



# ANNUAL REPORT



MINOTAUR  
EXPLORATION

2013

[www.minotaurexploration.com.au](http://www.minotaurexploration.com.au)





MINOTAUR  
EXPLORATION

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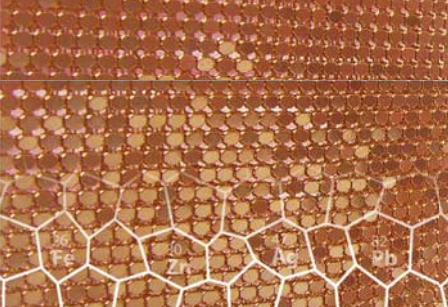
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This annual report covers both Minotaur Exploration Ltd (ABN 35 108 483 601) as an individual entity and the consolidated group ('Group') comprising Minotaur Exploration Ltd and its subsidiaries. The Group's functional and presentation currency is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

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on *pages 12 to 13*. The directors' report is not part of the financial report.

Cover images courtesy of Bryan Charlton





From left: Ian Garsed (General Manager – Exploration), Derek Carter, (Chairman), Richard Bonython (Director), Varis Lidums (Commercial Manager), Tony Belperio (Director), Andrew Woskett (Managing Director) and Richard Flint (Chief Geologist).



## CORPORATE DIRECTORY

### MINOTAUR EXPLORATION LIMITED

ACN 108 483 601

ASX CODE MEP

### DIRECTORS

Mr Derek N Carter *Chairman*

Mr Andrew Woskett *Managing Director*

Dr Antonio P Belperio *Executive Director*

Mr Richard M Bonython *Non-Executive Director*

### COMPANY SECRETARY

Mr Donald Stephens

### REGISTERED OFFICE

c/o HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

### PRINCIPAL PLACE OF BUSINESS

Level 1, 8 Beulah Road

NORWOOD SA 5067

### SHARE REGISTER

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

ADELAIDE SA 5000

### LEGAL ADVISORS

O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

### BANKERS

National Australia Bank

22-28 King William Street

ADELAIDE SA 5000

### AUDITORS

Grant Thornton Audit Pty Ltd

Level 1, 67 Greenhill Road

WAYVILLE SA 5034

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# CHAIRMAN'S REPORT



**DEREK CARTER**

*Chairman  
Minotaur Exploration Ltd*

**While many have called 'the end of the mining boom days', commodity prices generally have proved surprisingly resilient. The insatiable demand for metals may have waned slightly but the challenges confronting discovery and development grow as ore body grades decline and operating costs put pressure on producer margins.**

The need to locate new, quality copper deposits to feed demand at reasonable cost is acute and, for Australia, necessary to hold our place as a significant copper supplier. Pleasingly, success stories such as Sandfire Resources' producing DeGrussa copper mine show that disciplined exploration and competent project execution can return excellent shareholder rewards.

At Minotaur, we strengthened our focus on copper-gold exploration and are putting more emphasis into Queensland and Western Australia because of better access regimes, thinner cover over basement rocks and their recognised discovery potential. At the same time, we reduced expenditure on our industrial minerals assets (as good as those are) and the magnetite iron deposits, while we continue to work towards realising value from these assets.

The Board sees that equity investors remain cautious of speculative resource stocks and that recovery of the equity markets may still take quite some time. Therefore, we are consciously reducing the Company's exposure to sole funded projects in the interests of cash preservation, while expanding our options to engage joint venture partners able to fund ongoing work.



*Gregg Morris (Senior Geologist) and  
Valeria Murgulov (Project Geologist) at Cloncurry.*

This approach serves to maintain our work tempo without betting the Company on self-funded exploration success.

To that end we launched a friendly, all-scrip takeover offer (Offer) for Breakaway Resources Limited (Breakaway). As this report goes to print the Offer remains open for acceptances.

The rationale for the Offer is that Minotaur sees inherent upside value in Breakaway's copper-gold and gold-nickel tenements in Queensland and Western Australia, respectively. A key foundation of our Offer was that, in parallel, we secured joint venture funding of up to \$9 million over four years into those tenements, subject to the takeover succeeding.





In the prevailing circumstances that level of exploration investment into greenfields prospects is sizeable, counter cyclical and fits perfectly with our cash retention objectives.

It provides immediate work for us to deploy our technical team onto, thereby retaining the in-house intellectual knowledge base that is fundamental to future success. Minotaur creates opportunities for success through the efforts of its employees and I commend their skills and dedication.

Completion of the Breakaway Offer will also result in rejuvenation of our share register and restructure of our Top 10 shareholder group. The Board appreciates the

solid support of our long term shareholders and looks forward to building strong linkages with our new shareholders.

The Breakaway acquisition gives Minotaur exposure to the goldfields of Western Australia and opens up a range of new exploration options. Likewise, consolidation of Breakaway's tenements around the Eloise copper mine in north Queensland creates a platform for near-mine discovery potential in copper and other base metals.

Breakaway's Chairman, Mr John Atkins, will be invited to join the Minotaur Board after the Offer completes, adding depth to our profile in Western Australia.

I look forward to providing a status update at the Company's Annual Meeting in Adelaide on 20 November 2013 and to again engaging with as many shareholders as are able to attend.

Yours truly,  
**Derek Carter**  
Chairman



# MANAGING DIRECTOR'S REPORT



**ANDREW WOSKETT**  
Managing Director  
Minotaur Exploration Ltd

The 2013 financial year proved to be challenging for resource companies globally. ASX listed explorers particularly struggled to gain recognition in an apathetic equity market and the stagnation continues. Those needing to raise working capital find the prospects dim, to say the least. Fortunately, Minotaur (ASX: MEP) is not confronted with that challenge. The Company maintained a steady work effort on both its sole funded and joint venture funded projects and actively assessed new opportunities.

## BUSINESS REVIEW

Minotaur's primary exploration driver is towards copper-gold discovery, with a focus on the Cloncurry copper belt of north Queensland. Granted tenements in the Cloncurry region now total 4,055km<sup>2</sup>, of which 555km<sup>2</sup> forms a joint venture with JOGMEC and 150km<sup>2</sup> is in joint venture with Falcon Minerals (ASX: FCN). Minotaur's wholly owned tenure in the region totals 3,350km<sup>2</sup>.

Consistent with directing our spotlight onto Cu-Au potential, an off-market takeover bid for fellow listed Breakaway Resources Limited (ASX: BRW, Breakaway) was announced mid July 2013. As at the date of this report Minotaur's Offer remains open for acceptance by Breakaway shareholders.

Successful completion of the Offer will consolidate Breakaway's assets within the Minotaur group, resulting in an expanded presence around the Eloise copper mine near Cloncurry (where Breakaway holds 415km<sup>2</sup> of copper-gold prospective tenements) and an entry level position (270km<sup>2</sup> of gold and nickel prospective tenements) in the Yilgarn belt, 35km south-east of Leinster in Western Australia.



Also in July Minotaur established two joint ventures over Breakaway's primary assets. Subject to completion of the takeover those joint ventures provide for up to \$9 million of exploration expenditure over four years.

Our second tier focus is on gold opportunities. We created an Alliance with a private investor group, facilitating purchase of the Scotia gold and nickel prospective tenement package 65km north-west of Kalgoorlie. The Alliance, working through Minotaur Gold Solutions Ltd (now owned 50% by Minotaur), intends to seek out other projects in the WA goldfields.

A Scoping Study on the Muster Dam magnetite deposit established the case for a robust, long life mining operation to produce high-grade magnetite concentrate. Upon that positive outcome the Border Joint Venture (Minotaur 40.9%) elected to cease further development work and offer the project for sale to iron ore development oriented parties.

Looking into the new financial year, the Company's modus will be to reduce self-funded tenement expenditure while expanding joint venture participation. We intend to work this strategy in order to maintain a safe cash balance, particularly in sight of prevailing laggard conditions in the equity markets.



## MINOTAUR EXPLORATION'S PROJECT LOCATIONS

- Cu projects
- ★ Au projects
- ◆ Industrial Minerals projects



## CORPORATE REVIEW

- Minotaur held \$9.3 million in cash and term deposits at the end of June 2013.
- The market value of Minotaur's investments in ASX listed entities was \$2.2 million<sup>1</sup>.
- A Research and Development refund of \$0.80 million was received from the Australian Taxation Office.
- Several gold and copper projects were evaluated as potential acquisitions, leading to the following transactions:
  - In May 2013 Minotaur and its then wholly owned subsidiary Minotaur Gold Solutions Ltd (MinAuSol) agreed with Breakaway and its wholly owned subsidiary Scotia Nickel Pty Ltd (Scotia Nickel) for MinAuSol to purchase from Scotia Nickel its Scotia tenements in Western Australia and Scotia Nickel's interest in its joint venture with Aphrodite Gold Limited (ASX: AQQ) for cash payment of \$0.60 million.
  - In June 2013 Minotaur and MinAuSol entered into a non-exclusive Alliance with privately owned group Golden Fields Resources Pty Ltd (GFR). Formation of the Alliance included a cornerstone placement of \$0.75 million into Minotaur for the issue to GFR of 4.2 million shares at \$0.18 per share (voluntarily escrowed for twelve months), plus a further payment of \$0.31 million by GFR to acquire 50% equity interest in MinAuSol.

## OPERATIONS REVIEW

### PRIMARY PROJECTS

Minotaur views six assets in five locations as its principal interests:

- Cloncurry Region, Queensland:
  - **JOGMEC JV**, joint exploration for iron oxide copper-gold deposits;
  - **Eloise, Ernest and Osborne projects**, representing substantial exploration assets with iron oxide copper-gold discovery potential;
- the Mutooroo Iron Project (**Mutooroo SA**), including the Muster Dam magnetite resource, an available for sale asset;
- the Poochera Kaolin Project (**Poochera SA**), including the Carey's Well Kaolin resource, an available for sale asset;
- the Arthurville Project (**Dubbo NSW**), an exploration asset with base metal discovery potential; and
- the Scotia tenements (**Kalgoorlie WA**) (Minotaur 50% interest) an exploration asset with gold and nickel discovery potential.

Those projects are summarised as follows.

<sup>1</sup> Calculated using 30 Day VWAP as at 30 July 2013.

# MANAGING DIRECTOR'S REPORT

## OPERATIONS REVIEW PRIMARY PROJECTS

### a) Cloncurry Region Projects

Minotaur's sole area of exploration activity in Queensland is in the Cloncurry region. Minotaur has multiple tenements in the region totalling approximately 4,055km<sup>2</sup> and considers them to be prospective for iron oxide copper-gold mineralisation.

#### JOGMEC Joint Venture

*EPM 8608, 12463, 14296, 16479, 16594, 16927, 16975, 16977, 17286, 18017, 18068, 18268, 18283, 18367, 18802, 18861, except EPM 8608 and EPM 12463 in relation to which a net smelter royalty of 2% is payable to BHP Billiton Limited, (Japan Metals Oil and Gas Corporation, JOGMEC, 51%, Minotaur 49%).*

North of the township of Cloncurry, 16 tenements cover 555km<sup>2</sup>, where in March 2013 JOGMEC earned a 51% interest through expenditure of \$4 million, and where both parties are, from April 2013, contributing on a pro-rata basis. Exploration is currently focused on the Cotswold Prospect (*EPM 18017*) and the Cormorant Prospect (*EPM 8068*) along with regional geophysical programmes to generate new exploration targets.

#### Eloise, Ernest, Osborne and Falcon JV Copper-Gold Projects

*Eloise and Ernest Areas: EPM 18315, 18624, 19096, 19205, 19500; EPMA 18317, 19383 (subject to competing applications), 19412, 19505, 19690 (subject to competing applications), 19775, 19848, 25237, 25238. Osborne Area: EPM 18571, 18572, 18573, 18574, 18575, 18576, 19050; EPMA 18720, 19061, 19066, 25197, (Minotaur 100%). Falcon JV: EPM 18289 and EPMA 18313 (Minotaur earning 51% initially)*

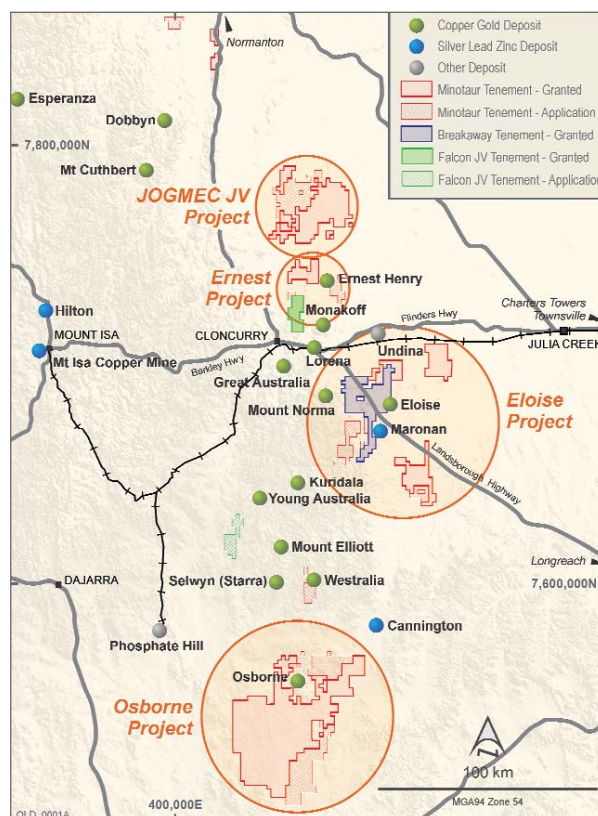
Minotaur has 25 wholly owned tenements and applications extending from approximately 75km north to 200km south of Cloncurry. Minotaur considers the region to be prospective for iron oxide copper-gold mineralisation. Minotaur is actively seeking to bring new joint venture participation into these tenements, consistent with its business model. In June Minotaur farmed-in to Falcon Minerals ground (*EPM 18289*) 20km south-west of the Ernest Henry copper mine, where Minotaur may earn up to 75% beneficial interest for expenditure of \$0.750 million over 5 years.

