

**QUARTERLY REPORT  
PERIOD ENDED 30 SEPTEMBER 2014**

**1. EXPLORATION**

**Namiquipa, Chihuahua, Mexico** (Santana 100%)



**Figure 1: Namiquipa Location Map**

The Namiquipa Silver Deposit is located within a 4,400 ha concession owned 100% by Santana, 145 km west-northwest of Chihuahua City in Chihuahua (**Figure 1**).

The work program to advance the Namiquipa project through its next phase of exploration commenced at the end of the quarter. It follows a review of data by Corbett and Menzies Consulting (CMC). The program consists of 2,500 – 3,000m of diamond core drilling and further mapping and surface sampling.

CMC endorsed the previously modelled (Cumming 2012) volcanic stratigraphic sequence comprised of an intercalated package of rhyolitic to andesitic tuffs, volcanoclastic sediments and lava units, and a basal rhyolite dome-breccia complex, modelled as:

Unit 1 – Rhyolitic ignimbrite.

Unit 2 – Basalt and basaltic breccia.

Unit 3 – Massive fine and coarse grained tuff or lithic fiamme sandstone and breccias.

Unit 4 – Interbedded tuffaceous and crystal rich sandstone and polymictic breccias.

Unit 5 – Polymictic andesite fiamme breccias: fine grained feldspar phyric andesite.

Unit 6 – Polymictic andesitic-rhyolitic breccia and monomictic rhyolitic breccia.

Unit 7 – Massive fine and coarse grained sandy tuff or lithic and lapilli tuff.

PPA – Plagioclase phyric andesite

MAB – Monomictic andesite breccia with plagioclase phyric andesite clasts.

RHY - Spherulitic, flow banded and massive rhyolite to dacite dome

The model volcanic stratigraphy highlights that the sequence dips approximately 20° to the north and comprises several repetitions of units within the package.

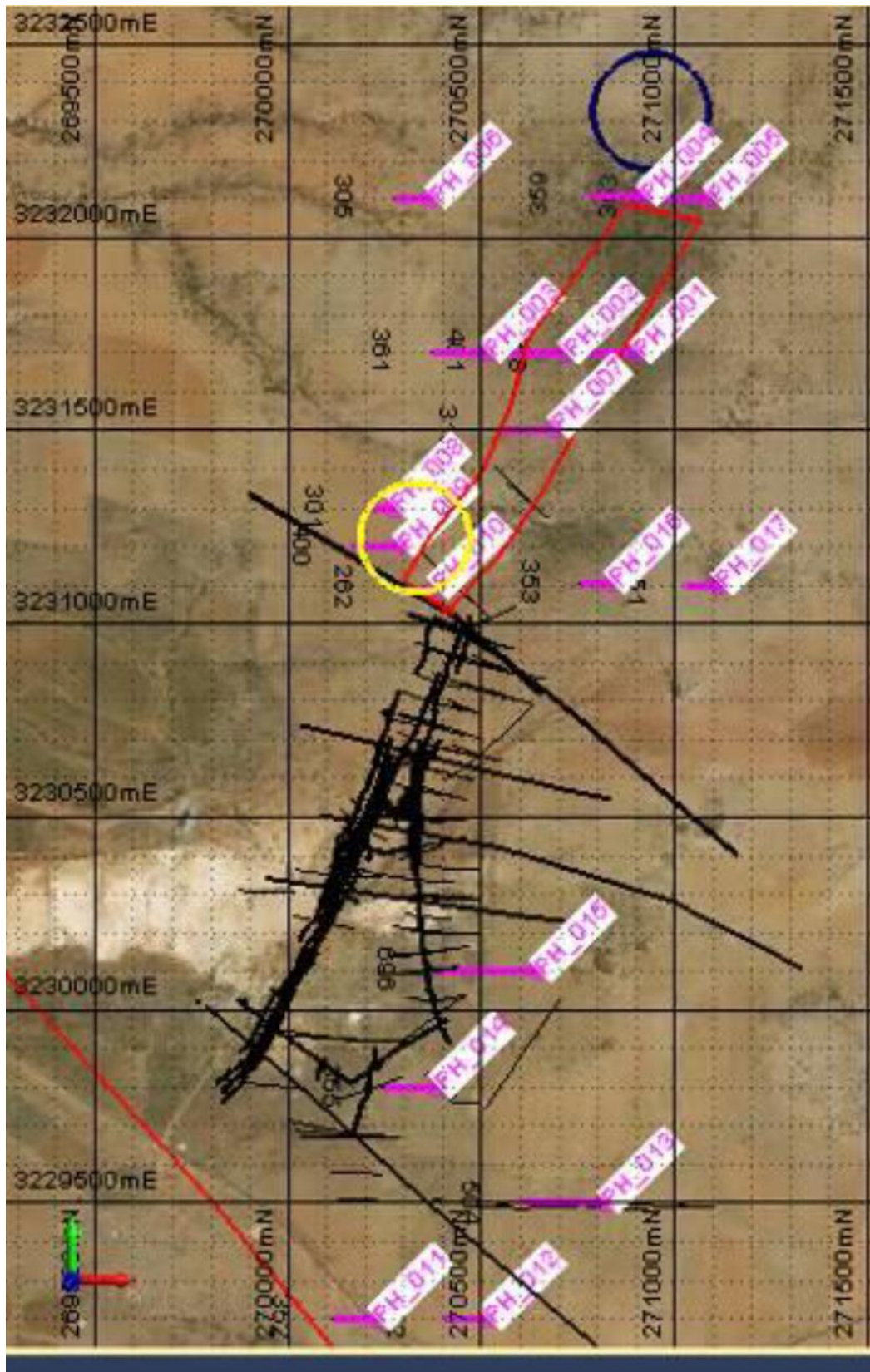
A large NW oriented fault terminates the America and Princesa veins in the north and, using Units 3 and MAB as marker horizons, appears to have approximately 50-70m of normal movement. This fault does not truncate the upper most Unit 1 which indicates it has been active during deposition (ie a growth fault).

