Minotaur Exploration Limited

ABN 35 108 483 601

Interim Financial Report

for the Half Year Ended 31 December 2013

Contents to the Half Year Report

Corporate Directory

DIRECTORS
Mr Derek Carter *Chairman*
Mr Andrew Woskett *Managing Director*
Dr Antonio Belperio *Executive Director*
Mr Richard Bonython *Non-Executive Director*
Mr John Atkins *Non-Executive Director (Appointed 20 November 2013)*

COMPANY SECRETARY
Mr Donald Stephens

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Dulwich SA 5065

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Norwood SA 5067

SHARE REGISTER
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

LEGAL ADVISERS
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Adelaide SA 5000

BANKERS
National Australia Bank
22-28 King William Street
Adelaide SA 5000

AUDITORS
Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

Minotaur Exploration Limited

ACN: 108 483 601

ASX Code: MEP

www.minotaurexploration.com.au

Directors' Report

The directors of Minotaur Exploration Ltd ('Minotaur') present their Report together with the financial statements of the consolidated entity, being Minotaur Exploration Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2013 and the Independent Review Report thereon.

Director Details

The following persons were directors of Minotaur during or since the end of the half year.

Mr Derek Carter, *Chairman*

Mr Andrew Woskett, *Managing Director*

Dr Antonio Belperio, *Executive Director*

Mr Richard Bonython, *Non-Executive Director*

Mr John Atkins, *Non-Executive Director (Appointed 20 November 2013)*

Review of Operations

Corporate

The key matters to note include:

- Held $7.26 million in cash and term deposits at the end of December 2013.
- A Research and Development refund of $980,000 was received from the Australian Taxation Office in December 2013.
- An 'off-market' takeover offer to acquire all of the issued shares of Breakaway Resources Ltd (Breakaway) was successfully made and concluded during the period. The offer closed on 18 October 2013 with Minotaur having received acceptances for over 91% of Breakaway's shares. Minotaur then moved to compulsorily acquire the outstanding shares with Minotaur gaining 100% ownership of Breakaway on 5 December 2013. Subsequently Breakaway was removed from the ASX's Official List.

Project Development

Poochera Kaolin Project

Market assessment of various kaolin products continued, including discussions with several off-shore kaolin consumers and kaolin producers. Corporate advisors are assessing a pathway to commercialisation, potentially based on a public offer and off-take arrangements.

Exploration

Exploration activity primarily focused on copper-gold in New South Wales and Queensland and on newly acquired gold prospects in Western Australia.

At the Arthurville porphyry copper project in New South Wales, data from ground IP surveys showed several promising drill targets. Access negotiations with land owners were well advanced at period end.

Several copper-gold projects in the Cloncurry region, western Queensland, formed the core of the company's exploration focus. At the Cloncurry joint venture (MEP 49%) drill investigations of EM

Directors' Report

conductors at Woolshed Waterhole, Cotswald and Cormorant South targets were completed. Woolshed Waterhole returned anomalous intervals of copper and gold and warrants further geophysical modelling to assess strike potential for copper mineralisation. At the new Eloise Copper joint venture (MEP 100% and diluting) an intensive airborne EM programme identified numerous anomalies requiring drill follow up. Diamond drilling at the Osborne project (MEP 100%) evidenced wide spread IOCG style copper values and further geophysical interpretation identified over 70 priority targets for refinement and testing.

A new joint venture over the Leinster gold/nickel tenements in WA (MEP 100% and diluting) received immediate field attention with aircore drilling of 2 out of 7 target zones completed. Work will resume in the second quarter of 2014.

In Victoria, work on porphyry copper prospective tenements in the Stavely – Ararat district (MEP 100%) was deferred due to commitments elsewhere.

In South Australia, at the Border joint venture project (MEP 42.2%) and at the Bonython Hill EL (MEP 100%) new Native Title Part 9B requirements were imposed by the State regulatory authority, DMITRE. The formal agreements were executed early in January 2014 and remain with DMITRE for authorisation. A number of regional base metal targets await drill testing once these land access formalities are completed.

