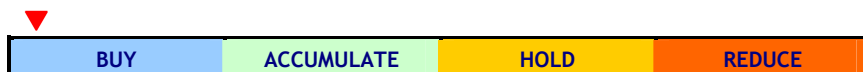




SPECIAL UPDATE

July 2010

Minotaur Exploration (MEP) 21c



“Another rise to prominence?”

When you discover a mine of the calibre of Prominent Hill you could be excused for milking this achievement for all its worth and steering clear of any future target generation. Rather than take the easy way out the team at Minotaur Exploration are now focussed on developing a continual flow of exciting “powerball” targets, whilst looking at developing from their already impressive asset base.

*The Mutooroo magnetite iron discovery has added another dimension to what already was a very impressive company, and combined with a very active second half I believe that a “perfect speculative storm” has now formed and MEP is now set for it’s next rise to prominence. **STRONGLY RECOMMENDED AROUND 20C***

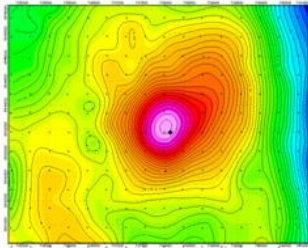
APHRODITE “POWERBALL TARGET”

The Aphrodite target is what market speculation is all about. MEP upgraded this target in October 2009, following a detailed gravity survey. The first hole intersected the right rock types “*Dolomite vein with earthy haematite and associated chalcopyrite*” however from the information received it now appears that the first drill hole was in fact at the northern flank of the project with the peak of the gravity anomaly shifting 600m to the South. MEP is set to drill Aphrodite once native title clearances and a suitable drilling rig

is attained. In recent presentations MEP are showing a comparison with Carrapateena. This highlights the target they are chasing at Aphrodite and it should be noted that it differs significantly from the high-grade copper discovery made by Sandfire Resources (SFR) at Degussa.

Aphrodite is one of the most exciting targets in Australia to be drilled this year!

Carrapateena Gravity Anomaly



(At same scale)

