au in surface sampling
 - Drill ready at Lajuelas & Guindos (drilling commenced subsequent to quarter end)
 - Regional program required to test multiple surface exposures
- Completion of an oversubscribed **renounceable rights issue** to raise ~\$1.5M with an additional placement of \$250K

OPERATIONAL UPDATE

Becker Gold Project (Santana earning to 85%)

The June quarter saw Santana Minerals Limited ('Santana' or 'the Company') acquire the Becker Gold Project ('Becker' or 'the Project') in Chile.

Santana assumed control of Becker by acquiring 100% of the shares in Carlin Resources Pty Ltd ('Carlin'), which holds rights to earn up to 85% of the Project. Santana assumed all obligations of Carlin in relation to the Project including milestone payments and minimum exploration expenditure requirements. Santana also has the database of all historical workings and retained the Project's incumbent geological team. To fulfil its financial obligations under the acquisition, to fund the current drill program and to undertake current regional exploration program, Santana undertook a partially underwritten renounceable rights issue and an additional placement, raising ~\$1.75M.

About the Becker Project

The Becker Project is located approximately 210km south of Santiago and 40km north west of Talca in Region VII, Chile. (**Refer figure 1**). The project area comprises 2,000ha granted and an additional 6,000ha under application. The two main prospects identified and having been the subject of exploration within the Project are Lajuelas and Guindos. They have been interpreted to host intermediate sulphidation epithermal to mesothermal Au-Ag polymetallic mineralisation. The Project was discovered in 1995 by Arauco Resources Corporation through sampling of surface boulders which returned gold values along the entire 350 metre Lajuelas trend with high values ranging from 23.5 g/t Au to 79.0 g/t Au. The veins have not been previously drilled.

Regional Geologic Setting

The Becker tenement package sits within a belt of Mesozoic-aged intrusive, volcanic and sedimentary rocks and is interpreted as being part of the same structural corridor that hosts the Minera Florida Mine ('Minera Florida') (**Refer figure 2**) and smaller past-producing mines in the Talca area including Chépica, Las Palmas, and El Chivato.

Minera Florida serves as an interpretive geological model that Mesozoic rocks of the Chilean Coastal Range can host significant Au-Ag polymetallic mineralization. The Minera Florida mine area hosts an array of structurally-controlled Au-rich polymetallic quartz vein/breccia systems with discrete zones of high-grade Au (60g/t), Ag (300 g/t) & Zn (5%). The veins range from <1m to 30m in thickness while historical grades have averaged approximately 6 g/t Au. 1.4M oz Au are estimated to have been mined prior to 2007 with yearly production since 2007 averaging 100,000 (approx.) oz Au per annum.

The Becker prospects and district properties exhibit similar geological and structural features to those documented within the Minera Florida mine area.