Investments

Minotaur holds the following investments in listed companies as at 31 December 2013:

Company	ASX Code	Shares held as at 31 Dec 2013	Minotaur %	Options held as at 31 Dec 2013
Barra Resources Ltd	BAR	878,716	0.2	-
Iron Road Limited	IRD	46,875	-	15,625
Mithril Resources Ltd	MTH	21,416,667	8.5	-
Mungana Goldmines Ltd	MUX	3,076,923	1.9	-
Petratherm Ltd	PTR	30,000,000	12.4	7,292,603
Thompson Resources Ltd	TMZ	10,000,000	13.9	1,500,000
Variscan Mines Ltd (previously PlatSearch NL)	VAR	7,961,600	4.5	-

The market value of these investments at 31 December 2013 was $1,256,459.

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 Belperio has a minimum of 5 years experience 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the directors.

Derek Carter
Chairman

Dated this 13th day of March 2014

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Minotaur Exploration Limited for the half-year ended 31 December 2013, 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2013

	Notes	Consolidated Group	
		31 December 2013 $	**31 December 2012 $**
Revenue		258,003	375,774
Gain on reclassification of non-current assets		-	1,017,291
Other income		189,954	-
Impairment of exploration and evaluation assets		(1,122,071)	(411,423)
Impairment of available-for-sale investments	7	(680,481)	(886,152)
Employee benefits expense		(262,809)	(441,583)
Depreciation expense		(85,908)	(100,651)
Finance costs		(4,520)	(5,561)
Other expenses		(903,586)	(520,663)
(Loss) before income tax expense		**(2,611,418)**	**(972,968)**
Income tax benefit/(expense)		978,319	796,076
(Loss) for the period from continuing operations		**(1,633,099)**	**(176,892)**
(Loss) for the period		**(1,633,099)**	**(176,892)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(3,275)	(3,887)
Gain/(Loss) on available-for-sale investments		97,774	288,769
Total Comprehensive Income for the period		**(1,538,600)**	**107,990**
Loss for the period is attributable to:			
Members of the parent entity		(1,578,892)	(176,892)
Non-controlling interest	12	(54,207)	-
		(1,633,099)	**(176,892)**
Total comprehensive income for the period is attributable to:			
Members of the parent entity		(1,484,393)	107,990
Non-controlling interest		(54,207)	-
		(1,538,600)	**107,990**
Earnings per share (Continuing operations)			
Basic earnings per share (cents)		(1.33)	(0.17)
Diluted earnings per share (cents)		(1.33)	(0.17)

Consolidated Statement of Financial Position
as at 31 December 2013

	Notes	Consolidated Group 31 December 2013 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		7,261,982	9,269,636
Trade and other receivables		135,913	52,528
Other current assets		58,062	145,793
TOTAL CURRENT ASSETS		**7,455,957**	**9,467,957**
NON-CURRENT ASSETS			
Available-for-sale investments	7	1,256,459	1,853,158
Property, plant and equipment		1,364,156	1,425,801
Exploration and evaluation assets	8	18,605,144	12,176,647
TOTAL NON-CURRENT ASSETS		**21,225,759**	**15,455,606**
TOTAL ASSETS		**28,681,716**	**24,923,563**
CURRENT LIABILITIES			
Trade and other payables		1,692,024	2,114,355
Borrowings	9	36,206	35,098
Short-term provision		436,765	429,220
TOTAL CURRENT LAIBILITIES		**2,164,995**	**2,578,673**
NON-CURRENT LIABILITIES			
Trade and other payables		30,000	-
Borrowings	9	488,002	114,386
Long-term provision		41,313	43,159
TOTAL NON-CURRENT LIABILITIES		**559,315**	**157,545**
TOTAL LIABILITIES		**2,724,310**	**2,736,218**
NET ASSETS		**25,957,406**	**22,187,345**
EQUITY			
Issued capital	10	36,874,859	31,572,748
Reserves		881,833	826,628
Accumulated losses		(12,043,519)	(10,510,471)
PARENT INTEREST		**25,713,173**	**21,888,905**
Non-controlling interest	12	**244,233**	**298,440**
TOTAL EQUITY		**25,957,406**	**22,187,345**

