



MINOTAUR
EXPLORATION

Minotaur Exploration Limited

ABN 35 108 483 601

Annual Financial Report
for the year ended 30 June 2019



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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*

COMPANY SECRETARY

Mr Varis Lidums

REGISTERED OFFICE

C/- O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide SA 5000

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 2019.

Director Details

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

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

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 2019 financial year concluded with the Group holding \$3.986 million in cash and term deposits. Advanced exploration investment in the Eloise JV accounted for \$2.5 million of the cash holdings.

A Share Purchase Plan in November 2018 resulted in proceeds of \$1.9 million and a follow up private placement to new and existing shareholders raised \$1.25 million (before costs) in May 2019. Sprott Group continues to be the Company's key shareholder with 12.75% of the issued shares.

OZ Minerals Limited's (ASX: OZL) investment in the Eloise Joint Venture reached \$10 million by the end of March 2019, entitling OZ Minerals to 70% interest in the joint venture tenements.

Constructive discussions with OZ Minerals during the earn-in phase concluded with a binding Term Sheet agreed in May, whereby relative interests in a new joint venture - the Jericho Joint Venture - are set at 80% OZ Minerals : 20% Minotaur from 1 April 2019. In return, the Company is to be loan carried through to production.

Additional arrangements were also enacted to restructure the Eloise Joint Venture and to establish the 'Cloncurry Alliance'. OZ Minerals has undertaken to invest a further \$3 million into exploration on the Eloise JV tenements and will hold its interest at 70%. The Alliance provides for OZ Minerals to fund Minotaur to \$1 million over 2 years for project generation activities that may identify opportunities complementary to a mine development at Jericho.

A sale agreement for the Company's nickel tenements near Kalgoorlie and Leinster in Western Australia was achieved. Completion in August 2019 will result in Minotaur holding ~14% of the capital in the acquirer Auroch Minerals Limited (ASX: AOU).

Minotaur's Poochera Kaolin project was placed into joint venture with Andromeda Metals Limited (ASX: ADN) under which Andromeda may earn 75% interest in the assets through expenditure of \$6 million over 5 years. Andromeda is actively working to secure off-take arrangements with kaolin users in Asia to underpin a mine development case.

Exploration

Exploration activity remained focused on copper-gold prospects in Queensland.

The joint venture with OZ Minerals across the Eloise area tenements concentrated on the Jericho copper-gold discovery 3km south of the Eloise copper mine. By June 2019 Jericho had been intersected by 96 holes for 29,740m of drilling, with most holes returning significant copper grades.

Directors' Report

Results encouraged the negotiation of the 'stand-alone' Jericho Joint Venture with revised interest levels (as above). From April 2019 OZ Minerals will advance all expenditure attributable to Minotaur's 20% interest, through exploration and until commercial production arises from a potential mining operation at Jericho. The amounts advanced will accrue in an interest bearing 'loan account' until positive cash flow permits payments to commence. By end June 2019 the loan provision was \$0.64 million.

A joint venture with Japan Oil, Gas Metals Corporation (JOGMEC) over Minotaur's tenements south of the Century zinc mine, south of Cloncurry, was terminated by mutual agreement after research failed to locate significant copper or zinc mineralisation.

Research & Development

Minotaur maintains an active R&D plan, mainly through the services of specialist agencies such as CSIRO and University of Newcastle's research laboratories. Minotaur's primary exercise is investigation into new industrial applications for nanoparticles; halloysite nanoclays within the kaolin complex. A joint ownership company, Natural Nanotech Pty Ltd, was incorporated to pursue technology developments and commercial opportunities.

Likely developments, business strategies and prospects

The Company's business benefitted from continuing support by its joint venture partners. This significantly helped constrain Minotaur's net administration costs to just 11% of its total exploration spend of \$9.0 million, of which 82% was contributed by JV partners. The Company's self funded exploration level in the financial year was \$1.6 million; to generate new opportunities or present new openings for prospective joint venture involvement.

Such efforts resulted in the formation of the Windsor Joint Venture where Minotaur may earn 75% project interest for expenditure of \$4 million over 5 years. Site investigations commenced in August 2019 seeking targets representative of zinc-copper mineralisation under conductive cover.

Most interest will focus on progress at the Jericho copper discovery. A pause in drilling during the latter half of 2019 switches the impetus to desk top modelling of resource parameters and preliminary metallurgical assessment. An initial JORC estimate for the central zone of J1 and J2 lodes is anticipated to be available by the end of 2019, supporting first-pass starter pit models and underground mine concepts.

The expanded Eloise JV will investigate new anomalies - potential Jericho analogues - proximal to the Eloise mine. Minotaur, on behalf of the Cloncurry Alliance, initiated research into several assets thought to be suitable elements for a production hub centred on Jericho.

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 over 35 years' 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 Chairman)

Dr Higgins has over 40 years' experience in mine management, project development and sustainability, and is a current director of Newcrest Mining Ltd and WorleyParsons Ltd, and a former director of Metminco Ltd (resigned 2019) and 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)

George McKenzie is a commercial lawyer with over 25 years' experience representing many of South Australia's explorers and mine developers. He was 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 was also a member of the Minerals and Energy Advisory Council which advises the Minister of Mineral Resources and Energy on strategic issues, from inception of the Council in 2000 until 30 June 2019.

