MINOTAUR
EXPLORATION

INTERIM FINANCIAL REPORT

For the half year ended
31 December 2018

Minotaur Exploration Limited

ABN 35 108 483 601 | www.minotaurexploration.com.au

Contents to the Half Year Report

Corporate Directory

DIRECTORS

Dr Antonio Belperio	*Executive Director*
Dr Roger Higgins	*Non-Executive Chairman*
Mr George McKenzie	*Non-Executive Director*
Mr Andrew Woskett	*Managing Director*

REGISTERED OFFICE

C/- O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

SHARE REGISTER

Computershare Investor Services Pty Ltd

Level 5, 115 Grenfell Street

ADELAIDE SA 5000

BANKERS

National Australia Bank

22-28 King William Street

ADELAIDE SA 5000

COMPANY SECRETARY

Mr Varis Lidums

PRINCIPAL PLACE OF BUSINESS

Level 1, 8 Beulah Road

NORWOOD SA 5067

LEGAL ADVISORS

O'Loughlins Lawyers

Level 2, 99 Frome Street

ADELAIDE SA 5000

AUDITORS

Grant Thornton Audit Pty Ltd

Level 3, 170 Frome Street

ADELAIDE SA 5000

MINOTAUR EXPLORATION

MINOTAUR EXPLORATION LIMITED

ACN: 108 483 601

ASX: MEP

www.minotaurexploration.com.au

Directors' Report

The directors of Minotaur Exploration Ltd ('Minotaur') present their Report together with the financial statements of the consolidated entity, being Minotaur Exploration Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2018 and the Independent Auditor's Review Report thereon.

Director Details

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

Dr Antonio Belperio	*Executive Director*
Dr Roger Higgins	*Non-Executive Chairman*
Mr George McKenzie	*Non-Executive Director*
Mr Andrew Woskett	*Managing Director*

Review of Operations

Corporate

Firm support from shareholders through a share purchase plan in the second half of the year raised $1.8 million for working capital purposes. The company ended calendar 2018 with $2.2 million in cash (previous year $3.3 million).

2018 exploration total expenditure of $7.75 million reflected Minotaur's increasing project activity pattern (compared to the previous year's $6.7 million), where 70% of overall exploration expense was contributed by joint venture parties. Company overheads ($0.85 million) represented 11% of all exploration activity, maintaining Minotaur's position in the lowest quartile of corporate expense incurred by junior explorers.

Research and Development

Minotaur continued research into innovative uses for halloysite as a natural replacement for carbon nanotubes through collaboration with the University of Newcastle. Potential new technology applications of natural halloysite nanotubes being assessed include energy storage, electrocatalysis and water treatment.

A project to assess IOCG potential across the Peake and Denison Ranges of South Australia was launched, firstly dating historic drill core to determine whether rock ages are akin to the Cloncurry IOCG event of 1530 Ma. Confirmation prompted magnetic processing and modelling of regional aeromagnetic data to isolate in 3D causative magnetic subsurface bodies from background magnetic sources. The work is in its formative phase and could lead to a new understanding of the geology and base metal potential of this under explored region.

Exploration

Activity centred on copper-gold prospects in Queensland, predominantly in the vicinity of the Eloise copper-gold mine where the Jericho copper prospect had been recognised in the previous year.

A first-pass drilling program to characterise Jericho as a copper discovery resulted in 38 holes being completed, all of which revealed positive copper values. This work, on behalf of the Eloise joint venture with OZ Minerals, will resume in early 2019 when a concerted drill program will aim to quantify the scale and quality of a section of the deposit for preliminary scoping purposes. OZ Minerals' investment in the joint venture reached $9.5 million by end of calendar 2018.

Minotaur acquired a tenement group east of Mt Isa, named the Highlands Project, and initiated field work to assess a number of copper prospects, commencing with a near-surface EM target named Gospel. The Company farmed-in to a tenement package south of Charters Towers where extensive surficial cover obscures basement formations and so offers possibilities for Minotaur to use its geophysical tools to search for VMS style base metal occurrences.

