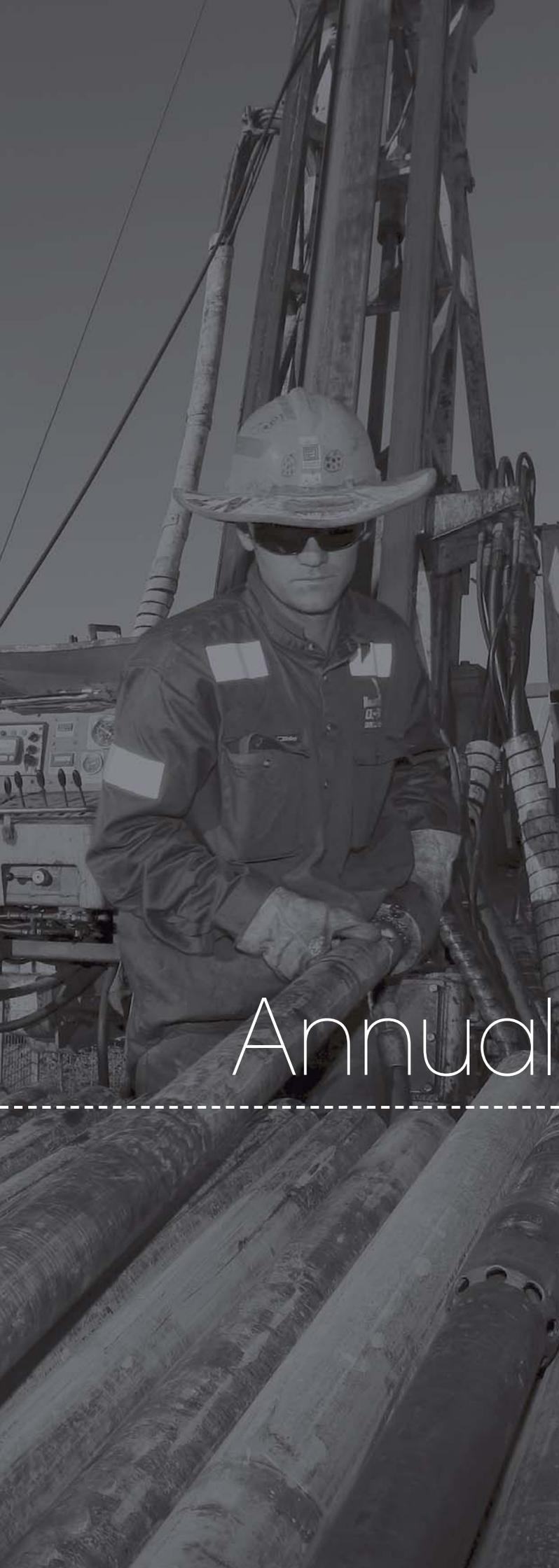




MINOTAUR
EXPLORATION



Annual Report

2012





**MINOTAUR
EXPLORATION**

CORPORATE DIRECTORY

MINOTAUR EXPLORATION LTD

ACN 108 483 601

ASX CODE MEP

DIRECTORS

Mr Derek N Carter *Chairman*

Mr Andrew Woskett *Managing Director*

Mr Richard M Bonython *Non-Executive Director*

Dr Antonio P Belperio *Executive Director*

COMPANY SECRETARY

Mr Donald Stephens

REGISTERED OFFICE

c/o HLB Mann Judd (SA) Pty Ltd

167-169 Fullarton Road

DULWICH SA 5065

PRINCIPAL PLACE OF BUSINESS

247 Greenhill Road

DULWICH SA 5065

SHARE REGISTER

Computershare Investor Securities Pty Ltd

Level 5, 115 Grenfell Street

ADELAIDE SA 5000

LEGAL ADVISORS

O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

BANKERS

National Australia Bank

22-28 King William Street

ADELAIDE SA 5000

AUDITORS

Grant Thornton South Australian Partnership

Chartered Accountants

Level 1, 67 Greenhill Road

WAYVILLE SA 5034

www.minotaurexploration.com.au

This annual report covers both Minotaur Exploration Ltd (ABN 35 108 483 601) as an individual entity and the consolidated group ('Group') comprising Minotaur Exploration Ltd and its subsidiaries. The Group's functional and presentation currency is Australian dollars.

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 15 to 16. The directors' report is not part of the financial report.

CONTENTS

Highlights	1
Chairman's Report	2
Managing Director's Report	4
Directors' Report	12
Auditor's Independence Declaration	24
Corporate Governance	25
Financial Report	33
ASX Additional Information	72
Interests in Mining Tenements	72
Information on Shareholdings	74

Highlights 2012

- Continued to aggregate tenements prospective for IOCG style mineralisation in the Cloncurry region, with over 3600km² in grants and applications accumulated.
- Confirmed discovery of a major 'Ernest Henry' style mineralised system at the Cotswold IOCG target.
- Reported a maiden JORC resource for the Muster Dam iron deposit at the Mutooroo magnetite joint venture project.
- Expanded the 2011 Exploration Target¹ for Mutooroo, revealing that total tenement mineralisation could extend to 5.5 billion tonnes.
- Expanded the Poochera Kaolin Pilot Plant with installation of a kiln drying circuit. Successfully produced a new line of hydrous and calcined kaolin product samples from the Carey's Well deposit, again demonstrating its exceptionally high chemical purity and superior physical properties.
- Upgraded the Carey's Well JORC resource to Measured status, identifying a potential product yield of 8 million tonnes, sufficient to sustain 100,000 tonnes per annum of output for over 75 years.
- Established a globally significant, inaugural Exploration Target¹ for the regional Poochera kaolin deposits.
- Successfully divested interests in the Tunkillia gold project and several IOCG style tenements in South Australia.
- Reported a group profit after tax of \$3.86 million.
- Ended the financial year with \$14.1 million in cash plus investments valued at \$4.1 million and market capitalisation of \$14.5 million.

¹ Refer Advisory Statement * on page 16 of this report.



Chairman's

REPORT



DEREK CARTER
Chairman
Minotaur Exploration Ltd

Your Company, happily, maintained an active work pace despite very soft equity markets and declining investor sentiment carrying over from the previous year. While previous volatility has subsided the global outlook has deteriorated further and many commentators have called 'the end of the mining Boom'.

For junior companies, and explorers in particular, the Boom existed mainly in the media with little translation into speculative exploration stocks. Diminishing investor support for 'small cap' resource companies puts many of our peers under serious financial pressure. I'm pleased to say that Minotaur Exploration has been able to elevate above that turmoil, ending the fiscal year on possibly its best financial footing for the past decade. We reported a comfortable profit after tax and a strong end of year cash position.

The Board constantly monitors our expenditure plans to ensure investment is applied to sound programmes in areas where real value can be created. We invest shareholders' funds seeking to create wealth improvement through new discoveries, project advancement, asset management and good governance. We recorded satisfying levels of success on all fronts.

Our technical group identified and defined new IOCG mineralising systems in the Cloncurry region and, while these have not yet shown economic grades of copper-gold, results confirm the validity of our geophysical target generation techniques and ability to pinpoint prospects under deep cover. Also, we grew the Exploration Target at the Mutooroo iron project by several million tonnes. Within Mutooroo, we reported a substantial maiden JORC iron resource. At Poochera, we reported a Measured high-grade kaolin resource and an adjacent 'globally significant' inaugural kaolin Exploration Target.

New projects were generated, encouraging Japanese groups to enter a new joint venture for base metals exploration.

