

MINOTAUR EXPLORATION LTD

ABN 35 108 483 601

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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Directors' report

Your directors present their report on the consolidated group for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Mr Derek Carter, Chairman
 Mr Andrew Woskett, Managing Director
 Mr Richard Bonython, Non-Executive Director
 Dr Peter Gower, Non-Executive Director (Retired 24 November 2011)
 Dr Antonio Belperio, Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

Minotaur maintained a strong exploration focus during the financial year and despite trying financial conditions, ended the year in significantly better financial shape reporting a consolidated profit after income tax of \$3,863,912.

At the Border Joint Venture with Sumitomo Metal Mining Oceana Pty Ltd (Sumitomo 59.1%), resource definition drilling was completed at the Muster Dam Magnetite prospect culminating in a significant maiden Inferred Resource estimate (Table 1) and an updated regional Exploration Target¹ (Table 2). Exhaustive metallurgical testwork is contributing to a detailed Scoping Study based on the Muster Dam JORC resource. Elsewhere on the Border Joint Venture tenements, base metal target generation is proceeding with a range of new drill targets expected to be drill tested in the next year.

			Concentrate Grades					
Category	Billion Tonnes	Magnetite DTR %	Fe%	Al ₂ O ₃ %	P ₂ O ₅ %	S %	SiO ₂ %	LOI %
Inferred	1.5	15.2	69.8	0.4	0.002	0.002	2.8	-3.3

Table 1. Muster Dam Inferred Resource.

Exploration Target	Strike (km)	Thickness (m)	Volume (Bill m ³)	Density (t/m ³)	Tonnage (Bt)	DTR Magnetite %
Totals	16.2 to 21.3	80 to 450	0.7 to 1.4	2.96 to 3.11	2.2 to 4.2	15 to 18

Table 2. Magnetite Exploration Target.

¹ Refer Advisory Statement ① on page 6 of this report.

Elsewhere in South Australia, preparations for innovative 3D electrical geophysical work on the Aphrodite target were put on hold when the Company received a significant offer to purchase the Roxby area tenements. The Company subsequently agreed to sell the tenements to a subsidiary of BHP Billiton for net \$9.5 million cash.

During the year partial divestment occurred in a number of Southern Gawler Ranges tenements through the successful listing of Spencer Resources on the ASX. In addition, an offer to purchase the Company's 55% interest in the Tunkillia Gold Project was accepted with Minotaur receiving a mix of cash and shares in Mungana Goldmine Ltd (ASX : MUX) .

At the Poochera Kaolin Project, processing of kaolin samples at the Company's on-site laboratory confirmed the exceptional brightness and whiteness of both hydrous and calcined products. Infill drilling and processing allowed most of the Carey Well "bright white" kaolin resource to be upgraded from Inferred to Measured status. In addition, a globally-significant Exploration Target² of 570-810 million tonnes of white kaolinised granite with yield of 50% kaolin, was determined across several deposits within the project area.

The Purdilla Gypsum Project adjoins the Poochera Kaolin deposits and may provide a range of synergies for future development. An Exploration Target³ of 50-60 million tonnes at a purity of 85-90% gypsum is estimated.

With the divestment of a number of South Australian properties, exploration priorities shifted to the Cloncurry district of northwest Queensland where a large number of tenement applications are being progressively granted.

One cluster of 14 Cloncurry tenements is under Joint Venture with JOGMEC, who are earning a 51% interest through expenditure of \$4 million. Drilling on the JOGMEC JV tenements took place in July-August (3 holes) and October-November (6 holes). Iron oxide copper gold (IOCG) style mineralisation was intersected at Cormorant, Woolshed Waterhole and Clonagh with seven of the nine holes intersecting multiple bodies of sulphides, predominantly pyrrhotite but with variable amounts of chalcopyrite, resulting in broad intervals of low level (0.2 to 0.4%) copper mineralisation.

Following extensive land access formalities, the Cotswold IOCG target, a large coincident magnetic-gravity anomaly similar in amplitude to that occurring at the Cu-Au-magnetite Ernest Henry Mine 25 kilometres to the southeast, was tested with 2 holes. Subsequent to the end of the financial year, the Company reported a significant magnetite-breccia system had been intersected.

In New South Wales, Joint Venture negotiations were completed with Mitsubishi Materials Corporation and Mitsubishi Corporation for the Arthurville Base Metals Project. An airborne EM survey was completed over 77km² of the tenement and geophysical targets generated are now being validated through field inspections.

In Victoria, a limited program of roadside aircore drilling was completed to test single-line airborne EM anomalies for possible base metal mineralisation. The drilling confirmed interesting volcanic sequences, but no results of economic significance. Further ground applications were made in western Victoria considered prospective for volcanic-associated base metal mineralisation and historic data are being collated ahead of field inspection in the next year.

Other tenements and projects relinquished because of poor prospectivity or access difficulties during the year included the Cowra, Boorowa, Yorke Peninsula and Louth Projects.

² Refer Advisory Statement ① Refer Advisory Statement ① on page 6 of this report.

³ Refer Advisory Statement ① Refer Advisory Statement ① on page 6 of this report.

The Company chose to selectively return to Nova Scotia, Canada, during the year. Having relinquished its extensive tenement holdings there last year, the Company is returning under a new option agreement to drill test the Copper Lake gravity target.

Advisory Statements:

- ① *The term "Exploration Target" should not be misconstrued as an estimate of Mineral Resources and Reserves as defined in the JORC Code (2004) and the term has not been used in that context. The term is conceptual in nature and it is uncertain if further exploration will result in the determination of a Mineral Resource. Refer Clause 18 of the JORC Code (2004).*

Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr A. P. Belperio, who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr A. P. Belperio has a minimum of 5 years 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr A. P. Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Names, qualifications, experience and special responsibilities

Mr Derek Carter, BSc, MSc, FAusIMM (CP), (Chairman)

Derek Carter has over 40 years experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold Ltd in 1993 and is currently Chairman of Minotaur Exploration. He is the Chairman of Petratherm Ltd, is a board member of Mithril Resources Ltd, Blackthorn Resources Ltd and Toro Energy Ltd (all ASX Listed entities), and the AusIMM; is former President and Vice President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council, and is a member of the South Australian Resources Industry Development Board and the South Australian Minerals and Petroleum Experts Group. He received AMEC's Prospector of the Year Award (jointly) in 2003, the AusIMM's President Award in 2010 and is a Centenary Medalist. As Chairman of Minotaur Exploration Ltd, he is responsible for the management of the board as well as the general strategic direction of the Company.

Mr Andrew Woskett, B Civ Eng, M Comm Law, (Managing Director)

Andrew Woskett has over 30 years project and corporate experience in the mining industry. He has had senior responsibility for a variety of Australian mining landmarks, including development of the Kalgoorlie Super Pit, Kanowna Belle and Marymia gold mines and numerous expansions of the Bougainville copper/gold mine. He advised on development strategies for the proposed open pit expansion of the Olympic Dam mine and formulated several new significant iron ore projects in Western Australia. In his prior role as Managing Director of Ballarat Goldfields he consolidated five regional goldfields under single ownership and initiated the first modern underground mine development beneath Ballarat. Mr Woskett was the founding managing director of Spitfire Oil Ltd, a coal-to-liquids developer, which he listed on AIM. He is a Fellow of the Australasian Institute of Mining and Metallurgy and has a Masters degree in Commercial Law.

