Minotaur Exploration Limited

ABN 35 108 483 601

Annual Financial Report

for the year ended 30 June 2017

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Corporate Directory

DIRECTORS
Dr Antonio Belperio *Executive Director*
Mr Derek Carter *Chairman (Resigned 17 November 2016)*
Dr Roger Higgins *Chairman (Elected 31 January 2017)/ Non-Executive Director (Appointed 1 July 2016)*
Mr George McKenzie *Non-Executive Director (Appointed 31 January 2017)*
Mr Andrew Woskett *Managing Director*

COMPANY SECRETARY
Mr Varis Lidums

REGISTERED OFFICE
C/- 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 Securities Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

LEGAL ADVISERS
O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide SA 5000

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

AUDITORS
Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide SA 5000

Minotaur Exploration Limited
ACN: 108 483 601
ASX Code: MEP
www.minotaurexploration.com.au

Directors' Report

Your directors present their report on the consolidated group for the financial year ended 30 June 2017.

Director Details

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

Mr Derek Carter, *Chairman (resigned 17 November 2016)*
Mr Andrew Woskett, *Managing Director*
Dr Antonio Belperio, *Executive Director*
Dr Roger Higgins, *Chairman (elected 31 January 2017)/*
Non-Executive Director (appointed 1 July 2016)
Mr George McKenzie, *Non-Executive Director (appointed 31 January 2017)*

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

Review of Operations

Corporate

The 2017 financial year concluded with the Group holding $2.33 million in cash and term deposits plus $0.72 million equity holdings in ASX listed explorers. No equity issues were required to support the Group's active work programs, largely due to ongoing and substantial exploration investments by our joint venture allies. Sprott Group remains the Company's key shareholder with 13% of the issued shares.

OZ Minerals Ltd's (ASX: OZL) investment in the Eloise Joint Venture, in which OZ Minerals may earn up to 70% interest through expenditure of $10 million, exceeded $3.2 million in total by the close of the financial year. OZ Minerals continues to fund Eloise joint venture research into copper and base metal prospects through the remainder of calendar 2017.

OZ Minerals also endorsed Minotaur's proposed work plan to explore its tenements around the Prominent Hill copper-gold mine in South Australia. This alliance opens up new horizons for Minotaur to deploy its copper-gold targeting expertise.

Exploration

Exploration activity continued to focus on copper-gold targets in Queensland and South Australia.

The joint venture with OZ Minerals across the Eloise area tenements honed in on new EM anomalies at Iris North and Iris South, where four diamond holes intersected moderate to low grades of copper sulphides. The EM surveys identified a 2.7km zone of interest encompassing Iris-Electra, along which a new four-hole drill campaign satisfactorily established the cause of the Electra geophysical response. Sub economic copper mineralisation was encountered in all holes, showing extent of fertility along the Levuka Shear structure and within 5km of the Eloise copper mine.

The new joint venture, with Japan Oil, Gas Metals Corporation (JOGMEC), over Minotaur's tenements surrounding the Osborne copper mine, south of Cloncurry was activated, seeking both Cannington-style and sulphide hosted copper targets through new ground EM surveys. Several targets were generated from the data and these were being drill tested at the close of the financial year.

Minotaur's alliance with OZ Minerals around Prominent Hill made valuable progress during the financial year. A number of geophysical targets, all within 50km of the mine, were tested and Minotaur's proposition that iron sulphide hosted copper mineralisation could exist was validated. Follow-up work will progress during the 2018 financial year.

Directors' Report

A gold deposit near Kalgoorlie, named Chameleon, identified and drilled by previous operators, was advanced to a maiden JORC mineral resource. A sale transaction over the asset was agreed and is in train for completion by the end of calendar 2017, with the balance of sale proceeds also expected by that date. Nickel rights held over third party tenements west of Kambalda, WA, were sold to a private group.

Likely developments, business strategies and prospects

Minotaur maintains its commitment to discovery through assiduous exploration and the opportunity to convert economic grade deposits into mineable propositions. While assays emanating from the recent Eloise drilling have disappointed, the joint venture believes that they establish confidence in the targeting technique and demonstrate prospectivity of the geology to potentially deliver an Eloise mine scale repetition. For those reasons a new ground EM campaign is underway along the mine's flanks and is expected to reveal new drill targets.

The same target generation approach is being applied to the regional work around Prominent Hill. Minotaur maintains a primary focus on its copper-gold prospects near Cloncurry and has a positive outlook on the upcoming work around Prominent Hill in collaboration with tenement holder OZ Minerals.

The Company's business model is substantially founded on continuing support from joint venture partners. This enables Minotaur to maintain a high level of exploration activity, compared to its peers, and constrains self funded administration costs to well under 20% of its exploration spend. Additionally, the Company self funds a modest program each year in order to generate new opportunities or present new openings for prospective joint venture involvement.

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 2012 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

Names, qualifications, experience and special responsibilities

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. Dr Belperio is also a Director of Thomson Resources Ltd, a public company listed on the ASX.

Dr Roger Higgins, BE (Hons), MSc, PhD, FIEAust, FAusIMM, (Non-Executive Director – Appointed 1 July 2016/Chairman – Elected 31 January 2017)

Dr Higgins has over 40 years experience in mine management, project development and sustainability, and is a current director of Newcrest Mining Ltd and Metminco Ltd, and a former director of Blackthorn Resources Ltd (resigned 2014), all public companies listed on the ASX. He is also a current director and a former Managing Director of Ok Tedi Mining Limited in Papua New Guinea. 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 George McKenzie BA LLB (cum laude), FAICD, MtB (Order of Merit) (Non-Executive Director – Appointed 31 January 2017)

George McKenzie is a commercial lawyer with over 25 years' experience representing many of South Australia's explorers and mine developers. He is a long standing Councillor of the South Australian Chamber of Mines and Energy Inc. (SACOME), having served as Vice-President and member of the Executive Committee of the Chamber. Mr McKenzie has also been a member of the Minerals and Energy Advisory Council which advises the Minister of Mineral Resources and Energy on strategic issues, since inception of the Council in 2000.

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

Andrew Woskett has over 35 years project and corporate experience in the mining industry. He held senior development responsibility roles for a variety of Australian mining landmarks in gold, copper, iron ore and coal. He has had several roles as managing director of resource development companies culminating in his tenure as managing director of Minotaur since early 2010. Andrew is a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Varis Lidums, BEc, LLB, CA, MBA (Company Secretary – appointed 1 July 2016)
Mr Lidums is a Chartered Accountant and qualified lawyer with over 20 years experience in the resources, energy and accounting industries. He has held senior roles with BP, Shell and ConocoPhillips and has been the Commercial Manager at Minotaur Exploration Ltd since 1 March 2011.

Operating results

The consolidated loss of the group after providing for income tax amounted to $3,820,416 (2016: $11,750,383).

