Minotaur Exploration Limited

ABN 35 108 483 601

Interim Financial Report

for the Half Year Ended 31 December 2014

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*

COMPANY SECRETARY
Mr Donald Stephens

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SHARE REGISTER
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Level 5, 115 Grenfell Street
Adelaide SA 5000

LEGAL ADVISERS
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 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 2014 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 John Atkins, *Non-Executive Director*

Dr Antonio Belperio, *Executive Director*

Mr Richard Bonython, *Non-Executive Director*

Mr Derek Carter, *Chairman*

Mr Andrew Woskett, *Managing Director*

Review of Operations

Corporate

Key matters include:

- The Group held $6.7 million in cash and term deposits at the end of December 2014.
- A share purchase plan and subsequent placement raised $4 million in October 2014.
- A Research and Development refund of $0.6 million was received from the Australian Taxation Office in December 2014.
- The Group is well placed to maintain its activity level, with joint venture funding through the remainder of the 2015 financial year expected to total $5.3 million.

Project Development

Industrial Minerals Project

New test work on Poochera kaolin samples commenced, including under an Innovation Voucher grant from the South Australian Department of State Development. Test work during the period focused on reducing upfront processing of kaolin feedstock using innovative technologies. A conditional sale agreement was executed for the sale of the Group's Purdilla gypsum project. A 5 tonne bulk sample was supplied for process tests and arrangements were made for further resource definition sampling.

Exploration

Activity was focused mainly on copper-gold prospects in Queensland and on nickel-gold prospects in Western Australia.

Several copper-gold projects in the Cloncurry region, north-west Queensland, formed the core of the company's exploration focus. At the JOGMEC joint venture (MEP 45.3% and diluting) a range of geophysical targets were generated from gravity, ground magnetics, ground EM and DHEM surveys. Drill investigations of positive basement conductors at Jessievale, Cyclone and Clonagh South targets were completed. The strong EM anomaly at Clonagh South showed highly anomalous base metal values and is situated just 2km along strike from the previously identified Cormorant prospect.

Directors' Report

At the Eloise Copper joint venture (MEP 85% and diluting) test drilling of several ground EM refined ISCG style targets revealed the Artemis Prospect, a high-grade polymetallic mineralised body exhibiting thick, massive sulphide zones. Fifteen diamond holes and five reverse circulation (RC) holes were completed at Artemis from 80m to 350m below surface. Work will continue through 2015 to establish limits and grade boundaries of the system.

At the Leinster gold-nickel joint venture in WA (MEP 85%) a reconnaissance program of 3 RC holes were completed on the Weebo tenement group testing several nickel sulphide prospects generated from 56km of ground EM surveys. The Firefly West prospect offers a number of untested EM conductors within ultramafic rocks.

Ground EM surveys were underway at the Saints, Comet Dam and Camel Dam nickel prospect areas at the Scotia tenement group (MEP 50%) 65km north-west of Kalgoorlie. A gold rights joint venture with Aphrodite Gold Ltd (ASX: AQQ) was terminated by mutual consent.

Investments

Minotaur holds the following investments in listed companies as at 31 December 2014:

Company	**ASX Code**	**Shares held as at 31 Dec 2014**	**Minotaur %**
Mithril Resources Ltd	MTH	32,845,238	7.8
Mungana Goldmines Ltd	MUX	3,076,923	1.3
Petratherm Ltd	PTR	30,000,000	11.9
Thompson Resources Ltd	TMZ	10,000,000	13.7

The market value of these investments at 31 December 2014 was $944,532.

Minotaur holds 464,080 shares in Cogonov Inc, an unlisted Canadian company. The fair value of the Group's investment in unlisted shares as at 31 December 2014 was $103,520.

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 2014.