Mr Richard Bonython, B Ag Sc, (Non-Executive Director)

Richard Bonython was a director of Minotaur Gold Ltd for seven years before retiring in 2001, and retired as Chairman of Diamin Resources NL in 1999 having been a director of that company for 15 years. He was executive director of Pioneer Property Group Ltd for over 15 years and has experience of over 45 years in the building, rural and mineral industries. He is a member of the audit committee and provides administration services to the company. He is also a director of Mithril Resources Ltd and Petratherm Ltd (both ASX Listed entities).

Dr Peter Gower, PhD, FGS, (Non-Executive Director) Retired 24 November 2011

Peter Gower holds a PhD in geology from the University of Liverpool. His subsequent career in the mining industry includes senior exploration positions in Australia, USA and Africa, working for various subsidiaries of Billiton (including Billiton International Services Ltd) and the Royal Dutch/Shell Group of Companies. He is a member of the Company's audit committee and was previously a director of Rey Resources Ltd (retired 19 February 2007) and Mithril Resources Ltd (retired 18 November 2008).

Dr Antonio Belperio, BSc (Hons), PhD FAusIMM, (Executive Director)

Dr Belperio has an Honours Degree in Geology from the University of Adelaide, a PhD from James Cook University, and a diverse background in a wide variety of geological disciplines, including marine geology, environmental geology and mineral exploration. He has 35 years of experience in university, government and the mineral exploration industry. This has included senior positions in the South Australian Department of Minerals and Energy where he led the regional geological investigations group and was pivotal in the Department's move to digital geological information systems. Dr Belperio has been Chief Geologist of the Minotaur Group since 1997, when it originated as Minotaur Gold, subsequently Minotaur Resources and currently Minotaur Exploration. He played a key role in the strategic area and target selection, and the exploration program that led to the iron oxide copper-gold discovery at Prominent Hill, 130 kilometres northeast of the Olympic Dam mine in South Australia and was awarded (jointly) AMEC's Prospector of the Year Award in 2003. He is a director of ASX listed Thomson Resources Ltd (ASX:TMZ) and was recently awarded the Bruce Webb Medal by the South Australian Division of the Geological Society of Australia for his contributions to Earth Sciences.

COMPANY SECRETARY

Mr Donald Stephens, BAcc, FCA

Donald Stephens is a Chartered Accountant and corporate adviser with over 20 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA) Pty Ltd, Chartered Accountants. He is a non-executive director of Papyrus Australia Ltd and Mithril Resources Ltd and is company secretary to Toro Energy Ltd and Petratherm Ltd (all ASX Listed entities). He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

OPERATING RESULTS

The consolidated profit of the group after providing for income tax amounted to \$3,863,912 [2011: Loss - (\$1,239,194)].

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Minotaur Exploration Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Derek Carter	2,156,805	1,200,000
Mr Andrew Woskett	-	2,000,000
Mr Richard M Bonython	1,502,000	900,000
Dr Peter Gower	700,000	900,000
Dr Antonio Belperio	830,306	1,300,000

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year were:

- To continue to seek extensions of areas held and to seek out new areas with potential for mineralisation; and
- To evaluate results achieved through surface sampling, drilling and geophysical surveys carried out during the year.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was in South Australia and Queensland and the entity followed procedures and pursued objectives in line with guidelines published by the South Australian and Queensland Governments. These guidelines are quite detailed and encompass not only the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable, both in South Australia and elsewhere. The Group has not been in breach of any State or Commonwealth environmental rules or regulations during the period. The Company's Canadian operations follow regulations outlined in the Nova Scotia Mining Laws. The Company is in compliance with the relevant environmental laws in Nova Scotia.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2012 that has significantly affected, or may significantly affect the operations of the group.

Unissued Shares

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2011	Net Issued/(Exercised or expired) during year	Balance at 30 June 2012
07/01/2007	12/01/2012	\$0.80	400,000	(400,000)	-
07/12/2007	12/12/2012	\$0.77	400,000	-	400,000
08/01/2008	13/01/2013	\$0.55	120,000	-	120,000
08/12/2008	13/12/2013	\$0.25	410,000	-	410,000
10/05/2010	15/05/2015	\$0.40	4,300,000	-	4,300,000
10/05/2010	15/08/2015	\$0.40	1,000,000	-	1,000,000
10/05/2010	16/02/2016	\$0.55	1,000,000	-	1,000,000
30/09/2011	29/09/2016	\$0.21	-	1,740,000	1,740,000
			7,630,000	1,340,000	8,970,000

SHARE OPTIONS

Shares issued as a result of exercise of options

No shares were issued during the financial year as a result of the exercise of options (2011: 100,000 options were exercised).

Lapse of options

On 15 March 2012 and 4 June 2012 respectively, the Group announced that 750,000 unlisted options issued under the Company's employee share option plan and options on issue to directors lapsed.

New options issued

On the 30 September 2011, the Company issued a total of 2,090,000 unlisted options to employees as an incentive. The options are exercisable at \$0.21 and expire on 29 September 2016.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$15,694. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for directors and senior executives of Minotaur Exploration Ltd.

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

Employment contracts

The employment conditions of the Managing Director, Mr Andrew Woskett, are formalised in a consultancy agreement. Mr Woskett commenced as a consultant to Minotaur on 1 March 2010 and his annual retainer is \$347,000 per annum, exclusive of GST (effective 1 January 2012). The Company may terminate the consultancy agreement without cause by providing three (3) months written notice or making payment in lieu of notice, based on the annual retainer. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate the agreement at any time.

The employment conditions of the executive director, Dr Antonio Belperio, are formalised in a contract of employment. Dr Belperio commenced employment on 1 January 2005 and his gross salary, inclusive of the 9% superannuation guarantee, is \$275,000 per annum (effective from 1 January 2012). The Company may terminate the employment contract without cause by providing six (6) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Exploration Manager, Mr Ian Garsed, are formalised in a contract of employment. Mr Garsed commenced employment on 15 March 2011 and his gross salary, inclusive of the 9% superannuation guarantee, is \$190,000 per annum (effective from 1 January 2012). The Company may terminate the employment contract without cause by providing three (3) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Commercial Manager, Mr Varis Lidums, are formalised in a contract of employment. Mr Lidums commenced employment on 1 March 2011 and his gross salary, inclusive of the 9% superannuation guarantee, is \$190,000 per annum (effective from 1 January 2012). The Company may terminate the employment contract without cause by providing three (3) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Group share option scheme. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Table 1: Director remuneration for the year ended 30 June 2012 and 30 June 2011

	Primary Benefits		Post Employment	Share-based payments	Totals
	Salary & Fees	Bonus	Superannuation	Options	\$
Mr Derek Carter					
2012	68,000	-	21,380	-	89,380
2011	80,000	-	7,200	-	87,200
Mr Andrew Woskett*					
2012	337,846	41,250	-	-	379,096
2011	309,231	-	-	133,777	443,008
Mr Richard M Bonython					
2012	66,925	-	-	-	66,925
2011	85,780	-	-	-	85,780
Dr Peter Gower					
2012	-	-	18,312	-	18,312
2011	42,000	-	3,780	-	45,780
Dr Antonio Belperio*					
2012	225,412	32,500	42,088	-	300,000
2011	198,589	-	49,041	-	247,630
Total					
2012	698,183	73,750	81,780	-	853,713
2011	715,600	-	60,021	133,777	909,398

Table 2: Remuneration of key management personnel for the year ended 30 June 2012 and 30 June 2011

	Primary Benefits		Post Employment	Share-based payments	Totals
	Salary & Fees	Bonus	Superannuation	Options	\$
Mr Ian Garsed*					
2012	170,156	10,000	17,494	17,650	215,300
2011	50,269	-	4,524	-	54,793
Mr Richard Flint*					
2012	155,257	10,000	17,243	5,295	187,795
2011	146,082	-	16,417	-	162,499
Mr Varis Lidums*					
2012	169,725	10,000	15,275	17,650	212,650
2011	55,046	-	4,954	-	60,000
Total					
2012	495,138	30,000	50,012	40,595	615,745
2011	251,397	-	25,895	-	277,292

Bonuses

Key management personnel were awarded bonus payments for superlative performance related to a redefinition of roles and objectives early in the financial year.