The occurrence of an interpreted possible remnant now mostly eroded acid sulphate cap at surface, on the northern end of the America vein, suggests that acid sulphate waters could have influenced metal deposition by destabilisation of silver bearing complexes in magmatic fluids. That, along with the stratigraphic and other data interpretation, lends weight to the rationale for the location of proposed drill hole PH\_010.

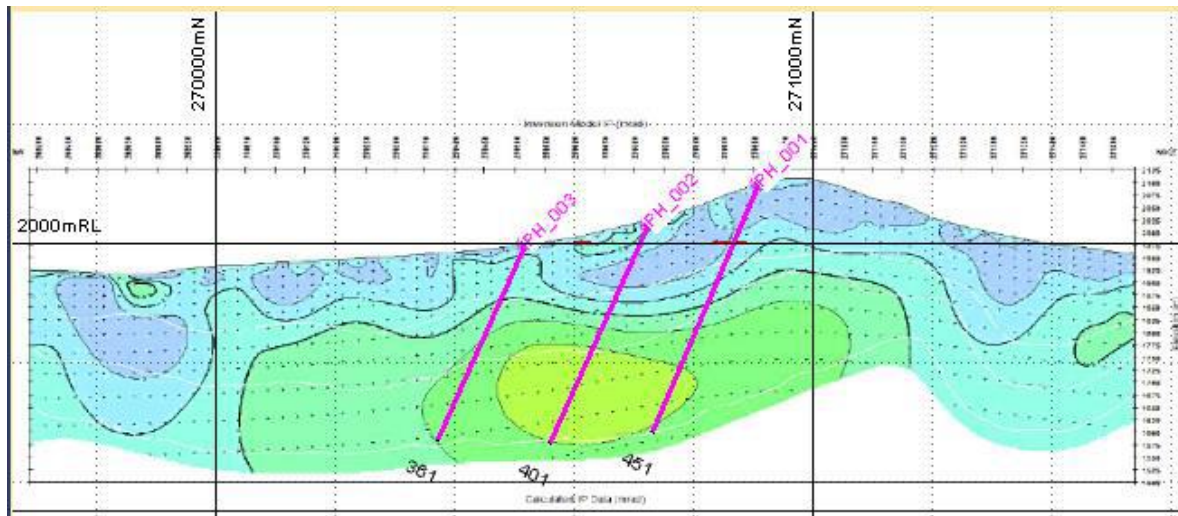
Hydrothermal alteration near veins contains disseminated pyrite which provides chargeability anomalies and also destroys magnetic minerals to provide magnetic lows, both used as exploration tools.