The Poochera kaolin project moved further towards commercial realisation with production of a suite of high quality hydrous and calcined kaolin samples for introduction to prospective customers. As this report is being prepared product samples are on their way to numerous interested end-users in India, China and Asia. The Muster Dam magnetite resource scoping study was largely completed, subject to refinements dependent on collection of more metallurgical core for grind size optimisation. Native Title arrangements, now being finalized, will soon permit a resumption of diamond drilling for that purpose.

A year ago, having regard to the parlous state of equity markets, we supported management's decision to capture value in some of our project assets. This led to the sale of our interests in the Tunkillia gold project and several IOCG style tenements in



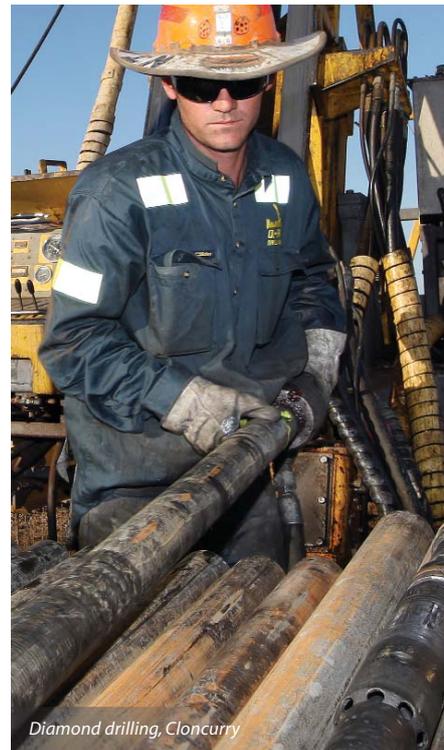
the Olympic Dam region, mostly for cash. Last year we also flagged our intent to reduce our exposure to industrial minerals, an objective we continue to move towards, as we focus more on copper-gold. This year we flag our aim of divesting the Muster Dam iron deposit and perhaps the entire Mutooroo project. We expect to get traction on this over the next half year as iron ore prices stabilise.

The Board also endorsed management's proposition that the Company reposition into the gold sector. We see many opportunities emerging to acquire or farm-in to advanced gold projects where operators may struggle due to cash limitations. Targets have been identified and preliminary discussions opened with potential partners.

Dr Peter Gower retired at the 2011 annual general meeting and, on behalf of shareholders, I record our appreciation for his wise advice and guidance during his years of service to Minotaur Exploration. I also thank sincerely our shareholders, large and small, for their continuing interest and support as together we strive to convert prospectivity into discovery and new wealth.



Yours truly,
Derek Carter
Chairman



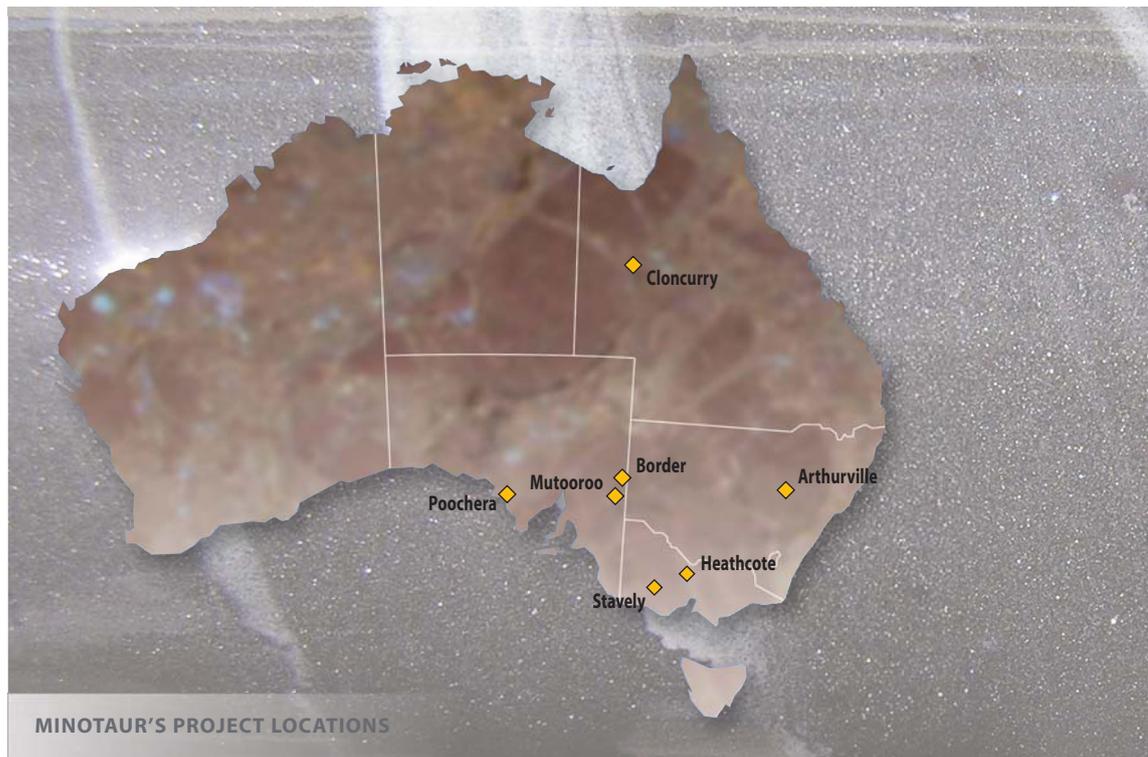
Managing Director's REPORT



ANDREW WOSKETT
Managing Director
Minotaur Exploration Ltd



Oorindi Park, Cloncurry.



MINOTAUR'S PROJECT LOCATIONS

I'm able to report that Minotaur enjoyed a constructive and positive 2012 financial year, in each of its exploration efforts, development projects and at a corporate level.

The Company's share price, however, has been held back for most of the period, reflecting the general drop in sentiment towards resource related stocks. Nonetheless, directors are of the view that value appreciation will prevail whereby our inherently under valued assets will be properly recognised as the market improves, or we are again able to monetise non-core assets, or discovery success is reported.

CORPORATE REVIEW

The company's goals are to seek, identify and develop new mineral deposits and, where economically viable, to advance resource assets into commercial production or to a value capturing point.

Minotaur invested \$9 million in prospect generation, exploration and project development during the 2012 financial year. Recoveries from joint venture operations totalled \$4.8 million. Sales of exploration assets resulted in net cash inflows of \$13.7 million. At 30 June the Company held a cash balance of \$14.1 million.

At the end of June the company had a market valuation of \$14.5 million (at \$0.14 per share), not at all adequately representing its cash and marked to market valuation in listed investments of \$4.1 million.

The Company reported a consolidated profit after income tax and impairments of \$3.9 million.

INVESTMENTS

Shareholdings in listed investments were enhanced through the successful listing of Spencer Resources Ltd and an allotment in Mungana Goldmines Ltd as part consideration for the sale of Minotaur's interest in the Tunkillia gold project. Minotaur's equity investments as at 30 June 2012 were:

Company	ASX Code	Holding at 30 June 2012	Minotaur %	Closing price at 30 June 2012	Valuation
ActivEX	AIV	4,549,129	2.4%	\$0.017	\$77,335
Mithril Resources	MTH	21,416,667	9.8%	\$0.027	\$578,250
Mungana Goldmines	MUX	3,076,923	1.9%	\$0.325	\$1,000,000
Petratherm	PTR	22,707,397	15.3%	\$0.045	\$1,021,833
Platsearch	PTS	8,000,000	4.6%	\$0.066	\$528,000
Spencer Resources	SPA	850,000	4.3%	\$0.170	\$144,500
Thomson Resources	TMZ	10,000,000	14.2%	\$0.050	\$500,000
Total					\$3,849,918

STRATEGIC DIRECTION

Minotaur holds a diverse portfolio of resource assets. A rationalisation programme was initiated a year ago with the ultimate objective being to bring clarity of purpose and improve our focus on 'hard rock' minerals. The portfolio is segmented into distinct groups: base metals and gold; industrial minerals; and iron ore.