Hole2: 355m @
1.25% Cu, 0.5 g/t Au

Hole 50: 905m @
2.0% Cu, 1.0 g/t Au

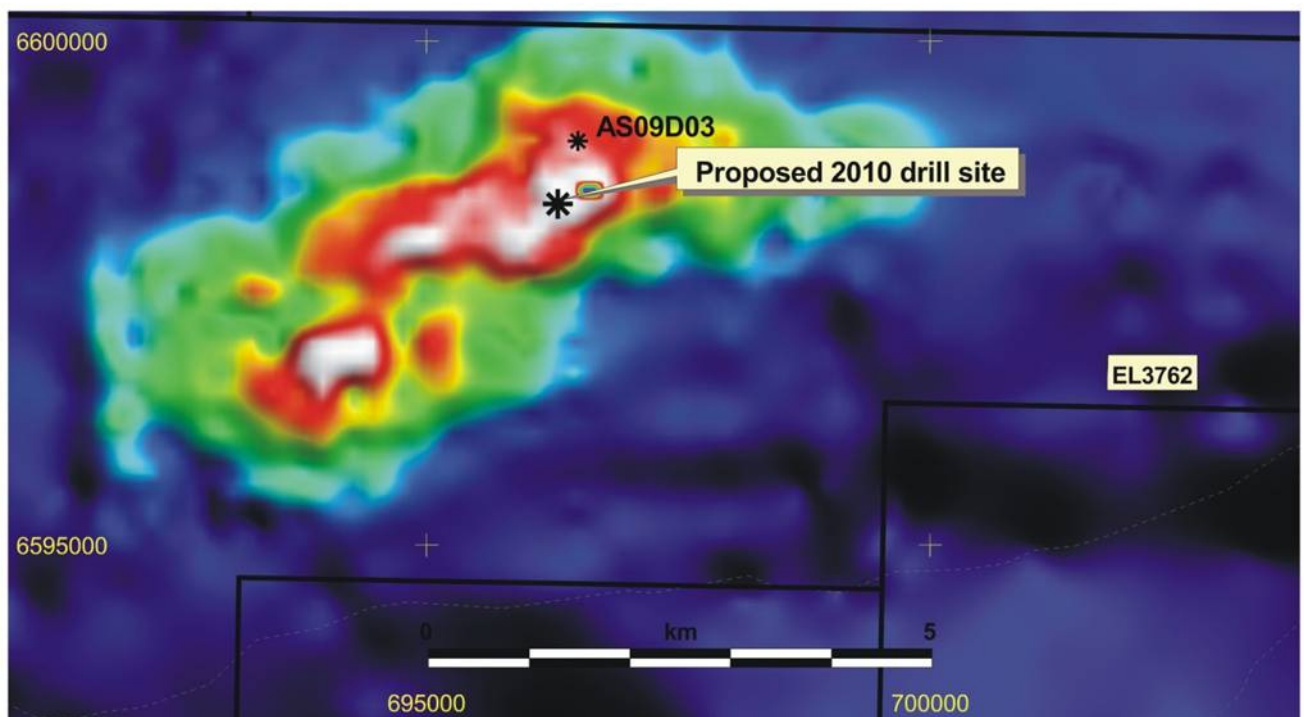


Figure 1: Aphrodite Target after MEP upgrade in October 2009

MUTOOROO MAGNETITE IRON DISCOVERY

The success of Carpentaria's (CAP) \$81m JV at the Hawsons Iron Project at Broken Hill in NSW, provided MEP with further impetus to take a closer look at their iron ore tenements in the region. On June 21 2010, MEP announced that Mutooroo was a "significant magnetite iron discovery" and the share

price enjoyed a healthy rally to 25c after touching lows of 16.5c on June 18 2010.

Mutooroo EL 3745 is part of the Border Joint Venture between Minotaur Exploration (40.9%) and Sumitomo Metal Mining Oceania (59.1%) with each party contributing on a pro-rata basis.

This is a very exciting development for MEP based on the potential to delineate a significant exploration target, proximity to infrastructure, low impurities, and the potential to extend the target at depth. Figure 3 below shows the favourable location of the Mutooroo Iron Project.