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

Derek Carter
Chairman

Dated this 12th day of March 2015

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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 2014 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

I S Kemp
Partner – Audit & Assurance

Adelaide, 12 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2014

	Notes	Consolidated Group 31 December 2014 $	31 December 2013 $
Revenue		299,009	258,003
Loss on disposal of foreign subsidiary	15	(73,639)	-
Other income		39,847	189,954
Impairment of exploration and evaluation assets	5	(3,961,439)	(381,189)
Impairment of available-for-sale investments	8	(120,000)	(680,481)
Project generation costs	5	(193,868)	(740,882)
Employee benefits expense		(836,978)	(262,809)
Depreciation expense		(85,587)	(85,908)
Finance costs		(4,304)	(4,520)
Other expenses		(704,498)	(903,586)
Loss before income tax expense		**(5,641,457)**	**(2,611,418)**
Income tax benefit		598,227	978,319
Loss for the period		**(5,043,230)**	**(1,633,099)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		-	(3,275)
Gain on available-for-sale investments		132,955	97,774
Total Comprehensive Income for the period		**(4,910,275)**	**(1,538,600)**
Loss for the period is attributable to:			
Members of the parent entity		(5,040,180)	(1,578,892)
Non-controlling interest	14	(3,050)	(54,207)
		(5,043,230)	**(1,633,099)**
Total comprehensive income for the period is attributable to:			
Members of the parent entity		(4,907,225)	(1,484,393)
Non-controlling interest		(3,050)	(54,207)
		(4,910,275)	**(1,538,600)**
Earnings per share			
Basic earnings per share (cents)		(3.11)	(1.33)
Diluted earnings per share (cents)		(3.11)	(1.33)

Consolidated Statement of Financial Position as at 31 December 2014

		Consolidated Group	
	Notes	31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		6,738,005	4,794,173
Trade and other receivables	7	1,298,570	44,499
Other current assets		53,867	102,304
		8,090,442	**4,940,976**
Held-for-sale assets		413,853	-
TOTAL CURRENT ASSETS		**8,504,295**	**4,940,976**
NON-CURRENT ASSETS			
Available-for-sale investments	8	1,048,052	1,127,693
Property, plant and equipment		1,200,227	1,243,968
Exploration and evaluation assets	9	16,546,709	19,243,007
TOTAL NON-CURRENT ASSETS		**18,794,988**	**21,614,668**
TOTAL ASSETS		**27,299,283**	**26,555,644**
CURRENT LIABILITIES			
Trade and other payables	10	1,682,831	677,897
Borrowings	11	109,688	114,386
Short-term provision		477,774	455,340
TOTAL CURRENT LAIBILITIES		**2,270,293**	**1,247,623**
NON-CURRENT LIABILITIES			
Borrowings	11	416,654	392,000
Long-term provision		34,600	32,459
TOTAL NON-CURRENT LIABILITIES		**451,254**	**424,459**
TOTAL LIABILITIES		**2,721,547**	**1,672,082**
NET ASSETS		**24,577,736**	**24,883,562**
EQUITY			
Issued capital	12	40,738,219	36,874,859
Reserves		1,603,260	798,959
Accumulated losses		(17,988,692)	(13,018,255)
PARENT INTEREST		**24,352,787**	**24,655,563**
Non-controlling interest	14	224,949	227,999
TOTAL EQUITY		**24,577,736**	**24,883,562**

Notes to the financial statements are included on pages 13 to 25.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2014

	Consolidated Group					
	Issued Capital Ordinary $	**Share Option Reserve $**	**Other Components of Equity (Note 13) $**	**Accumulated Losses $**	**Non-Controlling Interest $**	**Total Equity $**
Balance at 1 July 2014	**36,874,859**	**924,589**	**(125,630)**	**(13,018,255)**	**227,999**	**24,883,562**
Comprehensive income						
Total comprehensive income for the period	-	-	132,955	(5,040,180)	(3,050)	(4,910,275)
Foreign currency translation transferred to profit or loss on disposal of foreign subsidiary	-	-	125,630	-	-	125,630
Total comprehensive income for the period	**-**	**-**	**258,585**	**(5,040,180)**	**(3,050)**	**(4,784,645)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares through Share Purchase Plan and Share Placement	3,991,000	-	-	-	-	3,991,000
Transaction costs (net of tax)	(127,640)	-	-	-	-	(127,640)
Options issued under Employee Share Option Plan	-	615,459	-	-	-	615,459
Transfer from share option reserve upon lapse of options	-	(69,743)	-	69,743	-	-
	3,863,360	**545,716**	**-**	**69,743**	**-**	**4,478,819**
Balance at 31 December 2014	**40,738,219**	**1,470,305**	**132,955**	**(17,988,692)**	**224,949**	**24,577,736**

Consolidated Statement of Changes in Equity (Continued)
for the half year ended 31 December 2014

	Consolidated Group					
	Issued Capital Ordinary	**Share Option Reserve**	**Other Components of Equity**	**Accumulated Losses**	**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 Cash Flows
for the half year ended 31 December 2014