Table 3: Options granted as part of remuneration

30 June 2012	Grant Date	Grant Number	Vesting Date	Value per option at grant date	Exercise price	Total fair value	% of Remuneration
Mr Ian Garsed	30/09/2011	250,000	30/09/2011	\$0.071	\$0.21	17,650	8.2%
Mr Richard Flint	30/09/2011	75,000	30/09/2011	\$0.071	\$0.21	5,295	2.8%
Mr Varis Lidums	30/09/2011	250,000	30/09/2011	\$0.071	\$0.21	17,650	8.3%

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided during the year amounting to \$149,204 (2011: \$143,377) (inclusive of GST). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd.

USE OF REMUNERATION CONSULTANTS

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2011 ANNUAL GENERAL MEETING

Minotaur Exploration Ltd received more than 96% of "yes" votes on its remuneration report for the 2011 financial year by proxy. The company did not receive any specific feedback at the AGM on its remuneration report.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Director	Directors' Meetings		Audit Committee*	
	Eligible	Attended	Eligible	Attended
Mr Derek Carter	11	11	-	-
Mr Andrew Woskett	11	11	1	1
Mr Richard Bonython	11	11	2	2
Dr Peter Gower	5	4	1	1
Dr Antonio Belperio	11	11	-	-

* Effective 30 June 2012, Dr Antonio Belperio is to join the audit committee following the retirement of Dr Peter Gower.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton South Australian Partnership, in its capacity as auditor for Minotaur Exploration Ltd, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2012 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 12.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Derek Carter', written in a cursive style.

Mr Derek Carter
Chairman

21 September 2012

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MINOTAUR EXPLORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Minotaur Exploration Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner

Adelaide, 21 September 2012

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Consolidated Group	
		Year ended	
		30 Jun 2012	30 Jun 2011
		\$	\$
Revenue	4 (a)	503,410	429,993
Gain on reclassification of non-current asset	4 (c)	-	4,214,545
Other income	4 (b)	8,370,582	254,724
Impairment of exploration and evaluation assets	4 (d)	(874,242)	(1,730,333)
Impairment of available for sale investments	4 (d)	(3,092,107)	(2,299,000)
Employee benefits expense	4 (e)	(304,715)	(306,565)
Depreciation expense	4 (d)	(111,517)	(149,259)
Finance costs	4 (d)	(11,314)	(13,251)
Share of losses of associates accounted for using the equity method	4(d)/12	-	(743,806)
Other expenses	4 (f)	(959,708)	(1,155,630)
Profit/(Loss) before income tax expense		3,520,389	(1,498,582)
Income tax benefit/(expense)	5	(11,947)	268,149
Profit/(Loss) from continuing operations		3,508,442	(1,230,433)
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	23	355,470	(8,761)
Profit/(Loss) for the year		3,863,912	(1,239,194)
Other comprehensive income			
Exchange differences arising on translation of foreign operations	20 (b)	(2,566)	(97,090)
Gain/(loss) on available-for-sale investments taken to equity	20 (c)	(338,000)	48,000
Total comprehensive income for the period		3,523,346	(1,288,284)
Earnings per share (Continuing operations):		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		3.48	(1.37)
Diluted earnings per share		3.48	(1.37)
Earnings per share (Discontinued operations):			
Basic earnings per share		3.84	(1.38)
Diluted earnings per share		3.84	(1.38)

Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

		Consolidated Group	
		30 June 2012	30 June 2012
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	14,069,291	2,231,064
Trade and other receivables	8	278,788	764,906
Other current assets	9	320,280	376,349
Held for sale assets	10	-	142,345
TOTAL CURRENT ASSETS		14,668,359	3,514,664
NON-CURRENT ASSETS			
Available-for-sale investments	11	2,859,067	4,605,000
Investments accounted for using the equity method	12	-	-
Property, plant and equipment	13	560,516	549,995
Exploration and evaluation assets	14	8,666,703	11,345,820
TOTAL NON-CURRENT ASSETS		12,086,286	16,500,815
TOTAL ASSETS		26,754,645	20,015,479
CURRENT LIABILITIES			
Trade and other payables	16	2,043,506	684,306
Short-term borrowings	17	32,983	33,898
Short-term provisions	18	392,696	317,229
TOTAL CURRENT LIABILITIES		2,469,185	1,035,433
NON-CURRENT LIABILITIES			
Long-term borrowings	17	149,484	118,936
Long-term provisions	18	62,412	62,070
TOTAL NON-CURRENT LIABILITIES		211,896	181,006
TOTAL LIABILITIES		2,681,081	1,216,439
NET ASSETS		24,073,564	18,799,040
EQUITY			
Issued capital	19	30,816,748	29,213,124
Reserves	20	848,443	1,120,401
Retained earnings	21	(7,591,627)	(11,534,485)
TOTAL EQUITY		24,073,564	18,799,040

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Consolidated Group				
		Issued	Share	Other	Retained	Total
		Capital	Option	Components	Earnings	Equity
		Ordinary	Reserve	of Equity		
		(Note 20)				
Note		\$	\$	\$	\$	\$
	Balance at 1 July 2010	25,930,647	820,394	171,055	(10,325,125)	16,596,971
	Total comprehensive income for the year	-	-	(49,090)	(1,239,194)	(1,288,284)
19	Issue of shares by way of private placement	3,382,242	-	-	-	3,382,242
19	Issue of shares upon exercise of options	25,000	-	-	-	25,000
20	Transfer from share based payment reserve upon exercise of options	11,182	(11,182)	-	-	-
19	Transaction costs (net of tax)	(135,947)	-	-	-	(135,947)
15	Cost of share based payment	-	133,777	-	-	133,777
20	Transfer from available for sale revaluation reserve upon disposal of investments	-	-	85,281	-	85,281
20	Transfer from share based payment reserve upon lapse of options	-	(29,834)	-	29,834	-
	Balance at 30 June 2011	29,213,124	913,155	207,246	(11,534,485)	18,799,040
	Balance at 1 July 2011	29,213,124	913,155	207,246	(11,534,485)	18,799,040
	Total comprehensive income for the year	-	-	(340,566)	3,863,912	3,523,346
19	Issue of shares under Share Purchase Plan	1,631,500	-	-	-	1,631,500
19	Transaction costs (net of tax)	(27,876)	-	-	-	(27,876)
15	Cost of share based payment	-	147,554	-	-	147,554
20	Transfer from share option reserve upon lapse of options	-	(78,946)	-	78,946	-
	Balance at 30 June 2012	30,816,748	981,763	(133,320)	(7,591,627)	24,073,564

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Consolidated Group	
		Year ended 30 Jun 2012	Year ended 30 Jun 2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		337,037	227,611
Payments to suppliers and employees		(1,763,980)	(1,655,928)
Interest received		144,829	234,325
Finance costs		(10,572)	(13,198)
Receipt of Research and Development Tax Concession		872,556	312,150
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	7	(420,130)	(895,040)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		132,368	-
Payments for property, plant and equipment		(285,662)	(219,526)
Purchase of investments in associates		-	(500,000)
Purchase of available-for-sale investments		(10,983)	(24,000)
Proceeds from sale of available-for-sale investments		60,440	368,774
Proceeds from sale of an investments in an associate		147,742	-
Proceeds from sale of exploration and evaluation assets		10,450,000	-
Proceeds from sale of subsidiary		4,220,000	-
Exploration related government grants		70,662	-
Joint venture receipts		4,786,884	2,280,739
Payments for exploration activities		(8,925,724)	(6,045,992)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		10,645,727	(4,140,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,631,500	3,407,242
Payment of transaction costs for issue of shares		(38,103)	(212,121)
Proceeds from borrowings		195,617	-
Repayment of borrowings		(177,485)	(34,766)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		1,611,529	3,160,355
Net increase/(decrease) in cash and cash equivalents		11,837,126	(1,874,690)
Net foreign exchange differences		1,101	(16,368)
Cash at the beginning of the period		2,231,064	4,122,122
CASH AT THE END OF THE YEAR		14,069,291	2,231,064

1. Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

These consolidated financial statements and notes represent those of Minotaur Exploration Ltd and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Minotaur Exploration Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Minotaur Exploration Ltd at the end of the reporting period. A controlled entity is any entity over which Minotaur Exploration Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) a legally enforceable right of set-off exists; and
- (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax consolidation group for the purposes of the tax consolidation system is Minotaur Exploration Ltd.