Drilling is intended to test:

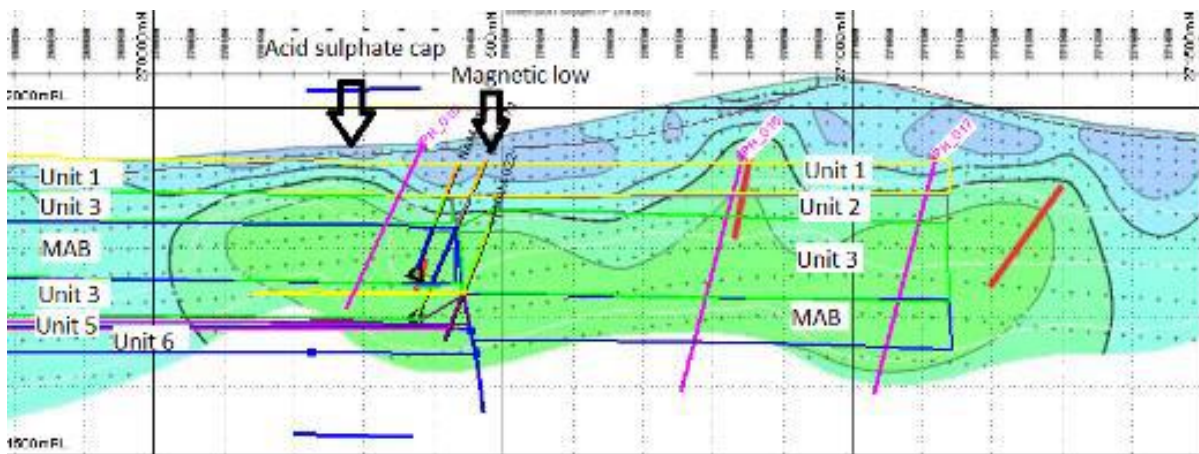
- a zone of coincident high IP chargeability and magnetic low associated with competent host rocks to the Northern extension area (**Figures 2 & 3** – PH001-003);
- a zone associated with North-West faults which represent potential sites of silver deposition by the mixing of acid sulphate waters with magmatic fluids (**Figures 2 & 4** – PH010);
- a zone where the coincidence of elevated Ag-Pb-Zn-Cu-As in soil, intersection of NW oriented magnetic lineaments, surface quartz veins and historic workings above competent andesite lithology; and
- a zone of high IP chargeability in andesite porphyry coincident with NW and NNE trending magnetic lineaments and high silver assays in holes along a NW trend (**Figure 2 & 5** – PH-012).



