

MINOTAUR EXPLORATION LTD

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REPORT FOR THE QUARTER ENDING 30 JUNE 2008

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HIGHLIGHTS

- **Development, Tunkillia**

- Drilling, designed to extend the resource, is planned to recommence this Quarter;
- Offers for further JV and/or purchase of the deposit have been received from two parties.

- **Development, Poochera**

- Bulk sampling using wide-diameter drilling is planned for this Quarter to provide material for marketing

- **Development, Spain**

- Evaluation of two additional mining proposals is underway.

- **Exploration**

- Two drilling campaigns were completed with a third underway in Australia;
- Positive results were received from drilling on Surprise, Queensland, (4 metres at 0.86% copper).
- Twenty-eight significant geophysical anomalies identified in Nova Scotia.

- **Joint ventures**

Menninnie Metals Limited, a subsidiary of Terramin Australia Limited (80% Terramin, 20% Zinifex Australia Limited) farm into Nonning.

JOGMEC, a government organisation under the Japanese Ministry of Economy, Trade and Industry, has farmed into the Mabel Creek and Woorong Creek tenements.

- **Investments**

U Energy achieved access permission to Cultana, one of the prerequisites for the Company's sale of its equity in the Cultana and Tregalana tenements.

- **Cash**

At the end of the quarter, the Company held \$4.557 million in cash and net receivables

REVIEW OF OPERATIONS



DEVELOPMENT

SPAIN

Navalmedio (*Minotaur New Resources Spain SL*)

Compilation of data from the Navalmedio lead-zinc-silver mine continued, with data from surface and underground drill holes, and underground channel and bulk samples added to the data base. Although this data will not be sufficient to develop a JORC resource base (drill holes are based on a 100 metre grid, too broad for this style of deposit), it will be sufficient to enable engineers to gauge the value of the deposit. Additional surface geological, geophysical and geochemical data have been sourced and are being assessed.

The data highlighted a number of regional drill targets and recommendations for exploration and project development should become available during the next Half.

Other

The Company has been actively pursuing additional mining opportunities in Spain. Two mining areas, and two specific deposits, are under review. Both are well delineated base metal occurrences. A decision on whether the Company participates in these projects will be made in the next Quarter.

SOUTH AUSTRALIA

Poochera Kaolin

The Poochera Kaolin Deposit is located within EL 3366 in western South Australia, on an exploration licence held 100% by the Company (other than uranium rights vested to



Toro Energy). A program of bulk sampling, to provide several tonnes of material for metallurgical testing, will be undertaken in July.

Digital capture of previous drill hole data is now completed and new resource estimations are in progress. Expressions of interest from consumers for the kaolin are being canvassed.



Typical terrain at Poochera kaolin deposit

Tunkillia

At the Tunkillia gold deposit (*EL's 2854, 3335 and 3403; Helix Resources 100%, Minotaur earning 51%*) planning is advanced for selected additional drilling to further define, and potentially expand, the resource of 800,000 ounces gold and 1,600,000 ounces silver. A suitable drill rig has been secured and, following approvals, drilling is expected to resume in the coming Quarter.

Expressions of interest have been received from two parties regarding participation and/or purchase of the deposit. These proposals are under review and a decision will be made shortly on whether to progress with any the offers.

EXPLORATION

COPPER – GOLD

The company continues to focus on exploration targets related to Iron Oxide Copper-Gold systems (IOCG), similar to that discovered by the Company at Prominent Hill.

Canada - Nova Scotia (*Minotaur Atlantic 100%; Dundee earning 51%*)

A major program of regional gravity was completed across 2700 square kilometres of tenements in central Nova Scotia (Figure 1). The gravity data provide a synoptic view of regional rock structure, lithology and density that complements existing magnetic, geological and geochemical data and allows areas with potential for iron oxide copper-



gold mineralisation to be selected. Areas with limited potential are released during the annual tenement renewal cycle.