Minotaur Exploration Ltd and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Minotaur Exploration Ltd recognises the entire tax-consolidated group's retained tax losses.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line and diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful life
Plant and equipment	2 - 20 years
Motor Vehicles	6 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(f) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i). Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii). Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(g) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 12.

(h) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

The Company has entered into a number of Joint Ventures with various parties to explore on certain tenements that the Group has a beneficial interest in.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(j) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates an employee share option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(p) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the year at \$8,666,703.

(s) Changes in accounting policies

Adoption of AASB's and improvements in AASB's 2011 – AABS 1054 and AASB 2011-11

The AASB has issued AASB 1054 Australian Additional Disclosures and 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others.

(t) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Consolidation standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income s (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2011. The amendments are applicable for annual periods beginning on or after 1 July 2013. The Group's management have yet to assess the impact of these amendments.

2. Parent Information

	2012 \$	2011 \$
Financial Position		
Assets		
Current Assets	13,819,405	2,370,380
Non-current Assets	12,353,662	17,466,911
	<u>26,173,067</u>	<u>19,837,291</u>
Liabilities		
Current liabilities	1,887,607	551,480
Non-current Liabilities	211,896	81,006
	<u>2,099,503</u>	<u>732,486</u>
Equity		
Issued Capital	30,816,748	29,213,124
Reserves	981,763	913,154
Retained Earnings	(7,724,947)	(11,327,238)
	<u>24,073,564</u>	<u>18,799,040</u>
Financial Performance		
(Loss) for the year	3,602,291	(1,203,003)
Other comprehensive income	-	-
	<u>3,602,291</u>	<u>(1,203,003)</u>

Guarantees

Minotaur Exploration Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in note 24. The contingent liabilities of the parent are consistent with that of the Group.

Contractual Commitments

Contractual Commitments of the parent entity have been incorporated into the Group information in note 22. The contractual commitments of the parent are consistent with that of the Group.

3. Operating Segments

Information reported to the chief operating decision maker (identified as the board) for the purposes of resource allocation and assessment of segment performance focuses on types of business segments encountered by the Group. The Group's reportable segments under AASB 8 are therefore as follows:

- Investment: that being strategic investment by the Group in equity instruments of associates and other similar entities;
- Exploration activities conducted in Australia; and
- Exploration activities conducted in Canada.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

The revenue reported above represents revenue generated from financial institutions and joint venture partners. There were no intersegment sales during the period.

Segment profit/(loss) represents the profit earned by each segment without allocation of central administration costs, finance costs, depreciation and income tax (expense)/benefit. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

	Segment Revenue		Segment Result	
	Financial Year ended		Financial Year ended	
	30-Jun	30-Jun	30-Jun	30-Jun
	2012	2011	2012	2011
	\$	\$	\$	\$
Continuing Operations				
Investments	308,083	4,528,277	(2,777,992)	1,485,471
Mineral Exploration - Australia	8,546,645	370,985	7,672,403	(213,431)
Mineral Exploration - Canada	-	-	-	(1,145,297)
Discontinued operations	-	(8,141)	355,470	(8,761)
	8,854,728	4,891,121	5,249,881	117,982
Finance costs	-	-	(11,314)	(13,251)
Administration/Corporate	19,264	-	(1,251,191)	(1,462,815)
Depreciation	-	-	(111,517)	(149,259)
Consolidated revenue	8,873,992	4,891,121		
Profit/(Loss) before income tax			3,875,859	(1,507,343)
Income tax benefit/(expense)			(11,947)	268,149
Profit/(Loss) for year			3,863,912	(1,239,194)

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. The Group has not reported on segment liabilities as such amounts are not regularly provided to the chief operating decision maker. The following is an analysis of the Group's assets by reportable operating segment.

	Opening Balance 1/07/2011 \$	Capital Expenditure/ Investment \$	Impairment/ Share of loss \$	Revaluations \$	Disposals	Closing Balance 30/06/2012 \$
Continuing Operations						
Investments	5,805,000	12,033,278	(3,093,580)	(338,000)	(65,000)	14,341,698
Mineral Exploration - Australia	11,345,820	4,663,796	(940,356)	-	(6,410,543)	8,658,717
Mineral Exploration - Canada	-	41,818	(33,831)	-	-	7,987
Total segment assets	17,150,820	16,738,892	(4,067,767)	(338,000)	(6,475,543)	23,008,402
Other						
Administration/Corporate	1,648,220					1,065,162
	<u>18,799,040</u>					<u>24,073,564</u>
	Opening Balance 1/07/2010 \$	Capital Expenditure/ Investment \$	Impairment/ Share of loss \$	Revaluations \$	Disposals	Closing Balance 30/06/2011 \$
Continuing Operations						
Investments	5,377,329	695,000	(3,042,806)	4,262,545	(1,487,068)	5,805,000
Mineral Exploration - Australia	8,550,163	3,424,154	(585,036)	-	(43,461)	11,345,820
Mineral Exploration - Canada	848,006	297,291	(1,145,297)	-	-	-
Total segment assets	14,775,498	4,416,445	(4,773,139)	4,262,545	(1,530,529)	17,150,820
Other						
Administration/Corporate	2,875,553					1,648,220
	<u>17,651,051</u>					<u>18,799,040</u>

4. Revenue and expenses

	Consolidated	
	2012	2011
	\$	\$
(a) Revenue		
Administration fees	337,037	212,686
Bank interest received or receivable	166,373	217,307
	503,410	429,993
(b) Other income		
<i>From continuing operations:</i>		-
Net gains on disposal of motor vehicles	19,264	-
Net gains on disposal of tenements *	8,209,608	158,299
Net gain/(loss) on disposal of available-for-sale investments	(6,032)	96,425
Net gains on disposal of associates	147,742	
	8,370,582	254,724
<i>From discontinued operations:</i>		
Net loss on disposal of tenements	-	(8,141)
	8,370,582	246,583

* Included in the net gain on disposal of tenements is the sale of the Company's Roxby Downs tenements. As announced to the ASX on 23 April 2012, the sale encompassed five tenements owned by Minotaur Operations Pty Ltd located in the Gawler Craton. On 29 June 2012, Minotaur received the consideration of AU\$10,000,00 (excluding GST). In conjunction with the sale, by way of a separate Deed, Toro Energy Ltd was paid \$500,000 to enable the mutual cancellation of their agreement in relation to Uranium rights over the tenements sold.