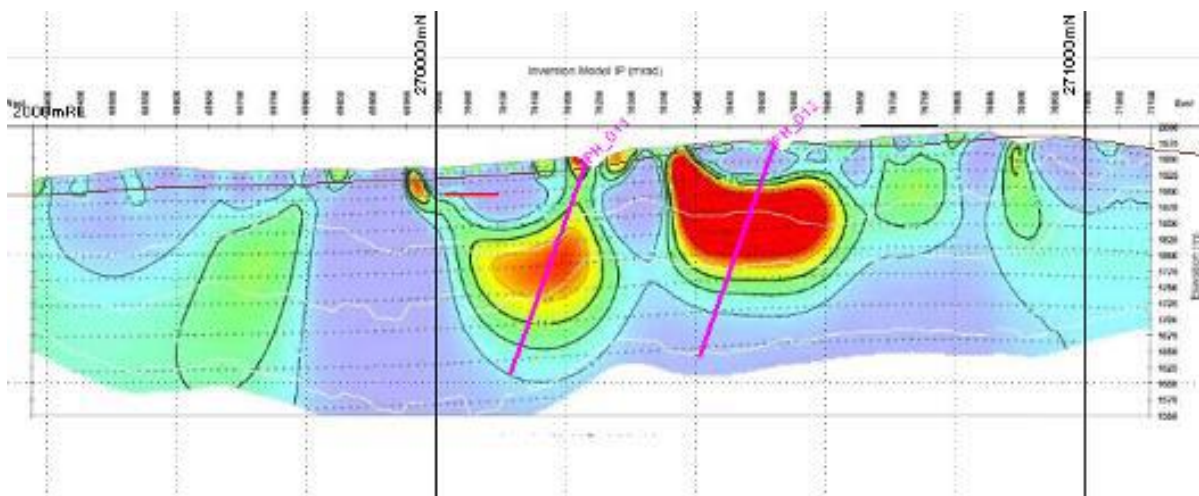
**Figure 2:** Proposed Holes PH\_001 – PH\_003 and PH\_010 and PH\_012: Oct-Dec 2014 program



**Figure 3:** Proposed Holes PH\_001-003: Section 3231700mN - test coincident chargeability highs and NNE oriented magnetic low



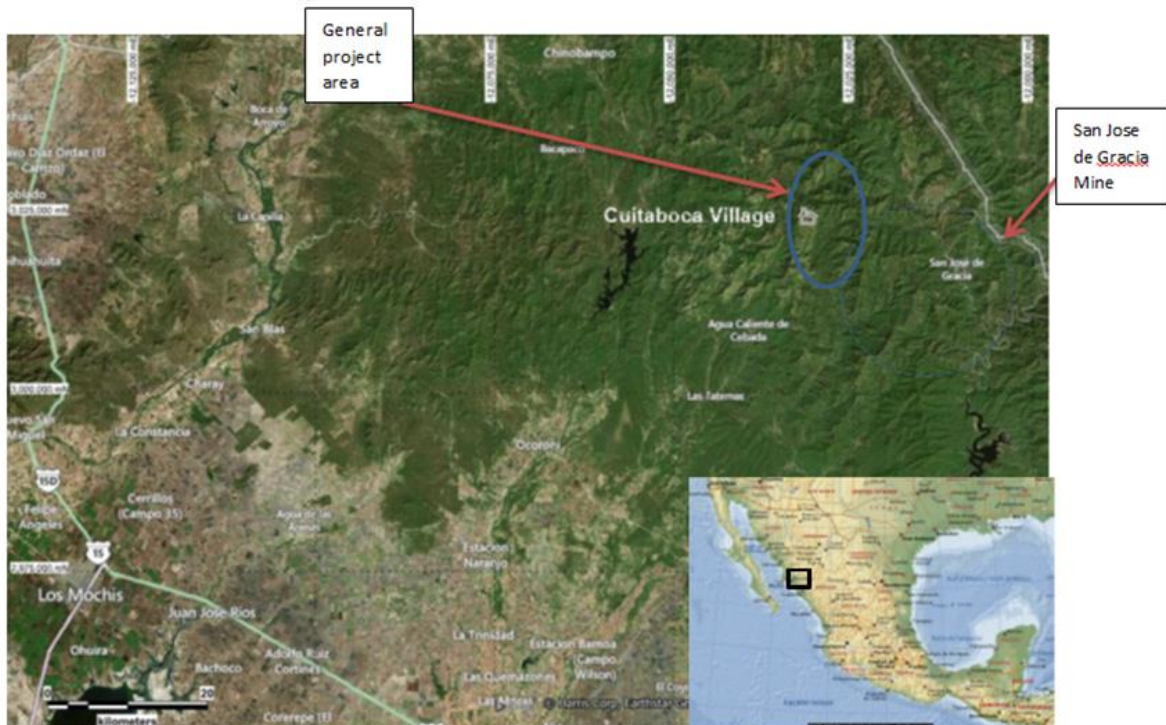
**Figure 4:** Proposed Hole PH\_010: Section 3231065mN - test broad chargeability high below the acid sulphate cap