Based on the initial regional data, **twenty eight** high priority target areas have been defined for follow-up geophysical infill and ground investigations. Detailed mapping of each area has commenced, which together with infill gravity surveys will be used to further refine and prioritise targets for subsequent drill testing.

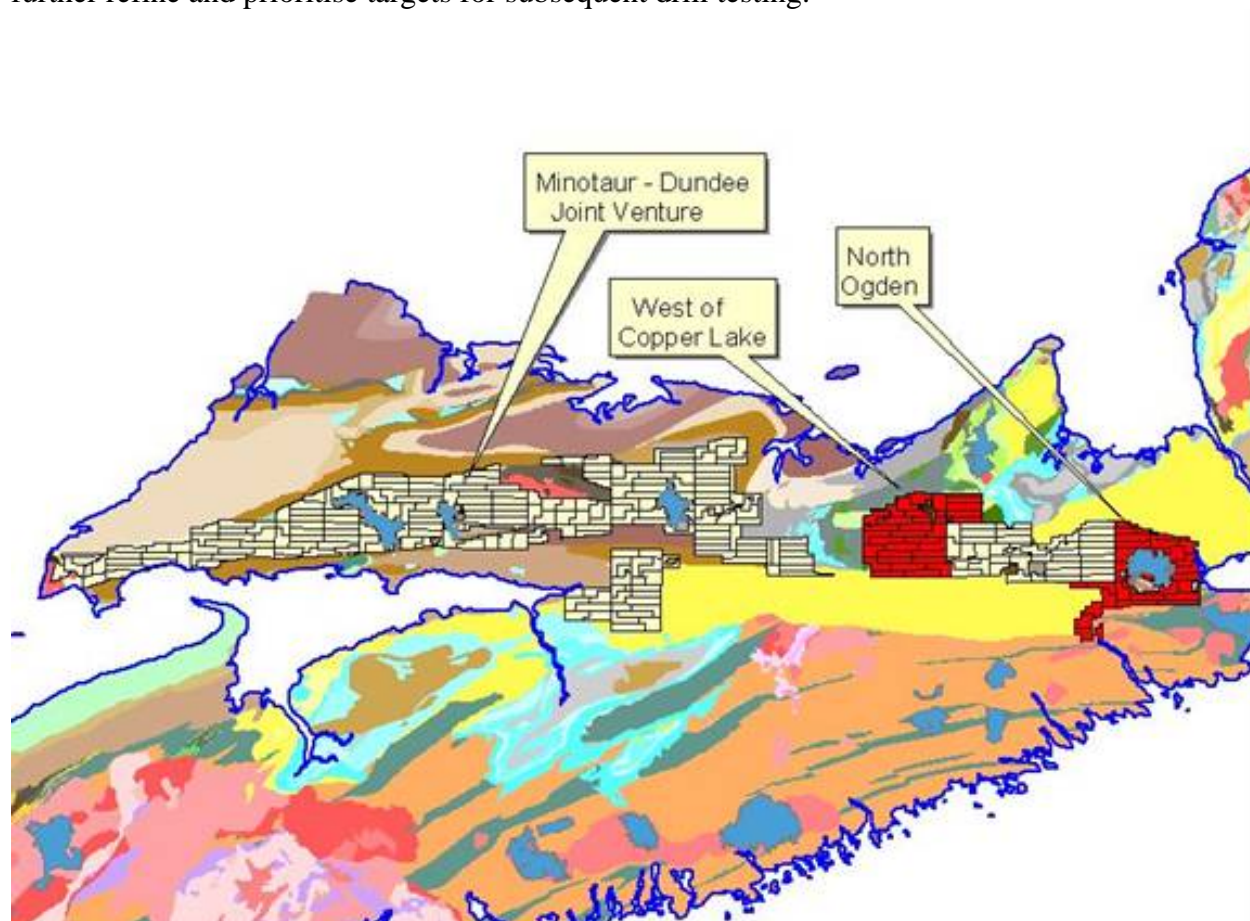


Figure 1. Location of tenements, Nova Scotia. Tenements in red are held solely by Minotaur with the remainder under joint venture with Dundee.

