

MINOTAUR RESOURCES LIMITED

MINOTAUR TO ACQUIRE 100% OF THE MT WOODS JOINT VENTURE AND INTRODUCE OXIANA AS A NEW PARTNER

OVERVIEW

Minotaur Resources Limited ("**Minotaur**") has today reached agreement for its wholly owned subsidiary Minex (SA) Pty Ltd to:

- acquire BHP Billiton's 51% interest in the Mt Woods Joint Venture ("**MWJV**") for A\$8 million in cash, payable in two instalments;
- acquire the MWJV interests held by Newmont (23.94%), Sons of Gwalia (3.78%) and Sabatica (2.28%) for A\$4 million, the consideration being Minotaur shares;
- introduce Oxiana Limited ("**Oxiana**") to the project through staged farm-in arrangements totalling up to A\$34 million and earning it an interest of up to 65%;
- undertake a 1 for 4 renounceable rights issue at A\$0.60 per share raising approximately A\$3.8 million (pre the exercise of the current listed options), fully underwritten by Taylor Collison Limited.

The transactions will see:

- the combination of Minotaur's exploration expertise with Oxiana's project development skills, as demonstrated at its Sepon (Copper/Gold) project in Laos;
- Newmont become Minotaur's major shareholder, with a 13.9% interest in Minotaur's undiluted share capital, demonstrating its confidence in the Prominent Hill project and the Minotaur management team;
- the retention of the relationship with BHP Billiton, which proved so beneficial in discovering the Prominent Hill project, through the ongoing operation of the existing exclusive exploration alliance; and
- Oxiana taking on the responsibility (subject to various Oxiana earn-in conditions) to fund the development of Prominent Hill through to the commencement of construction, with Minotaur retaining a 35% interest in the project.

This is a major step forward for the Company, involving the introduction of a new partner with the project development skills and financial commitment and resources to develop the Prominent Hill project to its full potential.

BACKGROUND

Minotaur announced in May 2003 BHP Billiton's intention to sell its 51% equity in MWJV. Whilst recognising the significance of the project, its expectations for Prominent Hill were that the project would not reach BHP Billiton's significant size threshold. Since that time, a sale process has been completed which generated significant interest in the project. At the same time, Minotaur assessed its options (in light of the offers tabled) and considered alternatives to best provide its shareholders with exposure to what it believes is a very exciting project.

In reviewing alternatives, Minotaur focused on increasing its exposure to the MWJV at the same time as introducing an appropriate partner to contribute to the development of the project via its financial and technical attributes. The agreed transaction structure and the introduction of Oxiana achieved these objectives.

By way of background, Oxiana is listed on the Australian Stock Exchange and has a current market capitalisation of more than A\$650 million. Oxiana's evolution from an exploration company to a successful "mid-cap" producer largely reflects its success in developing the Sepon project. The Sepon project located in Laos (80% Oxiana, 20% Rio Tinto), was progressed from initial construction to gold production in under twelve months. Oxiana is producing over 40,000oz of gold per quarter at Sepon and is developing a 60,000t per annum copper mine at the same site.

TRANSACTION SUMMARY

The proposed transactions involve:

1. Acquisition of BHP Billiton's 51% MWJV Interest

Minotaur has agreed to acquire the above interest for a cash consideration of A\$8 million. The consideration is payable in two tranches. The first tranche (A\$3.5 million), is payable upon completion and the second tranche (A\$4.5 million), is payable in 14 months, extendable up to a further 4 months at Minotaur's discretion. Non payment of the second tranche will see title for the 51% interest revert to BHP Billiton, with Minotaur retaining a royalty interest on the 51%, capped at A\$3.5 million, whilst retaining an on going 49% in the project.

In addition, Minex and BHP Billiton may enter into a joint venture over a portion of the MWJV area with respect to Broken Hill style lead-zinc

mineralisation only which entitles BHP Billiton to earn 70% equity in that area through expenditure of \$400,000.

Funding for the purchase is intended to come from internal resources (current Minotaur cash balance: A\$6.4 million) and the A\$3.8 million underwritten rights issue.