The Poochera kaolin project attracted farm-in joint venture commitment from Andromeda Metals (ASX: ADN) where Andromeda may fund $6 million of project development costs to earn 75% interest. The joint venture considers the kaolin deposit may be able to advance towards commercial, small scale production within the coming 2 year time frame.

Investments

Minotaur holds the following investments in ASX listed companies as at 31 December 2018:

Company	ASX Code	Shares held as at 31 Dec 2018	Minotaur %
Petratherm Ltd	PTR	1,085,000	0.63
Thompson Resources Ltd	TMZ	14,700,000	13.03

Minotaur also holds 82,030 shares in Chilean Metals Inc (CMX), a Canadian company listed on the TSXV.

The market value of the above investments at 31 December 2018 was $453,839.

Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr A. P. Belperio, who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Belperio has a minimum of 5 years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report (continued)

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 31 December 2018.

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

Roger Higgins
Chairman

Dated this 15th day of February 2019

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666
F +61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Minotaur Exploration Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Minotaur Exploration Limited for the half-year ended 31 December 2018, 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 Audit Pty Ltd
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 15 February 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half year ended 31 December 2018

	Notes	Consolidated Group 31 December 2018 $	Consolidated Group 31 December 2017 $
Revenue		148,211	137,557
Other income		56,471	46,079
Impairment of exploration and evaluation assets	**5/8**	(1,369,755)	(950,179)
Impairment of financial assets	**7**	-	(19,304)
Project generation costs	**5**	(81,854)	(375,824)
Employee benefits expense		(305,459)	(372,144)
Depreciation expense		(61,603)	(65,053)
Finance costs		(395)	(395)
Other expenses		(436,876)	(438,154)
Loss before income tax expense		**(2,051,260)**	**(2,037,417)**
Income tax (expense)/benefit		(57,272)	442,221
Loss for the period		**(2,108,532)**	**(1,595,196)**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Loss on equity instruments designated at fair value through other comprehensive income		(174,515)	(31,322)
Total Comprehensive Income for the period		**(2,283,047)**	**(1,626,518)**
Earnings per share			
Basic earnings per share (cents)		(0.79)	(0.70)
Diluted earnings per share (cents)		(0.79)	(0.70)

Notes to the financial statements are included on pages 13 to 21

Consolidated Statement of Financial Position

as at 31 December 2018

	Notes	Consolidated Group 31 December 2018 $	30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents		2,161,668	2,020,041
Trade and other receivables		31,004	127,726
Other current assets		362,751	452,840
TOTAL CURRENT ASSETS		**2,555,423**	**2,600,607**
NON-CURRENT ASSETS			
Financial assets	**7**	453,839	518,355
Property, plant and equipment		565,315	623,185
Exploration and evaluation assets	**8**	8,600,437	8,660,998
TOTAL NON-CURRENT ASSETS		**9,619,591**	**9,802,538**
TOTAL ASSETS		**12,175,014**	**12,403,145**
CURRENT LIABILITIES			
Trade and other payables	**9**	1,146,583	1,228,934
Borrowings		25,986	25,986
Short-term provisions		533,221	568,237
TOTAL CURRENT LIABILITIES		**1,705,790**	**1,823,157**
NON-CURRENT LIABILITIES			
Borrowings		355,186	366,014
Long-term provisions		19,338	33,714
TOTAL NON-CURRENT LIABILITIES		**374,524**	**399,728**
TOTAL LIABILITIES		**2,080,314**	**2,222,885**
NET ASSETS		**10,094,700**	**10,180,260**
EQUITY			
Issued capital	**10**	47,022,357	44,940,370
Reserves	**11**	1,083,378	1,142,393
Accumulated losses		(38,011,035)	(35,902,503)
TOTAL EQUITY		**10,094,700**	**10,180,260**

