

Minotaur Exploration Ltd. Intention to Make Takeover Bid For Breakaway Resources

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Adelaide, Australia (ABN Newswire) - [Minotaur Exploration Limited](#) (ASX:MEP) and [Breakaway Resources Limited](#) (ASX:BRW) today announced a binding Bid Implementation Agreement ('BIA') under which Minotaur proposes to acquire all of the issued shares in Breakaway by way of an off-market agreed takeover offer.

Under the offer, Breakaway shareholders will receive one (1) new Minotaur share for every ten (10) Breakaway shares held. Based on Minotaur's 30-day volume weighted average price (VWAP) of 12.4 cents on the ASX on 8 July 2013 (the last trading day for Breakaway shares before the date of this announcement) the offer values Breakaway at \$5.4 million or 1.24 cents per share. This represents a premium of 33.4% to the 30-day volume weighted average price (VWAP) of Breakaway shares.

The transaction, which has been unanimously recommended by the Breakaway Board of Directors in the absence of a superior offer, will enhance Minotaur's position as a well-funded, diversified Australian minerals explorer with a strong focus on copper-gold and gold exploration in premier IOCG (iron oxide copper-gold) and gold provinces across Australia.

Breakaway shareholders will have the opportunity to participate in the growth of a well-credentialed and well-funded Australian exploration group with a strong balance sheet, access to funding through a recently announced copper-gold funding alliance with a cornerstone investor, and the opportunity to realise value from an expanded asset base including Breakaway's projects in North Queensland and WA.

Minotaur's exploration team has identified a number of high priority drill targets over both the Eloise tenements in Queensland and the Leinster tenements in WA. Both projects include a number of drill targets identified under cover and will benefit from Minotaur's expertise in this area of exploration.

Transaction Outcome

Following completion of the transaction the enlarged Minotaur Group is expected to have a pro-forma market capitalisation of approximately \$19 million and a strong balance sheet with cash and listed investments of approximately \$10 million (using cash balances as at 30 June) and no debt. The enlarged Minotaur Group will have:

- - A diversified exploration portfolio including extensive high-quality copper-gold exploration acreage in the Cloncurry-Mt Isa District of North Queensland, from the strategic combination of Minotaur's Cloncurry and Osborne Projects and Breakaway's Eloise Copper-Gold Project and Altia Base Metals Project (JV with Sandfire Resources NL);
- - A pipeline of emerging resource projects with existing JORC defined ore bodies, including the Mutooroo Iron Ore Project and Poochera Kaolin Project in South Australia;
- - A strategic ground position in WA's renowned Leinster gold district, including Breakaway's Leinster Gold Project where new gold exploration targets have been identified recently, plus Minotaur's recently acquired Scotia Gold Project;
- - High-quality generative copper-gold and base metal exploration projects in South Australia, NSW and Victoria, all of which offer the potential for greenfields discoveries and exploration upside;
- - An experienced management team, led by Chairman Derek Carter and Managing Director Andrew Woskett, with the ability to create shareholder value from this strong asset base.

Minotaur's Chairman, Mr Derek Carter, said:

'We are pleased to have reached agreement with the Board of Breakaway to acquire the Company through a

recommended off-market transaction. The combination of Breakaway's assets with Minotaur's is highly complementary and synergistic, and will create a platform to unlock significant value for both sets of shareholders. The transaction will accelerate and enhance our dual focus around copper-gold exploration in the premier Cloncurry-Mt Isa District of North Queensland and an emerging strategic position in advanced gold projects in the premier Leinster District of Western Australia.

'The enlarged [Minotaur](#) will have increased scale as a leading Australian minerals explorer, a strengthened shareholder and capital base, and exposure to Breakaway's high quality exploration holdings in WA and North Queensland. These include the Eloise copper-gold project, located directly adjacent to our tenure, and the joint venture with Sandfire at the Altia base metals project, where exploration is targeting a large-scale Cannington-style lead-zinc-silver discovery.'

Breakaway's Chairman, Mr John Atkins, said:

'This transaction provides our shareholders with the opportunity to become part of a large, wellfunded and highly-credentialed Australian exploration group with a diversified asset base and great upside. The current challenging market for junior explorers has made it virtually impossible to raise capital, which means that sensible business combinations such as this offer a far more attractive and less dilutive pathway for shareholders. Breakaway shareholders will emerge with around 29% of the merged entity, which will have a strong balance sheet, tight capital structure, excellent asset base and greater critical mass to survive the current tough times.

'[Breakaway](#) has a proud history as an Australian exploration company, and I would like to take this opportunity to thank our shareholders for their support over many years. The Company has played a pioneering role in exploration in some of Australia's most prospective districts, and this good work will be continued by Minotaur - which has an outstanding reputation as one of Australia's most technically skilled and accomplished explorers. We look forward to completing this transaction in a timely fashion and the board unreservedly recommends this offer to our shareholders.'

Further Transaction Details

The offer will be implemented by way of an off-market takeover offer under the Australian Corporations Act. The consideration will be one (1) Minotaur share for every ten (10) Breakaway shares on issue. The offer extends to Breakaway shares only, as it is proposed that all Breakaway employee options on issue are to be cancelled.

Following implementation of the offer Breakaway is expected to become a wholly-owned subsidiary of Minotaur, with current Breakaway shareholders holding approximately 29% of the enlarged Minotaur.

Breakaway will be invited to nominate a representative to join the Minotaur Board which will continue to be chaired by Derek Carter with Andrew Woskett remaining as Managing Director. Breakaway's current Managing Director, Mr Victor Rajasooriar, and all but one of the other directors will step down from the Breakaway Board on completion of the offer.

Minotaur will remain headquartered in Adelaide with all of Breakaway's staff to be offered redundancies in accordance with their contractual arrangements.

Advisers

Fortis Ago is corporate adviser and O'Loughlins Lawyers is legal adviser to Minotaur. RFC Ambrian is corporate adviser and Allion Legal is legal adviser to Breakaway.

About Minotaur Exploration Limited:

[Minotaur Exploration Limited](#) (ASX:MEP) specialises in application of cutting-edge geophysical techniques to locate virgin mineralisation deep below the surface. Often, economic mineral deposits are contained within basement rocks, buried below several hundred metres of transported cover (overburden) and cannot be located through surface exploration methods such as soil sampling, geochemical assays and drilling. Minotaur's remote sensing and interpretative approach has proven very successful.

The directors and management of Minotaur each have around 30 years of exploration, mining and mineral resource experience and are eminently qualified in their respective fields of expertise. Under their direction,

Minotaur has earned a strong reputation for technical excellence and a high profile within the Australian resources sector.

Minotaur is actively exploring IOCG style targets in Australia, where geophysics have identified numerous sub-surface anomalies prospective for copper-gold mineralisation. Each of these represents a possible Prominent Hill type orebody. Numerous other targets that are ready for drilling are prospective for base metals such as zinc, lead, copper.

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