(c) Gain on reclassification of non-current asset

Gain on reclassification of investment in Thomson Resources Ltd - refer note 11	-	1,784,951
Gain on reclassification of investment in Mithril Resources Ltd - refer note 11	-	2,429,594
	-	4,214,545

	Consolidated	
	2012	2011
	\$	\$
(d) Expenses		
<i>Impairment of non-current assets</i>		
Capitalised tenement costs written off	874,242	1,730,333
Impairment of available-for-sale financial assets	3,092,107	2,299,000
Total impairment of non-current assets	3,966,349	4,029,333
<i>Depreciation of non-current assets</i>		
Plant and equipment	71,028	102,431
Motor vehicles	40,489	46,828
Total depreciation	111,517	149,259
<i>Finance expenses</i>		
Finance costs	175	180
Interest applicable to hire-purchase	11,139	13,071
Total borrowing costs	11,314	13,251
<i>Losses from associates</i>		
Mithril Resources Ltd	-	403,893
Petratherm Ltd	-	300,000
Thomson Resources Ltd	-	39,913
Total losses from associates	-	743,806

	Consolidated	
	2012	2011
	\$	\$
<hr/>		
(e) Employees benefits expense		
Wages, salaries, directors fees and other remuneration expenses	2,939,647	1,924,903
Superannuation expense	222,181	161,163
Transfer to/(from) annual leave provision	12,704	17,003
Transfer to/(from) long service leave provision	63,105	32,606
Share-based payments expense	147,554	133,777
Transfer to capitalised tenements	(3,080,476)	(1,962,887)
	<u>304,715</u>	<u>306,565</u>
(f) Other expenses		
<i>From continuing operations:</i>		
Secretarial, professional and consultancy	335,947	576,875
Employee taxes and levies	141,420	110,091
Occupancy costs	143,611	154,350
Insurance costs	107,959	39,674
ASX/ASIC costs	34,605	29,379
Share register maintenance	52,179	29,950
Communication costs	23,882	47,413
Promotion and advertising	38,939	22,946
Audit fees	37,700	30,520
Other expenses	43,466	114,432
	<u>959,708</u>	<u>1,155,630</u>
<i>From discontinued operations:</i>		
Other expenses	9,272	620
	<u>968,980</u>	<u>1,156,250</u>

5. Income tax expense

	Consolidated	
	2012 \$	2011 \$
The major components of income tax expense are:		
Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax charge/(benefit)	11,947	58,263
Research and Development Tax offset	-	(326,412)
Income tax expense/(benefit) reported in the income statement	11,947	(268,149)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	3,520,389	(1,498,582)
At the Group's statutory income tax rate of 30% (2011: 30%)	1,056,117	(449,575)
Immediate write off of capital expenditure	(1,426,781)	(1,153,689)
Expenditure not allowable for income tax purposes	1,248,883	1,489,079
Non assessable income	(2,511,175)	(1,338,337)
Assessable income in relation to sale of exploration and evaluation assets	2,832,000	-
Capital gains	1,759,575	170,632
Utilisation of tax losses	(2,958,619)	-
Tax losses not recognised due to not meeting recognition criteria	-	1,281,890
Tax portion of share issue costs	11,947	58,263
	11,947	58,263

The Group has tax losses arising in Australia of \$1,478,753 (2011: \$9,813,012) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Tax consolidation

Minotaur Exploration Ltd and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 5 February 2005. Minotaur Exploration Ltd is the head entity of the tax consolidated group.

6. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2012	2011
	\$	\$
Net profit/(loss) attributable to ordinary equity holders of the parent entity	3,863,912	(1,239,194)
Weighted average number of ordinary shares for basic earnings per share	100,732,806	89,639,133
<u>Effect of dilution:</u>		
Share options	-	N/A
Weighted average number of ordinary shares adjusted for the effect of dilution	100,732,806	89,639,133

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account for 2011.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Cash and cash equivalents

	Consolidated	
	2012	2011
	\$	\$
Cash at bank and in hand	198,747	870,064
Short-term deposits	13,870,544	1,361,000
	14,069,291	2,231,064

Cash at bank earns interest at floating rates based on daily deposit rates

Short-term deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate.

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

Cash at banks and in hand	198,747	870,064
Short-term deposits	13,870,544	1,361,000
	14,069,291	2,231,064

	Consolidated	
	2012	2011
	\$	\$
Reconciliation of net profit/(loss) after tax to net cash flows from operations		
Net profit/(loss)	3,863,912	(1,239,194)
<i>Adjustments for non-cash items:</i>		
Depreciation	111,517	149,259
Impairment of non-current assets	4,066,294	4,029,333
Gain on reclassification of non-current asset	-	(4,214,545)
Share of associates' net (profits)/losses	-	743,806
Net (gain)/loss on disposal property plant and equipment, available-for-sale financial instruments and tenements	(8,835,269)	(246,583)
Non cash income tax expense/(benefit)	11,947	58,263
Share options expensed	147,554	133,777
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	409,614	(89,075)
(Increase)/decrease in prepayments	(17,649)	(32,087)
(Decrease)/increase in trade and other payables	(243,860)	(261,159)
(Decrease)/increase in withholding tax payable	(9,999)	23,556
(Decrease)/increase in employee provisions	75,809	49,609
Net cash from operating activities	(420,130)	(895,040)

8. Trade and other receivables

Trade receivables (i)	278,788	76,708
Research and Development tax refund receivable	-	409,614
Goods & Services Tax receivable	-	72,270
Sundry debtors	-	206,314
	278,788	764,906

- (i) Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2011 and 2012 and no receivables are past due at balance date.

Information regarding the credit risk of current receivables is set out in note 27.

9. Other current assets

	Consolidated	
	2012 \$	2011 \$
Prepayments	72,908	59,729
Accrued income	242,072	316,620
Other	5,300	-
	320,280	376,349

10. Held for sale assets

Exploration and evaluation phase costs	-	142,345
	-	142,345

11. Available-for-sale investments

At fair value - Shares, listed:

Opening balance	4,605,000	993,068
Revaluations	(338,000)	48,000
Disposals	(65,000)	(187,068)
Acquisitions	1,750,647	195,000
Impairments	(3,093,580)	(2,299,000)
Transfer from investments in associates	-	1,640,455
Gain on reclassification of non-current assets (a)	-	4,214,545
	2,859,067	4,605,000

Available-for-sale investments consist of investments in ordinary shares in listed entities. The investments are 4,549,129 fully paid ordinary shares in the capital of ActivEX Limited (ASX code AIV), 8,000,000 fully paid ordinary shares in the capital of Platsearch NL (ASX Code PTS), 10,000,000 fully paid ordinary shares in the capital of Thomson Resources Ltd (ASX Code TMZ) and 21,466,667 fully paid ordinary shares in the capital of Mithril Resources Ltd (ASX Code MTH). In accordance with AASB 139 'Financial Instruments: Recognition and Measurement', the securities are measured at fair value, which is determined to be closing bid price for the securities. As at 30 June 2012, the final bid price was \$0.017, \$0.066, \$0.05 and \$0.027 respectively.

(a) During the 2011 financial year, the Company changed the classification of its investments in Mithril Resources Ltd and Thomson Resources Ltd due to dilution of Minotaur's interest in both entities following a share placement and initial public offering respectively.

In accordance with Accounting Standards both investments were revalued to their market value on the date of the change in classification with a gain of \$2,429,594 for Mithril and \$1,784,951 for Thomson recognised in the Statement of Comprehensive Income.