Notes to the financial statements are included on pages 13 to 23.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2013

	Consolidated Group					
	Issued Capital Ordinary	**Share Option Reserve**	**Other Components of Equity (Note 11)**	**Retained Earnings**	**Non-Controlling Interest**	**Total Equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2013	**31,572,748**	**1,013,175**	**(186,547)**	**(10,510,471)**	**298,440**	**22,187,345**
Comprehensive income						
Total comprehensive income for the period	-	-	101,049	(1,578,892)	(54,207)	(1,532,050)
Total comprehensive income for the period	**-**	**-**	**101,049**	**(1,578,892)**	**(54,207)**	**(1,532,050)**
Transactions with owners, in their capacity as owners, and other transfers						
Share based payments	100,155	-	-	-	-	100,155
Issue of share for acquisition of Breakaway	5,218,211	-	-	-	-	5,218,211
Transaction costs (net of tax)	(16,255)	-	-	-	-	(16,255)
Transfer from share option reserve upon lapse of options	-	(45,844)	-	45,844	-	-
	5,302,111	**(45,844)**	**-**	**45,844**	**-**	**5,302,111**
Balance at 31 December 2013	**36,874,859**	**967,331**	**(85,498)**	**(12,043,519)**	**244,233**	**25,957,406**

Consolidated Statement of Changes in Equity (Continued)
for the half year ended 31 December 2013

	Consolidated Group					
	Issued Capital Ordinary	**Share Option Reserve**	**Other Components of Equity (Note 11)**	**Retained Earnings**	**Non-Controlling Interest**	**Total Equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2012	**30,816,748**	**981,763**	**(133,320)**	**(7,591,627)**	**-**	**24,073,564**
Comprehensive income						
Total comprehensive income for the period	-	-	284,883	(176,892)	-	107,991
Total comprehensive income for the period	**-**	**-**	**284,883**	**(176,892)**	**-**	**107,991**
Transactions with owners, in their capacity as owners, and other transfers						
Cost of share based payment	-	226,270	-	-	-	226,270
Transfer from share option reserve upon lapse of options	-	(158,965)	-	158,965	-	-
	-	**67,305**	**-**	**158,965**	**-**	**226,270**
Balance at 31 December 2012	**30,816,748**	**1,049,068**	**151,563**	**(7,609,554)**	**-**	**24,407,825**

Consolidated Statement of Cash Flows
for the half year ended 31 December 2013

	Notes	Consolidated Group	
		31 December 2013 $	**31 December 2012 $**
Cash flows from operating activities			
Payments to suppliers and employees		(1,198,988)	(888,979)
Interest received		206,055	137,939
Finance costs		(4,520)	(5,471)
R&D tax concession received		978,319	-
Net cash used in operating activities		**(19,134)**	**(756,511)**
Cash flows from investing activities			
Cash acquired through acquisition of Breakaway		490,259	-
Payments for property, plant and equipment		(500,816)	(227,491)
Proceeds from sale of available-for-sale investments		294,183	-
Payments for available-for-sale investments		(85,000)	(218,779)
Government exploration related grants		-	48,396
GST on sale of Roxby Downs tenements		-	(950,000)
Acquisition of Scotia tenements		(600,000)	-
Joint Venture receipts		1,631,258	1,492,433
Payment for exploration activities		(3,580,148)	(3,353,211)
Net cash used in investing activities		**(2,350,264)**	**(3,208,652)**
Cash flows from financing activities			
Proceeds from borrowings		392,000	-
Payment of transaction costs for issue of shares		(16,255)	-
Repayment of borrowings		(17,276)	(16,235)
Net cash provided by/(used in) financing activities		**358,469**	**(16,235)**
Net (decrease) in cash and cash equivalents		**(2,010,929)**	**(3,981,398)**
Net foreign exchange differences		3,275	(2,641)
Cash at the beginning of period		**9,269,636**	**14,069,291**
Cash at the end of the period		**7,261,982**	**10,085,252**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

Note 1: Nature of operations

Minotaur Exploration Ltd's principal activities are to carry out exploration of mineral tenements, to continue to seek extensions of areas held and to seek out new areas with mineral potential and to evaluate results achieved through surface sampling, geophysical surveys and drilling activities.