Directors' Report

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 office in the shares and options of Minotaur Exploration Limited were:

	Number of ordinary shares	Number of options over ordinary shares
Antonio Belperio	1,712,750	2,800,000
Roger Higgins	-	2,500,000
George McKenzie	59,100	-
Andrew Woskett	205,000	5,000,000

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 secure new tenements 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 other than the Audit, Business Risk and Compliance 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 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 changes in the state of affairs

On 31 March 2017, Minotaur Gold Solutions Pty Ltd completed a share buy back and cancellation of all the shares held by its minority interest holder, Golden Fields Resources Pty Ltd. As a result of the share buy back and cancellation, Minotaur Gold Solutions Pty Ltd became a wholly owned subsidiary of the Group, with Minotaur Exploration Limited owning 100% of its issued shares.

No other significant changes occurred during the year.

Directors' Report

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 year the majority of work carried out was in Queensland and the Group followed procedures and pursued objectives in line with guidelines published by the Queensland Government. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices.

The Group adheres to regulatory guidelines, 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.

Events since the end of the reporting period

On 3 July 2017, the following unlisted options issued under the Company's Employee Share Option Plan expired:

Issue Date	Expiry Date	Exercise Price	Number of Options
04/07/2012	03/07/2017	$0.25	1,575,000

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Unissued shares under option

Unissued ordinary shares of Minotaur Exploration Limited under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares $	Number under option
Unlisted			
05/07/2013	04/07/2018	0.300	2,083,333
20/11/2014	19/11/2019	0.190	5,505,000
19/11/2015	30/11/2017	0.095	14,285,715
07/09/2016	06/09/2021	0.115	2,685,000
18/11/2016	17/11/2019	0.250	10,250,000
Listed			
08/01/2016	30/11/2017	0.095	17,937,777
			52,746,825

Directors' Report

Shares issued as a result of exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of listed options as follows (there were no amounts unpaid on the shares issued):

Grant date of options	Issue date of shares	Issue price of shares $	Number of shares issued
08/01/2016	14/07/2016	0.095	3,274
08/01/2016	25/07/2016	0.095	1,000
08/01/2016	24/10/2016	0.095	33,837
08/01/2016	29/11/2016	0.095	1,325
08/01/2016	08/02/2017	0.095	1,858
08/01/2016	09/06/2017	0.095	1,000
			42,294

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 an annual premium of $15,750. 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.

Remuneration report – Audited

This report outlines the remuneration arrangements in place for directors and other key management personnel of Minotaur Exploration Limited in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent. These are as follows:

Dr Antonio Belperio *Executive Director*
Mr Derek Carter *Chairman (Resigned 17 November 2016)*
Dr Roger Higgins *Chairman (Elected 31 January 2017)/*
Non-Executive Director (Appointed 1 July 2016)
Mr Varis Lidums *Commercial Manager and Company Secretary*
Mr Glen Little *Exploration Manager*
Mr George McKenzie *Non-Executive Director (Appointed 31 January 2017)*
Mr Andrew Woskett *Managing Director*

Directors' Report

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. 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 9.5% superannuation guarantee, is $225,500 per annum. 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 Exploration Manager, Mr Glen Little, are formalised in a contract of employment. Mr Little commenced employment on 28 October 2014 and his gross salary, inclusive of the 9.5% superannuation guarantee, is $192,000 per annum. Mr Little is also entitled to the lease of a motor vehicle, with the total cost to the Company totalling $20,000 per annum. If in a particular year the cost to the Company is less than $20,000, the difference will be paid to Mr Little as additional remuneration. 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 and Company Secretary (effective 1 July 2016), 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 9.5% superannuation guarantee, is $195,000 per annum. 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 table below details the conditions under which non-executive directors of the Company are remunerated:

Non-Executive Directors	**Annual Retainer $**
Dr Roger Higgins *Non-Executive Chairman*	90,000
Mr George McKenzie *Non-Executive Director*	45,000

Directors' Report

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 executive directors and other executives receive a superannuation guarantee contribution when required by law, which is currently 9.5%, 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 other key management personnel is expensed as incurred. Key management 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.

Table 1: Director remuneration for the year ended 30 June 2017 and 30 June 2016

	Short Term Employee Benefits		**Post Employment**	**Share-based payments**	**Totals**	**Performance Based Percentage of Remuneration**
	Salary & Fees	Bonus	Superannuation	Options	$	%
Antonio Belperio						
2017	205,936	-	19,564	82,225	307,225	-
2016	205,936	-	19,564	-	225,000	-
Richard Bonython (i)						
2017	-	-	-	-	-	-
2016	16,305	-	1,549	-	17,854	-
Derek Carter (ii)						
2017	38,150	-	-	-	38,150	-
2016	86,982	-	-	-	86,982	-
Roger Higgins (iii)						
2017	67,500	-	-	74,750	142,250	-
2016	-	-	-	-	-	-
George McKenzie (iv)						
2017	18,750	-	-	-	18,750	-
2016	-	-	-	-	-	-
Andrew Woskett						
2017	355,675	-	-	149,500	505,175	-
2016	337,891	-	-	-	337,891	-
Total						
2017	**686,011**	**-**	**19,564**	**306,475**	**1,012,050**	**-**
2016	**647,114**	**-**	**21,113**	**-**	**668,227**	**-**

Directors' Report

(i) On 25 November 2015 Mr Richard Bonython resigned as a non-executive director of the Company.
(ii) On 17 November 2016 Mr Derek Carter resigned as Chairman of the Company.
(iii) On 1 July 2016 Dr Roger Higgins was appointed as a non-executive director of the Company.
(iv) On 31 January 2017 Mr George McKenzie was appointed as a non-executive director of the Company.

Table 2: Remuneration of other key management personnel for the year ended 30 June 2017 and 30 June 2016

	Short Term Employee Benefits		Post Employment	Share-based payments	Totals	Performance Based Percentage of Remuneration
	Salary & Fees	Bonus	Superannuation	Options	$	%
Varis Lidums						
2017	178,082	-	16,918	16,280	211,280	-
2016	169,178	-	16,072	-	185,250	-
Glen Little						
2017	182,391	-	17,327	10,175	209,893	-
2016	171,011	-	16,246	-	187,257	-
Total						
2017	**360,473**	**-**	**34,245**	**26,455**	**421,173**	**-**
2016	**340,189**	**-**	**32,318**	**-**	**372,507**	**-**

Share based payments, being options issued to directors and employees under the Company's Employee Share Option Plan, are recognised at fair value using the Black-Scholes pricing model.

Other transactions with key management personnel

Throughout the year $53,500 (2016: $53,078) (inclusive of GST) was paid to a related entity of Dr Antonio Belperio under a commercial lease agreement for the use of warehouse space located at Magill, South Australia.

Bonuses

No bonuses were paid during the 2017 financial year.