A regional map depicting Minotaur's tenement interests in the Cloncurry region appears in the next column, with Breakaway's tenure included for reference purposes.

### b) Mutooroo Iron Project

*EL 5079 (Sumitomo Metals Mining Oceania Pty Ltd 59.1 %, Minotaur 40.9%).*

The Mutooroo Iron project is part of a contributing joint venture between Minotaur and Sumitomo. Mutooroo is located in South Australia, approximately 100km south-west of Broken Hill.



Derek Carter, (Chairman), Tony Belperio, (Director) and Andrew Woskett, (Managing Director).

Multiple magnetic anomalies are evident on *EL 5079*. One such anomaly is the Muster Dam magnetite deposit (**Muster Dam**). Minotaur reported<sup>2</sup> Muster Dam to be a JORC Inferred Resource of 1.5 billion tonnes at 15.2% Davis Tube Recovery magnetite. A positive Scoping Study on the Muster Dam resource was completed in March 2013. The joint venture subsequently curtailed expenditure on the Mutooroo Iron project and is presently seeking to divest the Muster Dam resource to a project development-oriented buyer.

<sup>2</sup> Minotaur Exploration release to ASX dated 24 November 2011, *Maiden JORC Resource, Mutooroo Magnetite Project*.





### c) Poochera Kaolin Project

EL 4575, 4697, 5016, ELA 2012/230, (Minotaur 100%).

The Poochera Kaolin project lies within EL 4575 on the western Eyre Peninsula in South Australia, approximately 100km south-east of Ceduna. There are five known kaolin deposits within the tenement: Carey's Well, Tomney, Tootla, Karcultaby South and Condooringie Well. For Carey's Well, Minotaur reported<sup>3</sup> a JORC Measured Resource of 16.3 million tonnes of kaolinised granite with an ISO Brightness R<sub>457</sub> cut-off of 75 for 8 million tonnes of minus 45 micron kaolin product.

Minotaur is actively seeking to bring new investment into development of the Carey's Well deposit, in which event Minotaur's ownership interest in the Poochera project may be significantly reduced or divested.

### d) Arthurville Base Metals Project

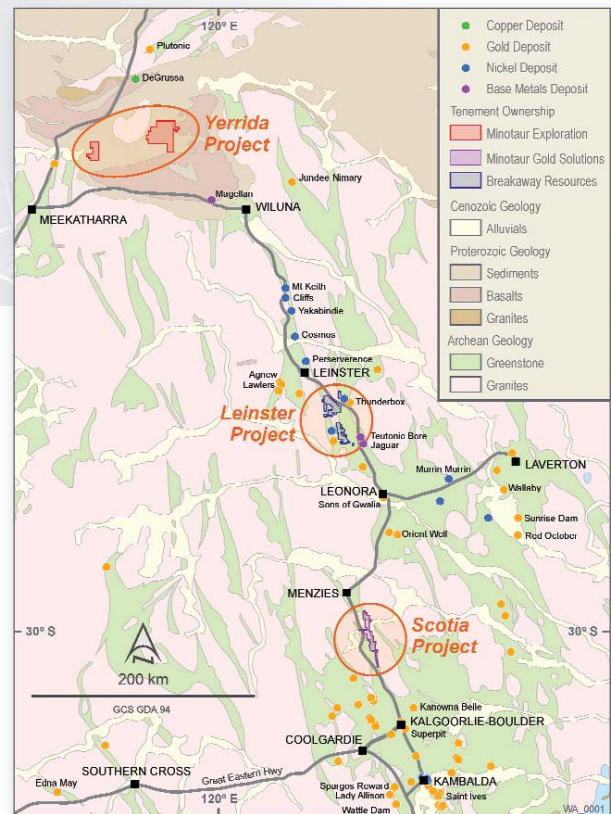
EL 7588, Mitsubishi Materials Corporation and Mitsubishi Corporation, together 'Mitsubishi', collectively earning 49%, (Minotaur 100%).

The Arthurville Base Metals project, located 50 km south-east of Dubbo in central New South Wales, is considered prospective for porphyry-related copper-gold mineralisation and volcanic-hosted massive sulphide base metal deposits. A joint venture, Mitsubishi is sole funding an agreed exploration program in order to acquire 49% interest through expenditure of \$970,000 by April 2015.

### e) Scotia Tenements

E29/162, E29/661, E29/719, M24/279, M24/336, P29/2105, P29/2117, P29/2118, P29/2119, P29/2120, P29/2121, M29/245, M29/246, E29/886 (application), (Minotaur Gold Solutions Ltd 100%).

The Scotia 160km<sup>2</sup> package of tenements is located 65km north-west of Kalgoorlie in Western Australia. The tenements are held by Minotaur Gold Solutions Ltd (MinAuSol), the shares in which are owned as to 50% by each of Minotaur and GFR. The ground is prospective for gold and nickel deposits.



Tenement holdings in Western Australia.

Other than E29/886, the tenements are subject to a joint venture with Aphrodite Gold Limited (ASX: AQQ) (Aphrodite) under which Aphrodite has the right to earn a 51% beneficial interest in gold rights through joint venture expenditure and the right to increase that interest up to 80%. Aphrodite's joint venture obligation requires it to meet minimum expenditure of approximately \$365,000 per year.

MinAuSol holds 100% of the rights to all minerals (subject to over-riding royalty agreements applicable to certain tenements) other than gold and, under the joint venture with Aphrodite, the right to no less than 20% of gold deposits which will be free-carried unless and until a decision to mine any gold deposit is made.

If a decision to develop a gold mine is made under the joint venture, MinAuSol may elect to forego its interest in the designated gold mining area in return for a gold net smelter royalty of 1.5%.

Minotaur considers its 50% equity position in MinAuSol, and thus the Scotia Tenements, to be a principal project within the context of its Alliance with GFR.

The Alliance will seek to secure gold prospective tenements and pre-development type gold projects within Australia.

<sup>3</sup> Minotaur Exploration release to ASX dated 8 February 2012, Maiden Measured Resource for SA Kaolin Project.

# MANAGING DIRECTOR'S REPORT

## OPERATIONS REVIEW

### OTHER PROJECTS

In addition to its six principal projects, Minotaur owns or has an interest in a range of other exploration assets in Australia. Activity on each of these during the past and new financial year is summarised below.

Project Name	Commodity	State	Activities/Commodity
<b>Border</b> (Minotaur 40.9%, Sumitomo 59.1%)	Gold Copper Base metals	SA	Exploration is focussed on copper-gold and zinc, lead and silver targets. Several such targets have been identified and are ready for drilling. Native Title access agreements are being attended to before Exploration Work Approvals may be granted by the Regulator, DMITRE.
<b>Bonython Hill</b> (Minotaur 100%)	Gold Copper	SA	Basement EM conductors prospective for gold and copper, identified near the historic Mingary copper mine, are to be drill tested during the 2014FY in conjunction with field work on the Border base metals project.
<b>Camel Lake</b> (Minotaur 100%)	Halloysite	SA	The Camel Lake Project contains an undeveloped kaolin deposit dominated by halloysite. Access formalities commenced following grant of tenement.
<b>Cooper Pedy</b> (Minotaur 100%)	Copper-gold	SA	The tenement is prospective for IOCG-style mineralisation. Access formalities continued with the Department of Defence.
<b>Central Gawler Ranges</b> (Minotaur 100%)	Gold Silver	SA	Minotaur is defining new exploration models, concepts and technologies for exploration for epithermal gold-silver mineralisation.
<b>Southern Gawler Ranges</b> (Minotaur 20%, Spencer Resources 80%)	Silver Base metals	SA	Minotaur assisted Spencer Resources in identifying potential silver-lead-zinc targets through an airborne geophysical survey over the Mt Double tenement. Spencer continues to assess the best cost effective means of anomaly follow-up.
<b>North Flinders</b> (Minotaur 10%, Perilya Limited 90%)	Zinc	SA	Minotaur holds a free-carried interest on these tenements, where Perilya Ltd's recent soil sampling identified a 400m long anomalous Zn zone.
<b>Lake Purdilla</b> (Minotaur 100%)	Gypsum	SA	The gypsum deposit at Lake Purdilla is a large, undeveloped evaporative gypsum occurrence. Minotaur is actively seeking a development partner to fund the project or to acquire it.
<b>Lexington</b> (Minotaur 100%)	Gold Copper Base metals	VIC	Exploration comprised target generation from airborne and ground based geophysics. Minotaur considers the tenements offer potential for gold, copper, lead and zinc mineralisation and is seeking a joint venture partner to fund exploration activities.
<b>Dubbo</b> (Minotaur 100%)	Gold Copper Base metals	NSW	Target generation proceeds through mapping and sampling as tenements are granted and access approvals are obtained. Nearby to the Arthurville Project, Minotaur considers the tenements offer potential for gold, copper, lead and zinc mineralisation.
<b>Yerrida</b> (Minotaur 100%)	Copper Gold Base metals	WA	Four tenements (under application), south of Sandfire Resources' DeGrussa copper mine, are prospective for copper, gold, lead and zinc mineralisation. No work can take place until tenements are granted.





Andrew Thompson (Chief Geophysicist) and Louise L'Oste-Brown (Geophysicist).



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

I wish to thank the Board for their guidance, the Management team and all employees for their hard work and diligence.

And to our shareholders, thank you for your continuing support. We look forward to success in the coming year.

A handwritten signature in black ink, appearing to read 'Andrew Woskett'.

**Andrew Woskett**  
Managing Director

#### Competent Persons' Statements

Information in this section, other than in respect of the Poochera Kaolin deposits, that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr A. P. Belperio, who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Belperio has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Belperio consents to inclusion in this document of the information in the form and context in which it appears.

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





# DIRECTORS' REPORT



From left: Tony Belperio,  
Derek Carter (Chairman),  
Andrew Woskett (Managing Director),  
Richard Bonython.

**Your Directors present their report on the consolidated group for the financial year ended 30 June 2013.**

## DIRECTORS

The names of the Directors in office at any time during, or since the end of, the year are:

**Mr Derek N Carter** *Chairman*

**Mr Andrew Woskett** *Managing Director*

**Mr Richard M Bonython** *Non-Executive Director*

**Dr Antonio P Belperio** *Executive Director*

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

## Names, qualifications, experience and special responsibilities

**Mr Derek Carter** BSc, MSc, FAusIMM (CP) *(Chairman)*

Derek Carter has over 40 years experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold Ltd in 1993 and is currently Chairman of Minotaur Exploration Ltd. He is a board member of Mithril Resources Ltd and Blackthorn Resources Ltd and a former board member of Toro Energy Ltd (resigned 28 November 2012), all ASX listed companies. In addition, Mr Carter is the Chairman of Petrathern Ltd and was appointed the Chairman of Highfield Resources Ltd on 11 October 2012, both ASX listed companies.

Mr Carter is a former President and Vice President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council, is a member of the South Australian Resources Development Board and the South Australian Minerals and Petroleum Experts Group, and a former Chairman of the Minerals Exploration Advisory Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medalist.

As Chairman of Minotaur Exploration Ltd, he is responsible for the management of the board as well as the general strategic direction of the Company.

**Mr Andrew Woskett** B Civ Eng, M Comm Law *(Managing Director)*

Andrew Woskett has over 30 years project and corporate experience in the mining industry. He has had senior responsibility for a variety of Australian mining landmarks, including development of the Kalgoorlie Super Pit, Kanowna Belle and Marymia gold mines and numerous expansions of the Bougainville copper/gold mine. He advised on development strategies for the proposed open pit expansion of the Olympic Dam mine and formulated several new significant iron ore projects in Western Australia. In his prior role as Managing Director of Ballarat Goldfields he consolidated five regional goldfields under single ownership and initiated the first modern underground mine development beneath Ballarat. Mr Woskett was the founding managing director of Spitfire Oil Ltd, a coal-to-liquids developer, which he listed on AIM.

He is a Fellow of the Australasian Institute of Mining and Metallurgy and has a Masters degree in Commercial Law.





Max Grogan (Manager, Pathungra Station) and Derek Carter (Chairman).