STRATEGIC DIRECTION CONTINUED

Managing Director's

REPORT

CORPORATE REVIEW

STRATEGIC DIRECTION CONTINUED

Our primary aim is to increase our exploration exposure to copper and gold. A secondary aim is to diminish our contributions to the industrial minerals and iron projects. Consistent with that aim and the plan notified in the past annual report, the Company will seek to reduce its involvement in the kaolin and gypsum projects. Similarly, a decision to divest the Mutooroo iron project was taken in conjunction with our joint venture partner.

As we move towards these aims, we continue to improve and position those assets well so as to optimise value. Meanwhile, we are committed to gaining a position in an advanced gold project within Australia. A number of opportunities have been reviewed and a select target list generated.

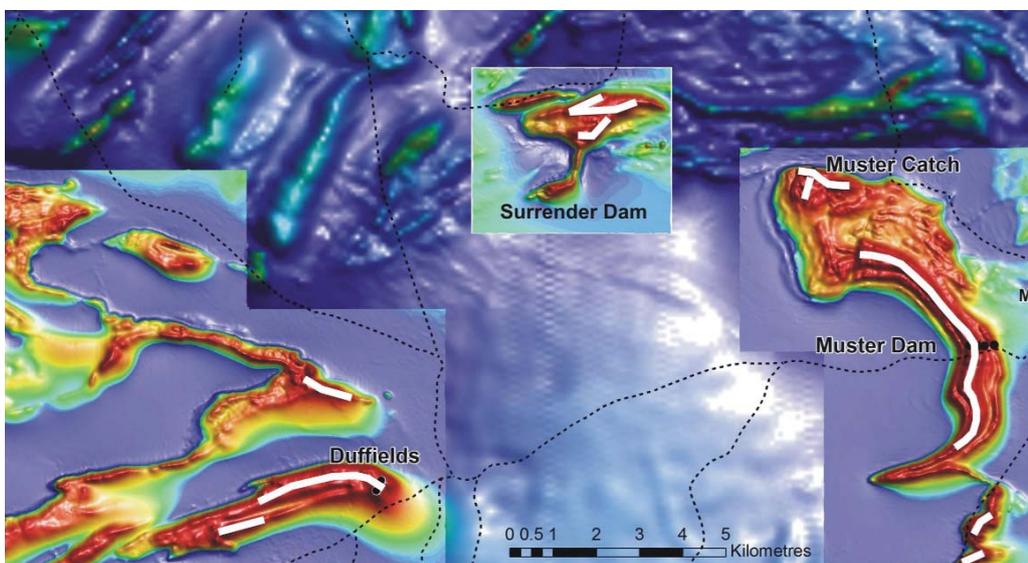


Figure 1: Airborne magnetic image for the Mutooroo area delineating strike extent of magnetic strata (in white bars) used for the Exploration Target.

OPERATIONS REVIEW

Pursuant to the rationalisation strategy outlined above Minotaur sought to divest or relinquish several projects and build its exploration presence in the Cloncurry region of north Queensland.

The following discussion is grouped within mineral types.

MAGNETITE

Having identified in 2011 a significant sequence of sedimentary iron mineralisation within EL3745, located on the Braemar Iron Formation in South Australia, Minotaur completed an extensive iron resource definition campaign on behalf of the Border Joint Venture (MEP 40.9%, Sumitomo Metal Mining Oceania Pty Ltd 59.1%).

An inaugural JORC Inferred resource for one of the magnetite deposits, 'Muster Dam' (see deposit scale graphic on page 6) was released (Table 1), followed by an updated regional Exploration Target¹, summarised in Table 2, for mineralisation not contained within the Muster Dam resource.

Muster Dam Magnetite Resource			Concentrate Grades					
JORC 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: Mutooroo area Magnetite Exploration Target.

A scoping study of a future magnetite mining and processing operation is being addressed. Based on extensive metallurgical samples and test results a mining scenario producing around 12.5 million tonnes per year of high-grade magnetite concentrate has been assessed. Additional core drilling for further metallurgical work is required to fine tune design and operating inputs and assumptions.

Recognising the significant capital investment required for projects of this scale, the joint venture partners agreed to make the Muster Dam deposit available for sale. Preliminary discussions with a number of interested parties have been held.

Subject to the form of any proposals emerging the joint venture may continue to move elements of the Exploration Target into resource status through further exploration and evaluation.



COPPER-GOLD

¹ Refer Advisory Statement * on page 16 of this report.

Managing Director's

REPORT

OPERATIONS REVIEW

COPPER-GOLD

Minotaur's strong orientation towards exploration for new deposits of iron oxide-copper gold (IOCG) mineralisation has been maintained. The search emphasis shifted from the Gawler Craton of South Australia towards the Cloncurry district with the sale of several tenements in the Olympic Dam region to BHP Billiton.

Around Cloncurry, tenement applications are being progressively granted, solidifying Minotaur's tenement footprint, as shown in *Figure 2*, which now comprises over 3,600km².

One cluster of 14 tenements covering 515km² north of the Ernst Henry mine is operated under joint venture with the Japan Oil, Gas and Metals National Corporation (JOGMEC), where JOGMEC is contributing \$4 million by 2013 to earn a 51% interest. Nine diamond holes were completed.

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. Follow up drilling at Cormorant continued into the new financial year.

With resolution of year-long land access formalities, we successfully drill tested 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. Subsequent to the end of the financial year, the Company reported a significant magnetite-breccia system had been intersected.

BASE METALS: COPPER, LEAD, ZINC

In New South Wales, a new joint venture was established with Mitsubishi Materials Corporation and Mitsubishi Corporation for the Arthurville base metals project, south-east of Dubbo. 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 near Heathcote. The drilling confirmed interesting volcanic sequences, but no results of economic significance.

New ground applications were made south of Ararat in western Victoria, considered prospective for volcanic-associated base metal mineralisation. 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.