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)

Mr Lidums is a Chartered Accountant and qualified lawyer with over 25 years' experience in the resources, energy and accounting industries. He has held senior roles with BP, Shell and ConocoPhillips and is a current Councillor of the South Australian Chamber of Mines and Energy Inc. (SACOME). Mr Lidums 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 \$4,160,504 (2018: \$2,516,051).

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	2,477,036	2,750,000
Roger Higgins	1,000,000	2,500,000
George McKenzie	1,059,100	2,000,000
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

No 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

No matter or circumstance has arisen since 30 June 2019 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
<i>Unlisted</i>			
20/11/2014	19/11/2019	0.1900	5,105,000
07/09/2016	06/09/2021	0.1150	2,530,000
18/11/2016	17/11/2019	0.2500	10,250,000
05/10/2017	31/10/2019	0.0680	1,800,000
27/10/2017	31/10/2019	0.0680	2,500,000
08/12/2017	30/11/2020	0.2500	2,000,000
12/12/2018	31/12/2021	0.0525	7,500,000
			31,685,000

Shares issued as a result of exercise of options

During or since the end of the financial year, the Company did not issue any ordinary shares as a result of the exercise of options (2018: 797,755).

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 \$15,516. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Directors' Report

Remuneration report – Audited

This report outlines the remuneration arrangements in place for directors and 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 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*

Dr Roger Higgins *Non-Executive Chairman*

Mr Varis Lidums *Commercial Manager and Company Secretary*

Mr Glen Little *Exploration and Business Development Manager*

Mr George McKenzie *Non-Executive Director*

Mr Andrew Woskett *Managing Director*

Remuneration philosophy

Executive remuneration policies and structures

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 individual's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. When determining remuneration the Board has regard to the Group's financial performance and capacity.

How executive remuneration policies and structures are determined

Decisions about executive remuneration are guided by the following four principles:

- Fairness: provide a fair level of reward to all employees
- Outcomes: ensure correlation between reward and performance
- Alignment: as far as possible align employee and shareholder interests
- Corporate Culture: facilitate leadership standards that create a culture aligned to shareholders' interests.

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role;
- The executive's skills, experience and qualifications; and
- Individual performance.

It is set with reference to comparable roles in similar companies.

Directors' Report

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 and Business Development 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 <i>Non-Executive Chairman</i>	90,000
Mr George McKenzie <i>Non-Executive Director</i>	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 2019 and 30 June 2018

	Short Term Employee Benefits		Post Employment	Share-based payments	Totals	Performance Based Percentage of Remuneration
	Salary & Fees	Bonus	Superannuation	Options	\$	%
Antonio Belperio						
2019	205,936	10,297	20,542	-	236,775	-
2018	205,936	-	19,564	-	225,500	-
Roger Higgins						
2019	90,000	-	-	-	90,000	-
2018	90,000	-	-	-	90,000	-
George McKenzie						
2019	45,000	-	-	-	45,000	-
2018	45,000	-	-	52,020	97,020	-
Andrew Woskett						
2019	355,675	17,784	-	-	373,459	-
2018	355,675	-	-	-	355,675	-
Total						
2019	696,611	28,081	20,542	-	745,234	-
2018	696,611	-	19,564	52,020	768,195	-

Bonuses to Dr Belperio and Mr Woskett were paid during the year at the discretion of the Board. No amounts were linked to performance and at risk.

Directors' Report

Table 2: Remuneration of other key management personnel for the year ended 30 June 2019 and 30 June 2018

	Short Term Employee Benefits		Post Employment Superannuation	Share- based payments Options	Totals \$	Performance Based Percentage of Remuneration
	Salary & Fees	Bonus				%
Varis Lidums						
2019	176,921	8,904	17,785	19,250	222,860	-
2018	178,082	-	16,918	-	195,000	-
Glen Little						
2019	183,228	8,767	18,240	13,090	223,325	-
2018	182,718	-	17,358	-	200,076	-
Total						
2019	360,149	17,671	36,025	32,340	446,185	-
2018	360,800	-	34,276	-	395,076	-

Bonuses to other key management personnel were paid during the year at the discretion of the Board. No amounts were linked to performance and at risk.

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 \$55,933 (2018: \$54,470) (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

During the 2019 financial year a number of Minotaur's key management personnel received a cash bonus. Bonuses are paid at the discretion of the Board. All available bonuses to directors and other key management personnel were paid during the 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.

No options were granted to directors as remuneration during the year.

Directors' Report

Details of options over ordinary shares in the Company that were granted during the year as remuneration to each of the other 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
Other key management							
Varis Lidums	1,250,000	12/12/18	0.0154	19,250	1,250,000	0.0525	31/12/21
Glen Little	850,000	12/12/18	0.0154	13,090	850,000	0.0525	31/12/21

Options held by key management personnel

The number of options to acquire shares in the Company held during the 2019 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 remuneration	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
Roger Higgins	2,500,000	-	-	-	2,500,000	17/11/19	18/11/16
George McKenzie	2,000,000	-	-	-	2,000,000	30/11/20	08/12/17
Andrew Woskett	5,000,000	-	-	-	5,000,000	17/11/19	18/11/16

	Balance at beginning of period	Granted as remuneration	Exercised	Net change other	Balance at end of period	Expiry date	First exercise date
Other key management – Unlisted options							
Varis Lidums	450,000	-	-	-	450,000	21/11/19	20/11/14
Varis Lidums	400,000	-	-	-	400,000	06/09/21	07/09/16
Varis Lidums	-	1,250,000	-	-	1,250,000	31/12/21	12/12/18
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
Glen Little	-	850,000	-	-	850,000	31/12/21	12/12/18

Directors' Report

Shares held by key management personnel

The number of fully paid ordinary shares in the Company held during the 2019 reporting period by each of the key management personnel of the Group; including their related parties are set out below.