	Notes	Consolidated Group 31 December 2014 $	Consolidated Group 31 December 2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(805,598)	(1,198,988)
Interest received		59,936	206,055
Finance costs		(6,583)	(4,520)
R&D tax concession received		598,227	978,319
Net cash used in operating activities		**(154,018)**	**(19,134)**
Cash flows from investing activities			
Cash acquired through acquisition of Breakaway		-	490,259
Proceeds from sale of property, plant and equipment		25,000	-
Payments for property, plant and equipment		(55,132)	(500,816)
Proceeds from sale of available-for-sale investments		289,650	294,183
Payments for available-for-sale investments		(80,000)	(85,000)
Acquisition of Scotia tenements		-	(600,000)
Joint Venture receipts		2,147,775	1,631,258
Payment for exploration activities		(4,275,683)	(3,580,148)
Net cash used in investing activities		**(1,948,390)**	**(2,350,264)**
Cash flows from financing activities			
Proceeds from borrowings		46,747	392,000
Proceeds from the issue of shares		3,991,000	-
Funds received for conversion into equity in subsidiary		160,546	-
Payment of transaction costs for issue of shares		(127,640)	(16,255)
Repayment of borrowings		(24,413)	(17,276)
Net cash provided by financing activities		**4,046,240**	**358,469**
Net increase/(decrease) in cash and cash equivalents		**1,943,832**	**(2,010,929)**
Net foreign exchange differences		-	3,275
Cash at the beginning of period		**4,794,173**	**9,269,636**
Cash at the end of the period		**6,738,005**	**7,261,982**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 1: Nature of operations

The Group'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 2014 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 2014 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 12 March 2015.

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 2014, except for the application of the following standards as of 1 July 2014:

- AASB 1031: Materiality
- AASB 1055: Budgetary Reporting
- AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements
- AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5, Investment Entities
- AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements
- AASB 2014-1, Amendments to Australian Accounting Standards Part A, B and C

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

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 2014.

Note 5: Significant events and transactions

During the period, the Group ceased exploring on several exploration tenements and, as a result, these tenements held as exploration and evaluation assets were written-off. The total amount of these write-downs for the period were $3,961,439.

Project generation costs incurred during the period totaling $193,868 that do not meet the definition of exploration costs have been immediately expensed.

On 11 December 2014, the Group executed a Share Purchase Agreement for the sale of all of the shares in its wholly owned foreign subsidiary, Minotaur Atlantic Exploration Ltd to Cogonov Inc in exchange for 200,000 common shares in Cogonov Inc valued at $52,507 (CAD $50,000).

At the end of the period, the Group’s available-for-sale investments were revalued to market value. This revaluation resulted in an impairment expense of $120,000 relating to shares held in Petratherm Ltd.

Note 6: Segment reporting

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

- Mineral exploration activities conducted.

During the six month period to 31 December 2014, 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 2014

Note 6: Segment reporting (Continued)

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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	$	$	$	$
Mineral exploration	204,947	116,679	(3,950,360)	(1,005,392)
	204,947	**116,679**	**(3,950,360)**	**(1,005,392)**
Finance costs	-	-	(4,304)	(4,520)
Administration/Corporate	59,173	331,278	(1,601,206)	(1,515,598)
Depreciation	-	-	(85,587)	(85,908)
Consolidated revenue	**264,120**	**447,957**		
Loss before income tax			**(5,641,457)**	**(2,611,418)**
Income tax benefit			598,227	978,319
Loss for the period			**(5,043,230)**	**(1,633,099)**

The revenue reported above represents revenue generated from financial institutions 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

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 2014

Note 6: Segment reporting (Continued)

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

	Opening Balance 1 July 14	Transfers to Held-for-Sale Assets	Capital Expenditure/ Investment	Impairment Expense	Closing Balance 31 Dec 14
Segment assets					
Mineral exploration	19,243,007	(413,853)	1,678,994	(3,961,439)	16,546,709
Total segment assets	**19,243,007**	**(413,853)**	**1,678,994**	**(3,961,439)**	**16,546,709**
Administration/Corporate	7,312,637				10,752,574
Total assets	**26,555,644**				**27,299,283**