*Top: Diamond drilling contractors, Cloncurry.
Above: Gregg Morris (Senior Geologist) and Valeria Murgulov (Project Geologist) at Cloncurry.*



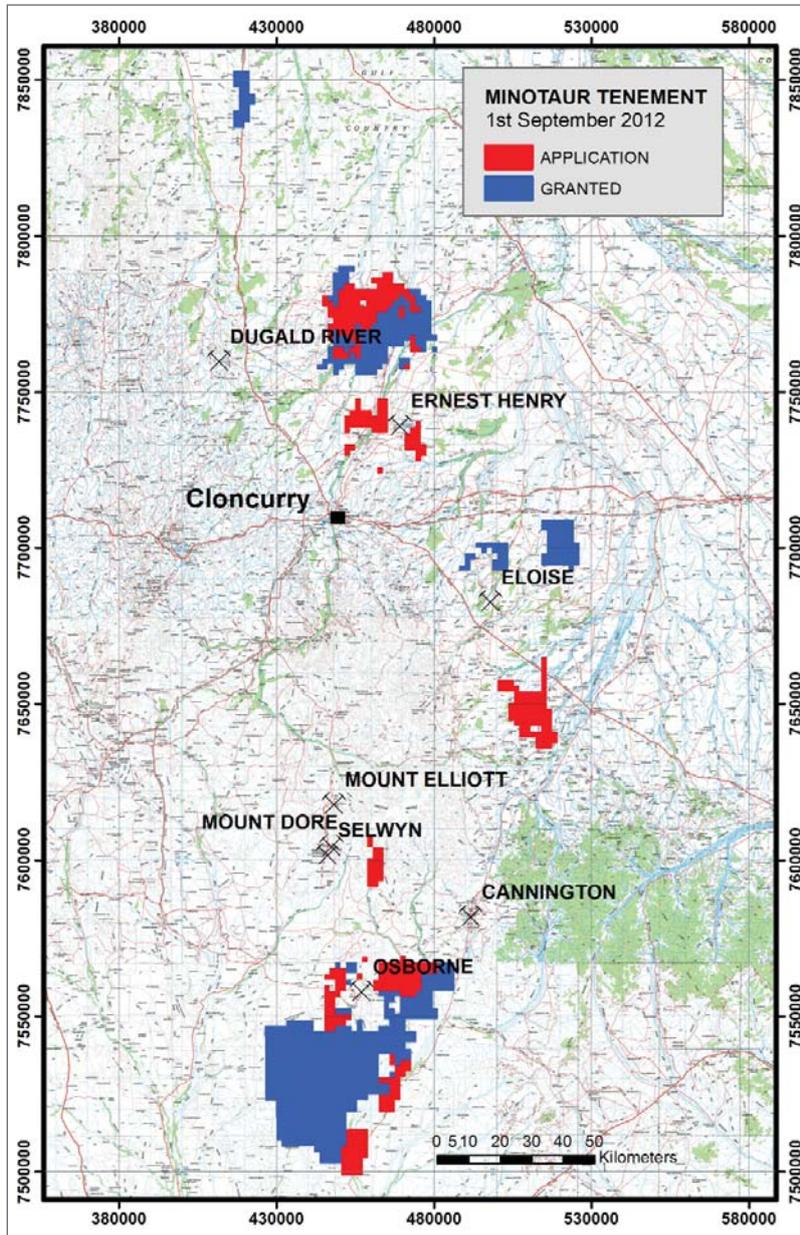


Figure 2: Minotaur's tenement position, Cloncurry, north Queensland.



Ian Garsed (Exploration Manager).



Ian Garsed (Exploration Manager) and Valeria Murgulov (Project Geologist) at Minotaur's Cloncurry base.

GOLD

Managing Director's

REPORT

OPERATIONS REVIEW



Granite outcrop at Cocunda Rock hole, near Poochera.



Peter Soutter and Wayne Lynch operating kaolin pilot plant at Streaky Bay.



Rotary calcining Kiln at Streaky Bay.



The Lake Purdilla gypsum deposit is the largest undeveloped deposit in South Australia.



GOLD

Minotaur sold its 55% interest in the Tunkillia gold project to ASX listed Mungana Goldmines Limited (ASX: MUX) for total consideration of \$6 million comprising \$4 million cash plus Mungana shares.

The Company is now actively seeking gold project entry opportunities, primarily throughout the Western Australian goldfields where Minotaur has not previously had a presence. We seek advanced projects with established JORC resources where further exploration can add substantial value.

INDUSTRIAL MINERALS: KAOLIN AND GYPSUM

The Poochera Kaolin deposits (EL4575: MEP 100%) located 45km east of Streaky Bay on South Australia's Eyre Peninsula were expanded through regional and deposit scale drill testing. The JORC Measured resource at Carey's Well was reported as 16.3 million tonnes of very bright, very white kaolinised granite with an expected yield of 8 million tonnes of end product, based on analysis of both hydrous and calcined samples produced at the on-site Pilot plant.

A scoping study assessment (presently incomplete) assumes a production target² of 100,000 tonnes of product per year. The resource contains sufficient material to support a mine life in excess of 75 years at the assumed output rate.

Deposits nearby were estimated to represent a globally significant Exploration Target³ of 570-810 million tonnes of white kaolinised granite containing 40% to 60% of minus 45 micron kaolin (kaolinite ± Halloysite) with high ISO brightness ($R_{457} \geq 80$).

The Purdilla Gypsum deposit adjoins the Poochera Kaolin deposits and may provide a range of synergies for future co-development. An Exploration Target⁴ of 50-60 million tonnes of crystalline gypsum at a purity of 85-90% was estimated.



Andrew Woskett
Managing Director

Information in this report, other than in respect of Poochera Kaolin deposits, 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 that 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.

Information in this report that relates to Exploration results, Exploration Targets and estimates of Mineral resources for the Poochera Kaolin deposits is based on information evaluated by Mr Lewis Barnes who is a Member of Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Barnes is a contract employee of Minotaur Exploration Pty Ltd and he consents to inclusion in the document of the information in the form and context in which they appear.

² A 'production target' is an aspirational objective for the purposes of the scoping study into the potential for a future kaolin mining and processing operation. Given the early stage nature of this assessment there can be no certainty that a mining venture may eventuate or that the aspirational target will be achieved.

^{3,4} Refer Advisory Statement * on page 16 of this report.

Directors'

REPORT



Back from left: Richard Bonython, Donald Stephens (Company Secretary), Tony Belperio, Front from left: Andrew Woskett (Managing Director), Derek Carter (Chairman).



Geophysical survey, Cloncurry.

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 N Carter *Chairman*

Mr Andrew Woskett *Managing Director*

Mr Richard M Bonython *Non-Executive Director*

Dr Peter Gower *Non-Executive Director (retired 24 November 2011)*

Dr Antonio P Belperio *Executive Director*

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

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 Petrathern 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.

DIRECTORS CONTINUED 

Directors'

REPORT

DIRECTORS CONTINUED

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 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 member of the Company's audit committee and 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

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.



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 Oceania 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.

Muster Dam JORC Resource			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.



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 Goldmines 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's Well "bright white" JORC reported 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.

REVIEW OF OPERATIONS CONTINUED

^{1,2} Refer Advisory Statement * on page 16 of this report.

REVIEW OF OPERATIONS CONTINUED

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.

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

* 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, other than in respect of Poochera Kaolin deposits, 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 that 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.

Information in this report that relates to Exploration results, Exploration Targets and estimates of Mineral resources for the Poochera Kaolin deposits is based on information evaluated by Mr Lewis Barnes who is a Member of Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Barnes is a contract employee of Minotaur Exploration Pty Ltd and he consents to inclusion in the document of the information in the form and context in which they appear.

³ Refer Advisory Statement * on this page.



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 N Carter	2,156,805	1,200,000
Mr Andrew Woskett	-	2,000,000
Mr Richard M Bonython	1,502,000	900,000
Dr Antonio P 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.

RISK MANAGEMENT CONTINUED



Directors'

REPORT

RISK MANAGEMENT CONTINUED

- 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

Directors'

REPORT

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.