	Balance at 1 July 2018	Participation in SPP	On market acquisitions	Balance 30 June 2019
Directors				
Antonio Belperio	1,762,750	714,286	-	2,477,036
Roger Higgins	-	-	1,000,000	1,000,000
George McKenzie	59,100	-	1,000,000	1,059,100
Andrew Woskett	205,000	-	-	205,000
Other key management				
Varis Lidums	-	-	-	-
Glen Little	58,956	-	-	58,956

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 2018 Annual General Meeting

Minotaur Exploration Ltd received more than 85% of "yes" votes on its remuneration report for the 2018 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' Report

Directors' meetings

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

Director	Directors' Meetings		Audit Committee	
	Eligible	Attended	Eligible	Attended
Antonio Belperio	6	6	-	-
Roger Higgins	6	6	2	2
George McKenzie	6	6	2	2
Andrew Woskett	6	6	-	-

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 22 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 22nd day of August 2019

Auditor's Independence Declaration

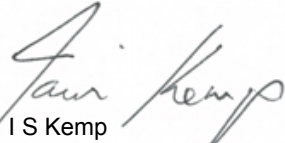
To the Directors of Minotaur Exploration Limited

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 2019, 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, 22 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

Consolidated Group			
	Note	30 June 2019 \$	30 June 2018 \$
Revenue	4 (a)	311,654	213,692
Other income	4 (b)	138,715	242,429
Impairment of exploration and evaluation assets	4 (c)	(2,960,520)	(1,342,979)
Impairment of financial assets	4 (c)	-	(40,003)
Project generation costs	4 (c)	(194,897)	(684,780)
Employee benefits expense	4 (d)	(610,228)	(690,645)
Depreciation expense	4 (c)	(126,364)	(150,890)
Other expenses	4 (e)	(914,119)	(906,416)
Loss before income tax expense		(4,355,759)	(3,359,592)
Income tax benefit	5	195,255	843,541
Loss for the year	20	(4,160,504)	(2,516,051)
Other comprehensive income (net of tax)			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Loss on equity instruments designated at fair value through other comprehensive income	19 (b)	(295,683)	(144,543)
Total comprehensive income for the year attributable to the members of the parent entity		(4,456,187)	(2,660,594)
Earnings per share			
Basic earnings per share (cents)	6	(1.44)	(1.05)
Diluted earnings per share (cents)	6	(1.44)	(1.05)

**Consolidated Statement of Financial Position
as at 30 June 2019**

		Consolidated Group	
	Note	30 June 2019 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	7	3,985,806	2,020,041
Trade and other receivables	8	31,689	127,726
Other current assets	9	388,833	452,840
		4,406,328	2,600,607
Held-for-sale assets	10	635,222	-
TOTAL CURRENT ASSETS		5,041,550	2,600,607
NON-CURRENT ASSETS			
Financial assets	11	332,672	518,355
Property, plant and equipment	12	500,554	623,185
Exploration and evaluation assets	13	7,589,649	8,660,998
TOTAL NON-CURRENT ASSETS		8,422,875	9,802,538
TOTAL ASSETS		13,464,425	12,403,145
CURRENT LIABILITIES			
Trade and other payables	15	2,925,298	1,228,934
Borrowings	16	26,713	25,986
Short-term provisions	17	438,028	568,237
TOTAL CURRENT LAIBILITIES		3,390,039	1,823,157
NON-CURRENT LIABILITIES			
Borrowings	16	985,597	366,014
Long-term provisions	17	23,506	33,714
TOTAL NON-CURRENT LIABILITIES		1,009,103	399,728
TOTAL LIABILITIES		4,399,142	2,222,885
NET ASSETS		9,065,283	10,180,260
EQUITY			
Issued capital	18	48,166,080	44,940,370
Reserves	19	962,210	1,142,393
Accumulated losses	20	(40,063,007)	(35,902,503)
TOTAL EQUITY		9,065,283	10,180,260

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2019**

Consolidated Group					
Note	Issued Capital \$	Share Option Reserve \$	Other Components of Equity (Note 19) \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018	44,940,370	1,032,205	110,188	(35,902,503)	10,180,260
<i>Comprehensive income</i>					
Total comprehensive income for the year	-	-	(295,683)	(4,160,504)	(4,456,187)
Total comprehensive income for the year	-	-	(295,683)	(4,160,504)	(4,456,187)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares as part consideration for the acquisition of the Highlands project	17	275,000	-	-	275,000
Issue of shares through Share Placement and Share Purchase Plan	17	3,161,234	-	-	3,161,234
Transaction costs on shares issued		(210,524)	-	-	(210,524)
Issue of options to employees under the Company's ESOP		-	115,500	-	115,500
	3,225,710	115,500	-	-	3,341,210
Balance at 30 June 2019	48,166,080	1,147,705	(185,495)	(40,063,007)	9,065,283