**Figure 5:** Proposed Hole PH\_012: Section 3229200mN - test chargeability high along a NW trend

**Cuitaboca, Sinaloa, Mexico** (Santana earning to 80%)

The Cuitaboca Project is located within concessions covering an area of 5,100ha approximately 100 km north east of the city of Los Mochis in Sinaloa (**Figure 6**).



**Figure 6:** Cuitaboca Project Location

During the quarter Santana's wholly owned subsidiary, Cuitaboca Pty Ltd entered into agreements allowing it to earn 80% of the Cuitaboca Project.

A high level overview of the terms of **the agreements** include:

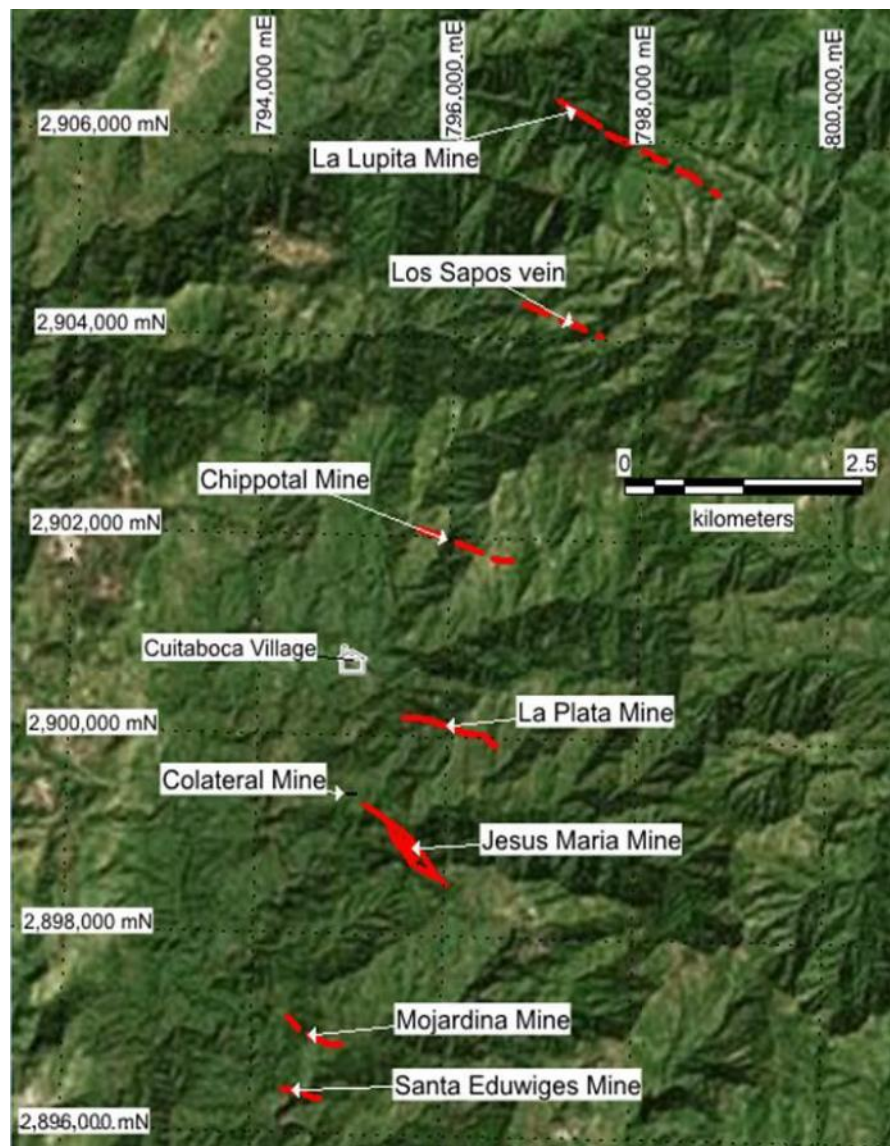
- Santana's entitlement to earn 80% of the Cuitaboca Project for an upfront payment of A\$100,000 and by meeting 100% of expenditure (including payment of option fees to the concession holder – circa \$3.5M over the next 4.5 years) to an agreed point (primarily dictated by final payment of the option fees), at which time expenditure reverts to 80:20 or dilution occurs.
- Joint venture style arrangement in corporate structure on commercially favourable terms
- Santana assumes management and controls exploration expenditure quantum and timing
- Santana retains a right to withdraw