Note 2: General information and basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2013 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*. Minotaur is a for profit entity for the purposes of preparing these financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 13 March 2014.

Note 3: Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 13 Fair Value Measurement; and
- AASB 119 Employee Benefits.

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly Controlled Entities – Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to 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.

The Group has a number of joint arrangements in place as at 31 December 2013. Management has reviewed the classification of its joint arrangements in accordance with AASB 11 and has concluded that they are joint operations.

The changes made to the standards outlined above are not expected to significantly impact the Group's financial statements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 134 *Interim Financial Reporting* requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 14.

AASB 119 Employee Benefits

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability;

- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

AASB 119 has been applied retrospectively in accordance with its transitional provisions.

Management does not expect the changes to AASB 119 to significantly impact the Group's financial statements.

Note 4: Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2013.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

Note 5: Significant events and transactions

During the period, the Company ceased exploring on several exploration tenements and incurred project generation costs which do not meet the definition of exploration costs. As a result, the carrying amount of these tenements held as exploration and evaluation assets and project generation costs were written off. The total amount of these write downs was $1,122,071.

Minotaur's 'off-market' takeover offer to acquire all of the issued shares of Breakaway Resources closed on 18 October 2013 with Minotaur having received acceptances for over 91% of Breakaway's shares. Minotaur moved to compulsorily acquire the outstanding shares using the compulsory acquisition provisions of the Corporations Act, with Minotaur gaining 100% ownership of Breakaway on 5 December 2013. Breakaway Resources was then removed from the ASX's Official List. Further details can be found in Note 13.

At the end of the period, the Company's available-for-sale investments were revalued to market value at 31 December 2013. This revaluation resulted in an impairment expense of $680,481 as per the following table:

Company	ASX Code	Impairment Expense $
Mithril Resources Ltd	MTH	193,750
Mungana Goldmines Ltd	MUX	116,923
Petratherm Ltd	PTR	330,000
Variscan Mines Ltd (previously PlatSearch NL)	VAR	39,808
Total		**680,481**

Note 6: Segment reporting

Management identifies its operating segments based on the types of business segments encountered by the Group. The Group's two main operating segments are:

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

During the six month period to 31 December 2013, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Segment Revenue		Segment Results	
	Half Year ended		Half Year ended	
	31 Dec 2013	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
	$	**$**	**$**	**$**
Continuing operations				
Investments	189,954	-	(490,527)	141,359
Mineral exploration	116,679	87,734	(1,005,392)	(323,689)
	306,633	**87,734**	**(1,495,919)**	**(182,330)**
Finance costs	-	-	(4,520)	(5,561)
Administration/Corporate	141,324	288,040	(1,025,071)	(684,426)
Depreciation	-	-	(85,908)	(100,651)
Consolidated revenue	**447,957**	**375,774**		
Loss before income tax			**(2,611,418)**	**(972,968)**
Income tax benefit			978,319	796,076
Loss for the period			**(1,633,099)**	**(176,892)**

The revenue reported above represents revenue generated from financial institutions, investments revenues and management fees earned from joint venture partners. There were no intersegment sales during the period.

Segment loss represents the loss incurred by each segment without allocation of central administration costs, finance costs, depreciation and income tax benefit.

Segment assets – Continuing operations

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.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

The following is an analysis of the Group's assets by reportable operating segment:

	Opening Balance 1 July 13	Capital Expenditure/ Investment	Impairment	Revaluations/ Translations	Disposals	Closing Balance 31 Dec 13
Segment assets						
Investments	1,853,158	106,562	(680,481)	97,774	(120,554)	1,256,459
Mineral exploration	12,176,647	7,550,568	(1,122,071)	-	-	18,605,144
Total segment assets	**14,029,805**	**7,657,130**	**(1,802,552)**	**97,774**	**(120,554)**	**19,861,603**
Corporate	10,893,758					8,820,113
Total assets	**24,923,563**					**28,681,716**

Note 7: Available-for-sale investments

	Consolidated Group 31 December 2013 $	Consolidated Group 30 June 2013 $
At fair value – listed investments:		
Balance at beginning of financial year	1,853,158	2,859,067
Revaluations	97,774	(60,000)
Disposals	(120,554)	(96,441)
Acquisitions	85,000	251,532
Additions through acquisition of Breakaway (i)	21,562	-
Impairments	(680,481)	(2,118,291)
Gain on reclassification of non-current assets	-	1,017,291
	1,256,459	**1,853,158**

(i) Relates to shares held by Breakaway in Barra Resources Ltd and Iron Road Limited.