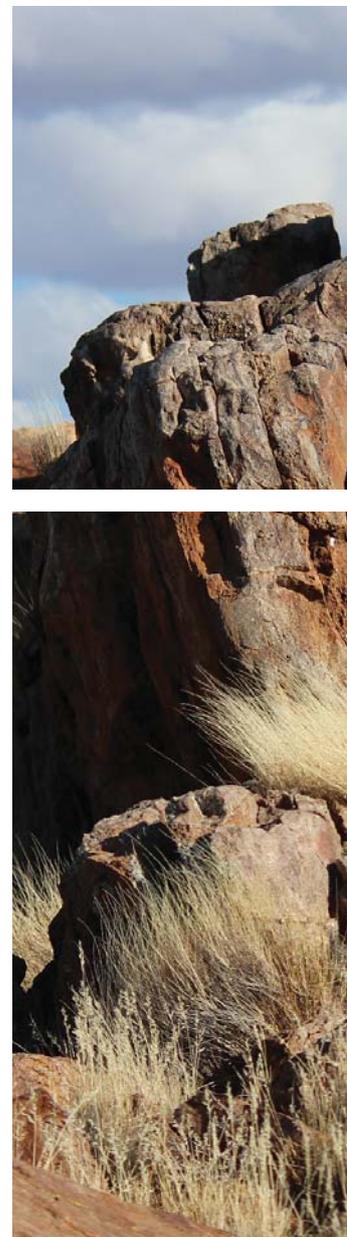
Employment contracts

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 one (1) month 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 one (1) month 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.

Director remuneration for the year ended 30 June 2012 and 30 June 2011

		Primary Benefits		Post Employment	Share-based Payments	Total
		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 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

REMUNERATION REPORT – AUDITED CONTINUED →

Directors'

REPORT

REMUNERATION REPORT – AUDITED CONTINUED

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

		Primary Benefits		Post Employment	Share-based Payments	Total
		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.

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 24*.

Signed in accordance with a resolution of the directors



Derek Carter
Chairman

21 September 2012



Auditor's Independence Declaration

TO THE DIRECTORS OF MINOTAUR EXPLORATION LIMITED



Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

A handwritten signature in black ink, appearing to read "J L Humphrey".

J L Humphrey
Partner

Adelaide, 21 September 2012

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Corporate

GOVERNANCE

INTRODUCTION

The board of directors is responsible for the corporate governance of Minotaur Exploration Ltd (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Group details below the corporate governance practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated. Some of the charters and policies that form the basis of the corporate governance practices of the Group may be located on the Group's website, www.minotarexploration.com.au

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the second edition Corporate Governance Principles and Recommendations (Principles and Recommendations) in relation to diversity, remuneration, trading policies and briefings. The Group has addressed the amended principles within this statement.

PRINCIPLE 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Group and has overall responsibility for its operations. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Managing Director and ultimately to senior executives.

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the Managing Director and senior executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring that the Group meets its legal and statutory obligations.

Board Responsibilities CONTINUED



Board Responsibilities CONTINUED

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Board has not publicly disclosed a statement of matters reserved for the Board, or the board charter and therefore the Group has not complied with recommendation 1.3 of the Corporate Governance Council. Given the experience and skills of the Board of Directors, the Group has not considered it necessary to formulate a board charter.

Recommendation 1.2: Performance evaluation of Senior Management

The Managing Director and senior management participate in annual performance reviews. The performance of staff is measured against the objectives and performance indicators established by the Board. A performance evaluation for senior management took place for the current reporting period in accordance with the Group's documented process.

The performance of senior management is reviewed by comparing performance against agreed measures, examining the effectiveness and results of their contribution and identifying areas for potential improvement. In accordance with recommendations 1.2 and 1.3 of the ASX Corporate Governance Council, the Group has not disclosed a description of the performance evaluation process in addition to the disclosure above.

PRINCIPLE 2: Structure the Board to add value

Size and composition of the Board

At the date of this statement the Board consists of two non-executive Directors and two Executives. Directors are expected to bring independent views and judgement to the Board's deliberations.

- Mr Derek Carter
Non-Executive Chairman
- Mr Andrew Woskett
Managing Director
- Mr Richard Bonython
Non-Executive Director
- Dr Antonio Belperio
Executive Director

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of Directors, including details of their qualifications and experience, are set out in the Directors' Report of this Annual Report.



*Top: Lachlan Harvey
(Field Assistant) cutting
core samples.*

Recommendation 2.1: Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board.

Those Directors who have interests in specific transactions or potential transactions do not receive board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors. Each Director is required by the Company to declare on an annual basis the details of any financial or other relevant interests that they may have in the Company.

At the date of this statement the Board consists of two non-executive Directors, Mr Derek Carter, who is also Chairman of the Board and Mr Richard Bonython. Mr Bonython has no other material relationship with the Group or its subsidiaries other than his directorship. Mr Carter and his associates beneficially hold 2.03% of the issued capital of Minotaur Exploration Ltd. The Company therefore has one independent director as that relationship is currently defined.

The Board does not consist of a majority of independent directors and therefore the Group has not complied with recommendation 2.1 of the Corporate Governance Council. The Company considers the current structure to be an appropriate composition of the required skills and experience, given the size and development of the Group at the present time.

Recommendations 2.2 and 2.3: Role of the Chairman

The role of the Chairman is to provide leadership to the Board and facilitate the efficient organisation and conduct of the Board's functioning. Mr Derek Carter, the Chairman of the Group, does not also perform the role of the Managing Director, in accordance with recommendation 2.3 of the Corporate Governance Council. He is however not independent and therefore the Group has not complied with recommendation 2.2.

Recommendation 2.4: Nomination, retirement and appointment of Directors

The Board has not established a nomination and remuneration committee in accordance with recommendation 2.4 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and continues to monitor the composition of the committee and the roles and responsibilities of the members. Accordingly, the Group has not established remuneration and nomination committee charter in accordance with recommendations 2.4 and 2.6 of the ASX Corporate Governance Council.

Recommendation 2.5



*Gregg Morris
(Senior Geologist),
analysing Cloncurry
core samples.*

Recommendation 2.5: Evaluation of Board performance

The Board continues to review performance against appropriate measures and identify ways to improve performance. A performance evaluation of the Board, its committees and individual directors took place for the current reporting period. The Board has not formally disclosed the process in accordance with recommendations 2.5 and 2.6 of the ASX Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider the disclosure of the performance evaluation necessary at this stage.

Recommendation 2.6: Additional information concerning the Board and Directors

The disclosures required by Recommendation 2.6 are included in this annual report. There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

PRINCIPLE 3: Promote ethical and responsible decision making

Recommendation 3.1: Code of Conduct

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity and is highly committed to demonstrating appropriate corporate practices and decision making. The Group's officers and employees are required to act in accordance with the law and with the highest ethical standards.

The Board has not adopted and disclosed a formal code of conduct applying to the Board and all employees in accordance with recommendations 3.1 and 3.3 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider the disclosure of the code necessary at this stage.

Securities Trading Policy

The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company (Representatives).

This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.





Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information or drilling results are permitted to trade in the Company's securities throughout the year except during the following periods:

- a) the period between the end of the March, June, September and December quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports; and
- b) 24 hours after the following events:
 - i) Any major announcements;
 - ii) The release of the Company's quarterly, half yearly and annual financial results to the ASX; and
 - iii) the Annual General Meeting and all other General Meetings.

In exceptional circumstances the Board may waive the requirements of the Share trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two (2) business days of the change.

Recommendations 3.2 and 3.3: Diversity Policy

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the 2nd edition Corporate Governance Principles and Recommendations in relation to diversity. For the purpose of the amendments diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Company continues to strive towards achieving objectives established towards increasing gender diversity.

The Company will assess all staff and Board appointments on their merits with consideration to diversity a driver in decision making.

The Company has not yet developed or disclosed a formal diversity policy and therefore has not complied with the recommendations 3.2 and 3.3 of the Corporate Governance Council effective from 1 January 2011. The Board is ultimately responsible for reviewing the achievement of this policy.