Diamond drilling, Cloncurry.

#### **Mr Richard Bonython** B Ag Sc (Non-Executive Director)

Richard Bonython was a founding director of Minotaur Gold Ltd, Minotaur Resources Ltd and Minotaur Exploration Ltd. He retired as Chairman of Diamin Resources NL in 1999 having been a director of that company for 15 years. He was executive director of Pioneer Property Group Ltd for over 15 years and has experience of over 45 years in the building, rural and mineral industries.

He is Chairman of the audit committee and is also a director of Mithril Resources Ltd and Petrathern Ltd (both ASX Listed entities).

#### **Dr Antonio Belperio** BSc (Hons), PhD FAusIMM (Executive Director)

Dr Belperio has an Honours Degree in Geology from the University of Adelaide, a PhD from James Cook University, and a diverse background in a wide variety of geological disciplines, including marine geology, environmental geology and mineral exploration. He has 35 years of experience in university, government and the mineral exploration industry. This has included senior positions in the South Australian Department of Minerals and Energy where he led the regional geological investigations group and was pivotal in the Department's move to digital geological information systems.

Dr Belperio was Chief Geologist of the Minotaur Group from 1997, initially as Minotaur Gold, subsequently Minotaur Resources and currently Minotaur Exploration.

He played a key role in the strategic area and target selection, and the exploration program that led to the iron oxide copper-gold discovery at Prominent Hill, 130 kilometres northeast of the Olympic Dam mine in South Australia and was awarded (jointly) AMEC's Prospector of the Year Award in 2003. He has also been awarded the Bruce Webb Medal by the South Australian Division of the Geological Society of Australia for his contributions to Earth Sciences.

Dr Belperio is also a director of ASX listed Thomson Resources Ltd (ASX:TMO).

#### **COMPANY SECRETARY**

##### **Donald Stephens** BAcc, FCA

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Papyrus Australia Ltd, Lawson Gold Ltd, AO Energy Limited and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). He is additionally Company Secretary to Toro Energy Ltd, Mithril Resources Ltd, Petrathern Ltd and Musgrave Minerals Ltd.

He holds other public Company Secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS

### Corporate

- Held \$9.3 million in cash and term deposits at the end of June 2013.
- The market value of Minotaur's investments in ASX listed entities was \$1.9 million.
- A Research and Development refund of \$0.8 million was received during the year from the Australian Taxation Office.
- Several gold and copper projects were evaluated as potential acquisitions.
- On 17 May 2013 Minotaur and its then wholly owned subsidiary Minotaur Gold Solutions Ltd entered into a Sale and Purchase Deed with Breakaway Resources Ltd and its wholly owned subsidiary Scotia Nickel Pty Ltd (Scotia Nickel) relating to the acquisition by Minotaur Gold Solutions Ltd from Scotia Nickel of tenements in Western Australia and Scotia Nickel's interest in its joint venture with Aphrodite Gold Limited (ASX: AQQ) for a total consideration of \$600,000 (plus GST).
- On 13 June 2013 Minotaur Exploration Ltd and Minotaur Gold Solutions Ltd entered into a Subscription and Alliance Agreement with Golden Fields Resources Pty Ltd (GFR). Formation of the Alliance included a cornerstone placement of \$756,000 into Minotaur Exploration Ltd for the issue of 4.2 million shares at \$0.18 per share (voluntarily escrowed for twelve months), plus a further payment of \$312,412 for a 50% equity interest in Minotaur Gold Solutions Ltd.

### Exploration

Minotaur Exploration directed most of its energy towards new discoveries during the financial year and retained a strong financial position without the need to seek working capital funding from shareholders. At the end of June 2013 cash held was \$9.3 million.

Our exploration team identified positive geophysical targets for Iron Oxide Copper-Gold (IOCG) prospects in the Cloncurry district (Queensland), across both joint venture and sole funded projects. At the JOGMEC joint venture (Minotaur 49%), a significant magnetite-breccia system was encountered at the Cotswold Prospect during initial drill testing. Follow up drilling is planned at Cotswold and ongoing geophysics across the 16 tenement project area will occur in the new financial year, under a new \$1.3 million work program.



*Diamond drilling contractors (Q-Ex Drilling), Cloncurry*

Target generation continued across the Company's 25 other Cloncurry area tenements (Osborne, Eloise, Ernest and Kamileroi projects) as they were progressively granted. The Osborne Project advanced to readiness for drill testing of a range of geophysical (gravity, electrical) targets.

Work under the Mitsubishi joint venture, for porphyry-related copper-gold mineralisation at the Arthurville project (NSW), started with analysis of airborne electromagnetic (VTEM) data, followed by ground geophysical surveys, generating a number of new drill targets. Additional ground surveys will refine drill targets to be tested under a new \$0.6 million work program. The Company applied for a number of new tenements across the Lachlan Cu-Au belt.

In Victoria, activities focused in the Lexington area where VTEM data generated a number of anomalies that may represent base metal targets similar to the nearby Mt Ararat and Thursday Gossan base metal occurrences. The Company intends to engage a joint venture partner to invest in follow up drill assessment.

At the Mutooroo magnetite joint venture (SA) a Scoping Study on the Muster Dam deposit returned encouraging results.





The joint venture (Sumitomo Metals and Mining Oceania 59.1%) resolved to monetise the Muster Dam deposit through a trade sale or similar. At the adjacent Border base metals project, also in joint venture with Sumitomo, field work plans were frustrated throughout the year by government policy changes and bureaucratic delays around Native Title and work approvals. A number of identified drill targets must remain untested until these issues are worked through, at significant cost.

Minotaur received positive industry feedback on trial products from the Carey's Well kaolin deposit (SA). The Company is actively seeking to bring new investment into development of the Carey's Well deposit, in which event Minotaur's ownership interest in the entire Poochera Kaolin project may be significantly reduced or divested. Discussions were joined with several industry operators on their potential investment participation in the project.

The Company moved to position itself in Western Australia during the year with several tenement applications lodged for the copper-endowed Yerrida Basin (north of Meekatharra) and through purchase of the Scotia tenements (north-west of Kalgoorlie) from Breakaway Resources Ltd by Minotaur's subsidiary, Minotaur Gold Solutions Ltd (MinAuSol). We formed a non-exclusive Alliance with a private group who subsequently purchased 50% equity interest in MinAuSol. The Alliance, through MinAuSol, will seek to secure gold prospective tenements and pre-development type gold projects within Australia.

In mid July 2013 Minotaur announced its intention to make a scrip for scrip offer to acquire no less than 90% of the issued shares in Breakaway Resources. The Bidder's Statement was despatched to Breakaway shareholders on 9 August 2013 and at the date of this report the offer remains open for acceptance.

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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.

# DIRECTORS' REPORT

## OPERATING RESULTS

The consolidated loss of the group after providing for income tax amounted to \$3,127,675 (2012: Profit \$3,863,912).

## INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Minotaur Exploration Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Derek N Carter	2,156,805	1,200,000
Mr Andrew Woskett	-	2,000,000
Mr Richard M Bonython	1,502,000	900,000
Dr Antonio P Belperio	830,306	900,000

## DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year were:

- To continue to seek extensions of areas held and to seek out new areas with potential for mineralisation; and
- To evaluate results achieved through surface sampling, drilling and geophysical surveys carried out during the year.

## RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process, and as such, the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

## SIGNIFICANT STATE OF AFFAIRS

On 28 June 2013 Minotaur Exploration relinquished 50% of its interest in the previously 100% owned Minotaur Gold Solutions Limited.

## FUTURE DEVELOPMENTS

Minotaur Exploration is pursuing a potential takeover of Breakaway Resources Ltd, which if successful will result in a significant increase in the number of tenements held by the Group and projects associated with those tenements. It is anticipated that a potential takeover will not significantly impact on the Group's day-to-day operations.

## ENVIRONMENTAL REGULATIONS

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was in South Australia and the entity followed procedures and pursued objectives in line with guidelines published by the South Australian Government. These guidelines are quite detailed and encompass not only the impact on owners and land users, heritage, health and safety and proper restoration practices.

The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable, both in South Australia and elsewhere. The Group has not been in breach of any State or Commonwealth environmental rules or regulations during the period. The Company's Canadian operations follow regulations outlined in the Nova Scotia Mining Laws. The Company is in compliance with the relevant environmental laws in Nova Scotia.

## SUBSEQUENT EVENTS

On 15 July 2013 Minotaur announced it will be pursuing a takeover of Breakaway Resources Ltd ("Breakaway"). This resulted in a Bidders Statement being issued to all Breakaway shareholders on 9 August 2013. Should a takeover of Breakaway by the Group be completed, this will result in a significant increase in the number of tenement holdings by the Group and projects associated with those holdings. It is anticipated that a potential takeover will not significantly impact on the Group's day-to-day operations.





High Cliff, Sceale Bay near the gypsum deposit at Lake Purdilla.

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2012	Net Issued/ (Exercised or expired) during Year	Balance at 30 June 2013
07/12/2007	12/12/2012	\$0.77	400,000	(400,000)	-
08/01/2008	13/01/2013	\$0.55	120,000	(120,000)	-
08/12/2008	13/12/2013	\$0.25	410,000	-	410,000
10/05/2010	15/05/2015	\$0.40	4,300,000	-	4,300,000
10/05/2010	15/08/2015	\$0.40	1,000,000	-	1,000,000
10/05/2010	16/02/2016	\$0.55	1,000,000	-	1,000,000
30/09/2011	29/09/2016	\$0.21	1,740,000	-	1,740,000
04/07/2012	03/07/2017	\$0.25	-	2,420,000	2,420,000
			<b>8,970,000</b>	<b>1,900,000</b>	<b>10,870,000</b>

## UNISSUED SHARES

At the date of this report, the following options to acquire ordinary shares in the Company were on issue (see above table):

## SHARE OPTIONS

### Shares issued as a result of exercise of options

No shares were issued during the financial year as a result of the exercise of options (2012: Nil).

### Lapse of options

On 12 December 2012 and 13 January 2013, the Group announced that 520,000 unlisted options issued under the Company's employee share option plan and options on issue to directors were unexercised and expired.

### New options issued

On the 4 July 2012, the Company issued a total of 2,420,000 unlisted options to employees as an incentive. The options are exercisable at \$0.25 and expire on 3 July 2017.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$17,936.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

# DIRECTORS' REPORT

## REMUNERATION REPORT AUDITED

This report outlines the remuneration arrangements in place for Directors and Senior Executives of Minotaur Exploration Ltd.

### Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

### Employment contracts

The employment conditions of the Managing Director, Mr Andrew Woskett, are formalised in a consultancy agreement. Mr Woskett commenced as a consultant to Minotaur on 1 March 2010 and his annual retainer is \$355,675 per annum, exclusive of GST (effective 1 January 2013). The Company may terminate the consultancy agreement without cause by providing three (3) months written notice and paying a severance amount equal to nine (9) months' retainer. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate the agreement at any time.

The employment conditions of the executive director, Dr Antonio Belperio, are formalised in a contract of employment. Dr Belperio commenced employment on 1 January 2005 and his gross salary, inclusive of the 9% superannuation guarantee as at 30 June 2013, is \$281,875 per annum (effective from 1 January 2013). The Company may terminate the employment contract without cause by providing six (6) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager of Exploration, Mr Ian Garsed, are formalised in a contract of employment. Mr Garsed commenced employment on 15 March 2011 and his gross salary, inclusive of the 9% superannuation guarantee as at 30 June 2013, is \$195,000 per annum (effective from 1 January 2013). The Company may terminate the employment contract without cause by providing one (1) month written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the



instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Commercial Manager, Mr Varis Lidums, are formalised in a contract of employment. Mr Lidums commenced employment on 1 March 2011 and his gross salary, inclusive of the 9% superannuation guarantee as at 30 June 2013, is \$195,000 per annum (effective from 1 January 2013). The Company may terminate the employment contract without cause by providing one (1) month written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

### Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9% (9.25% for future periods) as at 30 June 2013, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Group's share option scheme. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.



## Director remuneration for the year ended 30 June 2013 and 30 June 2012

		Primary Benefits		Post Employment	Share-based Payments	Total
		Salary & Fees	Bonus	Superannuation	Options	\$
Mr Derek Carter	2013	86,520	-	5,040	-	91,560
	2012	68,000	-	21,380	-	89,380
Mr Andrew Woskett	2013	347,953	65,000	-	-	412,953
	2012	337,846	41,250	-	-	379,096
Mr Richard Bonython	2013	48,069	-	-	-	48,069
	2012	66,925	-	-	-	66,925
Dr Peter Gower*	2013	-	-	-	-	-
	2012	-	-	16,800	-	16,800
Dr Antonio Belperio	2013	252,294	41,284	26,422	-	320,000
	2012	225,412	32,500	42,088	-	300,000
<b>Total</b>	2013	734,836	106,284	31,462	-	872,582
	2012	698,183	73,750	80,268	-	852,201

\* On 24 November 2011 Dr Peter Gower retired as a non-executive director of the Company.