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2019 (Continued)**

Consolidated Group					
Note	Issued Capital \$	Share Option Reserve \$	Other Components of Equity (Note 19) \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017	42,935,000	1,178,476	254,731	(33,584,743)	10,783,464
<i>Comprehensive income</i>					
Total comprehensive income for the year	-	-	(144,543)	(2,516,051)	(2,660,594)
Total comprehensive income for the year	-	-	(144,543)	(2,516,051)	(2,660,594)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares through Share Placement and Share Purchase Plan	17	2,043,422	-	-	2,043,422
Issue of shares through exercise of options	17	76,489	-	-	76,489
Transaction costs on shares issued		(114,541)	-	-	(114,541)
Issue of unlisted options to directors		-	52,020	-	52,020
Transfer from share option reserve upon lapse of options	18(a)	-	(198,291)	198,291	-
		2,005,370	(146,271)	198,291	2,057,390
Balance at 30 June 2018	44,940,370	1,032,205	110,188	(35,902,503)	10,180,260

**Consolidated Statement of Cash Flows
for the year ended 30 June 2019**

		Consolidated Group	
	Note	30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities			
Receipts from customers		318,225	213,691
Payments to suppliers and employees		(1,762,801)	(1,609,720)
Interest received		7,144	11,557
R&D tax incentive received		315,419	470,851
Net cash used in operating activities	7	(1,122,013)	(913,621)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,733)	(20,628)
Proceeds from sale of property, plant and equipment		-	4,000
Purchase of equity instruments		(110,000)	-
Proceeds from sale of equity instruments		-	33,025
Proceeds from sale of tenements		-	341,899
Acquisition of Highlands project		(125,000)	-
Option, exclusivity, extension and signing fees received		125,000	170,000
Joint Venture receipts		7,604,863	4,742,775
Government grants received for exploration activities		116,323	-
Payment for exploration activities		(8,090,695)	(6,674,046)
Net cash used in investing activities		(483,242)	(1,402,975)
Cash flows from financing activities			
Proceeds from issue of shares through share purchase plan and share placement		3,161,234	2,043,422
Proceeds from exercise of listed options		-	76,490
Payment of transaction costs for issue of shares		(210,524)	(114,542)
Proceeds from JV loan arrangement		644,131	-
Repayment of borrowings		(23,821)	-
Net cash provided by financing activities		3,571,020	2,005,370
Net increase/(decrease) in cash and cash equivalents		1,965,765	(311,226)
Cash at the beginning of the year		2,020,041	2,331,267
Cash at the end of the year	7	3,985,806	2,020,041

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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/- O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide SA 5000 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 2019 were approved and authorised for issue by the Board of Directors on 22 August 2019.

(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 24 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 2019

(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 2019

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 43.5% refundable tax offset is available for companies with annual turnover of less than \$20 million. The Group recognises refundable tax offsets based on management’s best estimate 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

(f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be initially classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and a joint venture loan receivable.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(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 acquiree, 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 2019

(i) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(j) 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.

(k) 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Other long-term employee benefits

The Group's liabilities for 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.

(l) 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.

(m) 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.

(n) 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 over time as the management services are provided.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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).

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Comparative Figures

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

(t) 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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 \$7,589,650 (2018: \$8,660,998).

(iii) Research and development incentive

The Group currently recognises Research and Development incentives on an accrual basis of costs incurred during the financial year. Management complete a detailed estimate of the expected claim relating to the financial year based on current projects lodged with AusIndustry.

(u) 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 2018. Information on the more significant standards is presented below.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

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).

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

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.

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

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 year ended 30 June 2019 was required as a result of the introduction of AASB 15.

AASB Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

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

The AASB issued amendments to AASB 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments.

In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

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

Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117.

The Group plans to adopt AASB 16 using the modified retrospective approach. The Group will elect to apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying AASB 117 and AASB Interpretation 4.

The Group currently holds a lease of its office premises located in Norwood, this lease expires on 9 July 2019. The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Therefore the Group will not recognise a right of use asset and lease liability for this lease.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date, however it is not expected to have a material impact on the Group.

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 the conflict between AASB 10 and AASB 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in AASB 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The AASB have deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

These improvements include:

AASB 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

AASB 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in AASB 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

AASB 112 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

AASB 123 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Note 2: Parent information	30 June 2019	30 June 2018
	\$	\$
Assets		
Current assets	4,108,163	2,007,276
Non-current assets	7,676,811	9,564,780
	11,784,974	11,572,056
Liabilities		
Current liabilities	1,710,588	992,067
Non-current liabilities	1,009,103	399,728
	2,719,691	1,391,795
Equity		
Issued capital	48,166,080	44,940,370
Reserves – Share option	1,147,705	1,032,205
Accumulated losses	(40,248,502)	(35,792,314)
	9,065,283	10,180,261
Financial performance		
Loss for the year	(4,456,187)	(2,660,594)
Other comprehensive income	-	-
	(4,456,187)	(2,660,594)