12. Investment accounted for using the equity method

	Consolidated	
	2012	2011
	\$	\$
Investment in associates	-	-

(a) Interest in Associates

	Balance date	Ownership interest held by consolidated entity	
		2012	2011
		%	%
Petratherm Ltd	30 June 2012	15.27	18.54

(i) Principal activity

Petratherm Ltd (incorporated in Australia)

- Geothermal exploration

	Consolidated	
	2012	2011
	\$	\$
<i>Share of associate statements of financial position</i>		
Current assets	216,555	392,378
Non-current assets	2,918,904	3,322,880
	3,135,459	3,715,258
Current liabilities	(30,569)	(128,805)
Non-current liabilities	(443,841)	(552,831)
	(474,410)	(681,636)
Net assets	2,661,049	3,033,622

	<1 year	> 1 year but < 5 years
<i>Share of associates commitments</i>		
Operating Leases	20,213	-
Hire Purchases	1,016	-
Exploration licences	587,895	-
	609,124	-

Reconciliation of movement in carrying amount of investment in associates:

Balance at beginning of period	-	1,884,261
Acquisitions of investments in associates	-	500,000
Share of net profit/(loss) after income tax	-	(743,806)
Transfer to available for sale investments	-	(1,640,455)
	-	-

13. Property, plant and equipment

	Consolidated	
	2012	2011
	\$	\$
Plant and equipment		
<i>Cost</i>		
Opening balance	743,412	683,942
Additions	30,967	66,937
Transfer to Kaolin Pilot Plant	-	(7,467)
	<u>774,379</u>	<u>743,412</u>
<i>Accumulated depreciation</i>		
Opening balance	512,362	409,931
Depreciation for the year	71,028	102,431
Disposals	-	-
	<u>583,390</u>	<u>512,362</u>
Net book value of plant and equipment	<u>190,989</u>	<u>231,050</u>
<i>Kaolin Pilot Plant</i>		
Opening balance	170,431	-
Transfers from plant and equipment	-	7,467
Additions	123,334	162,964
Disposals	-	-
	<u>293,765</u>	<u>170,431</u>
<i>Accumulated depreciation</i>		
Opening balance	-	-
Depreciation for the year	99,538	-
Disposals	-	-
	<u>99,538</u>	<u>-</u>
Net book value of Kaolin Plant	<u>194,227</u>	<u>170,431</u>
Net book value of property, plant and equipment	<u>385,216</u>	<u>401,481</u>
Motor Vehicles		
<i>Cost</i>		
Opening balance	233,001	231,401
Additions	180,379	1,600
Disposals	(186,673)	-
	<u>226,707</u>	<u>233,001</u>
<i>Accumulated depreciation</i>		
Opening balance	84,487	37,659
Depreciation for the year	40,489	46,828
Disposals	(73,569)	-
	<u>51,407</u>	<u>84,487</u>
Net book value of motor vehicles	<u>175,300</u>	<u>148,514</u>
Total net book value of property, plant and equipment	<u>560,516</u>	<u>549,995</u>

14. Exploration and evaluation assets

	Consolidated	
	2012	2011
	\$	\$
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phases - Joint Ventures	4,770,046	7,003,800
Exploration and evaluation phases - Other	3,896,657	4,342,020
	8,666,703	11,345,820

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Consolidated group	Exploration Joint Venture	Exploration Other	Total
Capitalised tenement expenditure movement reconciliation	\$	\$	\$
Balance at beginning of year	7,003,800	4,342,020	11,345,820
Additions through expenditure capitalised	7,562,203	1,493,889	9,056,092
Reductions through joint venture contributions	(4,795,331)	-	(4,795,331)
Write off of tenements relinquished	(99,945)	(874,242)	(974,187)
Sale of Tunkillia	(4,900,681)	-	(4,900,681)
Sale of tenements to BHPB	-	(733,597)	(733,597)
Sale of other tenements	-	(331,413)	(331,413)
Balance at end of year	4,770,046	3,896,657	8,666,703

15. Share based payments

Employee Share Option Plan

The Company has established the Minotaur Exploration Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the board may waive this requirement.

Options are granted under the Plan at the discretion of the board and if permitted by the board, may be issued to an employee's nominee.

Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the board, subject to a minimum price equal to the market value of the Company's shares at the time the board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

Options cannot be transferred other than to the legal personal representative of a deceased option holder.

The Company will not apply for official quotation of any options.

The Company will not apply for official quotation of any options. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

Option holders may only participate in new issues of securities by first exercising their options.

The board may amend the Plan Rules subject to the requirements of the Listing Rules. The expense recognised in the Statement of Comprehensive Income in relation to share-based payments is disclosed in note 4 (e). The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options under the Company's Employee Share Option Plan issued during the year:

	2012 No.	2012 WAEP	2011 No.	2011 WAEP
Outstanding at the beginning of the year	930,000	0.53	1,280,000	0.52
Granted during the year	2,090,000	0.21	-	-
Exercised during the year	-	-	(100,000)	0.25
Expired or lapsed during the year	(750,000)	0.53	(250,000)	0.61
Outstanding at the end of the year	<u>2,270,000</u>	<u>0.24</u>	<u>930,000</u>	<u>0.53</u>
Exercisable at the end of the year	<u>2,270,000</u>	<u>0.24</u>	<u>930,000</u>	<u>0.52</u>

The outstanding balance as at 30 June 2012 is represented by:

- A total of 120,000 options exercisable at any time until 30 Jan 2013 with an exercise price of \$0.55.
- A total of 410,000 options exercisable at any time until 2 Dec 2013 with an exercise price of \$0.25.
- A total of 1,740,000 options exercisable at any time until 29 Sep 2016 with an exercise price of \$0.21.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 3.55 years (2011: 1.969 years).

The range of exercise prices for options outstanding at the end of the year was \$0.21 - \$0.55 (2011: \$0.25 - \$0.80).

The weighted average fair value of options granted during the year was \$0.0706 (2011: Nil).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Historical volatility (%)	67.90%
Risk-free interest rate (%)	3.81%
Expected life of option (years)	5.00

16. Trade and other payables

	Consolidated	
	2012	2011
	\$	\$
Trade payables (i)	803,976	510,525
Net GST and PAYG Payable	938,269	-
Other payables (ii)	301,261	173,781
	<u>2,043,506</u>	<u>684,306</u>

- i. Trade payables are non-interest bearing and are normally settled on 30-day terms.
- ii. Other payables are non-interest bearing and are normally settled within 30 – 90 days. Information regarding the credit risk of current payables is set out in note 27.

17. Borrowings

Current

Obligations hire purchase contracts	32,983	33,898
	<u>32,983</u>	<u>33,898</u>

Non-current

Obligations hire purchase contracts	149,484	118,936
	<u>149,484</u>	<u>118,936</u>

18. Provisions

Current

Annual leave provision		
Balance at 1 July	122,209	105,206
Net increase/(decrease in provision)	12,704	17,003
Closing Balance 30 June	<u>134,913</u>	<u>122,209</u>

Long Service Leave:

Balance at 1 July	195,020	159,038
Net increase/(decrease in provision)	62,763	35,982
Closing Balance 30 June	<u>257,783</u>	<u>195,020</u>
	<u>392,696</u>	<u>317,229</u>

Non-current

Long Service Leave:		
Balance at 1 July	62,070	65,446
Net increase/(decrease in provision)	342	(3,376)
Closing Balance 30 June	<u>62,412</u>	<u>62,070</u>

19. Issued capital

	Consolidated	
	2012	2011
	\$	\$
103,585,709 fully paid ordinary shares (2011: 92,709,018)	30,816,748	29,213,124
	30,816,748	29,213,124