Notes to the financial statements are included on pages 13 to 21

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2018

		Consolidated Group				
		Issued Capital Ordinary	Share Option Reserve	Other Components of Equity (Note 11)	Accumulated Losses	Total Equity
	Note	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2018		**44,940,370**	**1,032,205**	**110,188**	**(35,902,503)**	**10,180,260**
Comprehensive income						
Total comprehensive income for the period		-	-	(174,515)	(2,108,532)	(2,283,047)
Total comprehensive income for the period		**-**	**-**	**(174,515)**	**(2,108,532)**	**(2,283,047)**
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares through Share Placement and Share Purchase Plan	**10**	1,911,234	-	-	-	1,911,234
Issue of shares as part consideration for Highlands project	**10**	275,000	-	-	-	275,000
Transaction costs on shares issued	**10**	(104,247)	-	-	-	(104,247)
Issue of options to employees under employee share option plan	**11(a)**	-	115,500	-	-	115,500
		2,081,987	**115,500**	**-**	**-**	**2,197,487**
Balance at 31 December 2018		**47,022,357**	**1,147,705**	**(64,327)**	**(38,011,035)**	**10,094,700**

Notes to the financial statements are included on pages 13 to 21

Consolidated Statement of Changes in Equity (continued)

for the half year ended 31 December 2018

	Consolidated Group				
	Issued Capital Ordinary	**Share Option Reserve**	**Other Components of Equity (Note 11)**	**Accumulated Losses**	**Total Equity**
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2017	**42,935,000**	**1,178,476**	**254,731**	**(33,584,743)**	**10,783,464**
Comprehensive income					
Total comprehensive income for the period	-	-	(31,322)	(1,595,196)	(1,626,518)
Total comprehensive income for the period	**-**	**-**	**(31,322)**	**(1,595,196)**	**(1,626,518)**
Transactions with owners, in their capacity as owners, and other transfers					
Issue of shares through exercise of listed options	76,489	-	-	-	76,489
Issue of shares through share placement	1,000,000	-	-	-	1,000,000
Issue of shares through share purchase plan	1,043,422	-	-	-	1,043,422
Transaction costs (net of tax)	(75,477)	-	-	-	(75,477)
Options issued to Directors of the Company	-	52,020	-	-	52,020
Transfer from share option reserve upon lapse of options	-	(198,291)	-	198,291	-
	2,044,434	**(146,271)**	**-**	**198,291**	**2,096,454**
Balance at 31 December 2017	**44,979,434**	**1,032,205**	**223,409**	**(34,981,648)**	**11,253,400**

Notes to the financial statements are included on pages 13 to 21

Consolidated Statement of Cash Flows

for the half year ended 31 December 2018

	Consolidated Group	
	31 December 2018	31 December 2017
	$	$
Cash flows from operating activities		
Payments to suppliers and employees	(956,162)	(665,986)
Interest received	3,662	5,596
Finance costs	(395)	(395)
R&D tax incentive received	-	470,851
Net cash used in operating activities	**(952,895)**	**(189,934)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	4,000
Payments for property, plant and equipment	(3,732)	(2,690)
Proceeds from sale of tenements	75,000	241,899
Payments for acquisition of tenements	(125,000)	-
Payments for quoted equity instruments at FVOCI	(110,000)	-
Government grants received for exploration activities	116,323	-
Joint Venture receipts	3,634,422	2,791,266
Payments for exploration activities	(4,288,648)	(3,845,145)
Net cash used in investing activities	**(701,635)**	**(810,670)**
Cash flows from financing activities		
Proceeds from the issue of shares	1,911,234	2,119,912
Payment of transaction costs for issue of shares	(104,249)	(104,107)
Repayment of borrowings	(10,828)	-
Net cash provided by financing activities	**1,796,157**	**2,015,805**
Net increase in cash and cash equivalents	**141,627**	**1,015,201**
Cash at the beginning of period	**2,020,041**	**2,331,267**
Cash at the end of the period	**2,161,668**	**3,346,468**

Notes to the financial statements are included on pages 13 to 21

Notes to the Consolidated Financial Statements

Note 1: Nature of operations

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

Note 2: General information and basis of preparation

The interim condensed consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2018 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*. Minotaur is a for profit entity for the purposes of preparing these financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 15 February 2019.

Note 3: Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. As required by AASB 134, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

New standards, interpretations and amendments adopted by the Group

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The reclassifications and adjustments arising from the introduction of AASB 9 have not been reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening balance sheet from 1 July 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included.