More extensive discussion of the terms is contained in the Company's ASX announcement of 29 July 2014, a copy of which can be found on the Company's website.

***Local Geology***

Cuitaboca lies in the foothills of the Sierra Madre Occidental dominated mostly by andesite flows and tuffs of the lower volcanic group, with minor rhyolites of the upper volcanic group at higher elevations. Gold-silver rich polymetallic mineralisation is hosted in the lower volcanic group andesites.

The Cuitaboca – Pinos Altos area shows at least six well-known veins (**Figure 7**) with sulphide mineralisation carrying high grade silver and low grade lead, zinc and copper. Outcrops vary from 100 to 500m long with observable thicknesses from 0.5m to 4m wide. The main structures are La Lupita, Los Sapos and Chapotal veins in the northern part and the Mojardina, Santa Eduwiges, Jesus Maria and Colateral veins in the south.



**Figure 7:** Regional scale map showing NW-SE veins in red and main mine locations

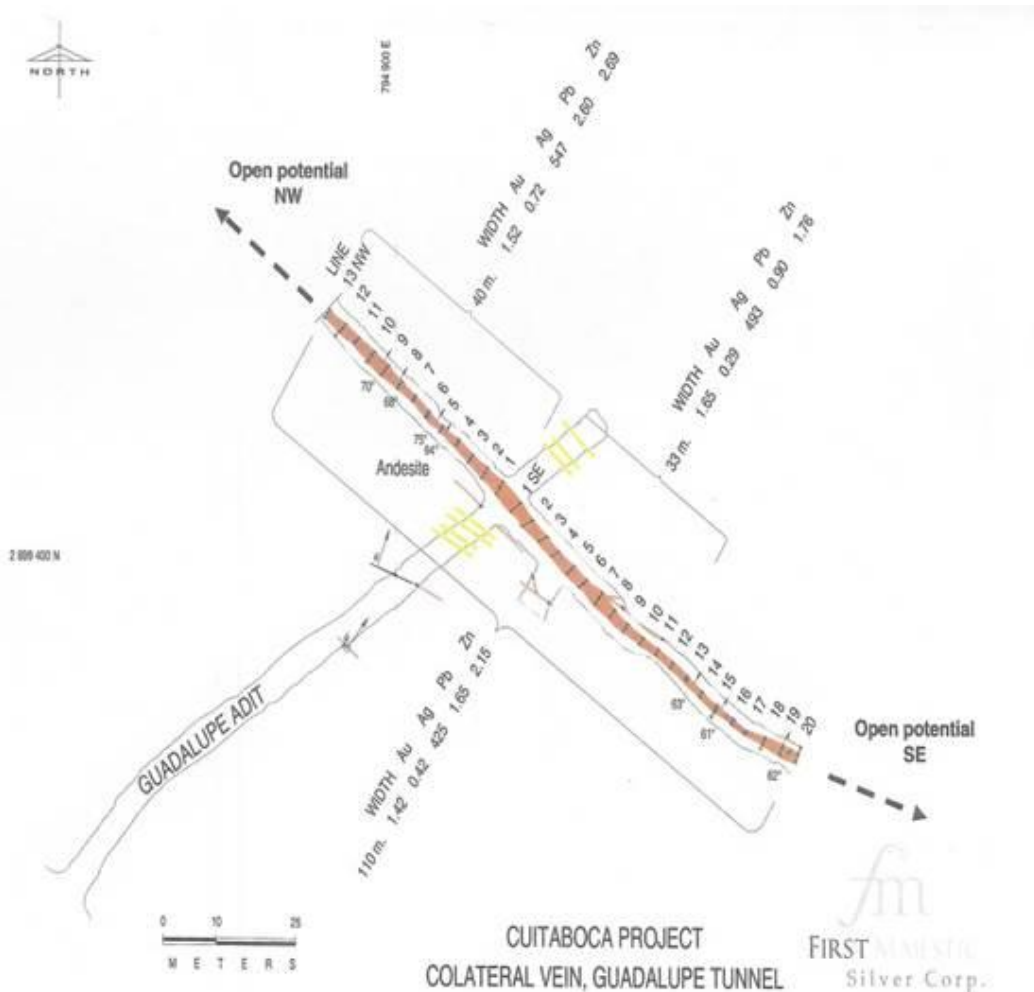
### ***Historic Work***

The area has seen some small scale mining in the 1800's which appears to have been limited to the high-grade oxidized ore, likely because of the limit to technologies to treat sulphide ore at the time.

For several years from 1974 Penoles undertook a number of reconnaissance mapping and sampling programs. In the course of that work they identified five separate sub-parallel veins with several hundred metres of separation.

**Recent work**  
**2004 – 2008**

During this period First Silver Reserve, Inc. and First Majestic Silver Corp. undertook mapping, sampling and other activities at Cuitaboca. Features of the work included cutting a 26km road access to reach two of the veins in the system: Colateral-Jesus Maria and the Mojardina veins. A 100m long underground crosscut (adit) was developed from the side of the hill to access the Colateral vein, from which a 110m long exploration drift (drive) was completed along the vein (Figure 8).