Share based remuneration

Options may be granted to Key Management Personnel at the discretion of the Board under an Employee Share Option Plan. All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements. All options expire on the earlier of their expiry date or termination of the individual's employment.

Directors' Report

Details of options over ordinary shares in the Company that were granted during the year as remuneration to each key management personnel are set out below:

	Number granted	Grant date	Value per option at grant date $	Value of options at grant date $	Number vested	Exercise price $	Last exercise date
Directors							
Antonio Belperio	2,750,000	18/11/16	0.0299	82,225	2,750,000	0.25	17/11/19
Derek Carter (i)	-	-	-	-	-	-	-
Roger Higgins (ii)	2,500,000	18/11/16	0.0299	74,750	2,500,000	0.25	17/11/19
George McKenzie (iii)	-	-	-	-	-	-	-
Andrew Woskett	5,000,000	18/11/16	0.0299	149,500	5,000,000	0.25	17/11/19
Other key management							
Varis Lidums	400,000	07/09/16	0.0407	16,280	400,000	0.115	06/09/21
Glen Little	250,000	07/09/16	0.0407	10,175	250,000	0.115	06/09/21

(i) On 17 November 2016 Mr Derek Carter resigned as Chairman of the Company.

(ii) On 1 July 2016 Dr Roger Higgins was appointed as a non-executive director of the Company.

(iii) On 31 January 2017 Mr George McKenzie was appointed as a non-executive director of the Company.

Directors' Report

Options held by key management personnel

The number of options to acquire shares in the Company held during the 2017 reporting period by each of the key management personnel of the Group; including their related parties are set out below.

	Balance at beginning of period	Granted as remunera-tion	Exercised	Net change other	Balance at end of period	Expiry date	First exercise date
Directors – Unlisted options							
Antonio Belperio	-	2,750,000	-	-	2,750,000	17/11/19	18/11/16
Derek Carter (i)	-	-	-	-	-	-	-
Roger Higgins (ii)	-	2,500,000	-	-	2,500,000	17/11/19	18/11/16
George McKenzie (iii)	-	-	-	-	-	-	-
Andrew Woskett	-	5,000,000	-	-	5,000,000	17/11/19	18/11/16
Directors – Listed options							
Antonio Belperio	225,000	-	-	(175,000)	50,000	30/11/17	05/1/16
Derek Carter (i)	226,171	-	-	(226,171)	-	-	-
Roger Higgins (ii)	-	-	-	-	-	-	-
George McKenzie (iii)	-	-	-	-	-	-	-
Andrew Woskett	50,000	-	-	(50,000)	-	-	-
Other key management – Unlisted options							
Varis Lidums	250,000	-	-	(250,000)	-	29/09/16	30/09/12
Varis Lidums	250,000	-	-	-	250,000	03/07/17	04/07/12
Varis Lidums	450,000	-	-	-	450,000	21/11/19	20/11/14
Varis Lidums	-	400,000	-	-	400,000	06/09/21	07/09/16
Glen Little	1,000,000	-	-	-	1,000,000	21/11/19	20/11/14
Glen Little	-	250,000	-	-	250,000	06/09/21	07/09/16

(i) On 17 November 2016 Mr Derek Carter resigned as Chairman of the Company.

(ii) On 1 July 2016 Dr Roger Higgins was appointed as a non-executive director of the Company.

(iii) On 31 January 2017 Mr George McKenzie was appointed as a non-executive director of the Company.

Directors' Report

Shares held by key management personnel

The number of fully paid ordinary shares in the Company held during the 2017 reporting period by each of the key management personnel of the Group; including their related parties are set out below.

	Balance at 1 July 2016	On exercise of options	Net change other	Balance 30 June 2017
Directors				
Antonio Belperio	1,537,750	-	175,000	1,712,750
Derek Carter (i)	2,487,872	-	(2,487,872)	-
Roger Higgins (ii)	-	-	-	-
George McKenzie (iii)	59,100	-	-	59,100
Andrew Woskett	255,000	-	(50,000)	205,000
Other key management				
Varis Lidums	-	-	-	-
Glen Little	58,956	-	-	58,956

(i) On 17 November 2016 Mr Derek Carter resigned as Chairman of the Company.

(ii) On 1 July 2016 Dr Roger Higgins was appointed as a non-executive director of the Company.

(iii) On 31 January 2017 Mr George McKenzie was appointed as a non-executive director of the Company.

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 2016 Annual General Meeting

Minotaur Exploration Ltd received more than 96.9% of "yes" votes on its remuneration report for the 2016 financial year by proxy. The Company did not receive any feedback at the Annual General Meeting on its remuneration report.

End of audited remuneration 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:

	Directors' Meetings		Audit Committee	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**
Antonio Belperio	6	6	2	2
Derek Carter	2	1	-	-
Roger Higgins	6	6	2	2
George McKenzie	4	4	1	1
Andrew Woskett	6	6	-	-

Directors' Report

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.

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 23 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 16 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors:

Roger Higgins
Chairman

Dated this 21st day of August 2017

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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 2017, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD

Ian Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 21 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Note	Consolidated Group 30 June 2017 $	30 June 2016 $
Revenue	4 (a)	268,923	342,384
Other income	4 (b)	253,508	466,680
Impairment of exploration and evaluation assets	4 (c)	(2,091,726)	(11,420,788)
Impairment of available-for-sale investments	4 (c)	(25,041)	(9,728)
Project generation costs	4 (c)	(1,056,673)	(324,458)
Employee benefits expense	4 (d)	(810,590)	(313,706)
Depreciation expense	4 (c)	(164,135)	(187,627)
Finance costs	4 (c)	(700)	(2,075)
Other expenses	4 (e)	(889,457)	(878,666)
Loss before income tax expense		**(4,515,891)**	**(12,327,984)**
Income tax benefit	5	695,475	577,601
Loss for the year		**(3,820,416)**	**(11,750,383)**
Other comprehensive income (net of tax)			
Items that may be reclassified to profit or loss			
Fair value gains on available-for-sale assets	19 (b)	46,585	208,146
Total comprehensive income for the year		**(3,773,831)**	**(11,542,237)**
Loss for the year is attributable to:			
Members of the parent entity	20	(3,814,220)	(11,082,042)
Non-controlling interest	21	(6,196)	(668,341)
		(3,820,416)	**(11,750,383)**
Total comprehensive income for the year is attributable to:			
Members of the parent entity		(3,767,635)	(10,873,896)
Non-controlling interest		(6,196)	(668,341)
		(3,773,831)	**(11,542,237)**
Earnings per share			
Basic earnings per share (cents)	6	(1.80)	(5.58)
Diluted earnings per share (cents)	6	(1.80)	(5.58)