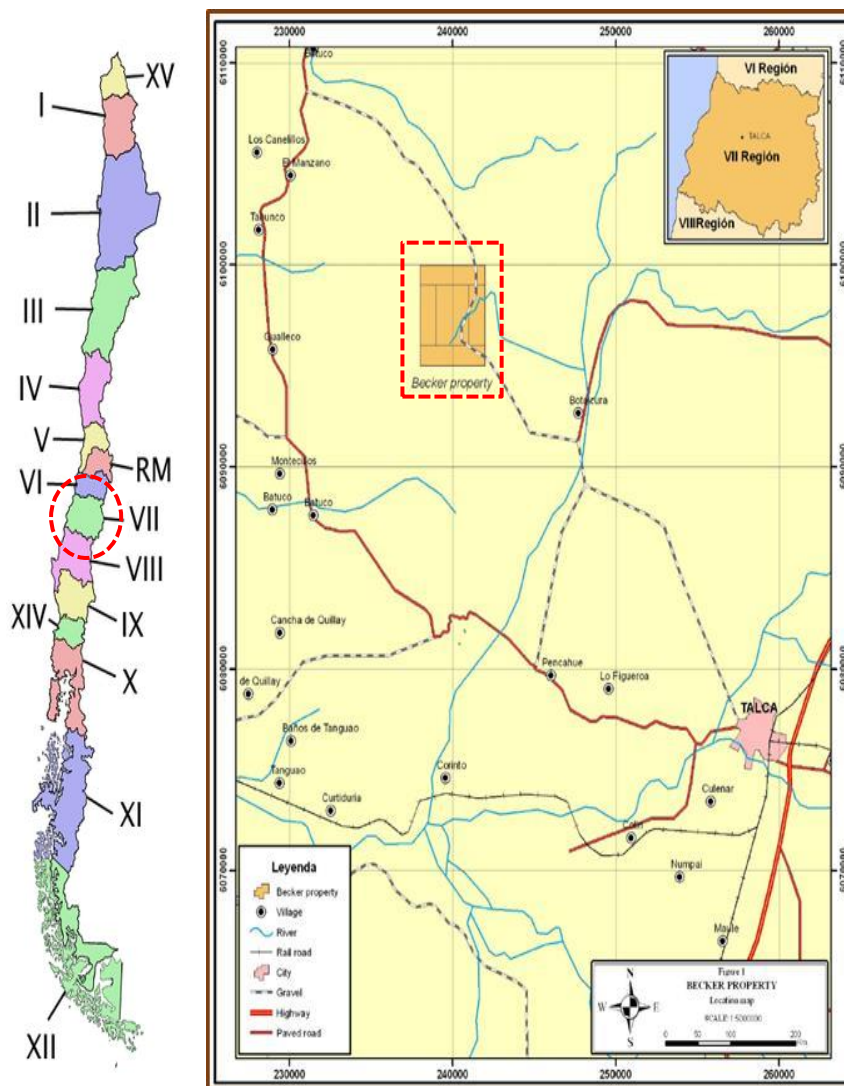


Figure 1: The Becker Project is located in Chile’s Region VII



Figure 2: The Becker Project is interpreted as being part of the same structural corridor that hosts the Minera Florida Mine.

Historic Workings

At the Lajuelas prospect (**Figure 3**) exploration dating back to 1995 discovered a N-W trending 300m x 900m zone of quartz boulders up to 4m in diameter with subsequent trenching identifying several individual quartz veins up to 350m in length and widths from 0.5 to 7.5m. Sampling returned high grade gold assays of 23.5 g/t, 37.2 g/t, 40.7g/t, 63.5 g/t, 70.0 g/t and 79.0 g/t. Follow-up trenching across the Lajuelas vein system returned up to 4.0m at 30.7g/t Au + 6g/t Ag.

A SW-NE trending lower grade but more extensive (3km x 500m) vein system was also identified.

A 16.8km ground geophysics program and geological mapping has identified an area of alteration coincident with the occurrence of gold-bearing quartz veins in the Lajuelas prospect. Anomalous rock alteration, low magnetics and high IP chargeability define an approximate 1,000 metres x 500 metres area underlying the known extents of Lajuelas.

The NE vein trend at Lajuelas extends approximately 3km along strike to the Guindos prospect (**Figure 3**). Sampling of an NW-SE trending quartz vein also returned grades of >10g/t Au, similar to the high-grade NW vein system defined at Lajuelas.