## Remuneration of key management personnel for the year ended 30 June 2013 and 30 June 2012

		Primary Benefits		Post Employment	Share-based Payments	Total
		Salary & Fees	Bonus	Superannuation	Options	\$
Mr Ian Garsed	2013	170,606	20,642	23,752	23,375	238,375
	2012	170,156	10,000	17,494	17,650	215,300
Mr Richard Flint*	2013	-	-	-	-	-
	2012	155,257	10,000	17,243	5,295	187,795
Mr Varis Lidums	2013	176,606	27,522	18,372	23,375	245,875
	2012	169,725	10,000	15,275	17,650	212,650
<b>Total</b>	2013	347,212	48,164	42,124	46,750	484,250
	2012	495,138	30,000	50,012	40,595	615,745

\* From 1 July 2012, Richard Flint is no longer considered to be key management personnel as Ian Garsed has assumed the position of General Manager of Exploration. Richard Flint has continued in a technical capacity as Chief Geologist.

## Options granted as part of remuneration

30 June 2012	Grant Date	Grant Number	Vesting Date	Value per Option at Grant Date	Exercise Price	Total Fair Value	% of Remuneration
Mr Ian Garsed	04/07/2012	250,000	03/07/2017	0.094	0.25	23,375	9.8
Mr Varis Lidums	04/07/2012	250,000	03/07/2017	0.094	0.25	23,375	9.5

## Bonuses

During the 2013 financial year a number of Minotaur's Key Management Personnel received a bonus in respect to meeting key performance targets agreed by the Board. Bonuses are paid at the discretion of the Board.

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided during the year amounting to \$149,405 (2012: \$149,204) (inclusive of GST). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd.

## USE OF REMUNERATION CONSULTANTS

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

## VOTING AND COMMENTS MADE AT THE COMPANY'S 2012 ANNUAL GENERAL MEETING

Minotaur Exploration Ltd received more than 98% of "yes" votes on its remuneration report for the 2012 financial year by proxy. The Company did not receive any feedback at the Annual General Meeting on its remuneration report.

# DIRECTORS' REPORT

## DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Director	Directors' Meetings		Audit Committee	
	Eligible	Attended	Eligible	Attended
Mr Derek Carter	10	9	-	-
Mr Andrew Woskett	10	10	-	-
Mr Richard Bonython	10	10	2	2
Dr Antonio Belperio	10	10	2	2

## PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton Pty Ltd, in its capacity as auditor for Minotaur Exploration Limited, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2013 as required under section 307C of the *Corporations Act 2001* has been received and can be found on *page 19*.

Signed in accordance with a resolution of the directors



**Derek Carter**  
Chairman

Dated this 19<sup>th</sup> day of September 2013



# AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MINOTAUR EXPLORATION



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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 audit of Minotaur Exploration Limited for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

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

J L Humphrey  
Director – Audit & Assurance

Adelaide, 19 September 2013

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# CORPORATE

## GOVERNANCE



### INTRODUCTION

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

The Group details below the corporate governance practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

Some of the charters and policies that form the basis of the corporate governance practices of the Group may be located on the Group's website, [www.minotarexploration.com.au](http://www.minotarexploration.com.au)

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

The Group has addressed the amended principles within this statement.

### PRINCIPLE 1:

#### Lay solid foundations for management and oversight

##### *Board Responsibilities*

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

The key responsibilities of the Board include:

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

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





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

#### **Recommendation 1.2: Performance evaluation of Senior Management**

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

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

## **PRINCIPLE 2:**

### **Structure the Board to add value**

#### **Size and composition of the Board**

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

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

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

#### **Recommendation 2.1: Independence**

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

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

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

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

# CORPORATE GOVERNANCE

## PRINCIPLE 2: Structure the Board to add value

### Recommendations 2.2 and 2.3: Role of the Chairman

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

### Recommendation 2.4: Nomination, retirement and appointment of Directors

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

### Recommendation 2.5: Evaluation of Board performance

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

### Recommendation 2.6: Additional information concerning the Board and Directors

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

## PRINCIPLE 3:

### Promote ethical and responsible decision making

#### Recommendation 3.1: Code of Conduct

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

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

#### Securities Trading Policy

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

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

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

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

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





Richard Flint (Chief Geologist) and Tony Belperio (Director).



Pathunga Station.

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

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

#### **Recommendations 3.2 and 3.3: Diversity Policy**

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

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

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

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

#### **Recommendations 3.4 and 3.5: Reporting in Annual Report**

At the date of this Annual Report, the Company employs 19 staff members (excluding the Non-Executive Directors), of which five are female. The Board of Directors consists of four male directors. The Company has disclosed the information suggested in Recommendation 3.5 in this Annual Report.

## **PRINCIPLE 4:**

### **Safeguard integrity in financial reporting**

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

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

#### **Recommendations 4.1, 4.2 and 4.3: Audit Committee**

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

The committee's primary responsibilities are to:

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

# CORPORATE GOVERNANCE

## PRINCIPLE 4: Safeguard integrity in financial reporting

### Recommendations 4.1, 4.2 and 4.3: Audit Committee

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

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

## PRINCIPLE 5:

### Make timely and balanced disclosure

The Group has a policy that all shareholders and investors have equal access to the Group's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the Chair for all governance matters.

### Recommendations 5.1: Disclosure policy

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

## PRINCIPLE 6:

### Respect the rights of shareholders

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

### Recommendations 6.1: Communications policy

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;



- continuous disclosure of material changes to ASX for open access to the public; and
- the Group maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Group's website [www.minotaurexploration.com.au](http://www.minotaurexploration.com.au)

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

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

## PRINCIPLE 7:

### Recognise and manage risk

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

### Recommendations 7.1 and 7.2: Risk management policy

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





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

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

**Recommendations 7.3: Statement from Managing Director and Company Secretary**

The Managing Director and the Company Secretary are required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement is a confirmation that the Company's risk management and internal controls are operating efficiently and effectively. This statement has been received for the year ended 30 June 2013.

## PRINCIPLE 8:

### Remunerate fairly and responsibly

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

**Recommendation 8.1: Remuneration Committee**

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



MINOTAUR  
EXPLORATION

# FINANCIAL

## REPORT

FOR THE  
YEAR ENDED  
30 JUNE 2013



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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Group	
	Note	2013 \$	2012 \$
Revenue	4(a)	598,085	503,410
Gain on reclassification of non-current asset	4(c)	1,017,291	-
Other income	4(b)	738	8,370,582
Impairment of exploration and evaluation assets	4(d)	(1,440,018)	(874,242)
Impairment of available-for-sale investments	4(d)	(2,104,643)	(3,092,107)
Employee benefits expense	4(e)	(607,912)	(304,715)
Depreciation expense	4(d)	(194,968)	(111,517)
Finance costs	4(d)	(10,609)	(11,314)
Other expenses	4(f)	(1,181,715)	(959,708)
<b>(Loss)/Profit before income tax expense</b>		<b>(3,923,751)</b>	3,520,389
Income tax benefit/(expense)	5	796,076	(11,947)
<b>(Loss)/Profit from continuing operations</b>		<b>(3,127,675)</b>	3,508,442
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	23	-	355,470
<b>(Loss)/Profit for the year</b>		<b>(3,127,675)</b>	3,863,912
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations	19(b)	6,773	(2,566)
Fair value gains on available-for-sale assets, net of tax	19(c)	(60,000)	(338,000)
<b>Total comprehensive income for the period</b>		<b>(3,180,902)</b>	3,523,346
<b>(Loss)/Profit for the year is attributable to:</b>			
Members of the parent entity	20	(3,113,702)	3,863,912
Non-controlling interest	21	(13,973)	-
		<b>(3,127,675)</b>	3,863,912
<b>Total comprehensive income for the year is attributable to:</b>			
Members of the parent entity		<b>(3,166,929)</b>	3,523,346
Non-controlling interest		<b>(13,973)</b>	-
		<b>(3,180,902)</b>	3,523,346
<b>Earnings per share (Continuing operations):</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		<b>(3.02)</b>	3.48
Diluted earnings per share		<b>(3.02)</b>	3.48
<b>Earnings per share (Discontinued operations):</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		<b>(3.02)</b>	3.84
Diluted earnings per share		<b>(3.02)</b>	3.84

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

		Consolidated Group	
	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	9,269,636	14,069,291
Trade and other receivables	8	52,528	278,788
Other current assets	9	145,793	320,280
<b>TOTAL CURRENT ASSETS</b>		<b>9,467,957</b>	<b>14,668,359</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	10	1,853,158	2,859,067
Investments accounted for using the equity method	11	-	-
Property, plant and equipment	12	1,425,801	560,516
Exploration and evaluation assets	13	12,176,647	8,666,703
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,455,606</b>	<b>12,086,286</b>
<b>TOTAL ASSETS</b>		<b>24,923,563</b>	<b>26,754,645</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	2,114,355	2,043,506
Borrowings	16	35,098	32,983
Short-term provisions	17	429,220	392,696
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,578,673</b>	<b>2,469,185</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	16	114,386	149,484
Long-term provisions	17	43,159	62,412
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>157,545</b>	<b>211,896</b>
<b>TOTAL LIABILITIES</b>		<b>2,736,218</b>	<b>2,681,081</b>
<b>NET ASSETS</b>		<b>22,187,345</b>	<b>24,073,564</b>
<b>EQUITY</b>			
Issued capital	18	31,572,748	30,816,748
Reserves	19	826,628	848,443
Accumulated losses	20	(10,510,471)	(7,591,627)
<b>PARENT INTEREST</b>		<b>21,888,905</b>	<b>24,073,564</b>
Non-controlling interest	21	298,440	-
<b>TOTAL EQUITY</b>		<b>22,187,345</b>	<b>24,073,564</b>

The above statement should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Group					
	Note	Issued Capital Ordinary \$	Share Option Reserve \$	Other Components of Equity (Note 19) \$	Retained Earnings \$	Minority Interest \$	Total Equity \$
<b>Balance at 1 July 2012</b>		<b>30,816,748</b>	<b>981,763</b>	<b>(133,320)</b>	<b>(7,591,627)</b>	<b>-</b>	<b>24,073,564</b>
<i>Comprehensive income</i>							
Total comprehensive income for the year		-	-	(53,227)	(3,113,702)	(13,973)	(3,180,902)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(53,227)</b>	<b>(3,113,702)</b>	<b>(13,973)</b>	<b>(3,180,902)</b>
<i>Transactions with owners, in their capacity as owners, and other transfers</i>							
Issue of shares by way of private placement	18	756,000	-	-	-	312,413	1,068,413
Cost of share based payment	14	-	226,270	-	-	-	226,270
Transfer from share option reserve upon lapse of options	19	-	(194,858)	-	194,858	-	-
		<b>756,000</b>	<b>31,412</b>	<b>-</b>	<b>194,858</b>	<b>312,413</b>	<b>1,857,770</b>
<b>Balance at 30 June 2013</b>		<b>31,572,748</b>	<b>1,013,175</b>	<b>(186,547)</b>	<b>(10,510,471)</b>	<b>298,440</b>	<b>22,187,345</b>
<b>Balance at 1 July 2011</b>		29,213,124	913,155	207,246	(11,534,485)	-	18,799,040
<i>Comprehensive income</i>							
Total comprehensive income for the year		-	-	(340,566)	3,863,912	-	3,523,346
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(340,566)</b>	<b>3,863,912</b>	<b>-</b>	<b>3,523,346</b>
<i>Transactions with owners, in their capacity as owners, and other transfers</i>							
Issue of shares under Share Purchase Plan	18	1,631,500	-	-	-	-	1,631,500
Transaction costs (net of tax)	18	(27,876)	-	-	-	-	(27,876)
Cost of share based payment	14	-	147,554	-	-	-	147,554
Transfer from share option reserve upon lapse of options	19	-	(78,946)	-	78,946	-	-
		<b>1,603,624</b>	<b>68,608</b>	<b>-</b>	<b>78,946</b>	<b>-</b>	<b>1,751,178</b>
<b>Balance at 30 June 2012</b>		<b>30,816,748</b>	<b>981,763</b>	<b>(133,320)</b>	<b>(7,591,627)</b>	<b>-</b>	<b>24,073,564</b>

The above statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Consolidated Group	
	2013 \$	2012 \$
	Note	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	120,489	337,037
Payments to suppliers and employees	(2,007,173)	(1,763,980)
Interest received	389,530	144,829
Finance costs	(10,609)	(10,572)
Receipt of Research and Development Tax Concession	796,076	872,556
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	7 (711,687)	(420,130)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	132,368
Payments for property, plant and equipment	(649,362)	(285,662)
Purchase of available-for-sale investments	(251,532)	(10,983)
Proceeds from sale of available-for-sale investments	112,617	60,440
Proceeds from sale of investments in associates	-	147,742
Proceeds from sale of exploration and evaluation assets	-	10,450,000
Proceeds from the sale of subsidiary	-	4,220,000
Government exploration related grants	51,557	70,662
GST on sale of Roxby Downs tenements	(950,000)	-
Joint venture receipts	2,339,132	4,786,884
Payments for exploration activities	(5,782,582)	(8,925,724)
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>	(5,130,170)	10,645,727
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares through private placement	756,000	1,631,500
Proceeds from issue of shares to non-controlling interest	312,413	-
Payment of transaction costs for issue of shares	-	(38,103)
Proceeds from borrowings	-	195,617
Repayment of borrowings	(32,983)	(177,485)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	1,035,430	1,611,529
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,806,427)	11,837,126
Net foreign exchange differences	6,772	1,101
<b>Cash at the beginning of the period</b>	14,069,291	2,231,064
<b>CASH AT THE END OF THE PERIOD</b>	9,269,636	14,069,291

The above statement should be read in conjunction with the accompanying notes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

These consolidated financial statements and notes represent those of Minotaur Exploration Ltd and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Minotaur Exploration Ltd, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### a) Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Minotaur Exploration Ltd at the end of the reporting period. A controlled entity is any entity over which Minotaur Exploration Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

### Non-controlling interests

Non-controlling interests (i.e. equity in a subsidiary not attributable directly or indirectly to a parent) are present in the consolidated statement of financial position within equity separately from the equity of the owners of the parent.