Recommendations 3.4 and 3.5: Reporting in Annual Report

At the date of this Annual Report, the Company employs 20 staff members (excluding the Non-Executive Directors), of which four are female. The Board of Directors consists of four male directors. The Company has disclosed the information suggested in Recommendation 3.5 in this Annual Report.

PRINCIPLE 4

PRINCIPLE 4: Safeguard integrity in financial reporting

The Group has structured financial management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Group includes:

- Review and consideration of the financial statements by the audit committee; and
- A process to ensure the independence and competence of the Group's external auditors.

Recommendations 4.1, 4.2 and 4.3: Audit Committee

The audit, risk and compliance committee comprises Mr Richard Bonython (Chairman) and Dr Antonio Belperio. Mr Richard Bonython is considered independent. The board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Group;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Group's governance policies.

The Group has not complied with recommendation 4.2 of the Corporate Governance Council because it does not consist of a majority of independent directors and only has two committee members. Given the skills and experience of the audit committee, the Board believes the structure and process to be adequate. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

In addition, the Board has not adopted and disclosed a formal committee charter in accordance with recommendations 4.3 and 4.4 of the Corporate Governance Council.

PRINCIPLE 5: Make timely and balanced disclosure

The Group has a policy that all shareholders and investors have equal access to the Group's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listing Rules. The Company





Secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the Chair for all governance matters.

Recommendations 5.1: Disclosure policy

The Group has not publicly disclosed a formal disclosure policy in accordance with recommendations 5.1 and 5.2 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider disclosure of a disclosure policy to be appropriate at this stage.

PRINCIPLE 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Group and its Directors, and to make well-informed investment decisions.

Recommendations 6.1: Communications policy

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Group maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Group's website www.minotaurexploration.com.au

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Group has not publicly disclosed a communications policy in accordance with recommendations 6.1 and 6.2 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider disclosure of a communications policy to be appropriate at this stage.

PRINCIPLE 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Group. In addition the Board has developed the culture, processes and structures of the Company to encourage a framework of risk management which identifies, monitors and manages the material risks facing the organisation.

Recommendations 7.1 and 7.2 ----->



Recommendations 7.1 and 7.2: Risk management policy

The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Managing Director and the Board. The Board has also established the audit, risk and compliance committee which addresses the risks of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent board meetings. Budgets are prepared and compared against actual results. Management and the Board monitor the Group's material business risks and reports are considered at regular meetings.

The Group has not publicly disclosed a policy for the oversight and management of material business risks in accordance with recommendations 7.1 and 7.4 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider disclosure of a risk management policy to be appropriate at this stage.

Recommendations 7.3: Statement from Managing Director and Company Secretary

The Managing Director and the Company Secretary are required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement is a confirmation that the Company's risk management and internal controls are operating efficiently and effectively. This statement has been received for the year ended 30 June 2012.

PRINCIPLE 8: Remunerate fairly and responsibly

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$300,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer to the remuneration report within the directors' report for details regarding the remuneration structure of the managing director and senior management.

Recommendation 8.1: Remuneration Committee

The Board has not established a remuneration committee or disclosed a committee charter on the Company website and therefore has not complied with recommendations 8.1 and 8.3 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider a remuneration committee to be appropriate at this stage.



MINOTAUR
EXPLORATION

Financial Report

FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

Consolidated Statement of Comprehensive Income	34
Consolidated Statement of Financial Position	35
Consolidated Statement of Changes in Equity	36
Consolidated Statement of Cash Flows	37
Notes to the Financial Statements	38
Directors' Declaration	69
Independent Auditor's Report	70



Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012 \$	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 assets	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):		Cents	Cents
Basic earnings per share		3.48	(1.37)
Diluted earnings per share		3.48	(1.37)
Earnings per share (Discontinued operations):		Cents	Cents
Basic earnings per share		3.84	(1.38)
Diluted earnings per share		3.84	(1.38)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

		Consolidated Group	
	Note	2012 \$	2011 \$
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

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Consolidated Group						
	Note	Issued Capital Ordinary \$	Share Option Reserve \$	Other Components of Equity (Note 20) \$	Retained Earnings \$	Total Equity \$
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)
Issue of shares by way of private placement	19	3,382,242	-	-	-	3,382,242
Issue of shares upon exercise of options	19	25,000	-	-	-	25,000
Transfer from share based payment reserve upon exercise of options	20	11,182	(11,182)	-	-	-
Transaction costs (net of tax)	19	(135,947)	-	-	-	(135,947)
Cost of share based payment	15	-	133,777	-	-	133,777
Transfer from available for sale revaluation reserve upon disposal of investments	20	-	-	85,281	-	85,281
Transfer from share based payment reserve upon lapse of options	20	-	(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 theyear		-	-	(340,566)	3,863,912	3,523,346
Issue of shares under Share Purchase Plan	19	1,631,500	-	-	-	1,631,500
Transaction costs (net of tax)	19	(27,876)	-	-	-	(27,876)
Cost of share based payment	15	-	147,554	-	-	147,554
Transfer from share option reserve upon lapse of options	20	-	(78,946)	-	78,946	-
Balance at 30 June 2012		30,816,748	981,763	(133,320)	(7,591,627)	24,073,564

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012 \$	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 investment in an associate		147,742	-
Proceeds from sale of exploration and evaluation assets		10,450,000	-
Proceeds from the 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 of 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 PERIOD		14,069,291	2,231,064

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE FINANCIAL 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*.

1 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 as 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. A full list of these Joint Ventures, as well as the parties involved, can be found at the end of this report.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Foreign Currency Transactions and Balances CONTINUED

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 on 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 Incomes (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.

	2012 \$	2011 \$
2 PARENT INFORMATION		
FINANCIAL POSITION		
Assets		
Current Assets	13,819,405	2,370,380
Non-current Assets	12,353,662	17,466,911
Total Assets	26,173,067	19,837,291
Liabilities		
Current Liabilities	1,887,607	551,480
Non-current Liabilities	211,896	81,006
Total Liabilities	2,099,503	632,486
Equity		
Issued Capital	30,816,748	29,213,124
Reserves	981,763	913,154
Retained Earnings	(7,724,947)	(11,327,238)
Total Equity	24,073,564	18,799,040
FINANCIAL PERFORMANCE		
(Loss) for the year	3,602,291	(1,203,003)
Other Comprehensive Income	-	-
Total Comprehensive Income	3,602,291	(1,203,003)

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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 operation by reportable segment.

	Segment Revenue		Segment Result	
	Financial Year ended		Financial Year ended	
	30 June 2012 \$	30 June 2011 \$	30 June 2012 \$	30 June 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 period			3,863,912	(1,239,194)

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.

3 OPERATING SEGMENTS CONTINUED

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 July 2011 \$	Capital Expenditure/ Investment \$	Impairment and Share of loss \$	Revaluations \$	Disposals \$	Closing Balance 30 June 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
	18,799,040					24,073,564
	Opening Balance 1 July 2010 \$	Capital Expenditure/ Investment \$	Impairment and Share of loss \$	Revaluations \$	Disposals \$	Closing Balance 30 June 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
	17,651,051					18,799,040

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$	2011 \$
4 REVENUE AND EXPENSES		
a) Revenue		
Administration fees	337,037	212,686
Bank interest received or receivable	166,373	217,307
	503,410	429,993
b) Other income		
From continuing operations		
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
From discontinued operations		
Net gains on disposal of motor vehicles	-	(8,141)
	8,370,582	246,583
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
d) Expenses		
Impairment of non-current assets		
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
Depreciation of non-current assets		
Plant and equipment	71,028	102,431
Motor vehicles	40,489	46,828
Total depreciation	111,517	149,259

* 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 AUS10,000,00 (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.