Chile - Buenaventura Project (*Minotaur / Mariana / Buenaventura CSM JV*)

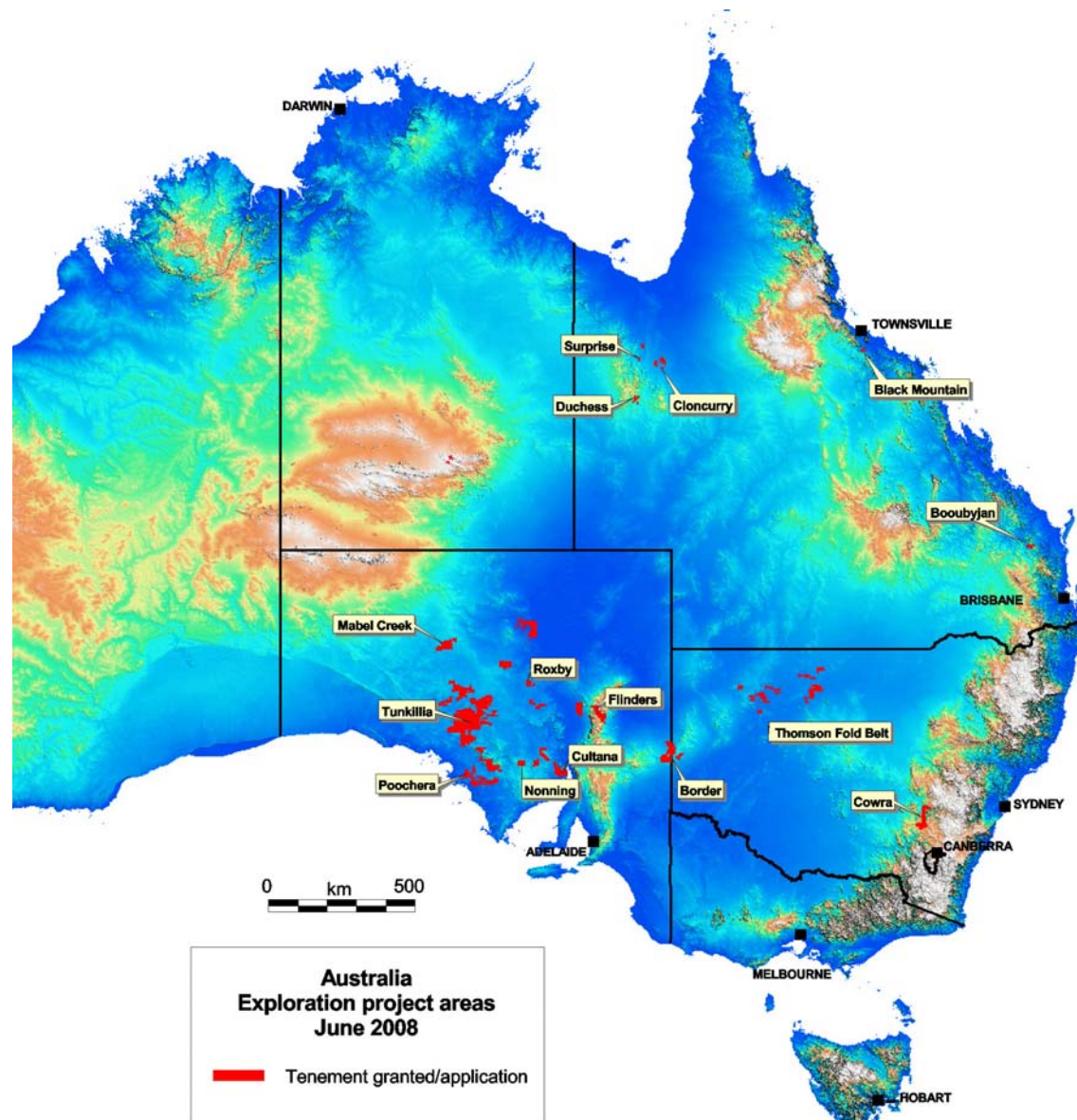
Inspection of previous drilling, petrophysical measurements, mapping of outcrops, capture of historic data sets and preparations for a significant gravity survey were completed during the Quarter. Drill targets will be prioritised from the integrated data in the coming Quarter.