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

Consolidated Statement of Financial Position
as at 30 June 2017

	Note	Consolidated Group	
		30 June 2017 $	30 June 2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	2,331,267	4,471,763
Trade and other receivables	8	704,123	34,431
Other current assets	9	110,767	78,846
TOTAL CURRENT ASSETS		**3,146,157**	**4,585,040**
NON-CURRENT ASSETS			
Available-for-sale investments	11	718,494	636,971
Property, plant and equipment	12	753,448	947,716
Exploration and evaluation assets	13	8,969,026	10,217,052
TOTAL NON-CURRENT ASSETS		**10,440,968**	**11,801,739**
TOTAL ASSETS		**13,587,125**	**16,386,780**
CURRENT LIABILITIES			
Trade and other payables	15	1,839,818	1,298,599
Borrowings	16	-	14,933
Short-term provisions	17	505,478	500,084
TOTAL CURRENT LAIBILITIES		**2,345,296**	**1,813,616**
NON-CURRENT LIABILITIES			
Borrowings	16	392,000	394,574
Long-term provisions	17	66,365	41,067
TOTAL NON-CURRENT LIABILITIES		**458,365**	**435,641**
TOTAL LIABILITIES		**2,803,661**	**2,249,258**
NET ASSETS		**10,783,464**	**14,137,522**
EQUITY			
Issued capital	18	42,935,000	42,930,982
Reserves	19	1,433,207	1,044,644
Accumulated losses	20	(33,584,743)	(29,842,301)
PARENT INTEREST		**10,783,464**	**14,133,325**
Non-controlling interest	21	-	4,197
TOTAL EQUITY		**10,783,464**	**14,137,522**

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2017

		Consolidated Group					
	Note	**Issued Capital $**	**Share Option Reserve $**	**Other Components of Equity (Note 19) $**	**Accumulated Losses $**	**Non-Controlling Interest $**	**Total Equity $**
Balance at 1 July 2016		**42,930,982**	**836,498**	**208,146**	**(29,842,301)**	**4,197**	**14,137,522**
Comprehensive income							
Total comprehensive income for the year		-	-	46,585	(3,814,220)	(6,196)	(3,773,831)
Total comprehensive income for the year		**-**	**-**	**46,585**	**(3,814,220)**	**(6,196)**	**(3,773,831)**
Transactions with owners, in their capacity as owners, and other transfers							
Issue of shares through exercise of options	**18**	4,018	-	-	-	-	4,018
Issue of unlisted options to employees and directors		-	415,755	-	-	-	415,755
Adjustment upon increase in ownership percentage in controlled entity		-	-	-	(1,999)	1,999	-
Transfer from share option reserve upon lapse of options	**19(a)**	-	(73,777)	-	73,777	-	-
		4,018	**341,978**	**-**	**71,778**	**1,999**	**419,773**
Balance at 30 June 2017		**42,935,000**	**1,178,476**	**254,731**	**(33,584,743)**	**-**	**10,783,464**

Consolidated Statement of Changes in Equity for the year ended 30 June 2017 (Continued)

		Consolidated Group					
	Note	**Issued Capital $**	**Share Option Reserve $**	**Other Components of Equity (Note 19) $**	**Accumulated Losses $**	**Non-Controlling Interest $**	**Total Equity $**
Balance at 1 July 2015		**40,781,387**	**1,024,418**	**-**	**(18,975,019)**	**184,472**	**23,015,258**
Comprehensive income							
Total comprehensive income for the year		-	-	208,146	(11,082,042)	(668,341)	(11,542,237)
Total comprehensive income for the year		**-**	**-**	**208,146**	**(11,082,042)**	**(668,341)**	**(11,542,237)**
Transactions with owners, in their capacity as owners, and other transfers							
Issue of shares through Share Placement and Rights Issue	**18**	2,258,744	-	-	-	-	2,258,744
Transaction costs (net of tax)		(109,337)	-	-	-	-	(109,337)
Issue of shares through exercise of options	**18**	188	-	-	-	-	188
Conversion of non-controlling interest loan to equity in controlled entity		-	-	-	-	514,906	514,906
Adjustment upon increase in ownership percentage in controlled entity		-	-	-	26,840	(26,840)	-
Transfer from share option reserve upon lapse of options	**19(a)**	-	(187,920)	-	187,920	-	-
		2,149,595	**(187,920)**	**-**	**214,760**	**488,066**	**2,664,501**
Balance at 30 June 2016		**42,930,982**	**836,498**	**208,146**	**(29,842,301)**	**4,197**	**14,137,522**

Consolidated Statement of Cash Flows for the year ended 30 June 2017

	Note	Consolidated Group	
		30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Receipts from customers		242,689	285,003
Payments to suppliers and employees		(1,402,976)	(1,552,420)
Interest received		31,490	56,674
Finance costs		(1,501)	(2,075)
R&D tax incentive received		695,475	624,460
Net cash used in operating activities	7	**(434,823)**	**(588,358)**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,622)	(11,006)
Proceeds from sale of property, plant and equipment		10,000	38,366
Purchase of available-for-sale investments		(140,757)	(103,328)
Proceeds from sale of available-for-sale investments		155,000	962,039
Payment for Scotia Project Gold JV interest		-	(50,000)
Buy back of shares in controlled entity		(6,471)	-
Proceeds from sale of tenements		360,000	-
Joint Venture receipts		3,006,449	2,711,268
Government grants received for exploration activities		178,065	80,573
Payment for exploration activities		(5,250,848)	(4,973,070)
Net cash used in investing activities		**(1,692,184)**	**(1,345,158)**
Cash flows from financing activities			
Proceeds from issue of shares through share purchase plan and share placement		-	2,258,931
Proceeds from exercise of listed options		4,018	-
Funds received from GFR		-	152,653
Payment of transaction costs for issue of shares		-	(156,195)
Repayment of borrowings		(17,507)	(14,089)
Net cash provided by financing activities		**(13,489)**	**2,241,300**
Net increase/(decrease) in cash and cash equivalents		**(2,140,496)**	**307,784**
Cash at the beginning of the year		**4,471,763**	**4,163,979**
Cash at the end of the year	7	**2,331,267**	**4,471,763**

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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.

Note 1: Summary of significant accounting policies

Basis of preparation

The consolidated 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 and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Minotaur Exploration Limited is the Group’s Ultimate Parent Company. Minotaur Exploration Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office is C/- HLB Mann Judd (SA) Pty Ltd, 169 Fullarton Road, Dulwich SA 5065 and its principal place of business is Level 1, 8 Beulah Road, Norwood SA 5067.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board 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 International Accounting Standards Board (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.

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 21 August 2017.

(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. The parent entity controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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 25 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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 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.

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 Limited.

Minotaur Exploration Limited 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 Limited recognises the entire tax-consolidated group’s retained tax losses.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Research and development tax incentive
To the extent that research and development costs are eligible activities under the "Research and development tax incentive" programme, a 45% refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as an income tax benefit, in profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost 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 property, 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	3 – 7 years
Buildings	20 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.

(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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(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.

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 Investments
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 and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly). Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(h) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(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.