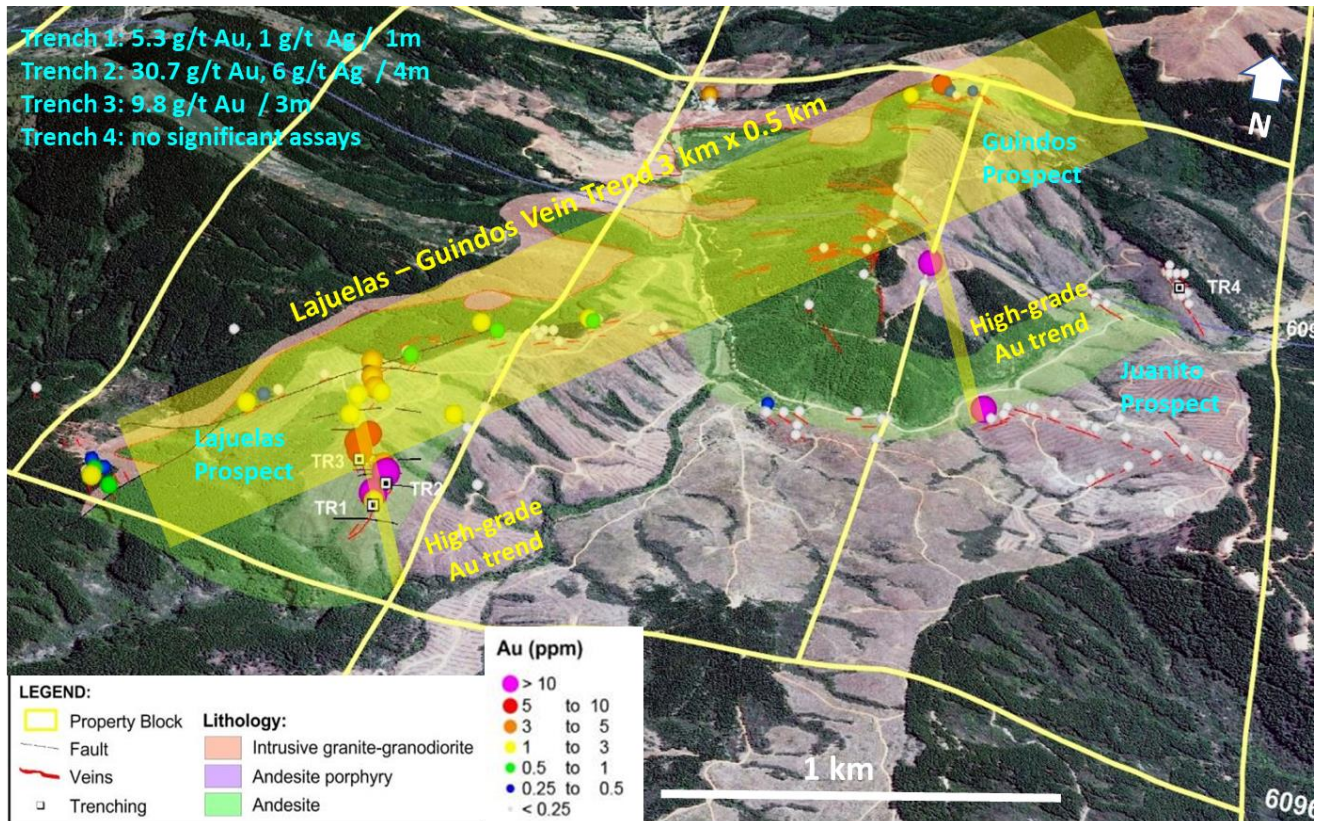


Figure 3: Lajuelas and Guindos prospects noting the high-grade NW vein trends and the more extensive SW-NE vein trend.

Proposed Works Program

Santana has committed to undertaking a 1,200m diamond core programs across the Lajuelas and Guindos Prospects using funds raised under the Rights Issue and Placement. The July 2018 drill program is designed to test the 'drill ready' prospects of Lajuelas and Guindos which have been the subject of mapping, surface sampling and geophysics.

With reference to **Figure 3** above, the program will comprise 10 holes for 1,200m using a Hydracore 4000 diamond core rig, including:

- 5 holes in the high-grade SE to NW veins at Lajuelas prospect – to test the continuity of surface and near surface trench samples to depths of 60m+;
- 3 holes in the NE trending Lajuelas vein system - being over a 1,200m part of a much larger (interpreted 3km x 500m) SW to NE vein trend; and
- 2 holes to test the southern part of the Guindos prospect – to test continuity of high grade surface samples to depths of 60m+.

Becker Acquisition Terms

By paying the consideration and committing to meet 100% of expenditure (each described below), Santana has the right to earn 85% of the granted tenements and 80% of the tenement applications respectively, through ownership of Carlin.

Two agreements are material:

- (a) Santana purchased all of the shares in Carlin in exchange for:
 - (i) 10,000,000 fully paid ordinary shares in Santana (issued during the quarter);
 - (ii) A monthly payment of \$50,000 for ten consecutive months from July 2018 being repayment of a loan by the previous owner to Carlin. The previous owner may elect to receive any one or more of the monthly payments in the form of Santana shares (to be issued pending Santana's sufficient placement capacity) based on the 20-day VWAP prior to the issue of those Santana shares; and
 - (iii) the Additional 'Top-Up', consisting of:
 - (A) \$850,000 upon definition of a Resource of 1,000,000 Oz Au or Au equivalent at Becker; plus
 - (B) \$425,000 for each additional Resource defined of 500,000 Oz Au or Au equivalent at Becker.
- (b) Carlin has entered into an amended **Joint Venture Agreement** with Patrick James Burns ("PJB") for the Project ("Becker JV Agreement"). The Becker JV Agreement gives Carlin the right to earn up to 85% of existing granted tenements (2,000ha) and 80% of the tenement applications (6,000ha), by satisfying a series of staged cash payments and completion of minimum exploration requirements detailed below.