Balance Sheet Extract

	30 June 2018 as originally presented	AASB 9	1 July 2018
	$	$	$
Non-Current Assets			
Financial assets at fair value through other comprehensive income (OCI)	-	518,355	518,355
Available-for-sale financial assets	518,355	(518,355)	-

On 1 July 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories.

The impact of these changes on the Group's equity is as follows:

	Effect on AFS reserve	Effect on FVOCI reserve
	$	$
Closing Balance 30 June 2018 - AASB 139	110,188	-
Reclassify non trading equities from available-for-sale to FVOCI	(110,188)	110,188
Opening Balance 1 July 2018 - AASB 9	**-**	**110,188**

Equity investments previously classified as available-for-sale

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of $518,355 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of $110,188 were reclassified from the available-for-sale financial assets reserve to the FVOCI reserve on 1 July 2018.

AASB 9 *Financial Instruments* – Accounting Policies applied from 1 July 2018

(a) Classification and Measurement

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria:

- the Group's business model for managing the assets;
- and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition.

The Group classified its quoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9. Under AASB 139, the Group's quoted equity instruments were classified as AFS financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and debt securities at FVOCI), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when its contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of AASB 9 have not materially impacted the expected recoverability of financial assets and accordingly no adjustment or restatement was required to be recognised by the Group.

AASB 15 *Revenue from Contracts with Customers* – Accounting Policies applied from 1 July 2018

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has applied AASB 15 using the modified approach and the relevant impacts of the implementation of AASB 15 are disclosed below.

(a) Rendering of services

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.

Prior to the adoption of AASB 15, the Group accounted for the management fees as a separate deliverable. Under AASB 15, the Group assessed whether there were any additional performance obligations in relation to the management fees. From this review it was determined that there were no additional performance obligations other than providing administrative and management support.

Under AASB 15, the Group concluded that management fees charged to joint operation partners for the management of exploration activities will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group. Moreover, under AASB 15, any earned consideration that is conditional should be recognised as a contract asset rather than receivable.

From this review, no restatement to the statement of financial position as at 30 June 2018 or the statement of profit or loss for the six months ended 31 December 2017 was required as a result of the introduction of AASB 15.

Note 4: Estimates

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

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

Note 5: Significant events and transactions

During the period, the Group ceased exploring on and reviewed the carrying value of several exploration tenements and, as a result, these tenements held as exploration and evaluation assets were written-off. The total amount of these write-downs for the period were $1,369,755.

Project generation costs incurred during the period totaling $81,854 that do not meet the definition of exploration costs have been immediately expensed.

Note 6: 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 7: Financial assets

	Consolidated Group	
	31 December 2018	**30 June 2018**
	$	**$**
Equity instruments at fair value through OCI – shares in listed companies		
Opening balance	518,355	718,494
Revaluations	(174,516)	(127,111)
Disposals	-	(33,025)
Acquisitions	110,000	-
Impairments	-	(40,003)
	453,839	**518,355**

Note 8: Exploration and evaluation assets

Exploration, evaluation and development costs carried forward in respect of mining areas of interest:		
Exploration and evaluation phases – Joint Operations	6,655,931	7,483,688
Exploration and evaluation phases – Other	1,944,506	1,177,310
	8,600,437	**8,660,998**

Capitalised tenement expenditure movement reconciliation - Consolidated Group:

	Exploration Joint Operations	**Exploration Other**	**Total**
	$	**$**	**$**
Balance at beginning of financial year	7,483,688	1,177,310	8,660,998
Additions through expenditure capitalised	3,663,404	759,297	4,422,701
Additions through acquisitions	-	400,000	400,000
Reductions through joint operation contributions	(3,397,184)	-	(3,397,184)
Reductions through government grants received	(116,323)	-	(116,323)
Impairment expense	(1,186,261)	(183,494)	(1,369,755)
Transfers between categories	208,607	(208,607)	-
Balance at the end of the period	**6,655,931**	**1,944,506**	**8,600,437**