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 23. 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 21. 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 4: Revenue and expenses		
(a) Revenue		
Administration fees	292,086	190,559
Rent received	19,568	23,133
	311,654	213,692
Timing of revenue recognition		
Goods transferred at a point in time	-	-
Services transferred over time	311,654	213,692
Total revenue	311,654	213,692
(b) Other income		
Net gain on disposal of equity instruments	-	8,799
Option, exclusivity, signing and extension fees received	125,000	170,000
Net gain on disposal of exploration assets	-	52,760
Bank interest received or receivable	7,144	10,870
Other income	6,571	-
	138,715	242,429
(c) Expenses		
<i>Impairment of non-current assets</i>		
Impairment of exploration and evaluation assets	2,960,520	1,342,979
Impairment of equity instruments	-	40,003
Total impairment of non-current assets	2,960,520	1,382,982
<i>Project generation costs</i>		
Project generation costs	194,897	684,780
Total project generation costs	194,897	684,780
<i>Depreciation of non-current assets</i>		
Buildings	7,937	7,937
Leasehold improvements	90,138	92,173
Plant and equipment	24,670	20,018
Motor vehicles	3,619	30,762
Total depreciation of non-current assets	126,364	150,890

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2019**

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
(d) Employee benefits expense		
Wages, salaries, directors' fees and other remuneration expenses	2,418,210	2,267,088
Superannuation expense	171,227	165,283
Transfer from annual leave provision	(67,194)	(20,410)
Transfer (from)/to long service leave provision	(73,223)	50,518
Share options expense	115,500	52,020
Transfer to exploration assets	(1,954,292)	(1,823,854)
	610,228	690,645
(e) Other expenses		
Professional and consultancy	227,982	220,689
Employee taxes and levies	104,556	83,379
Occupancy costs	265,221	228,708
Insurance costs	48,232	53,161
ASX/ASIC costs	40,235	37,988
Share register maintenance	22,340	31,654
Communication costs	7,328	9,013
Promotion and seminars	47,951	32,208
Audit fees	46,295	48,757
Other expenses	103,979	160,859
	914,119	906,416

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 5: Income tax benefit		
The major components of income tax benefit are:		
Statement of comprehensive income		
<i>Current income tax</i>		
Current income tax charge	-	-
Research and development tax incentive	(195,255)	(843,541)
Income tax benefit reported in the income statement	(195,255)	(843,541)

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 2019 \$	30 June 2018 \$
Accounting loss before income tax	(4,355,759)	(3,359,592)
At the Group's statutory income tax rate of 27.5% (2018: 27.5%)	(1,197,834)	(923,888)
Expenditure not allowable for income tax purposes	32,053	14,825
Research and development tax incentive	(195,255)	(843,541)
Tax losses not recognised due to not meeting recognition criteria	1,165,781	909,063
	(195,255)	(843,541)

The Group has tax losses arising in Australia of \$87,865,423 (2018: \$84,461,055) that are available indefinitely for offset against future taxable profits generated by the Group. In addition the Group has \$7,925,923 (2018: \$8,055,232) 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

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

	Consolidated Group	
	30 June 2019	30 June 2018
Net loss attributable to ordinary equity holders of the parent	(\$4,160,504)	(\$2,516,051)
Weighted average number of ordinary shares for basic earnings per share	288,306,568	240,592,566
<i>Effect of dilution</i>		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	288,306,568	240,592,566

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account for 2019.

As no dilutive effect has been taken into account for 2019, 31,685,000 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 7: Cash and cash equivalents		
Cash and cash equivalents		
Cash at bank and on hand	3,747,706	1,841,941
Short-term deposits	238,100	178,100
	3,985,806	2,020,041

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 2019 \$	30 June 2018 \$
Cash at bank and on hand	3,747,706	1,841,941
Short-term deposits	238,100	178,100
	3,985,806	2,020,041

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

Net loss	(4,160,504)	(2,516,051)
<i>Adjustments for non-cash items:</i>		
Depreciation	126,364	150,890
Impairment of non-current assets and project generation costs	3,155,417	2,067,762
Net gain on disposal of property, plant and equipment, shares in listed companies and tenements	-	(231,559)
Share options expensed	115,500	52,020
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(199,154)	686
Decrease/(increase) in accrued R&D tax incentive	120,164	(372,690)
Decrease in prepayments	1,382	4,519
Decrease in trade and other payables	(140,765)	(99,307)
(Decrease)/increase in employee provisions	(140,417)	30,109
Net cash used in operating activities	(1,122,013)	(913,621)

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Included in short-term deposits is \$238,100 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.

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 8: Trade and other receivables		
Trade receivables	31,689	127,726
	31,689	127,726

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Information regarding the credit risk of current receivables is set out in Note 26.

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 9: Other current assets		
Prepayments	47,154	48,536
Accrued R&D tax incentive	252,526	372,690
Net GST and PAYG receivable	66,334	16,614
Other	22,819	15,000
	388,833	452,840

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
Note 10: Held-for-sale assets		
Opening balance	-	-
Transfers from exploration and evaluation assets	635,222	-
	635,222	-

On 28 May 2019 the Group publicly announced it had entered into a binding conditional Term Sheet to sell its Scotia and Leinster Nickel assets in Western Australia to ASX listed Auroch Minerals Limited (ASX: AOU). The sale transfers Minotaur Exploration Ltd's ownership of Minotaur Gold Solutions Pty Ltd and Altia Resources Pty Ltd, both wholly-owned subsidiaries, which collectively own the tenements E36/899, E36/936, M29/245 and M29/246. The sale is expected to be completed within a year from the reporting date. As at 30 June 2019, Minotaur Gold Solutions Pty Ltd and Altia Resources Pty Ltd were classified as a disposal group held for sale.