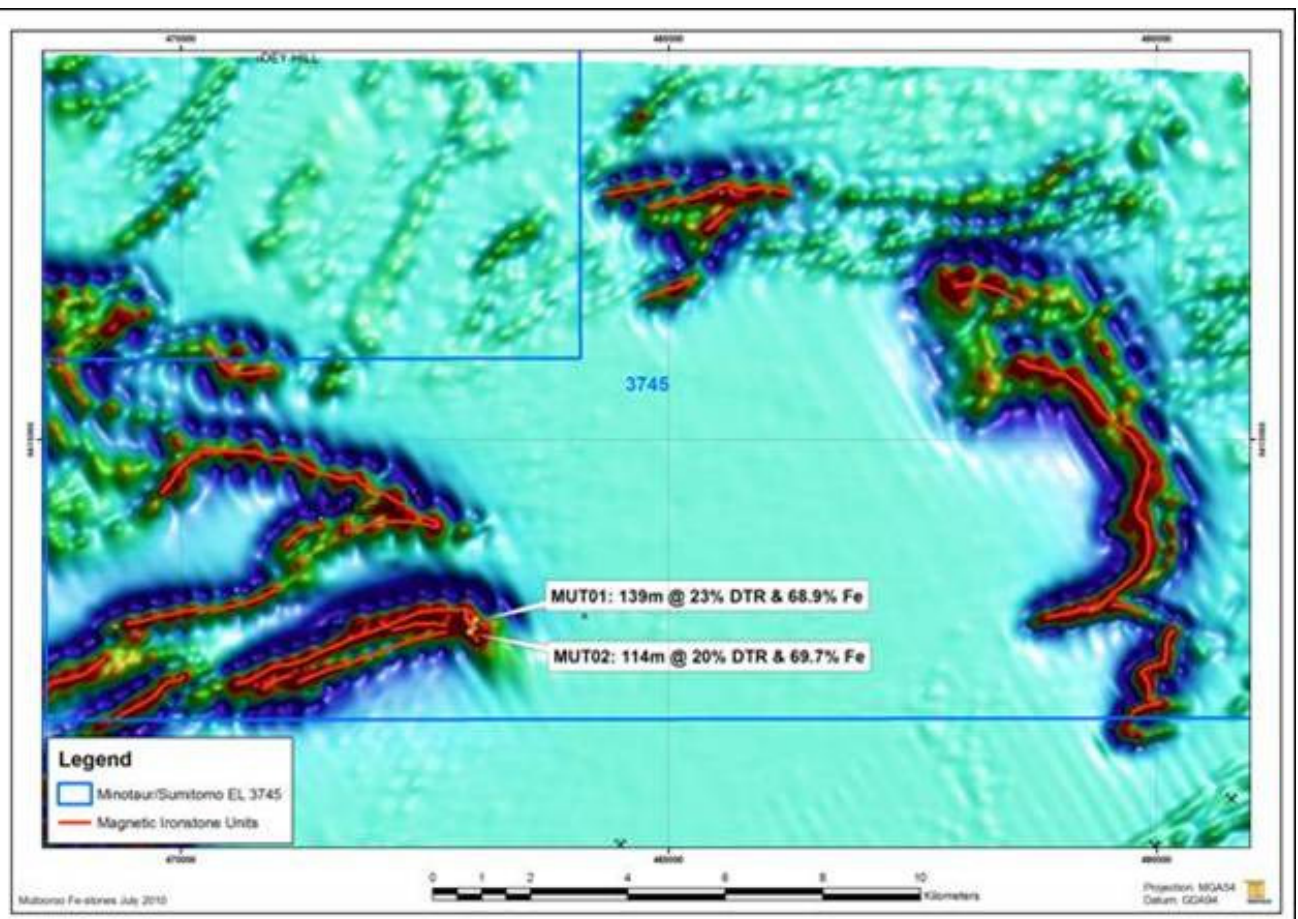


Figure 2: Mutooroo Iron Ore project formations

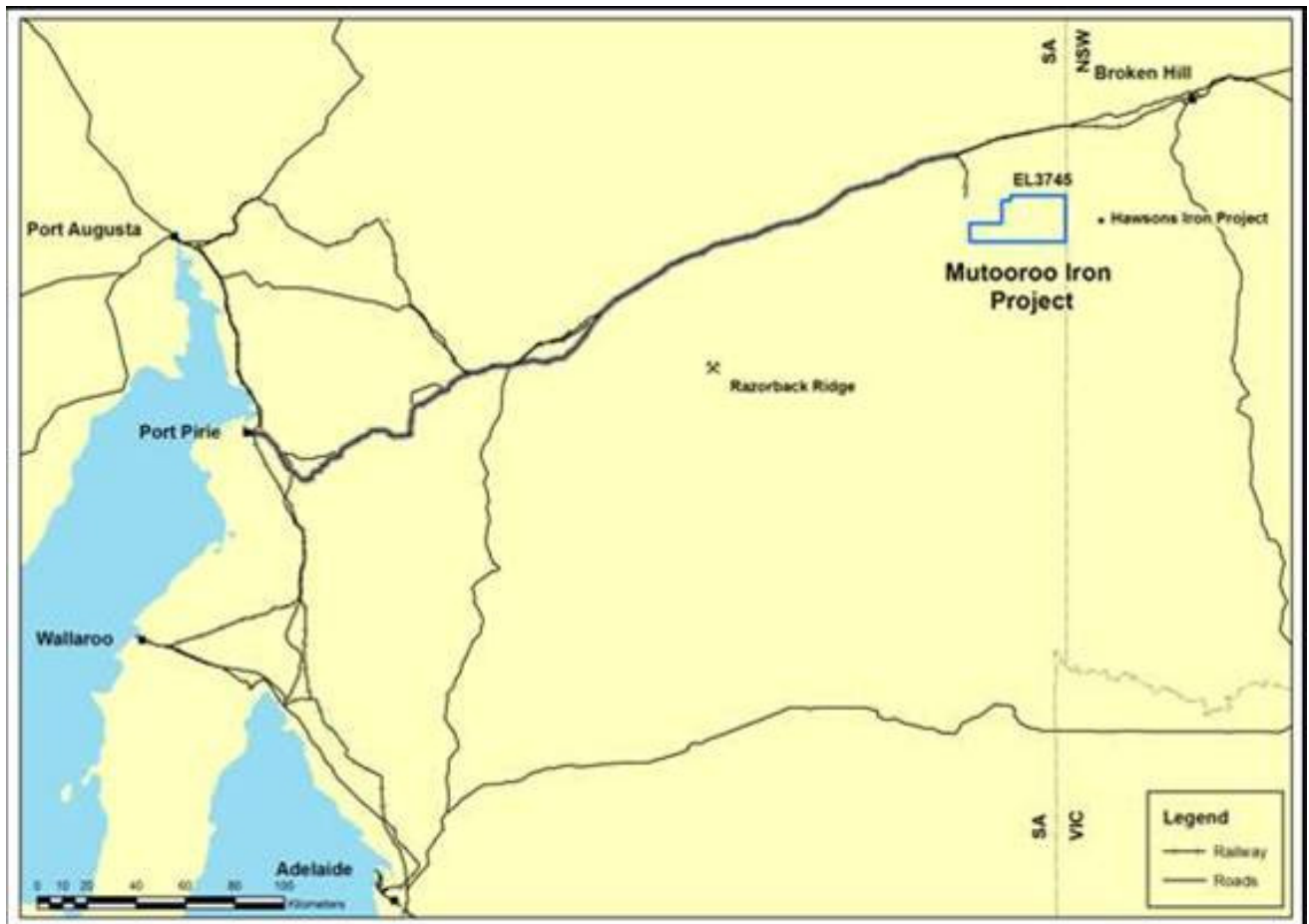


Figure 3: Map of MEP's Mutooroo Iron Project

Rather than seek a JV on the ironstones in the immediate-term, MEP are now looking to add value to Mutooroo prior to seeking interest from other parties. The share price retreat from 25c may have been due to a lack of further information in this regard, however it would appear that the market is yet to fully appreciate that Mutooroo although less advanced and more conceptual in nature could be very similar to the Hawsons Iron Ore project.

IRON ORE POTENTIAL IN NOVA SCOTIA

It should be noted that the Bass River Magnetite Project is only 15kms from the trans-Canada railway and is in a prolific iron ore region of Canada. MEP in JV with Dundee undertook the largest gravity survey ever in Nova Scotia, however MEP have been yet to report any success on the JV front. Mutooroo just may provide a re think on the Canadian strategy as their project is in a prolific iron ore region of Nova Scotia.