Note 9: Trade and other payables

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
Trade payables	664,077	757,823
Joint operation income received in advance	404,620	178,641
Accrued expenses	17,000	266,487
Other payables	60,886	25,983
	1,146,583	**1,228,934**

Note 10: Issued Capital

303,146,917 (June 2018: 252,488,374) fully paid ordinary shares	47,022,357	44,940,370
	47,022,357	**44,940,370**

The following is an analysis of Minotaur's fully paid ordinary shares for the half year ended 31 December 2018:

	Number of Shares	$
Balance at beginning of financial year	252,488,374	44,940,370
Issue of shares through share placement	18,660,619	783,746
Issue of shares through share purchase plan	26,845,041	1,127,488
Issue of shares as part consideration for Highlands project	5,152,883	275,000
Share issue costs	N/A	(104,247)
Closing balance at end of period	**303,146,917**	**47,022,357**

Note 11: Other components of equity

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
Share option reserve (a)	1,147,705	1,032,205
FVOCI reserve (b)	(64,327)	110,188
	1,083,378	**1,142,393**

Note 11: Other components of equity (continued)

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
a) Share option reserve		
Balance at beginning of financial year	1,032,205	1,178,476
Issue of options to employees under employee share option plan	115,500	-
Issue of options to directors of the Company	-	52,020
Transfer to retained earnings upon lapse of options	-	(198,291)
	1,147,705	**1,032,205**
b) FVOCI reserve (previously Available-for-sale reserve)		
Balance at beginning of financial year	-	254,731
Reclassification of financial instruments under AASB 9	110,188	-
Transfer upon disposal of listed shares	-	(488)
Net revaluation decrement	(174,515)	(144,055)
	(64,327)	**110,188**

During the period unlisted share options were issued to employees under the Company's Employee Share Option Plan. The unlisted share options were issued under the following terms and conditions:

	Number of Options Issues	Exercise Price	Expiry Date
Unlisted options issued to employees of the Company	7,500,000	$0.0525	31/12/2021

All options listed above issued during the period are exercisable at the date the options are issued.

The fair value of options is determined using the Black-Scholes pricing model. The valuation inputs used in determining the fair value at grant date were as follows:

	Options issued to employees of the Company
Share price at grant date:	$0.039
Expected volatility:	77.00%
Risk free rate:	2.00%
Fair value at grant date:	$0.015

Note 12: Fair value measurement of financial instruments

Fair value hierarchy

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

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

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018 on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
31 December 2018	**$**	**$**	**$**	**$**
Financial assets at fair value				
Equity instruments designated at FVOCI				
Listed securities	453,839	-	-	453,839
Net fair value	**453,839**	**-**	**-**	**453,839**
30 June 2018				
Financial assets at fair value				
Equity instruments classified as Available-for-sale				
Listed securities	518,355	-	-	518,355
Net fair value	**518,355**	**-**	**-**	**518,355**

Measurement of fair value of financial instruments

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

Listed Securities

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

Fair value of other financial assets and financial liabilities

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

Note 13: Contingent assets and liabilities

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. The Group has established various bank guarantees in place with a number of State Governments in Australia, totaling $200,500 at 31 December 2018 (June 2018: $165,000). These guarantees are designed to act as collateral over the tenements which Minotaur explores on and can be used by the relevant Government authorities in the event that Minotaur does not sufficiently rehabilitate the land it explores on. The bank guarantees have, as at the date of signing this report, never been utilised by any State Government.

Note 14: Controlled entities

		Ownership Interest	
Name of entity	**Country of incorporation**	**31 Dec 2018 %**	**30 June 2018 %**
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	100

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

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

Note 15: Post-reporting date events

No matter or circumstance has arisen since 31 December 2018 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Directors' Declaration

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

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

      i. giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

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

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

Signed in accordance with a resolution of the directors.

Roger Higgins
Chairman

Dated this 15th day of February 2019

Grant Thornton

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666
F +61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Minotaur Exploration Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Minotaur Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Minotaur Exploration Limited does not give a true and fair view of the financial position of the Minotaur Exploration Limited as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Minotaur Exploration Limited's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Minotaur Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Ian Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 15 February 2019