South Australia

Deep IOCG Project

On the **Acropolis/Roxby** tenements (*EL 3761 & 3762, Minotaur and Toro 100%; JOGMEC earning 51%*), an AMT survey successfully delineated crystalline basement and basement conductors, with shallowest basement of ~700 m. Further evaluation of the AMT data and planning of follow-up drilling continue. A study into anomalous

rare earth elements associated with haematite-rich breccia in drillhole AS07D01 at the Westopolis gravity target reveals the presence of a very fine-grained La and Ce-rich phosphate mineral.



Australian project areas

Mabel Creek Project (EL 3324 & 3455) (Minotaur 100%; JOMECE earning 51%)

Subsequent to the June Quarter, JOGMEC has entered into a Joint Venture for exploration for IOCG-style mineralisation west of Coober Pedy. JOGMEC may earn 51% equity by spending \$2 million by 31st March 2011. Initial exploration, focusing on a ~7 milligal gravity anomaly in an area of shallow cover (~200 m), will involve additional geophysical surveys and the anticipated drilling of three diamond drillholes.

Western Eyre Peninsula

Two tenements (EL 3166 & EL3094) near the southwest margin of the Gawler Ranges northeast of Ceduna have been explored over the past several years for IOCG-style

mineralisation, but without success. Titles of these tenements and rights to all minerals are being transferred to Toro Energy.

Labyrinth Project (EL3102, 3121, 3252 & 3980) (Minotaur 51%, Dominion 47%, Resolute 2%)

Minotaur has now earned a 51% equity in the project and ways to further advance exploration are under review.

Queensland

A significant land package is being established through selected ground applications in the central Cloncurry region to complement the Naraku (EPM 8608; Minotaur 100%, BHPBilliton royalty; EPM 12463, 14269, 16977; Minotaur 100%) tenement holdings.

Surprise Project, Cloncurry (EPM 9053 & 13677) (Gateway, Minotaur earning 75%)

Evaluation of recently acquired ground EM survey data continues and follows up encouraging anomalous copper and cobalt (4m @ 0.86% Cu, 44 ppm Co from 50 m) intersected in hole 08RCSU002 which was reported in the previous Quarter.

Duchess Project, Cloncurry (EPM 11990 & 12395) (Cullen Resources, Minotaur earning 51%)

Despite anomalous copper, gold and molybdenum intersections achieved in recent drilling (reported previous Quarter), the tenements have not met expectations and Minotaur has formally withdrawn from the Joint Venture.

Boobyjan Joint Venture (EPM 14476 and 14979, ActivEX; Minotaur and Mitsubishi earning 51% and 24% respectively)

At Boobyjan, drillhole ABJ010, completed to a total depth of 402 m at the Kiwi Prospect, targeted the down-dip extension of a copper mineralised shear zone as well as a CSAMT anomaly at depth below exposed stock-work quartz veins. Assay data for the top 100 m returned 16 m @ 0.13% Cu, 0.06 g/t Au (28–44 m) and 40 m @ 0.13% Cu, 0.04 g/t Au (60–100 m). Drilling continues at the Bath and Kakapo Prospects.