(j) Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(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

The Group generates revenues from management fees charged to joint operation partners for the management of exploration activities. This revenue is recognised when the management services are provided.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest income is reported on an accruals basis using the effective interest method.

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.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2017

(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 capitalised exploration and evaluation expenditure are credited against the exploration and evaluation assets to which they relate in order to match the grants received with the expenditure the grants are intended to compensate.

(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 Judgements

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 fair value less cost of disposal 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 $8,969,026 (2016: $10,217,052).

(t) Changes in Accounting Policies

New and amended standards adopted by the Group

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2016. Information on the more significant standard(s) is presented below.

AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*

The amendments to AASB 11 *Joint Arrangements* state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a ‘business’, as defined in AASB 3 *Business Combinations*, should:

- apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not re-measured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
- provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.

AASB 2014-3 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

AASB 2014-4 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

AASB 2014-9 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*

The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project.

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments has not had a material impact on the Group.

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

AASB 9 Financial Instruments (December 2014)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.

b Allows 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 (instead of in profit or loss). 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.

c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

  - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
  - the remaining change is presented in profit or loss

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2017

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2 Share-based Payment to address:

a The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and

The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

Interpretation 22 looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Although AASB 121 *The Effects of Changes in Foreign Exchange Rates* sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency, the IFRS Interpretations Committee had observed diversity in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognised.

Interpretation 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

When this interpretation is adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied where there is uncertainty over income tax treatments.

The entity has not yet assessed the full impact of this Interpretation.

Note 2: Parent information	**30 June 2017 $**	**30 June 2016 $**
Assets		
Current assets	1,710,076	4,060,552
Non-current assets	10,427,329	11,771,528
	12,137,405	**15,832,080**
Liabilities		
Current liabilities	895,576	1,258,918
Non-current liabilities	458,365	435,641
	1,353,941	**1,694,559**
Equity		
Issued capital	42,935,000	42,930,982
Reserves – Share option	1,178,476	836,499
Retained Earnings	(33,330,012)	(29,629,960)
	10,783,464	**14,137,521**
Financial performance		
Loss for the year	(3,771,830)	(10,624,654)
Other comprehensive income	-	-
	(3,771,830)	**(10,624,654)**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Guarantees

Minotaur Exploration Limited 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.

Note 3: Operating segments

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded, due to the Group being solely focused on exploration activity, at this time that there are no separately identifiable segments.

Note 4: Revenue and expenses

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
(a) Revenue		
Administration fees	220,054	260,086
Rent received	22,635	24,917
Bank interest received or receivable	26,234	57,381
	268,923	**342,384**
(b) Other income		
Net gain on disposal of available-for-sale investments	28,915	449,511
Net (loss)/gain on disposal of property, plant and equipment	(316)	17,169
Initial recognition of listed shares	44,221	-
Net gain on disposal of exploration assets	180,688	-
	253,508	**466,680**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
(c) Expenses		
Impairment of non-current assets		
Impairment of exploration and evaluation assets	2,091,726	11,420,788
Impairment of available-for-sale financial assets	25,041	9,728
Total impairment of non-current assets	**2,116,767**	**11,430,516**
Project generation costs		
Project generation costs	1,056,673	324,458
Total project generation costs	**1,056,673**	**324,458**
Depreciation of non-current assets		
Buildings	7,937	7,937
Leasehold improvements	92,173	92,361
Plant and equipment	48,945	64,168
Motor vehicles	15,080	23,161
Total depreciation of non-current assets	**164,135**	**187,627**
Finance expenses		
Finance costs	55	150
Interest applicable to hire-purchase contracts	645	1,925
Total finance expenses	**700**	**2,075**
(d) Employee benefits expense		
Wages, salaries, directors fees and other remuneration expenses	2,267,164	2,195,445
Superannuation expense	166,951	163,633
Transfer to/(from) annual leave provision	22,370	48,798
Transfer to/(from) long service leave provision	8,322	(17,662)
Employee share options expense	415,755	-
Transfer to exploration assets	(2,069,972)	(2,076,508)
	810,590	**313,706**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
(e) Other expenses		
Secretarial, professional and consultancy	228,755	249,908
Employee taxes and levies	113,192	114,576
Occupancy costs	251,981	252,394
Insurance costs	53,248	59,957
ASX/ASIC costs	37,873	36,035
Share register maintenance	48,163	73,824
Communication costs	11,023	9,400
Promotion and seminars	22,393	28,883
Audit fees	44,178	44,500
Other expenses	78,651	9,189
	889,457	**878,666**

Note 5: Income tax benefit

The major components of income tax benefit are:

Statement of comprehensive income		
Current income tax		
Current income tax charge	-	-
Tax portion of capital raising costs	-	46,859
Research and development tax incentive	(695,475)	(624,460)
Income tax benefit reported in the income statement	**(695,475)**	**(577,601)**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
Accounting (loss)/profit before income tax	(4,515,891)	(12,327,984)
At the Group's statutory income tax rate of 27.5% (2016:30%)	(1,241,870)	(3,698,395)
Expenditure not allowable for income tax purposes	115,689	2,316,395
Research and development tax incentive	(695,475)	(624,460)
Tax effect of transactions recorded directly to equity	-	46,859
Tax losses not recognised due to not meeting recognition criteria	1,126,181	1,382,000
	(695,475)	**(577,601)**

The Group has tax losses arising in Australia of $83,582,234 (2016: $83,949,507) that are available indefinitely for offset against future taxable profits generated by the Group. In addition the Group has $8,122,131 (2016: $8,195,267) capital losses available. These losses include $72,537,535 tax losses and $2,323,426 capital losses transferred by members to the tax consolidated group. The utilisation of these losses will be restricted to their available fraction.

Tax losses of $1,223,333 (2016: $1,899,773) were cancelled upon issue of EDI credits to shareholders pursuant to the announcement dated 29 March 2017.

Tax Consolidation

Minotaur Exploration Ltd and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 5 February 2005. Breakaway Resources Ltd and its subsidiaries were included in the tax consolidated group upon their acquisition on 5 December 2013. Minotaur Gold Solutions Pty Ltd joined the income tax consolidated group on 31 March 2017. Minotaur Exploration Ltd is the head entity of the tax consolidated group.

Note 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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

	Consolidated Group	
	30 June 2017	**30 June 2016**
Net loss attributable to ordinary equity holders of the parent	($3,814,220)	($11,082,042)
Weighted average number of ordinary shares for basic earnings per share	212,373,155	198,646,744
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**212,373,155**	**198,646,744**

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 taking into account for 2017.

As no dilutive effect has been taken into account for 2017, 54,321,825 potential ordinary shares have not been included in the calculation.

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.

	Consolidated Group	
Note 7: Cash and cash equivalents	**30 June 2017 $**	**30 June 2016 $**
Cash and cash equivalents		
Cash at bank and on hand	2,153,167	3,487,034
Short-term deposits	178,100	984,729
	2,331,267	**4,471,763**

Included in short-term deposits is $178,100 relating to deposits to secure tenements and rental tenancy and as such is restricted for this use.