### b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### b) Income Tax continued

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- a) a legally enforceable right of set-off exists; and
- b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **Tax consolidation**

The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax consolidation group for the purposes of the tax consolidation system is Minotaur Exploration Ltd.

Minotaur Exploration Ltd and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Minotaur Exploration Ltd recognises the entire tax-consolidated group's retained tax losses.

### c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### **Land and buildings**

Buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation for buildings and any accumulated impairment.

In the event the carrying amount of buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

#### **Plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

#### **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line and diminishing value basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.



The useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful life
Leasehold improvements	4 – 40 years
Plant and equipment	2 - 20 years
Motor Vehicles	6 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### d) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written-off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been

determined on the basis that the restoration will be completed within one year of abandoning the site.

#### e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

#### f) Financial Instruments

##### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

##### *Classification and subsequent measurement*

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### f) Financial Instruments

#### *Classification and subsequent measurement* continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

#### i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

#### ii) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

### iii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### g) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in *Note 11*.

### h) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

The Company has entered into a number of Joint Ventures with various parties to explore on certain tenements that the Group has a beneficial interest in.



## **i) Foreign Currency Transactions and Balances**

### ***Functional and presentation currency***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

### ***Transactions and balances***

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

### ***Group companies***

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

## **j) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is

settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

### ***Equity-settled compensation***

The Group operates an employee share option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

## **k) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## **l) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

## **m) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### m) Revenue and Other Income *continued*

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

### n) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30-90 days of recognition of the liability.

### o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### q) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

### r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### s) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### Key estimates

#### i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the year at \$12,176,647 (2012: \$8,666,703).



**t) Changes in accounting policies**

***New and amended standards adopted by the Group***

***AASB 2010-8 Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets (Applies to annual reporting periods beginning on or after 1 January 2012)***

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment properties are measured using the fair value model in AASB 140 Investment Properties. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

These amendments have had no impact on the Group.

***AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)***

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'. The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

**u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### u) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group continued

Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the *Corporations Act*, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - i) service cost and net interest expense in profit or loss; and
  - ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The amendments to AASB 119 are not expected to significantly impact the Group’s financial statements.

*AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

This Standard is not expected to significantly impact the Group’s financial statements.

*AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group’s financial statements.

*AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment
- AASB 132 and Interpretation 2: *Members’ Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group’s financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>2 PARENT INFORMATION</b>		
<b>FINANCIAL POSITION</b>		
<b>Assets</b>		
Current Assets	<b>8,586,234</b>	13,819,405
Non-current Assets	<b>15,673,509</b>	12,353,662
<b>Total Assets</b>	<b>24,259,743</b>	26,173,067
<b>Liabilities</b>		
Current Liabilities	<b>1,914,853</b>	1,887,607
Non-current Liabilities	<b>157,545</b>	211,896
<b>Total Liabilities</b>	<b>2,072,398</b>	2,099,503
<b>Equity</b>		
Issued Capital	<b>31,572,748</b>	30,816,748
Reserves	<b>1,013,175</b>	981,763
Retained Earnings	<b>(10,398,578)</b>	(7,724,947)
<b>Total Equity</b>	<b>22,187,345</b>	24,073,564
<b>FINANCIAL PERFORMANCE</b>		
(Loss)/Profit for the year	<b>(2,673,631)</b>	3,602,291
Other Comprehensive Income	-	-
<b>Total Comprehensive Income</b>	<b>(2,673,631)</b>	3,602,291

**Guarantees**

Minotaur Exploration Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

**Contingent Liabilities**

Contingent liabilities of the parent entity have been incorporated into the Group information in *Note 24*.  
The contingent liabilities of the parent are consistent with that of the Group.

**Contractual Commitments**

Contractual Commitments of the parent entity have been incorporated into the Group information in *Note 22*.  
The contractual commitments of the parent are consistent with that of the Group.

### 3 OPERATING SEGMENTS

Information reported to the chief operating decision maker (identified as the board) for the purposes of resource allocation and assessment of segment performance focuses on types of business segments encountered by the Group. The Group's reportable segments under AASB 8 are therefore as follows:

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

The following is an analysis of the Group's revenue and results from continuing operation by reportable segment.

	Segment Revenue		Segment Result	
	Year ended 30 June 2013 \$	30 June 2012 \$	Year ended 30 June 2013 \$	30 June 2012 \$
<b>Continuing Operations</b>				
Investments	1,495,625	308,083	(609,018)	(2,777,992)
Mineral Exploration – Australia	120,489	8,546,645	(1,175,180)	7,672,403
Mineral Exploration – Canada	-	-	(144,349)	-
Discontinued operations	-	-	-	355,470
	<b>1,616,114</b>	<b>8,854,728</b>	<b>(1,928,547)</b>	<b>5,249,881</b>
Finance costs	-	-	(10,609)	(11,314)
Administration/Corporate	-	19,264	(1,789,627)	(1,251,191)
Depreciation	-	-	(194,968)	(111,517)
<b>Consolidated revenue</b>	<b>1,616,114</b>	<b>8,873,992</b>		
<b>Profit/(Loss) before income tax</b>			<b>(3,923,751)</b>	<b>3,875,859</b>
Income tax benefit/(expense)			<b>796,076</b>	<b>(11,947)</b>
<b>Profit/(Loss) for period</b>			<b>(3,127,675)</b>	<b>3,863,912</b>

The revenue reported above represents revenue generated from financial institutions and joint venture partners. There were no intersegment sales during the period.

Segment profit/(loss) represents the profit earned by each segment without allocation of central administration costs, finance costs, depreciation and income tax(expense)/benefit. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 3 OPERATING SEGMENTS CONTINUED

### 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. The Group has not reported on segment liabilities as such amounts are not regularly provided to the chief operating decision maker.

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

	Opening Balance 1 July 2012 \$	Capital Expenditure/ Investment \$	Impairment and Share of loss \$	Revaluations/ Translations \$	Disposals/ Redemption of Term Deposits \$	Closing Balance 30 June 2013 \$
<b>Segment Assets</b>						
Investments	14,341,698	251,532	(2,118,290)	957,291	(2,457,205)	10,975,026
Mineral Exploration – Australia	8,658,717	4,813,599	(1,295,669)	-	-	12,176,647
Mineral Exploration – Canada	7,987	136,362	(144,349)	-	-	-
<b>Total Segment Assets</b>	<b>23,008,402</b>	<b>5,201,493</b>	<b>(3,558,308)</b>	<b>957,291</b>	<b>(2,457,205)</b>	<b>23,151,673</b>
Administration/Corporate	3,746,243					1,771,890
	<b>26,754,645</b>					<b>24,923,563</b>
<b>Segment Liabilities</b>						
Mineral Exploration – Australia	-					600,000
Administration/Corporate	2,681,081					2,136,218
	<b>24,073,564</b>					<b>22,187,345</b>
	Opening Balance 1 July 2011 \$	Capital Expenditure/ Investment \$	Impairment and Share of loss \$	Revaluations/ Translations \$	Disposals/ Redemption of Term Deposits \$	Closing Balance 30 June 2012 \$
<b>Segment Assets</b>						
Investments	5,805,000	12,033,278	(3,093,580)	(338,000)	(65,000)	14,341,698
Mineral Exploration – Australia	11,345,820	4,663,796	(940,356)	-	(6,410,543)	8,658,717
Mineral Exploration – Canada	-	41,818	(33,831)	-	-	7,987
<b>Total Segment Assets</b>	<b>17,150,820</b>	<b>16,738,892</b>	<b>(4,067,767)</b>	<b>(338,000)</b>	<b>(6,475,543)</b>	<b>23,008,402</b>
Administration/Corporate	2,864,659					3,746,243
	<b>20,015,479</b>					<b>26,754,645</b>
<b>Segment Liabilities</b>						
Administration/Corporate	1,216,439					2,681,081
	<b>18,799,040</b>					<b>24,073,564</b>



	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>4 REVENUE AND EXPENSES</b>		
<b>a) Revenue</b>		
Administration fees	<b>120,489</b>	337,037
Bank interest received or receivable	<b>477,596</b>	166,373
	<b>598,085</b>	503,410
<b>b) Other income</b>		
<i>From continuing operations</i>		
Net gains on disposal of motor vehicles	-	19,264
Net gains on disposal of tenements	-	8,209,608
Net gains on disposal of available-for-sale investments	<b>738</b>	(6,032)
Net gains on disposal of associates	-	147,742
	<b>738</b>	8,370,582
<b>c) Gain on reclassification of non-current asset</b>		
Gain on reclassification of investment in Petratherm Ltd – refer <i>Note 11</i>	<b>1,017,291</b>	-
	<b>1,017,291</b>	-
<b>d) Expenses</b>		
<i>Impairment of non-current assets</i>		
Capitalised exploration costs written-off	<b>1,440,018</b>	874,242
Impairment of available-for-sale financial assets	<b>2,104,643</b>	3,092,107
<b>Total impairment of non-current assets</b>	<b>3,544,661</b>	3,966,349
<i>Depreciation of non-current assets</i>		
Leasehold improvements	<b>57,103</b>	-
Plant and equipment	<b>88,767</b>	71,028
Motor vehicles	<b>49,098</b>	40,489
<b>Total depreciation</b>	<b>194,968</b>	111,517
<i>Finance expenses</i>		
Finance costs	<b>180</b>	175
Interest applicable to hire-purchase contracts	<b>10,429</b>	11,139
<b>Total finance expenses</b>	<b>10,609</b>	11,314

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 4 REVENUE AND EXPENSES CONTINUED

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>e) Employees benefits expense</b>		
Wages, salaries, directors fees and other remuneration expenses	<b>3,007,404</b>	2,939,647
Superannuation expense	<b>213,202</b>	222,181
Transfer to/(from) annual leave provision	<b>(18,206)</b>	12,704
Transfer to/(from) long service leave provision	<b>35,477</b>	63,105
Share-based payments expense	<b>226,270</b>	147,554
Transfer to exploration assets	<b>(2,856,235)</b>	(3,080,476)
	<b>607,912</b>	304,715
<b>f) Other expenses</b>		
<b>From continuing operations</b>		
Secretarial, professional and consultancy	<b>455,256</b>	335,947
Employee taxes and levies	<b>143,554</b>	141,420
Occupancy costs	<b>274,165</b>	143,611
Insurance costs	<b>62,170</b>	107,959
ASX/ASIC costs	<b>32,954</b>	34,605
Share register maintenance	<b>34,277</b>	52,179
Communication costs	<b>31,107</b>	23,882
Promotion and advertising	<b>30,525</b>	38,939
Audit fees	<b>31,500</b>	37,700
Other expenses	<b>86,207</b>	43,466
	<b>1,181,715</b>	959,708
<b>From discontinued operations</b>		
Other expenses	-	9,272
	-	968,980

## 5 INCOME TAX EXPENSE

The major components of income tax expense are:

### Statement of Comprehensive Income

#### Current income tax

Current income tax charge	-	11,947
Research and Development tax offset	<b>(796,076)</b>	-
<b>Income tax (benefit)/expense reported in the income statement</b>	<b>(796,076)</b>	11,947

## 5 INCOME TAX EXPENSE CONTINUED

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	<b>(3,923,751)</b>	3,520,389
At the Group's statutory income tax rate of 30% (2012: 30%)	<b>(1,177,125)</b>	1,056,117
Immediate write-off of exploration expenditure	<b>(1,289,783)</b>	(1,426,781)
Expenditure not allowable for income tax purposes	<b>1,129,329</b>	1,248,883
Non-assessable income	<b>(305,409)</b>	(2,511,175)
Assessable income in relation to sale of exploration and evaluation assets	-	2,832,00
Capital gains	-	1,759,575
Utilisation of tax losses	-	(2,958,619)
Tax losses not recognised due to not meeting recognition criteria	<b>1,642,988</b>	-
Tax portion of share issue costs	-	11,947
	-	11,947

The Group has tax losses arising in Australia of \$5,466,625 (2012: \$1,478,753) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. In addition, the Group has \$26,909 capital losses available.