	Consolidated Group	
Note 7: Trade and other receivables	**31 December 2014 $**	**30 June 2014 $**
Trade receivables	1,202,842	44,499
Other receivables	95,728	-
	1,298,570	**44,499**

Note 8: Available-for-sale investments

	31 December 2014 $	30 June 2014 $
At fair value – shares in listed companies:		
Balance at beginning of financial year	1,127,693	1,853,158
Revaluations	132,955	60,000
Disposals	(276,116)	(169,930)
Acquisitions	80,000	85,000
Additions through acquisition of Breakaway (i)	-	21,562
Impairments	(120,000)	(722,097)
	944,532	**1,127,693**

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

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 8: Available-for-sale investments (Continued)

	Consolidated Group 31 December 2014 $	Consolidated Group 30 June 2014 $
At fair value – shares in unlisted companies:		
Balance at beginning of financial year	-	-
Shares received as consideration for sale of foreign subsidiary (refer to Note 15)	52,507	-
Shares received for technical services provided	51,013	-
	103,520	**-**
	1,048,052	**1,127,693**

Note 9: Exploration and evaluation assets

	Consolidated Group 31 December 2014 $	Consolidated Group 30 June 2014 $
Exploration, evaluation and development costs carried forward in respect of mining areas of interest:		
Exploration and evaluation phases – Joint Operations	7,293,959	11,097,016
Exploration and evaluation phases – Other	9,252,750	8,145,991
	16,546,709	**19,243,007**

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

	Exploration Joint Operations $	Exploration Other $	Total $
Balance at beginning of financial year	11,097,016	8,145,991	19,243,007
Transfers between joint operations and other	(751,004)	751,004	-
Transfers to held-for-sale assets (i)	-	(413,853)	(413,853)
Additions through expenditure capitalised	3,816,919	1,154,519	4,971,438
Reductions through joint operation contributions	(3,292,444)	-	(3,292,444)
Impairment expense	(3,576,528)	(384,911)	(3,961,439)
Balance at the end of the period	**7,293,959**	**9,252,750**	**16,546,709**

i) As per ASX release dated 20 October 2014, the Group executed a conditional Sale and Purchase Deed for the sale of its Lake Purdilla gypsum deposits in South Australia comprised in EL 4697 and EL 5398.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

	Consolidated Group	
Note 10: Trade and other payables	**31 December 2014 $**	**30 June 2014 $**
Trade payables	1,156,674	460,286
Other payables	526,157	217,611
	1,682,831	**677,897**

Note 11: Borrowings		
Current		
Hire purchase contracts	109,688	114,386
	109,688	**114,386**
Non-current		
Hire purchase contracts	24,654	-
Bank borrowings	392,000	392,000
	416,654	**392,000**

Bank borrowings reflect a secured 5 year interest only loan. There are no annual renewal or review terms.

	Consolidated Group	
Note 12: Issued capital	**31 December 2014 $**	**30 June 2014 $**
180,074,588 (June 2014: 152,165,042) fully paid ordinary shares	40,738,219	36,874,859
	40,738,219	**36,874,859**

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

	Number of Shares	**$**
Balance at beginning of financial year	152,165,042	36,874,859
Issue of shares through Share Purchase Plan and Share Placement	27,909,546	3,991,000
Share issue costs	-	(127,640)
Closing balance at end of period	**180,074,588**	**40,738,219**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

	Consolidated Group	
Note 13: Other components of equity	**31 December 2014 $**	**30 June 2014 $**
Foreign currency translation reserve (a)	-	(125,630)
Available-for-sale revaluation reserve (b)	132,955	-
	132,955	**(125,630)**
(a) Foreign currency translation reserve		
Balance at beginning of financial year	(125,630)	(126,547)
Translation of foreign subsidiary up to date of disposal	6,586	917
Write-off of foreign currency translation reserve to profit or loss upon disposal of foreign subsidiary	119,044	-
	-	**(125,630)**
(b) Available-for-sale revaluation reserve		
Balance at beginning of financial year	-	(60,000)
Revaluation increment	132,955	60,000
	132,955	**-**
Note 14: Non-controlling interest		
Balance at beginning of financial year	227,999	298,440
Net loss attributable to non-controlling interest	(3,050)	(70,441)
	224,949	**227,999**

Note 15: Disposal of foreign subsidiary

On 11 December 2014, the Group executed a Share Purchase Agreement for the sale of all of the shares in its wholly owned foreign subsidiary, Minotaur Atlantic Exploration Ltd to Cogonov Inc in exchange for 200,000 common shares in Cogonov Inc valued at $52,507 (CAD $50,000).