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Reconciliation to Statement of Cash Flows

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

	Consolidated Group	
	30 June 2017 $	30 June 2016 $
Cash at bank and on hand	2,153,167	3,487,034
Short-term deposits	178,100	984,729
	2,331,267	**4,471,763**

	30 June 2017 $	30 June 2016 $
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(3,820,416)	(11,750,383)
Adjustments for non-cash items:		
Depreciation	164,135	187,627
Impairment of non-current assets and project generation costs	3,173,440	11,754,974
Net gain on disposal of property, plant and equipment, available-for-sale financial instruments and tenements	(209,287)	(466,680)
Share options expensed	415,755	-
Initial recognition of listed shares	(44,221)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	6,624	2,331
(Increase)/decrease in prepayments	3,481	13,256
(Decrease)/increase in trade and other payables	(155,025)	(360,619)
(Decrease)/increase in employee provisions	30,691	31,136
Net cash used in operating activities	**(434,823)**	**(588,358)**

Note 8: Trade and other receivables

	30 June 2017 $	30 June 2016 $
Trade receivables (i)	404,123	34,431
Sale of tenements receivable (ii)	300,000	-
	704,123	**34,431**

(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 2016 and 2017 and no receivables are past due at balance date.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

(ii) On 2 March 2017, Minotaur Gold Solutions Pty Ltd entered into a tenement sale and purchase agreement with Shine Resources Pty Ltd for the sale of P29/2121, E29/661 and M24/336 for a total consideration of $550,000. As at balance date the Group had received a total of $250,000 with the balance of $300,000 due to be received at completion, anticipated in December 2017.

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

	Consolidated Group	
Note 9: Other current assets	**30 June 2017 $**	**30 June 2016 $**
Prepayments	53,053	56,535
Accrued income	687	5,940
Net GST and PAYG receivable	42,027	-
Other	15,000	16,371
	110,767	**78,846**
Note 10: Held-for-sale assets		
Opening balance	-	4,758,158
Additions through expenditure capitalised	-	58,720
Transfers to exploration and evaluation assets	-	(4,816,878)
	-	**-**

During the year ended 30 June 2016 the marketing process undertaken for the sale of various non-core assets of the Group drew to a close. No sale transaction was entered into as a result of this process. The assets were reclassified to exploration and evaluation assets and their carrying value impaired to $Nil as at 30 June 2016.

	Consolidated Group	
Note 11: Available-for-sale investments	**30 June 2017 $**	**30 June 2016 $**
At fair value – Shares, listed:		
Opening balance	636,971	839,083
Revaluations	76,586	208,146
Disposals	(155,000)	(503,858)
Initial recognition of listed shares	44,221	-
Acquisitions	140,757	103,328
Impairments	(25,041)	(9,728)
	718,494	**636,971**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Note 12: Property, plant and equipment

30 June 2017	Land and buildings	Leasehold improvements	Plant and equipment	Kaolin Pilot Plant	Motor Vehicles	Total
Cost						
Opening balance	508,723	611,218	398,926	283,765	187,253	1,989,885
Additions	-	-	3,622	-	-	3,622
Disposals	-	-	(49,890)	-	-	(49,890)
	508,723	**611,218**	**352,658**	**283,765**	**187,253**	**1,943,617**
Accumulated depreciation						
Opening balance	15,874	336,734	302,301	260,326	126,934	1,042,169
Depreciation for the year	7,937	92,173	48,945	23,439	15,080	187,574
Disposals	-	-	(39,574)	-	-	(39,574)
	23,811	**428,907**	**311,672**	**283,765**	**142,014**	**1,190,169**
Net book value	**484,912**	**182,311**	**40,986**	**-**	**45,239**	**753,448**

30 June 2016	Land and buildings	Leasehold improvements	Plant and equipment	Kaolin Pilot Plant	Motor Vehicles	Total
Cost						
Opening balance	508,723	611,218	411,799	283,765	245,950	2,061,455
Additions	-	-	11,006	-	-	11,006
Disposals	-	-	(23,879)	-	(58,697)	(82,576)
	508,723	**611,218**	**398,926**	**283,765**	**187,253**	**1,989,885**
Accumulated depreciation						
Opening balance	7,937	244,373	262,012	244,700	141,276	900,298
Depreciation for the year	7,937	92,361	64,168	15,626	23,161	203,253
Disposals	-	-	(23,879)	-	(37,503)	(61,382)
	15,874	**336,734**	**302,301**	**260,326**	**126,934**	**1,042,169**
Net book value	**492,849**	**274,484**	**96,625**	**23,439**	**60,319**	**947,716**

Property is measured at historical cost less accumulated depreciation. Land and buildings with a net book value of $484,912 (2016: $492,849) is offered as security against a mortgage of $392,000.

No motor vehicles as at balance date were offered as security against hire purchase contracts as all hire purchase contracts pertaining to motor vehicles were extinguished during the year (30 June 2016: Motor vehicles with a net book value of $25,737 was offered as security against hire purchase contracts of $17,507).

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Note 13: Exploration and evaluation assets	Consolidated Group 30 June 2017 $	Consolidated Group 30 June 2016 $
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phase – Joint Operations	5,597,913	6,322,354
Exploration and evaluation phase – Other	3,371,113	3,894,698
	8,969,026	**10,217,052**

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

30 June 2017	Exploration Joint Operations $	Exploration Other $	Total $
Balance at beginning of year	6,322,354	3,894,698	10,217,052
Additions through expenditure capitalised	3,836,889	1,429,671	5,266,560
Reductions through joint operation contributions	(3,727,296)	-	(3,727,296)
Write-off of tenements relinquished	(871,879)	(1,219,847)	(2,091,726)
Disposals	(6,080)	(473,232)	(479,312)
Project generation costs	-	(216,252)	(216,252)
Transfers between categories	43,925	(43,925)	-
Balance at end of year	**5,597,913**	**3,371,113**	**8,969,026**

30 June 2016	Exploration Joint Operations $	Exploration Other $	Total $
Balance at beginning of year	1,740,419	12,019,323	13,759,742
Additions through expenditure capitalised	2,839,867	2,267,897	5,107,764
Reductions through joint operation contributions	(2,046,544)	-	(2,046,544)
Write-off of tenements relinquished	(1,525,696)	(9,895,092)	(11,420,788)
Transfers from held-for-sale assets	-	4,816,878	4,816,878
Transfers between categories	5,314,308	(5,314,308)	-
Balance at end of year	**6,322,354**	**3,894,698**	**10,217,052**

The impairment expense of $2,091,726 (2016: $11,420,788) arose from a review of the Group's capitalised costs and the relevant tenements to which the costs related.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Note 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.

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 1 month 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 (d).