### Tax consolidation

Minotaur Exploration Ltd and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 5 February 2005. Minotaur Exploration Ltd is the head entity of the tax consolidated group.

## 6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Net profit/(loss) attributable to ordinary equity holders of the parent	<b>(3,127,675)</b>	3,863,912
Weighted average number of ordinary shares for basic earnings per share	<b>103,712,284</b>	100,732,806
<i>Effect of dilution</i>		
Share options	-	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>103,712,284</b>	100,732,806

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account for 2013.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	<b>2,248,636</b>	198,747
Short-term deposits	<b>7,021,000</b>	13,870,544
	<b>9,269,636</b>	14,069,291

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rate.

## Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

Cash at banks and on hand	<b>2,248,636</b>	198,747
Short-term deposits	<b>7,021,000</b>	13,870,544
	<b>9,269,636</b>	14,069,291

## Reconciliation of net loss after tax to net cash flows from operations

Net (loss)/profit	<b>(3,127,675)</b>	3,863,912
<i>Adjustments for non-cash items:</i>		
Depreciation	<b>194,968</b>	111,517
Impairment of non-current assets	<b>3,544,661</b>	4,066,294
Gain on reclassification of non-current asset	<b>(1,017,291)</b>	-
Net (gain)/loss on disposal property plant and equipment, available-for-sale financial instruments and tenements	<b>(738)</b>	(8,835,269)
Non-cash income tax expense/(benefit)	-	11,947
Share options expensed	<b>226,270</b>	147,554
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	<b>(88,065)</b>	409,614
(Increase)/decrease in prepayments	<b>22,721</b>	(17,649)
(Decrease)/increase in trade and other payables	<b>(483,809)</b>	(243,860)
(Decrease)/increase in withholding tax payable	-	(9,999)
(Decrease)/increase in employee provisions	<b>17,271</b>	75,809
<b>Net cash from operating activities</b>	<b>(711,687)</b>	(420,130)

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables (i)	<b>52,528</b>	278,788
	<b>52,528</b>	278,788

- i) Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2012 and 2013 and no receivables are past due at balance date.

Information regarding the credit risk of current receivables is set out in *Note 27*.

## 9 OTHER CURRENT ASSETS

Prepayments	<b>55,487</b>	72,908
Accrued income	<b>86,006</b>	242,072
Other	<b>4,300</b>	5,300
	<b>145,793</b>	320,280

## 10 AVAILABLE-FOR-SALE INVESTMENTS

At fair value – Shares, listed:		
Opening balance	<b>2,859,067</b>	4,605,000
Revaluations	<b>(60,000)</b>	(338,000)
Disposals	<b>(96,441)</b>	(65,000)
Acquisitions	<b>251,532</b>	1,750,647
Impairments	<b>(2,118,291)</b>	(3,093,580)
Gain on reclassification of non-current assets (a)	<b>1,017,291</b>	-
	<b>1,853,158</b>	2,859,067

Available-for-sale investments consist of investments in ordinary shares in listed entities. The investments are 8,000,000 fully paid ordinary shares in the capital of Platsearch NL (ASX Code PTS), 10,000,000 fully paid ordinary shares in the capital of Thomson Resources Ltd (ASX Code TMZ), 21,416,667 fully paid ordinary shares in the capital of Mithril Resources Ltd (ASX Code MTH), 3,076,923 fully paid ordinary shares in the capital of Mungana Goldmines Ltd (ASX Code MUX), 30,000,000 fully paid ordinary shares in the capital of Petratherm Ltd (ASX Code PTR) and 850,000 fully paid ordinary shares in the capital of Spencer Resources Ltd (ASX Code SPA). In accordance with AASB 139 'Financial Instruments: Recognition and Measurement', the securities are measured at fair value, which is determined to be closing bid price for the securities. As at 30 June 2013, the final bid price was \$0.045, \$0.026, \$0.02, \$0.065, \$0.019 and \$0.041 respectively.

- a) During the 2013 financial year, the Company changed the classification of its investments in Petratherm Ltd due to dilution of Minotaur's interest following a share placement.

In accordance with Accounting Standards the Company's investment was revalued to the market value on the date of the change in classification with a gain of \$1,017,291 recognised in the Statement of profit or loss and other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>11 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD</b>		
Investments in associates	-	-
<hr/>		
<p>As at 30 June 2013, the Company had no investments accounted for using the equity method. During the financial year, the Board changed the method of accounting for Petratherm Ltd and was reclassified as an available-for-sale investment. Refer to <i>Note 10</i> for more details.</p>		
<hr/>		
<b>12 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and buildings</b>		
<b>Cost</b>		
Opening balance	-	-
Additions	<b>508,723</b>	-
Disposals	-	-
	<hr/>	<hr/>
	<b>508,723</b>	-
<b>Accumulated depreciation</b>		
Opening balance	-	-
Depreciation for the year	-	-
Disposals	-	-
	<hr/>	<hr/>
	-	-
<b>Net book value of land and buildings</b>	<b>508,723</b>	-
<hr/>		
<p>Property is measured at historical cost less impairment. No impairment has been recorded for the year as the net book value is considered to be less than the recoverable amount (2012: \$nil). Land and buildings with a net book value of \$508,723 (2012: \$nil) is offered as security against a mortgage of \$392,000.</p>		
<b>Leasehold improvements</b>		
<b>Cost</b>		
Opening balance	-	-
Additions	<b>611,218</b>	-
Disposals	-	-
	<hr/>	<hr/>
	<b>611,218</b>	-
<b>Accumulated depreciation</b>		
Opening balance	-	-
Depreciation for the year	<b>57,103</b>	-
Disposals	-	-
	<hr/>	<hr/>
	<b>57,103</b>	-
<b>Net book value of leasehold improvements</b>	<b>554,115</b>	-
<hr/>		



	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>12 PROPERTY, PLANT AND EQUIPMENT CONTINUED</b>		
<b>Plant and equipment</b>		
<b>Cost</b>		
Opening balance	<b>774,379</b>	743,412
Additions	<b>31,568</b>	30,967
Disposals	<b>(400,222)</b>	-
	<b>405,725</b>	774,379
<b>Accumulated depreciation</b>		
Opening balance	<b>583,390</b>	512,362
Depreciation for the year	<b>88,767</b>	71,028
Disposals	<b>(390,222)</b>	-
	<b>281,935</b>	583,390
<b>Net book value of plant and equipment</b>	<b>123,790</b>	190,989
<b>Kaolin pilot plant</b>		
<b>Cost</b>		
Opening balance	<b>293,765</b>	170,431
Additions	-	123,334
Disposals	<b>(10,000)</b>	-
	<b>283,765</b>	293,765
<b>Accumulated depreciation</b>		
Opening balance	<b>99,538</b>	-
Depreciation for the year	<b>81,256</b>	99,538
Disposals	<b>(10,000)</b>	-
	<b>170,794</b>	99,538
<b>Net book value of Kaolin pilot plant</b>	<b>112,971</b>	194,227
<b>Motor vehicles</b>		
<b>Cost</b>		
Opening balance	<b>226,707</b>	233,001
Additions	-	180,379
Disposals	<b>(24,475)</b>	(186,673)
	<b>202,232</b>	226,707
<b>Accumulated depreciation</b>		
Opening balance	<b>51,407</b>	84,487
Depreciation for the year	<b>49,098</b>	40,489
Disposals	<b>(24,475)</b>	(73,569)
	<b>76,030</b>	51,407
<b>Net book value of motor vehicles</b>	<b>126,202</b>	175,300
<b>Total net book value of property, plant and equipment</b>	<b>1,425,801</b>	560,516

Motor vehicles with a net book value of \$126,202 (2012: \$175,300) is offered as security against hire purchase contracts of \$149,484.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>13 EXPLORATION AND EVALUATION ASSETS</b>		
<b>Exploration, evaluation and development costs carried forward in respect of mining areas of interest</b>		
Exploration and evaluation phases – Joint Ventures	<b>5,094,323</b>	4,770,046
Exploration and evaluation phases – Other	<b>7,082,324</b>	3,896,657
	<b>12,176,647</b>	8,666,703

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

<b>Consolidated Group</b>	<b>Exploration Joint Venture</b>	<b>Exploration Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Capitalised tenement expenditure movement reconciliation</b>			
Balance at beginning of year	4,770,046	3,896,657	8,666,703
Additions through expenditure capitalised	1,306,563	4,625,685	5,932,248
Additions through acquisition of tenements	600,000	-	600,000
Reductions through joint venture contributions	(1,582,286)	-	(1,582,286)
Write-off of tenements relinquished	-	(1,440,018)	(1,440,018)
<b>Balance at end of year</b>	<b>5,094,323</b>	<b>7,082,324</b>	<b>12,176,647</b>

## 14 SHARE-BASED PAYMENTS

### Employee Share Option Plan

The Company has established the Minotaur Exploration Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

## 14 SHARE-BASED PAYMENTS

### Employee Share Option Plan CONTINUED

- If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of *a*) the expiry of the period of 6 months from the date of such occurrence, and *b*) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules. The expense recognised in the Statement of profit or loss and other comprehensive income in relation to share-based payments is disclosed in *Note 4 (e)*.

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in share options under the Company's Employee Share Option Plan issued during the year:

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	2,270,000	0.24	930,000	0.53
Granted during the year	2,420,000	0.25	2,090,000	0.21
Exercised during the year	-	-	-	-
Expired or lapsed during the year	(120,000)	0.55	(750,000)	0.53
Outstanding at the end of the year	4,570,000	0.23	2,270,000	0.24
Exercisable at the end of the year	4,570,000	0.23	2,270,000	0.24

The outstanding balance as at 30 June 2013 is represented by:

- A total of 410,000 options exercisable at any time until 2 Dec 2013 with an exercise price of \$0.25.
- A total of 1,740,000 options exercisable at any time until 29 Sep 2016 with an exercise price of \$0.21.
- A total of 2,420,000 options exercisable at any time until 3 July 2017 with an exercise price of \$0.25.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 3.40 years (2012: 3.55 years).

The range of exercise prices for options outstanding at the end of the year was \$0.21–\$0.25 (2012: \$0.21–\$0.55).

The weighted average fair value of options granted during the year was \$0.0935 (2012: \$0.0706).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Historical volatility (%)	75.40%
Risk-free interest rate (%)	2.70%
Expected life of option (years)	5.00



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>15 TRADE AND OTHER PAYABLES</b>		
Trade payables (i)	<b>257,603</b>	803,976
Net GST and PAYG Payable	<b>28,103</b>	938,269
Amount payable for the acquisition of tenements	<b>600,000</b>	-
Amount payable for the acquisition of land and buildings	<b>492,148</b>	-
Joint venture income received in advance	<b>491,652</b>	166,188
Other payables (ii)	<b>244,849</b>	135,073
	<b>2,114,355</b>	2,043,506

- i) Trade payables are non-interest bearing and are normally settled on 30-day terms.  
 ii) Other payables are non-interest bearing and are normally settled within 30 – 90 days.

Information regarding the credit risk of current payables is set out in *Note 27*.

## 16 BORROWINGS

### Current

Hire purchase contracts	<b>35,098</b>	32,983
	<b>35,098</b>	32,983

### Non-current

Hire purchase contracts	<b>114,386</b>	149,484
	<b>114,386</b>	149,484

## 17 PROVISIONS

### Current

#### Annual leave provision

Balance at 1 July	<b>134,913</b>	122,209
Net (decrease)/increase in provision	<b>(18,206)</b>	12,704
Closing Balance 30 June	<b>116,707</b>	134,913

#### Long Service Leave

Balance at 1 July	<b>257,783</b>	195,020
Net increase/(decrease) in provision	<b>54,730</b>	62,763
Closing Balance 30 June	<b>312,513</b>	257,783
	<b>429,220</b>	392,696

### Non-current

#### Long Service Leave

Balance at 1 July	<b>62,412</b>	62,070
Net increase/(decrease) in provision	<b>(19,253)</b>	342
Closing Balance 30 June	<b>43,159</b>	62,412

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>18 ISSUED CAPITAL</b>		
107,785,709 fully paid ordinary shares (2012: 103,585,709)	<b>31,572,748</b>	30,816,748

	<b>2013</b>		<b>2012</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
Balance at beginning of financial year	<b>103,585,709</b>	<b>30,816,748</b>	92,709,018	29,213,124
Shares issued by way of private placement	<b>4,200,000</b>	<b>756,000</b>	-	-
Purchase plan	-	-	10,876,691	1,631,500
Transaction costs on shares issued	-	-	-	(27,876)
<b>Balance at end of financial year</b>	<b>107,785,709</b>	<b>31,572,748</b>	103,585,709	30,816,748

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares.

Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>19 RESERVES</b>		
Share option reserve (a)	<b>1,013,175</b>	981,763
Foreign currency translation reserve (b)	<b>(126,547)</b>	(133,320)
Available-for-sale revaluation reserve (c)	<b>(60,000)</b>	-
	<b>826,628</b>	848,443

**a) Share option reserve**

Balance at beginning of financial year	<b>981,763</b>	913,155
Issue of options to employees and officers under Employee Share Option Plan	<b>226,270</b>	147,554
Transfer to retained earnings upon lapse of options	<b>(194,858)</b>	(78,946)
<b>Balance at end of financial year</b>	<b>1,013,175</b>	981,763

**b) Foreign currency translation reserve**

Balance at beginning of financial year	<b>(133,320)</b>	(130,754)
Translation of foreign subsidiary	<b>6,773</b>	(2,566)
<b>Balance at end of financial year</b>	<b>(126,547)</b>	(133,320)

**c) Available-for-sale revaluation reserve**

Balance at beginning of financial year	-	338,000
Revaluation decrement	<b>(60,000)</b>	(338,000)
<b>Balance at end of financial year</b>	<b>(60,000)</b>	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	<b>Consolidated Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>20 RETAINED EARNINGS</b>		
Balance at beginning of financial year	(7,591,627)	(11,534,485)
Net loss attributable to members of the parent entity	(3,113,702)	3,863,912
Transfer from share option reserve	194,858	78,946
<b>Balance at end of financial year</b>	<b>(10,510,471)</b>	<b>(7,591,627)</b>
<b>21 NON-CONTROLLING INTEREST</b>		
Balance at beginning of financial year	-	-
Issue of shares in Minotaur Gold Solutions Ltd to private investor	312,413	-
Net loss attributable to non-controlling interest	(13,973)	-
	<b>298,440</b>	-

Further to the Company's ASX Announcement dated 14 June 2013, the Company sold 50% of its interest in Minotaur Gold Solutions Ltd to a private investor for a total cash consideration of \$312,413.

## 22 COMMITMENTS FOR EXPENDITURE

### Operating leases

Not longer than 1 year	219,125	90,470
Longer than 1 year and not longer than 5 years	6,003	-
	<b>225,128</b>	<b>90,470</b>

### Hire purchase commitments

Not longer than 1 year	43,412	43,412
Longer than 1 year and not longer than 5 years	118,041	161,453
	<b>161,453</b>	<b>204,865</b>
Less: future finance charges	(11,969)	(22,398)
	<b>149,484</b>	<b>182,467</b>

### Terms of lease arrangements

The Group has an operating lease in place for its principal place of business. The lease was assigned to Minotaur Exploration Ltd on 18 September 2012 and expires within 2 years from the date of assignment. The lease has a term for renewal and has an escalation clause linked to CPI. Future minimum lease payments under hire purchase contracts together with the present value of the net minimum lease payments are listed in the above table.

### Exploration leases

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay in the year ending 30 June 2014 amounts of approximately \$5.1 million in respect of tenement lease rentals and to meet minimum expenditure requirements. Pursuant to various Joint Venture agreements, it is expected that of this minimum expenditure requirement, \$1.1 million will be funded by Minotaur's Joint Venture partners. The net obligation to the Minotaur Exploration Group is expected to be fulfilled in the normal course of operations.



## 23 DISCONTINUED OPERATIONS

During the 2012 financial year, Minotaur Exploration Ltd made the strategic decision to dispose of its investment in the Tunkillia Project, contained within its wholly-owned subsidiary Minotaur Ventures Pty Ltd. Revenue and expenses, gains and losses relating to the discontinuation of the Tunkillia Project have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of comprehensive income (see loss for the year from discontinued operations).

On 17 January 2012, Minotaur Ventures Pty Ltd was sold to Mungana Goldmines Ltd (ASX: MUX, 'Mungana') for a total consideration of \$4,000,000 and 3,076,923 fully paid ordinary shares in Mungana (valued at \$1,538,462 at the date of disposal). The operating loss of Minotaur Ventures Pty Ltd until the date of disposal and the profit or loss from the disposal of assets and liabilities classified as held-for-sale is summarised as follows:

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
Impairment expense	-	(99,945)
Other expenses	-	(9,272)
<b>Loss before income tax</b>	-	( 109,217)
Tax expense	-	-
<b>Loss for the year</b>	-	( 109,217)
Profit after tax on disposal	-	464,68
<b>Profit/(Loss) for the year</b>	-	<b>355,470</b>

The carrying amount of the net assets of Minotaur Ventures Pty Ltd recognised at the date of disposal (17 January 2012) and breakdown of considerations is detailed as follows:

	17 Jan 2012 \$
<b>Non-current assets</b>	
– Exploration and evaluation assets	4,900,681
Net assets at date of disposal	4,900,681
Consideration received in cash	3,980,000
Consideration received in shares	1,538,462
Costs incurred in sale	(153,094)
Net consideration received	5,365,368
<b>Net gain on disposal</b>	<b>464,687</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

**Consolidated Group**  
**2013**                      **2012**  
**\$**                              **\$**

## 24 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At the date of signing this report, the Group is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137.

It is however noted that the Company has established various bank guarantees in place with a number of State Governments in Australia, totalling \$271,000 at 30 June 2013 (2012: \$201,000). These guarantees are designed to act as collateral over the tenements which Minotaur explores on and can be used by the relevant Government authorities in the event that Minotaur does not sufficiently rehabilitate the land it explores on. It is noted that the bank guarantees have as at the date of signing this report never been utilised by any State Government.

## 25 AUDITOR'S REMUNERATION

Audit or review of the financial report	<b>31,500</b>	37,700
	<b>31,500</b>	37,700

No other services have been provided.

	<b>Ownership interest</b>	
<b>Country of incorporation</b>	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>

## 26 CONTROLLED ENTITIES

### Parent entity

Minotaur Exploration Limited (i)	Australia
----------------------------------	-----------

### Subsidiaries

Minotaur Operations Pty Ltd (ii)	Australia	<b>100</b>	100
Minotaur Resources Investments Pty Ltd	Australia	<b>100</b>	100
Minotaur Industrial Minerals Pty Ltd (ii)	Australia	<b>100</b>	100
Great Southern Kaolin Pty Ltd (ii)	Australia	<b>100</b>	100
Minotaur Gold Solutions Limited	Australia	<b>50</b>	100
Minotaur Atlantic Exploration Limited	Canada	<b>100</b>	100

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

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

On 28 June 2013 Minotaur Exploration sold 50% of its interest in the previously 100% owned Minotaur Gold Solutions Limited.

Consolidated Group	
2013	2012
\$	\$

## 27 FINANCIAL RISK MANAGEMENT

### Credit risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in *Notes 18, 19 and 20* respectively. Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs.

#### Financial assets

Cash and cash equivalents	9,269,636	14,069,291
Trade receivables	52,528	278,788
Available-for-sale financial assets	1,883,158	2,859,067

#### Financial liabilities

Payables	2,114,355	2,043,506
Borrowings	149,484	182,467

### Credit risk

Credit risk management Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

### Interest rate risk

The tables listed below detail the Group's interest bearing assets, consisting solely of cash on hand and on short-term deposit (with all maturities less than one year in duration).

	Weighted average effective interest rate %	Less than 1 year \$
<b>Consolidated</b>		
<b>2013</b>		
Variable interest rate	4.46	9,269,636
<b>2012</b>		
Variable interest rate	4.82	14,069,291

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 27 FINANCIAL RISK MANAGEMENT CONTINUED

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net loss would increase or decrease by \$58,347 which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves.

### Liquidity and interest risk tables

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 year than \$	Longer than 1 year and not longer than 5 years \$
<b>Consolidated</b>			
<b>2013</b>			
Interest bearing	6.22	32,983	114,386
Non-interest bearing	-	2,114,355	-
<b>2012</b>			
Interest bearing	6.22	32,983	152,834
Non-interest bearing	-	2,043,506	-

### Available-for-sale financial instrument risk management

Ultimate responsibility for the Group's investments in available-for-sale financial instruments rests with the Board. The Board actively manages its investments by reviewing the market value of the Group's portfolio at each board meeting and making appropriate investment decisions.

### Fair value measurements

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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



## 27 FINANCIAL RISK MANAGEMENT CONTINUED

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value</b>				
<b>Available-for-sale investments</b>				
– Platsearch NL - 8,000,000 Shares	360,000	-	-	360,000
– Thomson Resources Ltd - 10,000,000 Shares	260,000	-	-	260,000
– Mithril Resources Ltd - 21,416,667 Shares	429,333	-	-	429,333
– Mungana Goldmines Ltd - 3,076,923 Shares	200,000	-	-	200,000
– Spencer Resources Ltd - 850,000 Shares	33,825	-	-	33,825
– Petratherm Ltd - 30,000,000 Shares	570,000	-	-	570,000
	<b>1,853,158</b>	-	-	<b>1,853,158</b>

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

The fair value of financial instruments that are not traded in an active market is determined using valuation methodologies.

Quoted market prices for similar instruments is a method used to determine the fair value. These instruments are included in Level 2.

In the circumstances where a valuation technique is based on significant unobservable inputs, such instruments are included in Level 3.

## 28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures':

Mr Derek N Carter, Chairman

Mr Andrew Woskett, Managing Director

Dr Antonio P Belperio, Executive Director

Mr Richard M Bonython, Non-Executive Director

Mr Donald Stephens, Company Secretary

Mr Varis Lidums, Commercial Manager

Mr Ian Garsed, General Manager of Exploration

	<b>Consolidated Group</b>	
	<b>2013</b> \$	2012 \$
Short-term employee benefits	<b>1,236,496</b>	1,291,910
Post employment benefits	<b>73,586</b>	135,441
Share-based payments	<b>46,750</b>	40,595
	<b>1,356,832</b>	1,467,946

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

### a) Option holdings of Key Management Personnel

30 June 2013	Balance at beginning of period	Granted as remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
<b>Directors</b>								
Derek Carter	1,200,000	-	-	-	1,200,000	17/05/15	18/05/10	17/05/15
Richard Bonython	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Peter Gower	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
	400,000	-	-	(400,000)	-	02/12/12	03/12/07	02/12/12
Andrew Woskett	1,000,000	-	-	-	1,000,000	29/08/15	30/08/10	29/08/15
	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16
<b>Executives</b>								
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10	17/05/15
Varis Lidums	250,000	-	-	-	250,000	29/09/16	30/09/12	29/09/16
	-	250,000	-	-	250,000	03/07/17	04/07/12	03/07/17
Ian Garsed	250,000	-	-	-	250,000	29/09/16	30/09/12	29/09/16
	-	250,000	-	-	250,000	03/07/17	04/07/12	03/07/17
30 June 2012	Balance at beginning of period	Granted as remuneration	Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
<b>Directors</b>								
Derek Carter	1,200,000	-	-	-	1,200,000	17/05/15	18/05/10	17/05/15
Richard Bonython	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Peter Gower	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
Antonio Belperio	900,000	-	-	-	900,000	17/05/15	18/05/10	17/05/15
	400,000	-	-	-	400,000	02/12/12	03/12/07	02/12/12
Andrew Woskett	1,000,000	-	-	-	1,000,000	29/08/15	30/08/10	29/08/15
	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11	27/02/16
<b>Executives</b>								
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10	17/05/15
Varis Lidums	-	250,000	-	-	250,000	29/09/16	30/09/12	29/09/16
Ian Garsed	-	250,000	-	-	250,000	29/09/16	30/09/12	29/09/16

## 28 RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

### b) Shareholdings of Key Management Personnel

30 June 2013	Balance at 1 July 12	On Exercise of Options	Net Change Other	Balance 30 June 13
<b>Directors</b>				
Derek Carter	2,156,805	-	-	2,156,805
Andrew Woskett	-	-	-	-
Richard Bonython	1,502,000	-	-	1,502,000
Antonio Belperio	830,306	-	-	830,306
<b>Executives</b>				
Donald Stephens	305,000	-	-	305,000
Varis Lidums	-	-	-	-
Ian Garsed	-	-	-	-
<hr/>				
30 June 2012	Balance at 1 July 11	On Exercise of Options	Net Change Other	Balance 30 June 12
<b>Directors</b>				
Derek Carter	2,056,805	-	100,000	2,156,805
Andrew Woskett	-	-	-	-
Richard Bonython	1,452,000	-	50,000	1,502,000
Antonio Belperio	680,306	-	150,000	830,306
<b>Executives</b>				
Donald Stephens	305,000	-	-	305,000
Varis Lidums	-	-	-	-
Ian Garsed	-	-	-	-

### Associates

Throughout the year no transactions took place between Minotaur Exploration Limited and any associates (2012: \$1,540). In addition, no amounts were owed by any associates at the end of the year (2012: Nil).

### Director related entities

During the year Minotaur invoiced Petratherm Ltd for reimbursements relating to expenditure incurred by Minotaur on Petratherm's behalf. These transactions were undertaken on an arms length basis and in aggregate for the year ended 30 June 2013 totalled \$643 (2012: \$11,167). Derek Carter, the Company's Chairman and Richard Bonython, a non-executive director of the Company are both directors of Petratherm Ltd.