Joint Venture Agreement

Carlin is earning up to 85% of the Becker Project upon satisfying a series of staged cash payments and completion of minimum exploration requirements, as outlined below:

- (a) completion of annual cash payments of:
 - (i) US\$100,000 (year 1) – paid in full;
 - (ii) US\$100,000 (year 2) – March 2019;
 - (iii) US\$200,000 (year 3);
 - (iv) US\$250,000 (year 4); and
 - (v) US \$350,000 (year 5).
- (b) Completing/undertaking:
 - (i) a minimum of 1,000 metres of drilling by 1 October 2018 – the current program will satisfy this requirement; and
 - (ii) an initial JORC 2012 compliant resource estimate and a scoping study by 15 March 2022.
- (c) The Becker JV partner retains a 15% free-carried interest to the start of a Feasibility Study at which point he must participate in funding or convert to a 1.5% NSR, which Carlin may buy out at any time for US\$1.5 million.
- (d) The joint venture extends to tenement applications, for which the JV partner retains a 20% free carried into to the start of a Feasibility Study.

The granted Becker tenements are subject to a 1% NSR to Condor Resources Inc, a previous owner from whom Mr Burns acquired the Project and Project data.

Cuitaboca Project, Mexico (Santana 80%)

Santana remains committed to the advancement of its Cuitaboca Project in Sinaloa, Mexico.

Having confirmed the existence of high grade silver mineralisation below surface at La Plata, the next phase of drilling will require a full drill program. This will require a material amount of infrastructure (mainly roads est. cost US\$500,000+) in order to facilitate meaningful drilling. The current market is not considered conducive to providing such funds for a predominantly silver exploration project. Regional mapping will continue and the Company will investigate strategic and funding alternatives to best realise Cuitaboca's inherent value, likely as the market improves.

Namiquipa – Chihuahua, Mexico (Santana 100%)

The company is in the process of relinquishment of the Namiquipa Project.

CORPORATE

During the quarter the Company successfully completed a renounceable rights issue (the 'Offer') raising \$1,516,711 (before costs) and issued 189,588,921 shares and 94,794,414 options. The new options are now listed under the ASX code SMIO. The offer was well supported by the Company's shareholders and new investors and closed over-subscribed.

To accommodate excess demand, the Company also agreed to place an additional 31,250,000 fully paid ordinary shares at \$0.008 and 15,625,000 SMIO options to raise an additional \$250,000.

Following the completion of the rights issue and placement the Company's capital structure comprised:

- 546,820,454 ordinary shares
- 110,419,414 listed options (\$0.03 strike price)
- 8,000,000 unlisted options (\$0.08 strike price)

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About Santana

Santana is a precious metals explorer focused on Latin America, with projects in Mexico and Chile.

In Mexico the Company holds a right to earn-in to an 80% interest in the Cuitaboca Silver-Gold project in Sinaloa State.

In Chile the Company has acquired the rights to earn an 85% interest in the Becker Gold project in Region VII.

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 announcement is extracted from the following ASX Announcements:

- ASX announcement titled "Santana to Acquire the Becker Gold Project from Collierina Cobalt" dated 17 May 2018.

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%^

* The company is in the process of relinquishment of the Namiquipa Project.

^ 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.

The Company has completed a transaction which allows it to earn an initial interest of 85% of the granted tenements (2,000ha) and 80% of the tenement applications (6,000ha) at the Becker Gold Project. The Company is earning, but has yet to earn, its initial interest. Further details are by reference to the announcement of 17 May 2018.

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

Throughout the quarter the Company completed the acquisition of Becker Gold Project. The Company has the right to earn 85% of the granted tenements (2,000ha) and 80% of the tenement applications (6,000ha), by satisfying a series of staged cash payments and completion of minimum exploration requirements.

The Company is earning, but has yet to earn, its initial interest. Further details are by reference to the announcement of 17 May 2018.

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 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(139)	(1,872)
(b) development	-	-
(c) production	-	-
(d) staff costs	(58)	(228)
(e) administration and corporate costs	(112)	(465)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
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	(308)	(2,561)

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 (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	12	12
	(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)	30	30
2.6	Net cash from / (used in) investing activities	42	42

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,767	3,375
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	(174)	(245)
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)	-	-
3.10	Net cash from / (used in) financing activities	1,593	3,130

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	474	1,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(308)	(2,561)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	42	42
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,593	3,130
4.5	Effect of movement in exchange rates on cash held	(1)	(26)
4.6	Cash and cash equivalents at end of period	1,800	1,800

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	203	51
5.2	Call deposits	1,597	423
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)	1,800	474

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**

79

-

Executive and Non-Executive Directors Fees \$79k

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**

-

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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.		

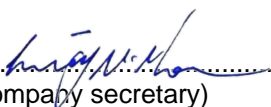
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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	800
9.2	Development	-
9.3	Production	-
9.4	Staff costs	60
9.5	Administration and corporate costs	165
9.6	Other (Becker Completion Payments)	150
9.7	Total estimated cash outflows	1,175

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:  Date: 25 July 2018
(Company secretary)

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.