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:

	2017 Number	**2017 WAEP**	**2016 Number**	**2016 WAEP**
Outstanding at the beginning of the year	8,125,000	0.20	8,125,000	0.20
Granted during the year	2,685,000	0.03	-	-
Forfeited during the year	-	-	-	-
Expired during the year	(1,045,000)	0.20	-	-
Outstanding at the end of the year	**9,765,000**	**0.18**	**8,125,000**	**0.20**
Exercisable at the end of the year	**9,765,000**	**0.18**	**8,125,000**	**0.20**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

The outstanding balance as at 30 June 2017 is represented by:

- A total of 1,575,000 options exercisable at any time until 3 July 2017 with an exercise price of $0.25.
- A total of 5,505,000 options exercisable at any time until 21 November 2019 with an exercise price of $0.19.
- A total of 2,685,000 options exercisable at any time until 6 September 2021 with an exercise price of $0.115.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 is 2.50 years (2016: 2.53 years).

The range of exercise prices for options outstanding at the end of the year was $0.115 - $0.25 (2016: $0.19 - $0.25).

The fair value of options granted during the year was $109,280 (2016: $Nil).

	Consolidated Group	
Note 15: Trade and other payables	**30 June 2017 $**	**30 June 2016 $**
Trade payables (i)	1,130,962	450,687
Net GST and PAYG payable	-	6,995
Joint operation income received in advance	253,456	608,312
Accrued expenses	431,167	206,989
Other payables (ii)	24,233	25,616
	1,839,818	**1,298,599**

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.

	Consolidated Group	
Note 16: Borrowings	**30 June 2017 $**	**30 June 2016 $**
Current		
Hire purchase contracts	-	14,933
	-	**14,933**
Non-current		
Hire purchase contracts	-	2,574
Bank borrowings	392,000	392,000
	392,000	**394,574**

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Note 17: Provisions

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
Current		
Annual leave provision	183,381	161,011
Long service leave provision	322,097	339,073
	505,478	**500,084**
Non-current		
Long service leave provision	66,365	41,067
	66,365	**41,067**

Note 18: Issued capital

212,386,616 fully paid ordinary shares (2016: 212,344,322)	**42,935,000**	**42,930,982**

	2017		**2016**	
	Number	**$**	**Number**	**$**
Balance at beginning of financial year	212,344,322	42,930,982	180,074,588	40,781,387
Issue of shares through Share Placement, Rights Issue and Share Purchase Plan	-	-	32,267,760	2,258,744
Issue of shares through exercise of options	42,294	4,018	1,974	188
Transaction costs on shares issued	-	-	-	(109,337)
Balance at end of financial year	**212,386,616**	**42,935,000**	**212,344,322**	**42,930,982**

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

Note 19: Reserves

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
Reserves		
Share option reserve (a)	1,178,476	836,498
Available-for-sale revaluation reserve (b)	254,731	208,146
	1,433,207	**1,044,644**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	Consolidated Group	
(a) Share option reserve	**30 June 2017 $**	**30 June 2016 $**
Balance at beginning of financial year	836,498	1,024,418
Issue of options to employees and officers under employee share option plan	109,280	-
Issue of options to directors of the Company	306,475	-
Transfer to retained earnings upon lapse of options	(73,777)	(187,920)
Balance at end of financial year	**1,178,476**	**836,498**

The share option reserve comprises the fair value of options issued to employees under the Company's Employee Share Option Plan and to directors of the Company.

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
(b) Available-for-sale revaluation reserve		
Balance at beginning of financial year	208,146	-
Net revaluation increment	46,585	208,146
Balance at end of financial year	**254,731**	**208,146**

The available-for-sale revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
Note 20: Accumulated losses		
Balance at beginning of financial year	(29,842,301)	(18,975,019)
Net loss attributable to members of the parent entity	(3,814,220)	(11,082,042)
Transfer from share option reserve – lapsed options	73,777	187,920
Adjustment upon increase in ownership percentage in controlled entity	(1,999)	26,840
Balance at end of financial year	**(33,584,743)**	**(29,842,301)**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2017

	Consolidated Group	
Note 21: Non-controlling interest	**30 June 2017 $**	**30 June 2016 $**
Balance at beginning of financial year	4,197	184,472
Conversion of non-controlling interest loan to equity in controlled entity	-	514,906
Adjustment upon increase in ownership percentage in controlled entity	1,999	(26,840)
Net profit/(loss) attributable to non-controlling interest	(6,196)	(668,341)
	-	**4,197**

Note 22: Commitments for expenditure		
Operating leases		
Not longer than 1 year	356,357	346,967
Longer than 1 year and not longer than 5 years	356,963	700,196
	713,320	**1,047,163**
Hire purchase commitments		
Not longer than 1 year	-	15,558
Longer than 1 year and not longer than 5 years	-	2,594
	-	**18,152**
Less: future finance charges		(645)
	-	**17,507**

Terms of lease arrangements

The Group has in place an operating lease for its principal place of business. The lease expires on 9 July 2019 and includes 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 licences

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay in the year ending 30 June 2017 amounts of approximately $3.07 million in respect of exploration licence rentals and to meet minimum expenditure requirements. It is expected that of this minimum expenditure requirement, $1.68 million will be funded by Minotaur's current and potential joint venture partners. The net obligation to the Group is expected to be fulfilled in the normal course of operations.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Note 23: Auditor's remuneration	Consolidated Group 30 June 2017 $	30 June 2016 $
Audit or review of the financial report	44,178	44,500
Taxation compliance	9,500	1,100
Total auditor's remuneration	**53,678**	**45,600**

Note 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 $165,000 at 30 June 2017 (2016: $177,200). 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.

Note 25: Controlled entities

Name of entity	Country of incorporation	Ownership interest 2017 %	2016 %
Parent entity			
Minotaur Exploration Limited (i)	Australia		
Subsidiaries			
Minotaur Operations Pty Ltd (ii)	Australia	100	100
Minotaur Resources Investments Pty Ltd (ii)	Australia	100	100
Minotaur Industrial Minerals Pty Ltd (ii)	Australia	100	100
Great Southern Kaolin Pty Ltd (ii)	Australia	100	100
Breakaway Resources Pty Ltd (ii)	Australia	100	100
Scotia Nickel Pty Ltd (ii)	Australia	100	100
Altia Resources Pty Ltd (ii)	Australia	100	100
Levuka Resources Pty Ltd (ii)	Australia	100	100
BMV Properties Pty Ltd (ii)	Australia	100	100
Minotaur Gold Solutions Pty Ltd (ii)	Australia	100	73

i) Minotaur Exploration Limited is the head entity within the tax consolidated group.
ii) These companies are members of the tax consolidated group.