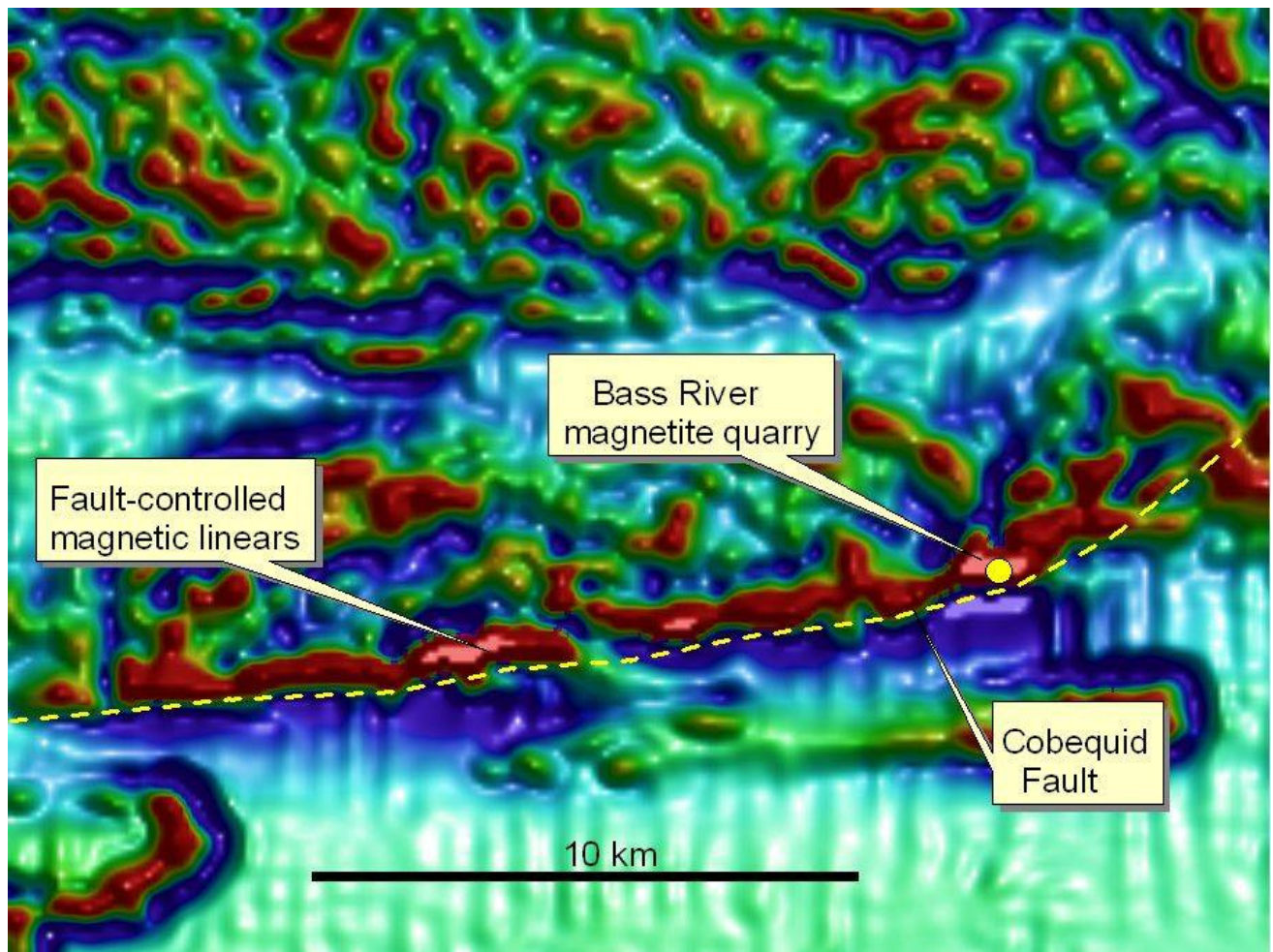


Figure 3: MEP's Bass River Magnetite Project.

POOCHERA KAOLIN PROJECT

Mention "kaolin" to a speculator and you can become bombarded with stories on how they lost money on such and such and how the industry is one to be avoided. From MEP's announcement on May 24 2010,

"Building on initial trials in July 2009, the current processing trials are designed to produce several hundred kilograms of premium hydrous and calcined kaolin products for demonstration by Minotaur to potential Australian and international clients."

Regardless of past exploits and adventures with kaolin by others, the processing trial results are critical because Poochera is a **potential company maker for MEP.**

The kaolin market differs significantly from your traditional base and precious metals stories in that the end products are only worthwhile if you

are able to attract buyers for them and marketing could become a major focus for MEP in the future.

MINOTAUR'S INVESTMENTS

MEP has a significant investment portfolio. The details below have been taken from their qtr report on May 28 2010. Although the value has declined in line with a weak speculative market, there is considerable scope for share prices to recover and the value to MEP to increase gradually.