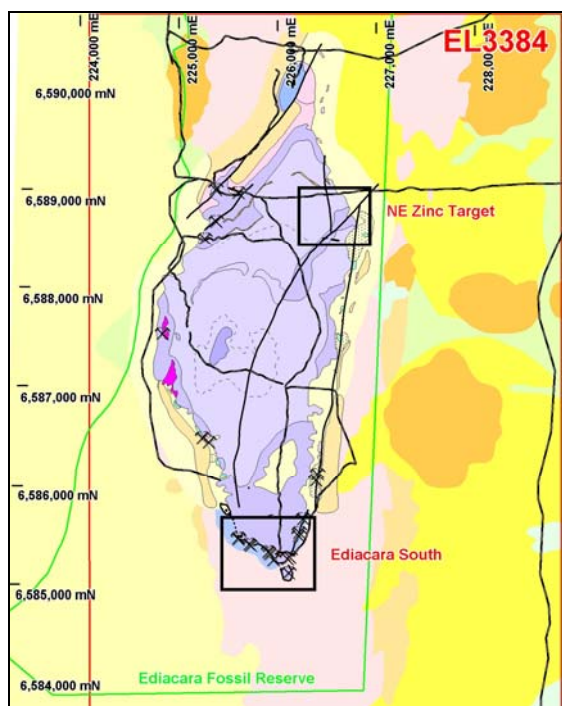
COPPER – LEAD – ZINC

South Australia

North Flinders JV (EL 3384, 3221, 3273, ML4386) (Minotaur 49%, Perilya earning 80%)

Perilya, as manager of the North Flinders JV, continue to seek environmental approval to undertake a field program including soil and rock chip surveys, Dipole-Dipole and gradient array IP traverses and a follow-up RC/DDH drilling program on EL 3384 (Ediacara). Large soil sampling geochemical surveys will shortly be undertaken at the Wirrealpa Mine and Fountain Head Prospects on EL 3221 (Blinman).





Surface geology, EL3384 (Ediacara), North Flinders JV

Border Project (Minotaur 100%; Sumitomo earning 51%)

A five-hole Reverse Circulation drilling program for a total of 744 metres was completed at three geophysical targets. Analytical results should be available during the next Quarter.

New South Wales

Hollis Tank Project (EL 5765) (Platsearch, Minotaur, Sumitomo earning 51%)

Two drillholes were recently completed at the Singha and Great Goulburn targets. At Great Goulburn, drilling intersected a 20-wide, magnetite-bearing zone similar in character to that intersected in a historical hole drilled by Anglo America in 1980 which recorded 23.3 m @ 0.14% Co, 0.06 % Cu and 0.4 g/t Au. Analytical results should be available during the next Quarter.

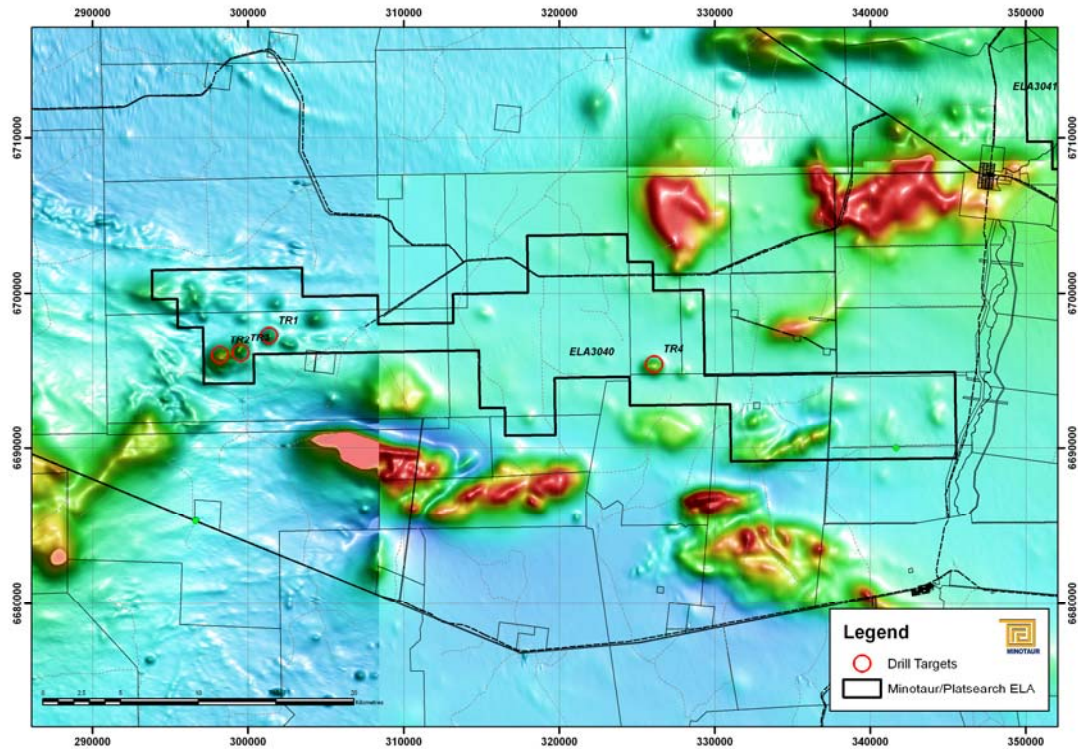
Thomson Fold Belt Project (EL 6630, 6631, 6646, 6664, 6668, 6850, 6851 and 6909) (Platsearch 100%; Minotaur earning up to 80%)