On 31 March 2017, Minotaur Gold Solutions Pty Ltd completed a share buy back and cancellation of all the shares held by its minority interest holder, Golden Fields Resources Pty Ltd. As a result of the

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

share buy back and cancellation, Minotaur Gold Solutions Pty Ltd became a wholly owned subsidiary of the Group, with Minotaur Exploration Limited owning 100% of its issued shares.

On the same date, Minotaur Gold Solutions Pty Ltd jointed the tax consolidated group.

Note 26: Financial assets and liabilities

Note 1(f) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2017					
Financial assets	**Note**	**AFS** **$**	**Cash** **$**	**Loans and Receivables** **$**	**Total** **$**
		(Carried at fair value)	*(Carried at amortised cost)*		
Cash and cash equivalents	**7**	-	2,331,267	-	2,331,267
Trade and other receivables	**8**	-	-	704,123	704,123
Available-for-sale assets	**11, 28**	718,494	-	-	718,494
		718,494	**2,331,267**	**704,123**	**3,753,884**

Financial liabilities	**Note**	**Payables** **$**	**Borrowings** **$**	**Total** **$**
		(Carried at amortised cost)		
Trade and other payables	**15**	1,839,818	-	1,839,818
Non-current borrowings	**16, 26(a)**	-	392,000	392,000
		1,839,818	**392,000**	**2,231,818**

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

30 June 2016

Financial assets	**Note**	**AFS $**	**Cash $**	**Loans and Receivables $**	**Total $**
		(Carried at fair value)	*(Carried at amortised cost)*		
Cash and cash equivalents	**7**	-	4,471,763	-	4,471,763
Trade and other receivables	**8**	-	-	34,431	34,431
Available-for-sale assets	**11, 28**	636,971	-	-	636,971
		636,971	**4,471,763**	**34,431**	**5,143,165**

Financial liabilities	**Note**	**Payables $**	**Borrowings $**	**Total $**
		(Carried at amortised cost)		
Trade and other payables	**15**	1,298,599	-	1,298,599
Current borrowings	**16, 26(a)**	-	14,933	14,933
Non-current borrowings	**16, 26(a)**	-	394,574	394,574
		1,298,599	**409,507**	**1,708,106**

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 27.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 28.

26(a) Borrowings

Borrowings include the financial liabilities:

	Current		**Non-Current**	
Financial liabilities	**2017**	**2016**	**2017**	**2016**
Fair value				
Finance lease liabilities	-	14,933	-	2,574
Bank borrowings	-	-	392,000	392,000
	-	**14,933**	**392,000**	**394,574**

All borrowings are denominated in AUD.

Borrowings at amortised cost

Bank borrowings are secured by land and buildings owned by the Group (see Note 12). Current interest rates are variable and average 4.95% (2016: 4.69%). The carrying amount of bank borrowings is considered to be a reasonable approximation of the fair value.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered to be a reasonable approximation of the fair value:

- Trade and other receivables;
- Cash and cash equivalents; and
- Trade and other payables

Note 27: Financial risk management

Capital 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, 20 respectively. Proceeds from share issues are used to maintain and expand the Groups exploration activities and fund operating costs.

	Consolidated Group	
	30 June 2017 $	**30 June 2016 $**
Financial assets		
Cash and cash equivalents	2,331,267	4,471,763
Trade and other receivables	704,123	34,431
Available-for-sale assets	718,494	636,971
Financial liabilities		
Payables	1,839,818	1,298,599
Borrowings	392,000	409,507

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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).

Consolidated

	Weighted average effective interest rate %	Less than 1 year $
2017		
Variable interest rate	1.10	2,331,267
2016		
Variable interest rate	1.66	4,471,763

At the 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 $17,008 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.

Consolidated

	Weighted average effective interest rate %	Less than 1 year $	Longer than 1 year and not longer than 5 years $
2017			
Interest bearing	4.95	-	392,000
Non-interest bearing	-	1,839,818	-
2016			
Interest bearing	4.75	14,933	394,574
Non-interest bearing	-	1,298,599	-

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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.

Note 28: Fair Value Measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **level 3:** unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2017 and 30 June 2016:

30 June 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at fair value				
Available-for-sale investments				
Listed securities	718,494	-	-	718,494
	718,494	**-**	**-**	**718,494**

30 June 2016	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets at fair value				
Available-for-sale investments				
Listed securities	636,971	-	-	636,971
	636,971	**-**	**-**	**636,971**

There were no transfers between Level 1 and Level 2 in 2017 or 2016.

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.

Note 29: Related party disclosure and key management personnel remuneration

Transactions with key management personnel

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

Directors
Mr Derek Carter, *Chairman (Resigned 17 November 2016)*
Dr Antonio Belperio, *Executive Director*
Mr Richard Bonython, *Non-Executive Director (resigned 25 November 2015)*
Dr Roger Higgins, *Chairman (Elected 31 January 2017)/*
Non-Executive Director (Appointed 1 July 2016)
Mr George McKenzie, *Non-Executive Director (Appointed 31 January 2017)*
Mr Andrew Woskett, *Managing Director*

Other key management personnel
Mr Varis Lidums, *Commercial Manager (Company Secretary appointed 1 July 2016)*
Mr Glen Little, *Exploration Manager*
Mr Donald Stephens, *Company Secretary (resigned 1 July 2016)*

Key management personnel remuneration includes the following expenses:

	30 June 2017 $	30 June 2016 $
Salaries including bonuses	1,046,484	987,303
Total short term employee benefits	**1,046,484**	**987,303**
Superannuation	53,809	53,431
Total post-employment benefits	**53,809**	**53,431**
Share based payments	332,930	-
Total share based payments	**332,930**	**-**
Total remuneration	**1,433,223**	**1,040,734**

Transactions with associates

Throughout the year no transactions took place between Minotaur Exploration Limited and any associates (2016: $Nil). In addition, no amounts were owed by any associates at the end of the year (2016: $Nil).

Director and key management personnel related entities

Throughout the year $53,500 (2016: $53,078) (inclusive of GST) was paid to a related entity of Dr Antonio Belperio under a commercial lease agreement for the use of warehouse space located at Magill, South Australia.

Throughout the year, no other transactions took place between Minotaur Exploration Limited and any director or key management personnel related entities.

Notes to the Consolidated Financial Statements for the year ended 30 June 2017

Wholly owned group transactions

The entities comprising the wholly owned Group and ownership interests in these controlled entities are set out in Note 25. 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 activities.

Note 30: Post-reporting date events

No matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Directors' Declaration

The directors of the company declare that:

1. the consolidated financial statements and notes, as set out on pages 18 to 58, 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 2017 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 s 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.

Roger Higgins
Chairman

Dated this 21st day of August 2017

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Independent Auditor's Report to the Members of Minotaur Exploration Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Minotaur Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of exploration and evaluation assets **Notes 1, 4, 13**	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; - Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; - Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; - Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests that are to be relinquished; and • Reviewing the appropriateness of the related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Minotaur Exploration Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner - Audit & Assurance

Adelaide, 21 August 2017