Petratherm Ltd (ASX: PTR)

Following extensive rain delays, temperature measurements were successfully completed in the Paralana 2 drill hole and were well within the required range. Petratherm subsidiary Heliotherm received additional grant funding from Renewables SA to investigate the integration of solar, geothermal and combustion technologies.

Petratherm raised \$4.1 million by way of a share purchase plan (SPP) and placement for ongoing working capital. **The Company holds, after the recent SPP, 20,498,397 shares in Petratherm.**

Toro Energy Ltd (ASX: TOE)

Toro Energy is progressing with detailed evaluation of its 100% owned Wiluna Uranium Project (Lake Way and Centipede deposits) under a formal Bankable Feasibility Study.

The Company holds 2,751,000 shares in Toro Energy.

Mithril Resources Ltd (ASX: MTH)

Field activities are expected to recommence on the Huckitta tenements (Northern Territory) following major delays caused by heavy rainfall. Drilling will focus on the >10km strike length of the Basil Copper Trend (refer Mithril release to ASX dated 23 April 2010).

The Company holds 19,750,000 shares and 5,425,000 options in Mithril.

PlatSearch NL (ASX: PTS)

The Company holds 8,750,000 shares in PlatSearch, and an exploration alliance has resulted in a number of joint ventures between the two companies in NSW.

ActivEX Ltd (ASX: AIV)

The Company holds 2,000,000 shares and 400,000 options in ActivEX, the operator of the Boobyjan project in which the Company and Mitsubishi Corporation and Mitsubishi Materials Corporation are earning equity. ActivEX also holds the Lake Chandler Potash Project in Western Australia where it is reviewing mining and treatment options.

Thomson Resources Ltd (unlisted, public company)

Thomson Resources successfully concluded four Joint Venture farm-in agreements on additional tenements in the Thomson Fold Belt of northern New South Wales. The agreements with Raptor Minerals Limited, a subsidiary of Compass Resources Limited, will increase Thompson's exposure to a range of base metal exploration targets. **The Company holds 10,000,000 shares and 1,500,000 options in Thomson Resources.**

MINOTAUR'S OTHER PROJECTS

I liken this section to creating a fantastic album but leaving some potential hits off it. I have elected to focus on MEP's key projects at this time, however it should be noted that MEP have the Tunkillia Gold Project (51%, 49% HLX) in South Australia that requires further work, an exciting JV in Cloncurry with JOGMEC for IOCG targets, the Louth and Cowra base metals projects in NSW and more recently the Heathcote base metals project in Victoria that could indicate a more aggressive push by MEP into Victoria. All these projects have the potential to add value, along with the proposed IPO of **Thomson Resources** that I believe represents one of the most exciting new exploration stories planning their debut on the ASX.

RISK/REWARD ANALYSIS

Irrational markets can provide stunning buying opportunities and I believe MEP is now of them. On November 28 2008 there were two buyers on the screen for Sandfire Resources (SFR) with one at 6c, the other at 5.1c. Less than two years later on the back of a stunning copper discovery SFR reached a high of \$5.26 on July 26 2010. One of the most redeeming aspects of junior resource speculation is that major mineral discoveries always attract a significant re-rating as the old MNR team experienced in late 2001 when what is now known as Prominent Hill was discovered.

For around \$17m you are getting the projects covered in-depth here, along with the lesser likes that could still add value. I believe that Mutooroo, Poochera and even the Aphrodite target **justify MEP's current market capitalisation on their own!**

The downside risk for MEP is more market related as any sustained weakness from overseas will see selling pressure emerge regardless of fundamentals. Failure to discover economic mineralisation at Aphrodite could also see 5c-8c removed from the share price at current levels, however MEP are a company that will continue to generate such interesting and potentially rewarding targets.

In the event of a major mineral discovery, I would expect MEP's share price to experience a significant re-rating, and any key developments at Mutaroo, Poochera or something out of left field should see the share head back towards 30c and beyond. There is now significant value that needs to be unlocked and this is the next major challenge for MEP's management team.

MEP represents one of the most stunning speculative opportunities I have seen in my twelve years of advising in the junior resource sector.

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