### Wholly-owned group transactions

The entities comprising the wholly-owned Group and ownership interests in these controlled entities are set out in Note 26. Transactions between Minotaur Exploration Limited and other entities in the wholly-owned Group during the year consisted of loans advanced by Minotaur Exploration Limited to fund exploration and investment activities. The closing value of all loan amounts to wholly-owned members of the Group is contained within the Statement of Financial Position under other receivables and cash movements throughout the year are detailed within the body of the Statement of Cash Flows under loans to wholly-owned subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

## 29 SUBSEQUENT EVENTS

On 4 July 2013 Minotaur Exploration Ltd settled on the acquisition of land and buildings at Cloncurry, Queensland.

On 15 July 2013 Minotaur announced it intended to make a takeover for Breakaway Resources Ltd ("Breakaway"). This resulted in a Bidders Statement being issued to all Breakaway shareholders on 9 August 2013. As at the date of signing this report the offer remains open for acceptances.

On 26 July 2013, Minotaur Gold Solutions Limited settled on the acquisition of a number of tenements in Western Australia including Scotia Nickel Pty Ltd's interest in its joint venture with Aphrodite Gold Limited over those tenements.

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MINOTAUR  
EXPLORATION

# DIRECTORS'

## DECLARATION

FOR THE  
YEAR ENDED  
30 JUNE 2013

The Directors of the Company declare that:

- 1 the financial statements and notes, as set out on *pages 27 to 62*, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Accounting Standards, which, as stated in accounting policy *Note 1* to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company and consolidated Group;
- 2 the Managing Director and Company Secretary have each declared that:
  - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b) the financial statements and notes for the financial year comply with Accounting Standards; and
  - c) the financial statements and notes for the financial year give a true and fair view; and
- 3 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

**Derek Carter**  
Chairman

Dated this 19<sup>th</sup> day of September 2013

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MINOTAUR EXPLORATION LIMITED



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

### Report on the financial report

We have audited the accompanying financial report of Minotaur Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### **Auditor's opinion**

In our opinion:

- a** the financial report of Minotaur Exploration Limited is in accordance with the *Corporations Act 2001*, including:
  - i)** giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - ii)** complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b** the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Minotaur Exploration Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Director – Audit & Assurance

Adelaide, 19 September 2013

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# ASX

## ADDITIONAL INFORMATION



### INTERESTS IN MINING TENEMENTS AS AT 30 SEPTEMBER 2013

Lease ID	Lease Name	State	Holding Company	Minotaur Equity or Equity Earned	JV Partner
EL 7588	ARTHURVILLE	NSW	Minotaur Operations	100%	Mitsubishi Corporation, Mitsubishi Materials Corporation 0%
EL 7929	WALLABY CREEK	NSW	Minotaur Operations	100%	
EL 8137	SMOKY CAMP	NSW	Minotaur Operations	100%	
EL 8138	MOUNT MUMBLE	NSW	Minotaur Operations	100%	
EL 8139	SUMMERHILL	NSW	Minotaur Operations	100%	
EPM 8608	BENDIGO PARK	QLD	Minotaur Operations	49%*	BHP Billiton NSR, JOGMEC 51%
EPM 12463	CLONAGH	QLD	Minotaur Operations	49%*	
EPM 14296	CLONAGH NORTH	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 16479	SHAG ROCK	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 16594	FOUR MILE BORE	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 16927	RACECOURSE	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 16975	CATTLE CREEK	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 16977	DRY CREEK	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 17286	JACKYS CREEK	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 18017	COTSWOLD	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 18068	GIDYEA BORE	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 18268	MOUSE	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 18283	HINKLER WELL	QLD	Minotaur Operations	49%	JOGMEC 51%
EPM 18289	MT MARATHON	QLD	Falcon Minerals Ltd	0%	Falcon Minerals Ltd 100%
EPM 18315	CAMEL WELL	QLD	Minotaur Operations	100%	JOGMEC 51%
EPM 18367	COTSWOLD HOMESTEAD	QLD	Minotaur Operations	49%	
EPM 18571	SANDY CREEK	QLD	Minotaur Operations	100%	Falcon Minerals Ltd 100%
EPM 18572	NORTH OSBORNE	QLD	Minotaur Operations	100%	
EPM 18573	GUM CREEK	QLD	Minotaur Operations	100%	
EPM 18574	MOMEDAH CREEK	QLD	Minotaur Operations	100%	
EPM 18575	CARBO CREEK	QLD	Minotaur Operations	100%	
EPM 18576	PATHUNGRA CREEK	QLD	Minotaur Operations	100%	
EPM 18624	ORRINDI PARK	QLD	Minotaur Operations	100%	
EPM 18802	EAST RACECOURSE	QLD	Minotaur Operations	100%	
EPM 18861	DONALDSON WELL	QLD	Minotaur Operations	100%	
EPM 19050	DATCHET	QLD	Minotaur Operations	100%	
EPM 19096	STRATHFIELD	QLD	Minotaur Operations	100%	
EPM 19205	ERNEST HENRY WEST	QLD	Minotaur Operations	100%	
EPM 19412	MIDDLE CREEK	QLD	Minotaur Operations	100%	
EPM 19500	ELOISE NORTH	QLD	Minotaur Operations	100%	
EPMA 18313	MOUNT AGATE	QLD	Falcon Minerals Ltd	0%	
EPMA 18317	NINE MILE BORE	QLD	Minotaur Operations	0%	
EPMA 18720	CUCKADOO	QLD	Minotaur Operations	0%	
EPMA 19061	WINDSOR	QLD	Minotaur Operations	0%	
EPMA 19066	LUCIA	QLD	Minotaur Operations	0%	
EPMA 19383	MOUNT CAROL	QLD	Minotaur Operations	0%	
EPMA 19505	YANINGERRY BORE	QLD	Minotaur Operations	0%	
EPMA 19530	CORELLA	QLD	Minotaur Operations	0%	
EPMA 19690	HUDSONS TANK	QLD	Minotaur Operations	0%	
EPMA 19775	MOUNT MARGARET	QLD	Minotaur Operations	0%	
EPMA 25197	HAMILTON	QLD	Minotaur Operations	0%	
EPMA 25237	LEVUKA	QLD	Minotaur Operations	0%	
EPMA 25238	SAXBY	QLD	Minotaur Operations	0%	
EL 4203	SCEALES	SA	Minotaur Operations	100%	Sumitomo Metal Mining Oceania 59%
EL 4270	WOODVILLE DAM	SA	Minotaur Operations	41%	
EL 4352	COLLINS TANK	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%



Lease ID	Lease Name	State	Holding Company	MinotaurEquity or EquityEarned	JV Partner
EL 4388	BLINMAN	SA	Perilya	10%	Perilya Ltd 90%, MEP 10% free-carried to BFS completion
EL 4435	WHITING	SA	Minotaur Operations	100%	
EL 4478	WILKAWILLINA	SA	Perilya	10%	Perilya Ltd 90%, MEP 10% free-carried to BFS completion
EL 4575	TOOTLA	SA	Great Southern Kaolin	100%	
EL 4692	PANDURRA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4697	YANERBIE	SA	Minotaur Operations	100%	
EL 4708	KOOLCUTTA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4745	BONYTHON HILL	SA	Minotaur Operations	100%	
EL 4776	MOUNT DOUBLE	SA	Minotaur Operations	30%	Spencer Resources 70%
EL 4843	YUDNAPINNA	SA	Minotaur Operations	20%	Spencer Resources 80%
EL 4844	MINGARY	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 4980	OOLGELIMA CREEK	SA	Minotaur Operations	100%	
EL 4981	LAKE CADI	SA	Minotaur Operations	100%	
EL 5016	WHICHELBY	SA	Minotaur Operations	100%	
EL 5079	MUTOOROO	SA	Minotaur Operations	41%	Sumitomo Metal Mining Oceania 59%
EL 5095	CAMEL LAKE	SA	Minotaur Operations	100%	
EL 5096	YANDOOKLA WELL	SA	Minotaur Operations	100%	
EL 5097	DIESEL DAM	SA	Minotaur Operations	100%	
EL 5117	EDIACARA	SA	Perilya	10%	Perilya Ltd 90%, MEP 10% free-carried to BFS completion
EL 5232	PELTABINNA	SA	Minotaur Operations	100%	
EL 5308	MOUNT HALL	SA	Minotaur Operations	100%	
ELA 111/2013	YANINEE	SA	Minotaur Operations	0%	
ELA 161/2013	KYANCUTTA	SA	Minotaur Operations	0%	
ML 4386	THIRD PLAIN	SA	Perilya	10%	Perilya Ltd 90%, MEP 10% free-carried to BFS completion
ML 5856	EAREA DAM	SA	Minotaur Operations	100%	
EL 5253	DOOKIE	VIC	Minotaur Operations	100%	
EL 5296	ROCHESTER	VIC	Minotaur Operations	100%	
EL 5402	CHATSWORTH	VIC	Minotaur Operations	100%	
EL 5403	LEXINGTON	VIC	Minotaur Operations	100%	
EL 5450	ROXBOROUGH	VIC	Minotaur Operations	100%	
EL 5475	DIMBOOLA EAST	VIC	Minotaur Operations	100%	
E 29 661	GOONGARRIE 3	WA	Minotaur Gold Solutions	50%	
E 29 719	GOONGARRIE 4	WA	Minotaur Gold Solutions	50%	
E 29 886	COMET VALE	WA	Minotaur Gold Solutions	100%	
E 36 235	LEINSTER 9	WA	Altia Resources		
E 37 761	LEINSTER 1	WA	Scotia Nickel		
E 37 909	LEINSTER 2	WA	Scotia Nickel		
ELA 51 1585	YERRIDA SPRING	WA	Minotaur Operations	0%	
ELA 51 1591	GLENGARRY RANGE	WA	Minotaur Operations	0%	
ELA 51 1593	BENNETT WELL	WA	Minotaur Operations	0%	
ELA 51 1580	DIAMOND WELL	WA	Minotaur Operations	0%	
ELA 51 1581	CRATER BORE	WA	Minotaur Operations	0%	
M 24 279	GOONGARRIE 5	WA	Minotaur Gold Solutions	50%	
M 24 336	GOONGARRIE 6	WA	Minotaur Gold Solutions	50%	
M 29 245	GOONGARRIE 13	WA	Minotaur Gold Solutions	50%	
M 29 246	GOONGARRIE 14	WA	Minotaur Gold Solutions	50%	
P 29 2105	GOONGARRIE 7	WA	Minotaur Gold Solutions	50%	
P 29 2117	GOONGARRIE 8	WA	Minotaur Gold Solutions	50%	
P 29 2118	GOONGARRIE 9	WA	Minotaur Gold Solutions	50%	
P 29 2119	GOONGARRIE 10	WA	Minotaur Gold Solutions	50%	
P 29 2120	GOONGARRIE 11	WA	Minotaur Gold Solutions	50%	
P 29 2121	GOONGARRIE 12	WA	Minotaur Gold Solutions	50%	

# ASX

## ADDITIONAL INFORMATION

### SHAREHOLDINGS AS AT 30 SEPTEMBER 2013



Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 September 2013.

#### Distribution of equity securities

##### Ordinary share capital

107,785,709 fully paid ordinary shares are held by 2,614 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

##### Options

12,953,333 unlisted options are held by 40 option holders.

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

	Fully paid ordinary shares	Unlisted Options
1 – 1,000	412	-
1,001 – 5,000	817	-
5,001 – 10,000	390	-
10,001 – 100,000	832	16
100,001 and over	163	24
	<b>2,614</b>	<b>40</b>
Holding less than a marketable parcel	<b>990</b>	-

#### Substantial shareholders

Ordinary shareholders	Number	Fully paid Percentage
OZ Minerals Limited	8,041,670	7.46%

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES	Fully Paid Ordinary Shares	
	Number	Percentage
OZ Minerals Limited	8,041,670	7.46%
Newmont Capital Pty Ltd	5,320,000	4.94%
Golden Fields Resources Pty Ltd	4,200,000	3.90%
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,662,129	3.40%
Miningnut Pty Ltd	3,150,000	2.92%
Bell Potter Nominees Ltd <BB Nominees A/C>	3,090,109	2.87%
Locantro Speculative Investments Limited	2,360,000	2.19%
Kimbriki Nominees Pty Ltd <Kimbriki Hamilton SF A/C>	2,000,000	1.86%
Dorica Nominees Pty Ltd	1,502,000	1.39%
Mr Nicholas James Carter + Mrs Susan Mary Carter <Carter Family Super A/C>	1,442,500	1.34%
HSBC Custody Nominees (Australia) Limited	1,361,786	1.26%
JP Morgan Nominees Australia Limited <Cash Income A/C>	997,101	0.93%
Mr Nicholas Carter	984,181	0.91%
Locantro Speculative Investments Limited	960,100	0.89%
Mr Derek Northleigh Carter	900,000	0.83%
Valnera Holdings Pty Ltd	800,000	0.74%
Maniciti Pte Ltd	750,000	0.70%
PFH Super Pty Ltd <PFH Super Fund A/C>	750,000	0.70%
Mrs Susan Mary Carter	688,000	0.64%
Romadak Pty Ltd <Romadak Super Fund A/C>	608,334	0.56%
	<b>43,567,910</b>	<b>40.42%</b>





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