	2012		2011	
	Number	\$	Number	\$
Ordinary shares				
Balance at beginning of financial year	92,709,018	29,213,124	80,529,581	25,930,647
Issued 1 October 2010 pursuant to private placement	-	-	12,079,437	3,382,242
Issued 1 October 2010 to an employee upon exercise of options	-	-	100,000	25,000
Issued on 5 October 2011 under a Share Purchase Plan	10,876,691	1,631,500	-	-
Transfer from share based payments reserve	-	-	-	11,182
Transaction costs on shares issued	-	(27,876)	-	(135,947)
Balance at end of financial year	103,585,709	30,816,748	92,709,018	29,213,124

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

20. Reserves

Reserves

Share option reserve (a)	981,763	913,155
Foreign currency translation reserve (b)	(133,320)	(130,754)
Available-for-sale revaluation (c)	-	338,000
	848,443	1,120,401

(a) Share option reserve

Balance at beginning of financial year	913,155	820,394
Issue of options to employees and officers under Employee Share Option Plan	147,554	133,777
Transfer to issued capital upon exercise of options	-	(11,182)
Transfer to retained earnings upon lapse of options	(78,946)	(29,834)
Balance at end of financial year	981,763	913,155

	Consolidated	
	2012	2011
	\$	\$
(b) Foreign currency translation reserve		
Balance at beginning of financial year	(130,754)	(33,664)
Translation of foreign subsidiary	(2,566)	(97,090)
Balance at end of financial year	(133,320)	(130,754)
(c) Available-for-sale revaluation		
Balance at beginning of financial year	338,000	204,719
Revaluation increment/(decrement)	(338,000)	48,000
Transfer to Statement of Comprehensive Income upon sale of available-for-sale investments	-	85,281
Balance at end of financial year	-	338,000

21. Retained earnings

Balance at beginning of financial year	(11,534,485)	(10,325,125)
Net profit/(loss) attributable to members of the parent entity	3,863,912	(1,239,194)
Transfer from share option reserve	78,946	29,834
Balance at end of financial year	(7,591,627)	(11,534,485)

22. Commitments for expenditure

Operating leases

Not longer than 1 year	90,470	133,467
Longer than 1 year and not longer than 5 years	-	90,740
	90,470	224,207

Hire purchase commitments

Not longer than 1 year	43,412	44,468
Longer than 1 year and not longer than 5 years	161,453	124,897
	204,865	169,365
Less: future finance charges	(22,398)	(16,531)
	182,467	152,834

Terms of lease arrangements

The Group has an operating lease in place for its principal place of business. The lease commenced 1 March 2008 and expires within 5 years from commencement. The lease has a term for renewal and has an escalation clause linked to CPI.

Future minimum lease payments under hire purchase contracts together with the present value of the net minimum lease payments are listed above in the above table.

Exploration leases

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay in the year ending 30 June 2013 amounts of approximately \$2,500,000 in respect of tenement lease rentals and to meet minimum expenditure requirements. Pursuant to various Joint Venture agreements, it is expected that of this minimum expenditure requirement, \$1,100,000 will be funded by Minotaur's Joint Venture partners. The net obligation to the Minotaur Exploration Group is expected to be fulfilled in the normal course of operations.

23. Discontinued operations

During the 2012 financial year, Minotaur Exploration Ltd made the strategic decision to dispose of its investment in the Tunkillia Project, contained within its wholly-owned subsidiary Minotaur Ventures Pty Ltd. Revenue and expenses, gains and losses relating to the discontinuation of the Tunkillia Project have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of comprehensive income (see loss for the year from discontinued operations).

On 17 January 2012, Minotaur Ventures Pty Ltd was sold to Mungana Goldmines Ltd (ASX: MUX, 'Mungana') for a total consideration of AU\$4,000,000 and 3,076,923 fully paid ordinary shares in Mungana (valued at \$1,538,462 at the date of disposal). The operating loss of Minotaur Ventures Pty Ltd until the date of disposal and the profit or loss from the disposal of assets and liabilities classified as held for sale is summarised as follows:

	Period ended 17 Jan 2012 \$	Year ended 30 Jun 2011 \$
Impairment expense	(99,945)	-
Other income	-	(8,141)
Other expenses	(9,272)	(620)
Loss before income tax	(109,217)	(8,761)
Tax expense	-	-
Loss for the period/year	(109,217)	(8,761)
Profit after tax on disposal	464,687	-
Profit/(Loss) for the period/year	355,470	(8,761)

The carrying amount of the net assets of Minotaur Ventures Pty Ltd recognised at the date of disposal (17 January 2012) and breakdown of considerations is detailed as follows:

Non current-assets	
- Exploration and evaluation assets	4,900,681
Net assets at date of disposal	4,900,681
Consideration received in cash	3,980,000
Consideration received in shares	1,538,462
Costs incurred in sale	(153,094)
Net consideration received	5,365,368
Net gain on disposal	464,687

24. Contingent liabilities and contingent assets

At the date of signing this report, the Group is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137. It is however noted that the Company has established various bank guarantees in place with a number of State Governments in Australia, totalling \$201,000 at 30 June 2012 (2011: \$161,000). These guarantees are designed to act as collateral over the tenements which Minotaur explores on and can be used by the relevant Government authorities in the event that Minotaur does not sufficiently rehabilitate the land it explores on. It is noted that the bank guarantees have as at the date of signing this report never been utilised by any State Government.

25. Auditor's remuneration

	Consolidated	
	2012	2011
	\$	\$
Audit or review of the financial report	37,700	29,620
	37,700	29,620

No other services have been provided.

26. Controlled entities

Name of entity	Country of incorporation	Ownership interest	
		2012 %	2011 %
<u>Parent entity</u>			
Minotaur Exploration Limited (i)	Australia		
<u>Subsidiaries</u>			
Minotaur Operations Pty Ltd (ii)	Australia	100	100
Minotaur Ventures Pty Ltd (ii)	Australia	-	100
Minotaur Resources Investments Pty Ltd (ii)	Australia	100	100
Minotaur Industrial Minerals Pty Ltd (ii)	Australia	100	100
Great Southern Kaolin Pty Ltd (ii)	Australia	100	100
Minotaur Atlantic Exploration Ltd	Canada	100	100
Minotaur Gold Solutions Ltd (ii)	Australia	100	-

i. Minotaur Exploration Ltd is the head entity within the tax-consolidated group.

ii. These companies are members of the tax-consolidated group.

27. Financial risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 19, 20, 21 respectively.

Proceeds from share issues are used to maintain and expand the Groups exploration activities and fund operating costs.

	Consolidated	
	2012	2011
	\$	\$
<i>FINANCIAL ASSETS</i>		
Cash and cash equivalents	14,069,291	2,231,064
Trade receivables	278,788	764,906
Available for sale financial instruments	2,859,067	4,605,000
Investment in associates	-	-
<i>FINANCIAL LIABILITIES</i>		
Payables	2,043,506	684,306
Borrowings	182,467	152,834

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Interest rate risk

The tables listed below detail the Group's interest bearing assets, consisting solely of cash on hand and on short term deposit (with all maturities less than one year in duration).

Consolidated

	Weighted average effective interest rate %	Less than 1 year \$
2011		
Variable interest rate	4.78	2,231,064

Consolidated

	Weighted average effective interest rate %	Less than 1 year \$
2012		
Variable interest rate	4.82	14,069,291

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net loss would increase or decrease by \$17,254 which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate %	Less than 1 year \$	Longer than 1 year and not longer than 5 years \$
2012			
Interest bearing	6.22	32,983	152,834
Non-interest bearing	0.00	2,043,506	-
	Weighted average effective interest rate %	Less than 1 year \$	Longer than 1 year and not longer than 5 years \$
2011			
Interest bearing	7.69	33,398	118,936
Non-interest bearing	0.00	684,306	-

Available for sale financial instrument risk management

Ultimate responsibility for the Group's investments in available for sale financial instruments rests with the Board. The Board actively manages its investments by reviewing the market value of the Group's portfolio at each board meeting and making appropriate investment decisions.