**Figure 8:** Exploration cross-cut and drift

During this exploration samples of the veins were collected every 3m, the assays for which are shown in Table 1 as reported by First Majestic Silver Corp. [Note 1].

**Table 1.** Highlights of samples from the 110 metre drift

Line Number	Width Metres	Au g/t	Ag g/t	Pb %	Zn %
Line 1 NW	2.30	0.12	251	0.85	4.98
Line 2 NW	1.60	0.18	464	1.64	1.78
Line 3 NW	1.50	0.24	480	0.74	1.44
Line 4 NW	1.10	0.29	169	1.08	1.54
Line 5 NW	1.15	0.20	870	4.05	3.82
Line 6 NW	0.50	1.47	202	0.53	0.78
Line 7 NW	1.10	1.38	1,359	6.76	3.68
Line 8 NW	1.50	1.41	1,240	3.55	4.03
Line 9 NW	2.10	1.28	395	2.56	2.93
Line 10 NW	2.30	0.93	741	5.30	3.03
Line 11 NW	1.35	1.49	756	1.66	2.05
Line 12 NW	1.70	0.25	77	1.06	0.79
Line 13 NW	1.60	0.68	291	3.34	1.84
Line 1 SE	2.00	0.05	216	0.75	1.10
Line 2 SE	2.00	0.08	722	0.84	2.13
Line 3 SE	1.70	0.05	652	0.83	2.25
Line 4 SE	1.50	0.18	718	1.05	1.28
Line 5 SE	1.70	0.51	823	0.80	2.08
Line 6 SE	1.80	1.01	637	1.50	3.39
Line 7 SE	2.20	0.39	413	0.55	1.08
Line 8 SE	1.50	0.41	677	1.84	3.98
Line 9 SE	1.50	0.27	53	0.65	0.39
Line 10 SE	1.20	0.12	37	0.59	0.42
Line 11 SE	1.00	0.04	276	0.38	0.64
Line 12 SE	1.00	0.01	2	0.04	0.08
Line 13 SE	0.70	0.01	6	0.09	0.15
Line 14 SE	1.00	0.01	20	0.07	0.12
Line 15 SE	1.15	0.01	3	0.03	0.04
Line 16 SE	0.60	0.01	4	0.07	0.18
Line 17 SE	0.50	0.04	12	0.17	0.45
Line 18 SE	1.05	0.03	9	0.20	0.30
Line 19 SE	1.70	0.08	72	2.72	6.05
Line 20 SE	1.40	0.01	29	3.39	3.18
<b>Average over 110 m length</b>	<b>1.42</b>	<b>0.42</b>	<b>425</b>	<b>1.65</b>	<b>2.15</b>