A program of seven Rotary Mud /Diamond holes has commenced with drilling of two holes on the Pirillie and Tringadee tenements near Bourke. Various circular magnetic anomalies prospective for mineralisation similar to that at the Endeavour Mine near Cobar are being drill tested. Thickness of sedimentary cover ranges between 150–250 m. Drilling continues in to the current Quarter.

Cowra Project (EPM 5514, 6102, 6805, 6806, 6882) (Gateway Mining 100%; Minotaur earning 75%; Mitsubishi option to earn 24%)

A six-hole Reverse Circulation /Diamond drilling program for a total 1417.8 m on various IP and magnetic geophysical targets was completed at the Kiola and Balbardie Prospects. Drill core is in the process of being cut and analytical results should be available in the next Quarter.





Tringadee drill target (TR1), Thomson Fold Belt project



RC drilling at Balbardie Prospect, Cowra JV

Boorowa Joint Venture (EL 6805, 6882, Minotaur; Mitsubishi earning 32%)

On Boorowa, a review of existing geological and geophysical data continues.

Northern Territory

Woolanga–Rankin Project (EL9529, 22759, 23592, Maximus Resources)

Evaluation of ground EM survey data continues whilst regional gravity data over all three tenements is in the process of being acquired.

MOLYBDENUM

Queensland

Black Mountain (EPM 14432, Minotaur option to 100% with royalty)

Planning is underway for additional drilling to follow-up previous significant molybdenum and tungsten intercepts.

CORPORATE

U Energy Float

Subsequent to the end of the Quarter, U Energy Pty Ltd (UEP) informed the Company that it received conditional approval from appropriate federal government departments for access to the Cultana Training Area near Port Augusta in central South Australia (Figure 1) to conduct drilling and field exploration programs. This approval is one of the conditions in a Sale and Purchase Agreement with UEP. Details of the Agreement were outlined in an announcement to the Australian Stock Exchange on 26th February 2008.

Under the agreement, UEP may purchase the Company's 50% beneficial interest in EL 3538 (Tregalana) and 25% beneficial interest in EL 3547 (Cultana) for a consideration of 2 million fully paid ordinary shares in UEP. The sale is subject primarily to UEP obtaining access permission from the Department of Defence (now achieved) and to UEP receiving conditional approval from the Australian Stock Exchange by 31st January 2009 for its ordinary shares to be listed for quotation on the ASX.

Joint Ventures

Nonning

The Company entered into a heads of agreement with Menninnie Metals Limited, a subsidiary of Terramin Australia Limited (80% Terramin, 20% Zinifex Australia Limited) to explore for base and precious metals at the Nonning Project.

The joint venture will cover 312 km² of prospective ground on tenement EL 3535 (Nonning) situated approximately 70 km north of Kimba on northern Eyre Peninsula, South Australia.