Fair value measurements

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
FINANCIAL ASSETS AT FAIR VALUE				
Available-for-sale investments				
- ActiveX Ltd - 4,549,129 Shares	77,335	-	-	77,335
- Platsearch NL - 8,000,000 Shares	528,000	-	-	528,000
- Thomson Resources Ltd - 10,000,000 Shares	500,000	-	-	500,000
- Mithril Resources Ltd - 21,416,667 Shares	578,250	-	-	578,250
- Mungana Goldmines Ltd - 3,076,923 Shares	1,000,000	-	-	1,000,000
- Spencer Resources Ltd - 850,000 Shares	175,482			
Investments in associates				
- Petrathern Ltd - 20,498,397 shares	-	-	-	-
	2,859,067	-	-	2,683,585

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

The fair value of financial instruments that are not traded in an active market is determined using valuation methodologies. Quoted market prices for similar instruments is a method used to determine the fair value. These instruments are included in Level 2.

In the circumstances where a valuation technique is based on significant unobservable inputs, such instruments are included in Level 3.

28. Related party disclosure and key management personnel remuneration

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures':

Mr Derek Carter, Chairman
Mr Andrew Woskett, Managing Director
Mr Richard Bonython, Non-Executive Director
Dr Peter Gower, Non-Executive Director (Retired 24 November 11)
Dr Antonio Belperio, Executive Director
Mr Donald Stephens, Company Secretary
Mr Richard Flint, Chief Geologist
Mr Ian Garsed, Exploration Manager
Mr Varis Lidums, Commercial Manager

	Consolidated Group	
	2012	2011
	\$	\$
Short-term employee benefits	1,297,071	966,997
Post employment benefits	131,792	85,916
Share-based payments	40,595	133,777
	1,469,458	1,186,690

(a) Option holdings of Key Management Personnel

Directors

30 June 2011	Balance at beginning of period	Granted as Remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Derek Carter	1,200,000	-	-	-	1,200,000	17/05/15	18/05/10	17/05/15
Richard Bonython	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Peter Gower	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	400,000	-	-	-	400,000	02/12/12	03/12/07	02/12/12
Andrew Woskett	1,000,000	-	-	-	1,000,000	29/08/15	30/08/10	29/08/15
Andrew Woskett	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16

Executives

30 June 2011	Balance at beginning of period	Granted as Remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10	17/05/15
Richard Flint	100,000	-	-	(100,000)	-	15/02/10	15/02/05	15/02/10
Richard Flint	50,000	-	-	(50,000)	-	31/12/10	01/01/06	31/12/10
Richard Flint	100,000	-	-	-	100,000	18/01/12	19/01/07	18/01/12
Richard Flint	50,000	-	-	-	50,000	30/01/13	31/01/08	30/01/13
Richard Flint	-	100,000	-	-	100,000	02/12/13	03/12/08	02/12/13

Directors

30 June 2012	Balance at beginning of period	Granted as Remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Derek Carter	1,200,000	-	-	-	1,200,000	17/05/15	18/05/10	17/05/15
Richard Bonython	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Peter Gower	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	400,000	-	-	-	400,000	02/12/12	03/12/07	02/12/12
Andrew Woskett	1,000,000	-	-	-	1,000,000	29/08/15	30/08/10	29/08/15
Andrew Woskett	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16

Executives

30 June 2012	Balance at beginning of period	Granted as Remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10	17/05/15
Richard Flint	100,000	-	-	(100,000)	-	18/01/12	19/01/07	18/01/12
Richard Flint	50,000	-	-	-	50,000	30/01/13	31/01/08	30/01/13
Richard Flint	100,000	-	-	-	100,000	02/12/13	03/12/08	02/12/13
Richard Flint	-	75,000	-	-	75,000	29/09/16	30/09/12	29/09/16
Varis Lidums	-	250,000	-	-	250,000	29/09/16	30/09/12	29/09/16
Ian Garsed	-	250,000	-	-	250,000	29/09/16	30/09/12	29/09/16

(b) Shareholdings of Key Management Personnel

30 June 2011	Balance at 1 July 10	On Exercise of Options	Net Change Other	Balance 30 June 2011
Directors				
Derek Carter	2,056,805	-	-	2,056,805
Andrew Woskett	-	-	-	-
Richard Bonython	1,452,000	-	-	1,452,000
Peter Gower	600,000	-	-	600,000
Antonio Belperio	680,306	-	-	680,306
Executives				
Donald Stephens	305,000	-	-	305,000
Richard Flint	-	-	-	-
Varis Lidums	-	-	-	-
Ian Garsed	-	-	-	-

30 June 2012	Balance at 1 July 11	On Exercise of Options	Net Change Other	Balance 30 June 2012
Directors				
Derek Carter	2,056,805	-	100,000	2,156,805
Andrew Woskett	-	-	-	-
Richard Bonython	1,452,000	-	50,000	1,502,000
Peter Gower	600,000	-	100,000	700,000
Antonio Belperio	680,306	-	150,000	830,306
Executives				
Donald Stephens	305,000	-	-	305,000
Richard Flint	-	-	-	-
Varis Lidums	-	-	-	-
Ian Garsed	-	-	-	-

Associates

Throughout the year, Minotaur invoiced its associate Mithril Resources Ltd ('Mithril') for the provision of technical staff and equipment, as well as reimbursements for expenditure jointly incurred. These transactions were undertaken on an arms length basis and in aggregate for the year ended 30 June 2012 totalled \$1,540 (2011: \$29,420) exclusive of GST. No amounts were owed by Mithril at the end the end of the year.

Director related entities

In addition, Minotaur invoiced Toro Energy Ltd and its wholly owned subsidiary Minotaur Uranium Pty Ltd (Derek Carter, the Company's Chairman is a board member of Toro) for reimbursements relating to exploration expenditure jointly incurred. These transactions were undertaken on an arms length basis and in aggregate for the year ended 30 June 2012 totalled \$11,167 (2011: \$7,315), exclusive of GST.

Wholly owned group transactions

The wholly owned Group consists of Minotaur Exploration Ltd and its wholly owned controlled entities Minotaur Operations Pty Ltd, Minotaur Resources Investments Pty Ltd, Minotaur Atlantic Exploration Ltd, Minotaur Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd. Ownership interests in these controlled entities are set out in note 26. Transactions between Minotaur Exploration Ltd and other entities in the wholly owned Group during the year consisted of loans advanced by Minotaur Exploration Ltd to fund exploration and investment activities. The closing value of all loan amounts to wholly owned members of the Group is contained within the Statement of Financial Position under other receivables and cash movements throughout the year are detailed within the body of the Statement of Cash Flows under loans to wholly owned subsidiaries.

29. Subsequent events

On 4 July 2012, the Company announced the issue of 2,420,000 unlisted options to employees under the Employee Share Option Plan. The options have an exercise price of \$0.25 and expire on 3 July 2017.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 16 to 56, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated group;
2. the Managing Director and Company Secretary have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Derek Carter
Chairman

21 September 2012

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINOTAUR EXPLORATION LIMITED

Report on the financial report

We have audited the accompanying financial report of Minotaur Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012 the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Minotaur Exploration Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standard and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

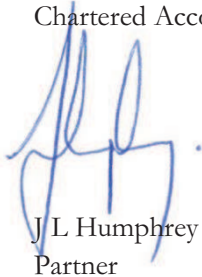
We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Minotaur Exploration Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner

Adelaide, 21 September 2012