The transaction is subject to Newmont waiving pre-emptive rights.

The existing exclusive exploration alliance between BHP Billiton and Minotaur will continue.

2. Acquisition of 30% MWJV Interest from Newmont / Sons of Gwalia / Sabatica

Minotaur has agreed to acquire the above interest for A\$4 million. The acquisition is conditional upon the waiver of pre-emptive rights, successful conclusion of the rights issue, completion being effected under the BHP Billiton sale agreement and execution of the joint venture agreement with Oxiana.

The purchase price will be satisfied by the issue of Minotaur shares at the rights issue price of A\$0.60 per share. Given that this will involve the issue of more than 15% of Minotaur's share capital, shareholder approval shall be sought for this issue. If shareholder approval is not forthcoming, the consideration will be reconstituted to a share issue of 15% of Minotaur's share capital with the balance being paid in cash (some A\$1.7 million).

The resulting Minotaur shareholdings of the above parties, post the rights issue but before the exercise of any listed options, are expected to be (assuming shareholder approval is obtained):

| | |
|------------------|-------|
| - Newmont | 13.9% |
| - Sons of Gwalia | 2.2% |
| - Sabatica | 1.3% |

Newmont continues to demonstrate its ongoing support for Minotaur and its management team through its support of this transaction and through this shareholding in Minotaur which provides indirect exposure to the Prominent Hill project.

3. Oxiana to Earn a 65% Interest in the Project

Oxiana has agreed to earn in to the project through a new joint venture. Subject to various staged hurdles being met, Oxiana will spend up to A\$34 million and earn an interest of up to 65%. Oxiana can earn this interest by:

- (a) Funding a A\$3.5 million exploration program ("**Stage 1**"). Oxiana must complete this program within the 12 months post completion of the transaction.

Oxiana has the ability to withdraw from the project post the A\$3.5 million spend, but would receive no interest in the project should it withdraw at this time.

- (b) Oxiana funding the completion of:
 - (i) Stage 2, which requires the completion of a pre-feasibility study or the expenditure of a further A\$5.0 million;
 - (ii) Stage 3, which has as its objectives the completion of a final (or bankable) feasibility study and aggregate farm-in arrangements totalling A\$34 million (inclusive of the amounts in Stages 1 & 2, subject to adjustments outlined below).

The objective is to complete all three stages within 30 months of the completion of the transaction. Oxiana will be entitled to 35% of the project once Stage 2 is completed. Thereafter, Oxiana will earn up to 65% as it incurs Stage 3 expenditure.

Oxiana's total earn-in of A\$34 million can be reduced should Oxiana contribute to the second payment due to BHP Billiton at Minotaur's request.

The Oxiana agreement is conditional upon, inter alia, Minotaur obtaining a 100% interest in the tenements currently the subject of the MWJV.

Minotaur will manage Stage 1 and thereafter the project's exploration program, with Oxiana managing the feasibility programs and subsequent construction and mining operations.

4. Rights Issue

To partially fund the above transactions, Minotaur will undertake a A\$3.8 million rights issue. The renounceable issue is fully underwritten by Taylor Collison. Key dates and terms are anticipated to be as follows:

- Terms : 1 for 4
- Issue Price : A\$0.60 per share
- Rights Trading Commences : 10 September 2003
- Record Date : 16 September 2003
- Rights Trading Closes : 3 October 2003
- Acceptances Close : 13 October 2003

Minotaur's issued capital at the successful completion of the rights issue and Newmont transaction will be some 38.2 million ordinary shares (assuming none of the existing options are exercised).

Minotaur currently has approximately 3 million listed options on issue. These options are exercisable at A\$0.20 per option in the period up to 31 December 2003. All option holders will shortly receive a letter advising them of the steps required to convert their options to shares and participate in the renounceable rights issue. Full participation of these options in the rights issue will result in an additional A\$1.1 million being raised and 3.86 million ordinary shares being issued.

SHAREHOLDER MEETING

A document will be despatched shortly to notify shareholders of an extraordinary meeting to approve the share issue to Newmont, Sons of Gwalia and Sabatica.

Enquiries to be addressed to:

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