4 REVENUE AND EXPENSES CONTINUED

	Consolidated	
	2012 \$	2011 \$
Finance expenses		
Finance costs	175	180
Interest applicable to hire-purchase	11,139	13,071
Total borrowing costs	11,314	13,251
Losses from associates		
Mithril Resources Ltd	-	403,893
Petratherm Ltd	-	300,000
Thomson Resources Ltd	-	39,913
Total losses from associates	-	743,806
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)
	304,715	306,565
f) Other expenses		
From continuing operations		
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
	959,708	1,155,630
From discontinued operations		
Other expenses	9,272	620
	968,980	1,156,250

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
5 INCOME TAX EXPENSE		
The major components of income tax expense are:		
Statement of Comprehensive Income		
Current income tax		
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.

Consolidated

2012 2011
\$ \$

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:

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
<i>Effect of dilution</i>		
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

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 bank 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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
7 CASH AND CASH EQUIVALENTS CONTINUED		
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 and Services Tax receivable	-	72,270
Sundry debtors	-	206,314
	278,788	764,906
<p>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.</p> <p>Information regarding the credit risk of current receivables is set out in Note 27.</p>		
9 OTHER CURRENT ASSETS		
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

	Consolidated	
	2012 \$	2011 \$
11 AVAILABLE-FOR-SALE INVESTMENTS		
At fair value – Shares and rights, 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

Investment in associates	-	-
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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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012 \$	2011 \$
12 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED		
Share of associates' statements of financial position		
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
Share of associates commitments		
	<i>< 1 year</i>	<i>> 1 year but < 5 years</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		
Plant and equipment		
Cost		
Opening balance	743,412	683,942
Additions	30,967	66,937
Transfer to Kaolin Pilot Plant	-	(7,467)
	774,379	743,412

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
14 EXPLORATION AND EVALUATION ASSETS		
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 \$
<i>Capitalised tenement expenditure movement reconciliation</i>			
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.

15 SHARE-BASED PAYMENTS

Employee Share Option Plan CONTINUED

- 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. 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:

	No. 2012	WAEP 2012	No. 2011	WAEP 2011
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	2,270,000	0.24	930,000	0.53
Exercisable at the end of the year	2,270,000	0.24	930,000	0.53

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
16 TRADE AND OTHER PAYABLES		
Trade payables (i)	803,976	510,525
Net GST and PAYG Payable	938,269	-
Other payables (ii)	301,261	173,781
	2,043,506	684,306
<p>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.</p> <p>Information regarding the credit risk of current payables is set out in <i>Note 27</i>.</p>		
17 BORROWINGS		
Current		
Obligations hire purchase contracts	32,983	33,898
	32,983	33,898
Non-current		
Obligations hire purchase contracts	149,484	118,936
	149,484	118,936
18 PROVISIONS		
Current		
<i>Annual leave provision</i>		
Balance at 1 July	122,209	105,206
Net increase/(decrease in provision)	12,704	17,003
Closing Balance 30 June	134,913	122,209
<i>Long Service Leave</i>		
Balance at 1 July	195,020	159,038
Net increase/(decrease in provision)	62,763	35,982
Closing Balance 30 June	257,783	195,020
	392,696	317,229
Non-current		
<i>Long Service Leave</i>		
Balance at 1 July	62,070	65,446
Net increase/(decrease in provision)	342	(3,376)
Closing Balance 30 June	62,412	62,070

	Consolidated	
	2012 \$	2011 \$
19 ISSUED CAPITAL		
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	-	-
Transaction 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).

	Consolidated	
	2012 \$	2011 \$
20 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

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)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$
20 RESERVES CONTINUED		
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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	\$	\$

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

Audit or review of the financial report	37,700	29,620
	37,700	29,620

No other services have been provided.

	Country of incorporation	Ownership interest	
		2012	2011
		%	%

26 CONTROLLED ENTITIES

Parent entity

Minotaur Exploration Limited (i)	Australia		
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Subsidiaries

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.

Consolidated

2012 2011
\$ \$

27 FINANCIAL RISK MANAGEMENT

Credit 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 and 21* respectively.

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

Financial assets

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	-	-

Financial liabilities

Payables	2,043,506	684,306
Borrowings	182,467	152,834

Credit risk management

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).

	Weighted average effective interest rate	Less than 1 year
	%	\$
<hr/>		
2012		
Variable interest rate	4.82	14,069,291
<hr/>		
<i>2011</i>		
Variable interest rate	4.78	2,231,064
<hr/>		

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

27 FINANCIAL RISK MANAGEMENT CONTINUED

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.

	Weighted average effective interest rate	Less than 1 year than	Longer than 1 year and not longer 5 years
	%	\$	\$
Consolidated			
2012			
Interest bearing	6.22	32,983	152,834
Non-interest bearing	0.00	2,043,506	-
2011			
Interest bearing	7.69	33,898	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 (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).

27 FINANCIAL RISK MANAGEMENT CONTINUED

	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	-	-	175,482
Investments in associates				
- Petratherm Ltd - 22,707,397 Shares	-	-	-	-
	2,859,067	-	-	2,859,067

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 N Carter, Chairman

Mr Andrew Woskett, Managing Director

Mr Richard M Bonython, Non-Executive Director

Dr Peter J Gower, Non-Executive Director (*Retired 24 November 11*)

Dr Antonio P 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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

a) Option holdings of Key Management Personnel

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
Directors								
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
	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
	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16
Executives								
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10	17/05/15
Richard Flint	50,000	-	-	(50,000)	-	31/12/10	01/01/06	31/12/10
	100,000	-	-	-	100,000	18/01/12	19/01/07	18/01/12
	50,000	-	-	-	50,000	30/01/13	31/01/08	30/01/13
	100,000	-	-	-	100,000	02/12/13	03/12/08	02/12/13
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
Directors								
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
	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
	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16
Executives								
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
	50,000	-	-	-	50,000	30/01/13	31/01/08	30/01/13
	100,000	-	-	-	100,000	02/12/13	03/12/08	02/12/13
	-	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

28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

b) Shareholdings of Key Management Personnel

30 June 2011	Balance at 1 July 10	On Exercise of Options	Net Change Other	Balance 30 June 11
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 12
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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

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

MINOTAUR EXPLORATION LTD

The Directors of the Company declare that:

- 1 the financial statements and notes, as set out on *pages 34 to 68*, 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 section 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 N Carter
Director

21 September 2012

Independent Auditor's Report

TO THE MEMBERS OF MINOTAUR EXPLORATION LIMITED



Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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 Standards 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