**Note 1.** The reported information on the Cuitaboca Project has been extracted from a news release by First Majestic Silver Corp. dated November 13, 2007. The news release was reviewed by Baltazar Solano-Rico, M.Sc., President of Behre Dolbear de Mexico, S.A. de C.V. who was the Qualified Person for the release as defined in the standards for disclosure of mineral projects within Canada (NI 43-101). Full details of the new release are available on Sedar.

The reported information on the Cuitaboca Project 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. A



JORC defined Competent Person has not done sufficient work to classify the information reported within the news release in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the reported information will be able to be reported in accordance with the JORC Code.

**2013 -**

CMC was engaged to map, evaluate and prioritise drill targets for each of the known Ag-Au-Pb-Zn bearing epithermal quartz veins in the Cuitaboca area and to determine stratigraphic and/or structural controls to mineralisation as an aid to the definition of drill targets to test for blind ore shoots. In doing so they reviewed historic project data, looked at regional and local operations and, with the assistance of local Mexico based field geologists, mapped and undertook sample verification where possible.

Outcomes of the work include recommendations for a drill program focusing on the Colateral vein at depth to test the mineralisation in the competent andesite and Jesus Maria vein below old workings to seek to identify ore shoots. Additionally the La Lupita vein requires follow-up mapping before a drill program on that vein would be set.

**Additional project opportunities**

Santana has maintained a practice of review and assessment of other precious metal projects in Mexico with the intent of maintaining an interest in more than one project whilst in exploration phase.

The Company has also structured a regional exploration identification program with CMC. It involves review of available regional data and a 'model' for the identification of prospective projects fitting the lower volcanic sequence model within the Sierra Madre Occidental volcanic zone. It will be an ongoing identification and review process with the objective to identify more likely areas of interest prior to putting people on the ground.

**2. CORPORATE**

**Rights Issue raised \$1.95M**

During the quarter Santana successfully completed a rights issue of 48,862,900 shares to its existing shareholders. The entitlement of 1 New Share for every 2 Existing Shares at a price of \$0.04 cents per New Share raised \$1,954,516 (before the costs of the issue). Each 2 New Shares issued entitled the holder to 1 free New Option exercisable at \$0.08.

Funds are for exploration, including drilling, at the Namiquipa and Cuitaboca Projects.

The company retains its shareholding in Hammer Metals Limited.

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### About Santana

Santana is a precious metals explorer focused on Mexico where it holds 100% of the Namiquipa Silver (+lead and zinc) Project in Chihuahua and has a right to earn up to an 80% interest in the Cuitaboca Gold-Silver polymetallic project in Sinaloa.

Additional information about Santana and its projects is available on the website:  
[www.santanaminerals.com](http://www.santanaminerals.com)

### 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%^

\* The America concession was acquired under an option agreement dated 22 July 2008 (and subsequently varied). All payments provided for under the agreement have been made and the formal transfer of the concession is pending.

^ 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

Not applicable.

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

Not applicable.

### Competent Person/Qualified Person

The information in this report that relates to exploration targets, exploration results, mineral resources or ore reserve is based on information compiled by Mr Richard Keevers, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Keevers is a non-executive director of Santana. Mr Keevers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Keevers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.