Note 8: Exploration and evaluation assets

	Consolidated Group 31 December 2013 $	Consolidated Group 30 June 2013 $
Exploration, evaluation and development costs carried forward in respect of mining areas of interest:		
Exploration and evaluation phases – Joint Venture	10,827,088	5,094,323
Exploration and evaluation phases – Other	7,778,056	7,082,324
	18,605,144	**12,176,647**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

	Exploration Joint Venture $	Exploration Other $	Total $
Balance at beginning of financial year	5,094,323	7,082,324	12,176,647
Additions through expenditure capitalised	2,049,377	1,817,803	3,867,180
Additions from acquisition of Breakaway	5,153,724	-	5,153,724
Reductions through joint venture contributions	(1,470,336)	-	(1,470,336)
Write-off of tenement and project generation costs	-	(1,122,071)	(1,122,071)
Balance at end of the period	**10,827,088**	**7,778,056**	**18,605,144**

Note 9: Borrowings

	Consolidated Group	
	31 December 2013 $	30 June 2013 $
Current		
Hire purchase contracts	36,206	35,098
	36,206	**35,098**
Non-current		
Hire purchase contracts	96,002	114,386
Bank loan	392,000	-
	488,002	**114,386**

On 4 July 2013 Minotaur settled on the acquisition of property at Cloncurry, Queensland. The acquisition was partly funded through a bank loan of $392,000 with the balance being paid by cash.

Note 10: Issued capital

	Consolidated Group	
	31 December 2013 $	30 June 2013 $
152,165,042 (June 2013: 107,785,709) fully paid ordinary shares	36,874,859	31,572,748
	36,874,859	**31,572,748**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

The following is an analysis of Minotaur's fully paid ordinary shares:

	Number of Shares	$
Balance at beginning of financial year	107,785,709	31,572,748
Issue of shares for acquisition of Breakaway	43,485,093	5,218,211
Share based payments	894,240	100,155
Share issue costs	-	(16,255)
Closing balance at end of period	**152,165,042**	**36,874,859**

	Consolidated Group	
Note 11: Other components of equity	**31 December 2013 $**	**30 June 2013 $**
Foreign currency translation reserve (a)	(123,272)	(126,547)
Available-for-sale revaluation reserve (b)	37,774	(60,000)
	(85,498)	**(186,547)**
(a) Foreign currency translation reserve		
Balance at beginning of financial year	(126,547)	(133,320)
Translation of foreign subsidiary	3,275	6,773
	(123,272)	**(126,547)**
(b) Available-for-sale revaluation reserve		
Balance at beginning of financial year	(60,000)	-
Revaluation increment/(decrement)	97,774	(60,000)
	37,774	**(60,000)**
Note 12: Non-controlling interest		
Balance at beginning of financial year	298,440	-
Issue of shares in Minotaur Gold Solutions Ltd to private investor	-	312,413
Net loss attributable to non-controlling interest	(54,207)	(13,973)
	244,233	**298,440**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

Note 13: Business combinations

On 5 December 2013, the Group completed its 100% acquisition of the issued share capital and voting rights of Breakaway Resources Limited (Breakaway), a company based in Australia that operates within the mineral exploration segment. The objective of the acquisition was to further increase the Group's tenements holdings over highly prospective ground, in particular in Western Australia and Queensland.