On 20 September 2018, the Group entered into a Tenement Sale Agreement for the sale of E37/909. The sale is expected to be completed within a year from the reporting date. Accordingly the carrying value of this tenement has been disclosed as assets held for sale as at 30 June 2019.

Proceeds from the sale of tenements listed above are in excess of the carrying value. No impairment expense was recognised upon reclassification of the assets to held-for-sale.

	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
Note 11: Financial assets		
<i>Equity instruments at fair value through OCI – shares in listed companies</i>		
Opening balance	518,355	718,494
Revaluations	(295,683)	(127,111)
Disposals	-	(33,025)
Acquisitions	110,000	-
Impairments	-	(40,003)
	332,672	518,355

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Note 12: Property, plant and equipment

30 June 2019	Land and buildings	Leasehold improvements	Plant and equipment	Kaolin Pilot Plant	Motor Vehicles	Total
<i>Cost</i>						
Opening balance	508,723	611,218	373,285	283,765	187,253	1,964,244
Additions	-	-	3,733	-	-	3,733
Disposals	-	-	-	-	-	-
	508,723	611,218	377,018	283,765	187,253	1,967,977
<i>Accumulated depreciation</i>						
Opening balance	31,748	521,080	331,690	283,765	172,776	1,341,059
Depreciation for the year	7,937	90,138	24,670	-	3,619	126,364
Disposals	-	-	-	-	-	-
	39,685	611,218	356,360	283,765	176,395	1,467,423
Net book value	469,038	-	20,658	-	10,858	500,554

Property is measured at historical cost less accumulated depreciation. Land and buildings with a net book value of \$469,038 (2018: \$476,975) is offered as security against a mortgage of \$368,179.

30 June 2018	Land and buildings	Leasehold improvements	Plant and equipment	Kaolin Pilot Plant	Motor Vehicles	Total
<i>Cost</i>						
Opening balance	508,723	611,218	352,658	283,765	187,253	1,943,617
Additions	-	-	20,627	-	-	20,627
Disposals	-	-	-	-	-	-
	508,723	611,218	373,285	283,765	187,253	1,964,244
<i>Accumulated depreciation</i>						
Opening balance	23,811	428,907	311,672	283,765	142,014	1,190,169
Depreciation for the year	7,937	92,173	20,018	-	30,762	150,890
Disposals	-	-	-	-	-	-
	31,748	521,080	331,690	283,765	172,776	1,341,059
Net book value	476,975	90,138	41,595	-	14,477	623,185

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Consolidated Group

Note 13: Exploration and evaluation assets

Exploration, evaluation and development costs carried forward in respect of mining areas of interest

	30 June 2019 \$	30 June 2018 \$
Exploration and evaluation phase – Joint Operations	7,256,212	7,483,688
Exploration and evaluation phase – Other	333,437	1,177,310
	7,589,649	8,660,998

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

	Exploration Joint Operations \$	Exploration Other \$	Total \$
30 June 2019			
Balance at beginning of year	7,483,688	1,177,310	8,660,998
Additions through expenditure capitalised	8,488,116	1,073,431	9,561,547
Additions through acquisition of Highlands project	-	400,000	400,000
Reductions through joint operation contributions	(7,320,831)	-	(7,320,831)
Reductions through government grants received	(116,323)	-	(116,323)
Write-off of tenements relinquished	(1,487,045)	(1,473,475)	(2,960,520)
Transfers to Held-for-sale assets	-	(635,222)	(635,222)
Transfers between categories	208,607	(208,607)	-
Balance at end of year	7,256,212	333,437	7,589,649

	Exploration Joint Operations \$	Exploration Other \$	Total \$
30 June 2018			
Balance at beginning of year	5,597,913	3,371,113	8,969,026
Additions through expenditure capitalised	4,706,663	1,018,115	5,724,778
Reductions through joint operation contributions	(4,689,827)	-	(4,689,827)
Write-off of tenements relinquished	(16,837)	(1,326,142)	(1,342,979)
Transfers between categories	1,885,776	(1,885,776)	-
Balance at end of year	7,483,688	1,177,310	8,660,998

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

The impairment expense of \$2,960,520 (2018: \$1,342,979) 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.

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).

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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:

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at the beginning of the year	7,635,000	\$0.17	9,765,000	\$0.18
Granted during the year	7,500,000	\$0.03	-	-
Forfeited during the year	-	-	(1,575,000)	\$0.25
Expired during the year	-	-	(555,000)	\$0.09
Outstanding at the end of the year	15,135,000	\$0.11	7,635,000	\$0.17
Exercisable at the end of the year	15,135,000	\$0.11	7,635,000	\$0.17

The outstanding balance as at 30 June 2019 is represented by:

- A total of 5,105,000 options exercisable at any time until 21 November 2019 with an exercise price of \$0.19.
- A total of 2,530,000 options exercisable at any time until 6 September 2021 with an exercise price of \$0.115.
- A total of 7,500,000 options exercisable at any time until 31 December 2021 with an exercise price of \$0.0525.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 1.74 years (2018: 1.99 years).