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 15: Disposal of foreign subsidiary (Continued)

The carrying amount of the net assets of Minotaur Atlantic Exploration Ltd recognised as at the date of disposal (11 December 2014) and breakdown of consideration is detailed as follows:

Current assets	**$**
Cash and cash equivalents	398
Trade and other receivables	118
Net assets as at date of disposal	**516**
Consideration received in shares	52,507
Gain on disposal	**51,991**
Translation of foreign subsidiary up to date of disposal	(6,586)
Write-off of foreign currency translation reserve upon disposal of foreign subsidiary	(119,044)
	(125,630)
Net loss on disposal	**(73,639)**

Note 16: 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.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 16: Business combinations (Continued)

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 2014

Note 16: Business combinations (Continued)

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 assets 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 assets that have 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 17: 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 2014 and 31 December 2013 on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
31 December 2014	**$**	**$**	**$**	**$**
Assets				
Listed securities	944,532	-	-	944,532
Unlisted securities	-	-	103,520	103,520
	944,532	**-**	**103,520**	**1,048,052**
Net fair value	**944,532**	**-**	**103,520**	**1,048,052**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 17: Fair value measurement of financial instruments (Continued)

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**

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.

Unlisted securities

The fair value of unlisted securities that are not traded in an active market is determined using valuation methodologies. Arm's length transactions where shares were issued for technical services provided during the period have been used to determine the fair value.

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.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2014

Note 18: Controlled entities

		Ownership interest	
Name of entity	Country of incorporation	31 Dec 2014 %	30 June 2014 %
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 Pty Ltd (ii)	Australia	100	100
Scotia Nickel Pty Ltd (ii)	Australia	100	100
Altia Resources Pty Ltd (ii)	Australia	100	100
Levuka Resources Pty Ltd (ii)	Australia	100	100
BMV Properties Pty Ltd (ii)	Australia	100	100
Minotaur Gold Solutions Limited	Australia	50	50
Minotaur Atlantic Exploration Limited (iii)	Canada	-	100

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 11 December 2014, the Group executed a Share Purchase Agreement for the sale of all of the shares in its wholly owned foreign subsidiary, Minotaur Atlantic Exploration Ltd to Cogonov Inc in exchange for 200,000 common shares in Cogonov Inc.

Note 19: Subsequent events

The Company noted in its ASX release dated 5 March 2015 that its joint venture partner, Golden Fields Resources Pty Ltd (GFR) advised Minotaur that it is experiencing delays in receipt of funds with which to finance its 100% contribution to the current work program under the Eloise Joint Venture. GFR believes the delay is only temporary and asserts it intends to resume its funding into the joint venture in due course. Acting prudently Minotaur has served a Notice of Default on GFR as prescribed within the joint venture agreement.

No other 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 20: Contingent assets and liabilities

Contingent assets

As per ASX release dated 20 October 2014, the Group executed a conditional Sale and Purchase Deed for the sale of its Lake Purdilla gypsum deposits in South Australia comprised in EL 4697 and EL 5398. These assets have been classified as held-for-sale assets.

Conditions precedent to the sale are:

- The buyer completing a port or transshipment study in relation to the future shipping of minerals from the tenements by 2 May 2015, with the results being to the satisfaction of the buyer; and
- Ministerial consent to the dealing evidenced by the Deed within three months of the buyer satisfactorily completing the port or transshipment study referred to above.

The purchase price is $4,800,000 in cash to be paid by the buyer as follows:

- 50% upon completion of the tenement transfers; and
- the remaining 50% upon grant of a Mining Lease in relation to at least one of the tenements (Mining Payment). If a Mining Lease is not obtained within 12 months after completion of the tenement transfers, and for each subsequent 12 month period that passes that a mining lease is not obtained, the buyer must pay Minotaur an amount equal to one-tenth of the Mining Payment.

Contingent liabilities

The Group has various bank guarantees totaling $276,200 at 31 December 2014 which act as collateral over tenements which the Group operates. As at the date of this report, the Group is not aware of any other contingent liabilities that should be disclosed in accordance with AASB 137.

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 2014 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 12th day of March 2015

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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 2014, 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 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 2014 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 2014 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

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 12 March 2015