Details of the business combination are as follows:

	$
Fair value of consideration transferred	
Issue of shares for acquisition of Breakaway	5,218,211
	5,218,211
Recognised amounts of identifiable net assets	
Cash and cash equivalents	490,259
Trade and other receivables	53,043
Total current assets	**543,302**
Property, plant and equipment	36,587
Available-for-sale investments	21,562
Total non-current assets	**58,149**
Trade and other payables	460,311
Provision	26,653
Total current liabilities	**486,964**
Trade creditors	50,000
Total non-current liabilities	**50,000**
Identifiable net assets	**64,487**
Exploration and evaluation assets recognised on acquisition	**5,153,724**
Cash and cash equivalents acquired	490,259
Net cash inflow on acquisition	**490,259**
Acquisition costs charged to expenses	518,147
Net cash paid relating to the acquisition	**(27,888)**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

Consideration transferred

Acquisition-related costs amounting to $518,147 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

Exploration and evaluation assets

The exploration and evaluation asset that arose on the combination can be attributed to tenement holdings over highly prospective geological areas and has been recognised as an exploration and evaluation asset. The exploration and evaluation asset that has been recognised is attributable to the mineral exploration segment.

Breakaway's contribution to the Group's results

Breakaway contributed $3,303 and $349,190 to the Group's revenues and losses respectively from the date of acquisition to 31 December 2013. Had the acquisition occurred on 1 July 2013, the Group's revenue for the period to 31 December 2013 would have been $463,195 and the Group's loss for the period would have been $2,479,510.

Note 14: Fair value measurement of financial instruments

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

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

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2013 and 31 December 2012 on a recurring basis are as follows:

31 December 2013	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Listed securities	1,256,459	-	-	1,256,459
	1,256,459	**-**	**-**	**1,256,459**
Net fair value	**1,256,459**	**-**	**-**	**1,256,459**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

31 December 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed securities	3,497,754	-	-	3,497,754
	3,497,754	**-**	**-**	**3,497,754**
Net fair value	**3,497,754**	**-**	**-**	**3,497,754**

Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Listed securities

Fair values have been determined by reference to their quoted bid prices at the reporting date.

Fair value of other financial assets and financial liabilities

The carrying amounts of other current and non-current receivables and payables are considered to be a reasonable approximation of their fair value.

Note 15: Controlled entities

Name of entity	Country of incorporation	Ownership interest 31 Dec 2013 %	30 June 2013 %
Parent entity			
Minotaur Exploration Limited (i)	Australia		
Subsidiaries			
Minotaur Operations Pty Ltd (ii)	Australia	100	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
Breakaway Resources Limited (iii)	Australia	100	-
Scotia Nickel Pty Ltd (iii)	Australia	100	-
Altia Resources Pty Ltd (iii)	Australia	100	-
Levuka Resources Pty Ltd (iii)	Australia	100	-
BMV Properties Pty Ltd (iii)	Australia	100	-
Minotaur Gold Solutions Limited	Australia	50	50
Minotaur Atlantic Exploration Limited	Canada	100	100

Notes to the Consolidated Financial Statements for the half year ended 31 December 2013

i) Minotaur Exploration Limited is the head entity within the tax consolidated group.

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

iii) On 5 December 2013, Minotaur Exploration completed its 100% acquisition of Breakaway Resources Ltd and its subsidiaries; Scotia Nickel Pty Ltd, Altia Resources Pty Ltd, Levuka Resources Pty Ltd and BMV Properties Pty Ltd. Upon acquiring 100% of Breakaway, the Group moved to add Breakaway and its subsidiaries to its tax consolidated group. As at the date of this report the application was still in process.

Note 16: Subsequent events

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

Note 17: Contingent liabilities

There has been no change in contingent liabilities since the last reporting date. It is however noted that the Group has various bank guarantees totaling $324,700 at 31 December 2013 which act as collateral over tenements which the Group operates.

Directors' Declaration

1. In the opinion of the directors of Minotaur Exploration Ltd:

   a) the consolidated financial statements and notes of Minotaur Exploration Ltd are in accordance with the *Corporations Act 2001*, including

      i) giving a true and fair view of its financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

      ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, and;

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Derek Carter
Chairman

Dated this 13th day of March 2014

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

We have reviewed the accompanying half-year financial report of Minotaur Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Minotaur Exploration Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Minotaur Exploration Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Minotaur Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minotaur Exploration Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2014