The tenement is adjacent to, and three times the size of, EL 3640 currently being explored by the Menninnie Dam JV (Zinifex - 70% interest and Menninnie Metals – 30% interest) where exploration to date has identified significant lead and zinc resources at Menninnie Central. The Nonning Project is considered highly prospective for similar styles of lead zinc mineralisation with exploration scheduled to commence next month.

The main terms of the joint venture are:

- Menninnie Metals may earn a 51% interest by spending \$1 million within 3 years;



- Upon earning 51%, Menninnie may elect to earn a total of 70% by spending a further \$1 million over the same 3 year period;
- Upon Menninnie earning 70%, Minotaur may elect to contribute pro rata or convert to a 10% interest free-carried to Decision to Mine;
- Menninnie has a minimum obligation to spend \$0.3 million prior to withdrawal within 12 months;
- If Menninnie withdraws before earning 51% the tenement returns unencumbered to Minotaur.

Mabel Creek

Subsequent to the June Quarter, JOGMEC has entered into a Joint Venture for exploration for IOCG-style mineralisation west of Coober Pedy on tenements EL 3324 (Mabel Creek) and EL 3455 (Woorong Creek). The main terms of the joint venture are:

- JOGMEC may earn a 35.7% interest by spending \$1.4 Million by 31st March 2010.
- JOGMEC may earn a 51% interest by spending a total of \$2 Million by 31st March 2011.
- JOGMEC has a minimum obligation to spend \$0.5 Million prior to withdrawal.
- If JOGMEC withdraws before earning 35.7% interest, the tenements return unencumbered to Minotaur.

This is the third joint venture with JOGMEC since 2005.

INVESTMENTS

Petratherm Ltd

Petratherm's major project in Australia is at Paralana where Beach Petroleum may earn a 36% interest through expenditure of \$30 million. Drilling of a 3-4 kilometre hole is programmed to commence late in the year, subject to drill rig mobilisation. In Spain,



Petratherm is involved in conventional geothermal, direct heating and engineered geothermal projects through its 93% held subsidiary Petratherm España SA. A feasibility study on direct heating applications in the Madrid basin shows the company has a very robust project. The company plans to re-enter two existing drill holes and site clearance is in progress. Petratherm is also active in China where it is working with several Chinese organisations on heat flow studies.

The Company holds 18,437,501 ordinary shares and 5,000,000 options (\$0.20 payable).

Toro Energy Ltd

The Company holds 36,001,000 shares in Toro which owns the Lake Way – Centipede uranium deposit in Western Australia, with a total resource of 15.51 Mt at 0.058% U₃O₈, and has an option to purchase the Napperby deposit located in the Northern Territory. Toro has an extensive exploration portfolio in South Australia, Northern Territory and Western Australia. It also has exploration interests in Africa.

Mithril Resources Ltd

The Company holds 8,900,000 shares in Mithril Resources Ltd. Mithril has negotiated access to five of its tenements in the Musgrave Province in NW South Australia and has commenced work in this area. During the quarter it tested several geophysical targets on the Huckitta project in the Northern Territory. Sulphide intercepts of between 4 and 15 metres were encountered with copper values averaging about 0.2%. Drilling to extend the resource at Pardoo has commenced, where an Inferred Mineral Resource of 44.7 Mt at 0.3% nickel and 0.1% copper was identified by previous explorers.

PlatSearch NL

The Company completed its purchase of 8,750,000 shares (final payment of \$350,000) in PlatSearch. This represents 9.95% of that company.

ActivEX Ltd

The Company holds 2,000,000 shares (6.58%) in ActivEX. ActivEX is operator of the Boobyjan project in which the Company and Mitsubishi are joint venture partners.

Cash

The Company held \$4.557 million in cash and net receivables at the end of the quarter.

Expenditure incurred on an accruals basis during the quarter included \$1.592 million on exploration projects, relating primarily to aircore, diamond and reverse circulation (RC) drilling on targets, and contract and salaried employee costs. Of this total, \$0.826 million has been, or is to be, reimbursed by Minotaur's joint venture partners.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr A. P. Belperio, who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr A. P. Belperio has a minimum of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr A. P. Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