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ASX Additional Information

INTERESTS IN MINING TENEMENTS

Lease ID	Lease Name	State	Holding Company	Minotaur Equity or Equity Earned	JV Partner
EL 7588	ARTHURVILLE	NSW	Minotaur Operations	100%	Mitsubishi Corporation, Mitsubishi Materials Corporation 0%
EL 7929	WALLABY CREEK	NSW	Minotaur Operations	100%	
EPM 12463	CLONAGH	QLD	Minotaur Operations	99%	BHP Billiton NSR, JOGMEC 0%
EPM 14296	CLONAGH NORTH	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 16479	SHAG ROCK	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 16594	FOUR MILE BORE	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 16927	RACECOURSE	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 16975	CATTLE CREEK	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 16977	DRY CREEK	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 17286	JACKYS CREEK	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 18017	COTSWOLD	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 18268	MOUSE	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 18283	HINKLER WELL	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 18315	CAMEL WELL	QLD	Minotaur Operations	100%	
EPM 18367	COTSWOLD HOMESTEAD	QLD	Minotaur Operations	100%	JOGMEC 0%
EPM 18571	SANDY CREEK	QLD	Minotaur Operations	100%	
EPM 18572	NORTH OSBORNE	QLD	Minotaur Operations	100%	
EPM 18573	GUM CREEK	QLD	Minotaur Operations	100%	
EPM 18574	MOMEDAH CREEK	QLD	Minotaur Operations	100%	
EPM 18575	CARBO CREEK	QLD	Minotaur Operations	100%	
EPM 18576	PATHUNGRA CREEK	QLD	Minotaur Operations	100%	
EPM 18624	ORINDI PARK	QLD	Minotaur Operations	100%	
EPM 18802	EAST RACECOURSE	QLD	Minotaur Operations	100%	
EPM 19500	ELOISE NORTH	QLD	Minotaur Operations	100%	
EPM 8608	BENDIGO PARK	QLD	Minotaur Operations	99%	BHP Billiton NSR, JOGMEC 0%
EPMA 18068	GIDYEA BORE	QLD	Minotaur Operations	100%	
EPMA 18317	NINE MILE BORE	QLD	Minotaur Operations	100%	
EPMA 18720	CUCKADOO	QLD	Minotaur Operations	100%	
EPMA 18861	DONALDSON WELL	QLD	Minotaur Operations	100%	
EPMA 19050	DATCHET	QLD	Minotaur Operations	100%	
EPMA 19061	WINDSOR	QLD	Minotaur Operations	100%	
EPMA 19066	LUCIA	QLD	Minotaur Operations	100%	
EPMA 19096	STRATHFIELD	QLD	Minotaur Operations	100%	
EPMA 19205	ERNEST HENRY WEST	QLD	Minotaur Operations	100%	
EPMA 19383	MOUNT CAROL	QLD	Minotaur Operations	100%	
EPMA 19412	MIDDLE CREEK	QLD	Minotaur Operations	100%	
EPMA 19505	YANINGERRY BORE	QLD	Minotaur Operations	100%	
EPMA 19530	CORELLA	QLD	Minotaur Operations	100%	
EPMA 19690	HUDSONS TANK	QLD	Minotaur Operations	100%	
EPMA 19775	MOUNT MARGARET	QLD	Minotaur Operations	100%	

Lease ID	Lease Name	State	Holding Company	Minotaur Equity or Equity Earned	JV Partner
EL 3745	MUTOOROO	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 4203	SCEALES	SA	Minotaur Operations	100%	
EL 4270	WOODVILLE DAM	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 4352	COLLINS TANK	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 4388	BLINMAN	SA	Minotaur Operations	49%	Perilya Ltd 51%
EL 4435	WHITING	SA	Minotaur Operations	100%	
EL 4478	WILKAWILLINA	SA	Minotaur Operations	49%	Perilya Ltd 51%
EL 4575	TOOTLA	SA	Great Southern Kaolin	100%	
EL 4692	PANDURRA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4697	YANERBIE	SA	Minotaur Operations	100%	
EL 4708	KOOLCUTTA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4745	BONYTHON HILL	SA	Minotaur Operations	100%	
EL 4776	MOUNT DOUBLE	SA	Minotaur Operations	30%	Spencer Resources 70%
EL 4843	YUDNAPINNA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4844	MINGARY	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 4980	OOLGELIMA CREEK	SA	Minotaur Operations	100%	
EL 4981	LAKE CADI	SA	Minotaur Operations	100%	
EL 5016	WHICHELBY	SA	Minotaur Operations	100%	
ELA 180/2012	KOOLUNGA	SA	Minotaur Operations	100%	
ELA 181/2012	RHYNIE	SA	Minotaur Operations	100%	
ELA 301/2011	MUTOOROO	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
ELA 232/2010	EDIACARA	SA	Minotaur Operations	49%	Perilya Ltd 51%
ELA 244/2012	PELTABINNA HILL	SA	Minotaur Operations	100%	
ELA 286/2011	YANDOOKKA WELL	SA	Minotaur Operations	100%	
ELA 287/2011	DIESEL DAM	SA	Minotaur Operations	100%	
ELA 367/2010	CAMEL LAKE	SA	Minotaur Operations	100%	
ML 4386	THIRD PLAIN	SA	Minotaur Operations	49%	Perilya Ltd 51%
ML 5856	EAREA DAM	SA	Minotaur Operations	100%	
EL 5253	DOOKIE	VIC	Minotaur Operations	100%	
EL 5296	ROCHESTER	VIC	Minotaur Operations	100%	
EL 5402	CHATSWORTH	VIC	Minotaur Operations	100%	
EL 5403	LEXINGTON	VIC	Minotaur Operations	100%	

ASX Additional Information

SHAREHOLDINGS AS AT 30 SEPTEMBER 2012

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 September 2012.

Distribution of equity securities

Ordinary share capital

103,585,709 fully paid ordinary shares are held by 2,720 individual shareholders. There are no restricted and unquoted ordinary shares. All issued ordinary fully paid shares carry one vote per share.

Options

8,970,000 unlisted options are held by 14 individual option holders. One holder, Mr Andrew Woskett, holds 2,000,000 unlisted options (equivalent to 22.30% of total unlisted options).

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Unlisted Options
1 – 1,000	429	-
1,001 – 5,000	850	-
5,001 – 10,000	405	-
10,001 – 100,000	872	9
100,001 and over	164	15
	2,720	24
Holding less than a marketable parcel	877	-

Substantial shareholders

Ordinary shareholders	Number	Fully paid	Percentage
OZ Minerals Limited	8,041,670		7.76%
Newmont Capital Pty Ltd	5,320,000		5.14%
	13,361,670		12.90%

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES	Fully Paid Ordinary Shares	
	Number	Percentage
OZ Minerals Limited	8,041,670	7.76%
Newmont Capital Pty Ltd	5,320,000	5.14%
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,662,129	3.54%
Bell Potter Nominees Ltd <BB Nominees A/C>	3,090,109	2.98%
Miningnut Pty Ltd	2,854,584	2.76%
Locantro Speculative Investments Limited	2,360,000	2.28%
Kimbriki Nominees Pty Ltd <Kimbriki Hamilton Sf A/C>	1,857,000	1.79%
Dorica Nominees Pty Ltd	1,502,000	1.45%
HSBC Custody Nominees (Australia) Limited	1,356,859	1.31%
Mr Nicholas James Carter + Mrs Susan Mary Carter <Carter Family Super A/C>	1,231,000	1.19%
Mr Nicholas Carter	1,067,181	1.03%
Locantro Speculative Investments Limited	960,100	0.93%
JP Morgan Nominees Australia Limited	935,101	0.90%
Mr Derek Northleigh Carter	900,000	0.87%
Valnera Holdings Pty Ltd	800,000	0.77%
PFH Super Pty Ltd <PFH Super Fund A/C>	750,000	0.72%
Maniciti Pte Ltd	700,000	0.68%
Mrs Susan Mary Carter	628,000	0.61%
Romadak Pty Ltd <Romadak Super Fund A/C>	608,334	0.59%
M&S Brooke Pty Ltd	600,000	0.58%
	39,224,067	37.87%



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