The range of exercise prices for options outstanding at the end of the year was \$0.0525 - \$0.19 (2018: \$0.115 - \$0.19).

Share options issued to directors

No share options were issued to directors during the year.

	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
Note 15: Trade and other payables		
Trade payables (i)	1,346,538	757,823
Joint operation income received in advance	1,036,087	178,641
Accrued expenses	479,657	266,487
Other payables (ii)	63,016	25,983
	2,925,298	1,228,934

- 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 26.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 16: Borrowings		
<i>Current</i>		
Bank borrowings (i)	26,713	25,986
	26,713	25,986
<i>Non-current</i>		
Bank borrowings (i)	341,466	366,014
JV loan arrangement (ii)	644,131	-
	985,597	366,014

- (i) Bank borrowings reflect a secured interest and principal loan that is fully offset by unrestricted cash. There are no annual renewal or review terms.
- (ii) In the Company's ASX Release dated 14 May 2019, the Company announced it had entered into a 'loan carry' arrangement with OZ Minerals Ltd through to commercial production from the Jericho copper deposit. In return, OZ Minerals' beneficial ownership of the Jericho JV increased from 70% to 80% (Minotaur 20%), effective 1 April 2019. From that date, loan amounts advanced by OZ Minerals to the Company will be non-recourse and repayable only if positive cash flow emanates from production at Jericho.

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 17: Provisions		
<i>Current</i>		
Annual leave provision	95,777	162,971
Long service leave provision	342,251	405,266
	438,028	568,237
<i>Non-current</i>		
Long service leave provision	23,506	33,714
	23,506	33,714

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2019**

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 18: Issued capital		
334,396,917 fully paid ordinary shares (2018: 252,488,374)	48,166,080	44,940,370

	2019		2018	
	Number	\$	Number	\$
Balance at beginning of financial year	252,488,374	44,940,370	212,386,616	42,935,000
Issue of shares as part consideration for the acquisition of the Highlands project	5,152,883	275,000	-	-
Issue of shares through Share Placement and Share Purchase Plan	76,755,660	3,161,234	39,296,603	2,043,422
Issue of shares through exercise of options	-	-	805,155	76,489
Transaction costs on shares issued	N/A	(210,524)	N/A	(114,541)
Balance at end of financial year	334,396,917	48,166,080	252,488,374	44,940,370

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

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
Note 19: Reserves		
Reserves		
Share option reserve (a)	1,147,705	1,032,205
FVOCI reserve (b)	(185,495)	110,188
	962,210	1,142,393
(a) Share option reserve		
Balance at beginning of financial year	1,032,205	1,178,476
Issue of options to employees and officers 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)
Balance at end of financial year	1,147,705	1,032,205

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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.

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 Issued	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.

Share-based payments to employees issued under the Company's Employee Share Option Plan are measured at the fair value of the instruments issued and amortised over the vesting periods or expensed immediately if these vest on grant date.

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 share option reserve. 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

	Consolidated Group	
	30 June 2019 \$	30 June 2018 \$
(b) FVOCI reserve (previously Available-for-sale revaluation 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)/increment	(295,683)	(144,055)
Balance at end of financial year	(185,495)	110,188

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

The FVOCI reserve comprises the cumulative net change in the fair value of shares held in listed companies.

	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
Note 20: Accumulated losses		
Balance at beginning of financial year	(35,902,503)	(33,584,743)
Net loss attributable to members of the parent entity	(4,160,504)	(2,516,051)
Transfer from share option reserve – lapsed options	-	198,291
Balance at end of financial year	(40,063,007)	(35,902,503)
Note 21: Commitments for expenditure		
<i>Operating leases</i>		
Not longer than 1 year	8,802	361,483
Longer than 1 year and not longer than 5 years	-	8,802
	8,802	370,285

Terms of lease arrangements

The Group has renewed its operating lease for its principal place of business subsequent to 30 June 2019. The lease entered into expires on 9 July 2024 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 2019 amounts of approximately \$3 million in respect of exploration licence rentals and to meet minimum expenditure requirements. It is expected that of this minimum expenditure requirement, \$2.13 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.

	Consolidated Group	
	30 June 2019	30 June 2018
	\$	\$
Note 22: Auditor's remuneration		
Audit or review of the financial report	46,295	48,757
Taxation compliance	17,650	17,700
Total auditor's remuneration	63,945	66,457

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Note 23: 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 \$218,500 at 30 June 2019 (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. It is noted that the bank guarantees have, as at the date of signing this report, never been utilised by any State Government.

Note 24: Controlled entities

Name of entity	Country of incorporation	Ownership interest	
		2019 %	2018 %
<i>Parent entity</i>			
Minotaur Exploration Limited (i)	Australia		
<i>Subsidiaries</i>			
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
Natural Nanotech Pty Ltd (ii)	Australia	100	-

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Note 25: 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 2019		Equity instruments at FV through OCI	Cash	Loans and Receivables	Total
Financial assets	Note	\$	\$	\$	\$
		<i>(Carried at fair value)</i>	<i>(Carried at amortised cost)</i>		
Cash and cash equivalents	7	-	3,985,806	-	3,985,806
Trade and other receivables	8	-	-	31,689	31,689
Equity instruments	11, 27	332,672	-	-	332,672
		332,672	3,985,806	31,689	4,350,167
Financial liabilities	Note	Payables \$	Borrowings \$	Total \$	
		<i>(Carried at amortised cost)</i>			
Trade and other payables	15	2,940,298	-	2,940,298	
Current borrowings	16, 25(a)	-	26,713	26,713	
Non-current borrowings	16, 25(a)	-	985,597	985,597	
		2,940,298	1,012,310	3,952,608	
30 June 2018		Equity instruments at FV through OCI	Cash	Loans and Receivables	Total
Financial assets	Note	\$	\$	\$	\$
		<i>(Carried at fair value)</i>	<i>(Carried at amortised cost)</i>		
Cash and cash equivalents	7	-	2,020,041	-	2,020,041
Trade and other receivables	8	-	-	127,726	127,726
Equity instruments	11, 27	518,355	-	-	518,355
		518,355	2,020,041	127,726	2,666,122

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Financial liabilities	Note	Payables \$	Borrowings \$	Total \$
<i>(Carried at amortised cost)</i>				
Trade and other payables	15	1,228,934	-	1,228,934
Current borrowings	16, 25(a)	-	25,986	25,986
Non-current borrowings	16, 25(a)	-	366,014	366,014
		1,228,934	392,000	1,620,934

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 26.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 27.

25(a) Borrowings

Borrowings include the financial liabilities:

Financial liabilities	Current		Non-Current	
	2019	2018	2019	2018
<i>Carried at amortised cost</i>				
Borrowings	26,713	25,986	985,597	366,014
	26,713	25,986	985,597	366,014

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 4.58% (2018: 4.78%). The carrying amount of bank borrowings is considered to be a reasonable approximation of the fair value.

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Note 26: 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 Group's exploration activities and fund operating costs.

Credit risk

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

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Interest rate risk

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

Consolidated

	Weighted average effective interest rate	Less than 1 year
	%	\$
2019		
Variable interest rate	0.24	3,985,806
2018		
Variable interest rate	0.50	2,020,041

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 \$15,015 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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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 \$
2019			
Interest bearing	4.58	26,713	341,466
Non-interest bearing	-	2,940,298	-
2018			
Interest bearing	4.78	25,986	366,014
Non-interest bearing	-	1,228,934	-

Equity instrument risk management

Ultimate responsibility for the Group's investments in equity 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 27: 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

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

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 2019 and 30 June 2018:

	Level 1	Level 2	Level 3	Total
30 June 2019	\$	\$	\$	\$
Financial assets at fair value				
<i>Equity instruments designated at FVOCI</i>				
Equity instruments	332,672	-	-	332,672
	332,672	-	-	332,672
30 June 2018	\$	\$	\$	\$
Financial assets at fair value				
<i>Equity instruments designated at FVOCI</i>				
Equity instruments	518,355	-	-	518,355
	518,355	-	-	518,355

There were no transfers between Level 1 and Level 2 in 2019 or 2018.

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 28: 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

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

Other key management personnel

Mr Varis Lidums, *Commercial Manager and Company Secretary*
Mr Glen Little, *Exploration Manager*

Notes to the Consolidated Financial Statements for the year ended 30 June 2019

Key management personnel remuneration includes the following expenses:

	30 June 2019 \$	30 June 2018 \$
Salaries including bonuses	1,102,512	1,057,411
Total short term employee benefits	1,102,512	1,057,411
Superannuation	56,567	53,840
Total post-employment benefits	56,567	53,840
Share based payments	32,340	52,020
Total share based payments	32,340	52,020
Total remuneration	1,191,419	1,163,271

Transactions with associates

Throughout the year no transactions took place between Minotaur Exploration Limited and any associates (2018: \$Nil). In addition, no amounts were owed by any associates at the end of the year (2018: \$Nil).

Director and key management personnel related entities

Throughout the year \$55,933 (2018: \$54,470) (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.

Wholly owned group transactions

The entities comprising the wholly owned Group and ownership interests in these controlled entities are set out in Note 24. 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 29: Post-reporting date events

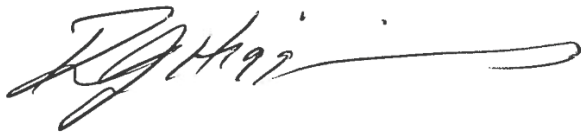
No matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Directors' Declaration

The directors of the company declare that:

1. the consolidated financial statements and notes, as set out on pages 17 to 62, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2019 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.

A handwritten signature in black ink, appearing to read 'R Higgins', with a long horizontal flourish extending to the right.

Roger Higgins
Chairman

Dated this 22nd day of August 2019

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 2019, 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 2019 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 auditor 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
Exploration and evaluation assets – Note 1, 4 & 13	
<p>At 30 June 2019, the carrying value of exploration and evaluation assets was \$7,589,649.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group 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.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining management's 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: <ul style="list-style-type: none"> – 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; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing 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 2019, but does not include the financial report and our auditor's report thereon.

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 2019.

In our opinion, the Remuneration Report of Minotaur Exploration Limited, for the year ended 30 June 2019 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 AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 22 August 2019