Minotaur Exploration Limited

ABN 35 108 483 601

Annual Financial Report

for the year ended 30 June 2014

Contents to the Annual Financial Report

Corporate Directory

DIRECTORS
Mr Derek Carter *Chairman*
Mr Andrew Woskett *Managing Director*
Dr Antonio Belperio *Executive Director*
Mr Richard Bonython *Non-Executive Director*
Mr John Atkins, *Non-Executive Director (Appointed 20 November 2013)*

COMPANY SECRETARY
Mr Donald Stephens

REGISTERED OFFICE
C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
Dulwich SA 5065

PRINCIPAL PLACE OF BUSINESS
Level 1, 8 Beulah Road
Norwood SA 5067

SHARE REGISTER
Computershare Investor Securities Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

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

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

AUDITORS
Grant Thornton Audit Pty Ltd
Level 1, 67 Greenhill Road
Wayville SA 5034

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 2014.

Director Details

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

Mr Derek Carter, *Chairman*
Mr Andrew Woskett, *Managing Director*
Dr Antonio Belperio, *Executive Director*
Mr Richard Bonython, *Non-Executive Director*
Mr John Atkins, *Non-Executive Director (Appointed 20 November 2013)*

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

Key matters to note include:

- Held $4.79 million in cash and term deposits at the end of June 2014.
- Having completed the scrip takeover of Breakaway Resources Limited (Breakaway) in December 2013, management moved quickly to realise value from the exploration assets so acquired.
- Acquisition was value accretive, as assessed by the rise in market capitalisation post event.
- The Company's dual plank growth strategy was recognised as offering a compelling investment case:
  - Core focus on copper-gold in the Cloncurry region
  - Secondary focus on WA nickel-gold assets

Exploration

Exploration activity primarily focused on copper-gold in New South Wales, South Australia and Queensland and on newly acquired gold prospects in Western Australia.

At the Arthurville porphyry copper prospect in New South Wales, several targets were drilled but failed to deliver strong porphyry style alteration. The joint venture with Mitsubishi was terminated by mutual agreement.

Gold and base metals IP targets in South Australia, west of Broken Hill, were drilled with encouraging gold intersections reported on two anomalies at the Bonython Hill tenement. Further mapping and sampling indicates the potential for significant strike outcrop of Broken Hill style mineralisation.

Several copper-gold projects in the Cloncurry region, western Queensland, formed the core of the company's exploration focus. At the Cloncurry joint venture (MEP 49% and diluting, JOGMEC 51%) new EM surveys were carried out and several IOCG style targets identified. The joint venture committed to a new budget of $1 million from July through to March 2015. Drilling plans are being drawn up.

At the new Eloise Copper joint venture (MEP 100% and diluting) several ground EM surveys over recent airborne EM generated targets resolved numerous anomalies requiring drill follow up. An

Directors' Report

inaugural drilling campaign commenced in June and one such target delivered a new copper-gold-zinc discovery named 'Artemis'.

A new joint venture over the Leinster nickel-gold tenements in WA (MEP 100% and diluting) received immediate field attention with aircore drilling of 7 target zones completed. Several anomalous gold intersections were reported, warranting follow-up. Lag and soil sampling over new gold prospective areas was underway at the end of the financial year.

Breakaway's extensive exploration database, for the Leinster and Scotia areas, was evaluated for nickel prospectivity. Multiple targets were selected for investigation. These range from grass roots to early to late stage prospects plus several advanced projects where deposits of known mineralisation included high-tenor massive sulphides in ultramafic rocks. The nickel prospects are generally coincident with gold mineralisation and warrant, especially in view of the current high nickel metal price of circa US$18,500 per tonne, intensive exploration attention.

At West Kambalda, Minotaur retains nickel rights on ten tenements owned by Tychean Resources Ltd plus a royalty on minerals other than nickel. Recent RC drilling by Tychean beneath the historic 5B mine returned strong nickel and gold results. A production sized decline into the mineralised zone and below provides an ideal platform for resource drilling.

In Victoria, work on porphyry copper prospective tenements in the Stavely – Ararat district (MEP 100%) was put on hold while newly listed neighbours, Stavely Minerals Ltd and Navarre Minerals Ltd, conduct their drill programmes. Exploration success for Stavely and/or Navarre will promote the value of and investment case for further work on Minotaur's ground.

Project Development

Poochera Kaolin Project

Market assessment of kaolin properties and market openings continued, including ongoing discussions with several off-shore kaolin consumers and kaolin producers. The Company is steadily working towards a trade sale or engaging an in-bound investment partner to fund project development.

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

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

Derek Carter has over 40 years experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Gold Ltd in 1993. He is currently Chairman of Minotaur Exploration Ltd and Highfield Resources Ltd and a former Chairman of Petratherm Ltd (resigned 31 March 2014). He is a board member of Mithril Resources Ltd and Blackthorn Resources Ltd and a former board member of Toro Energy Ltd (resigned 28 November 2012), all ASX listed companies. Mr Carter is a former President and Vice President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council, is a member of the South Australian Resources Development Board and the South Australian Minerals and Petroleum Experts Group, and a former Chairman of the Minerals Exploration Advisory Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medallist. As Chairman of Minotaur Exploration Ltd, he is responsible for the management of the board as well as the general strategic direction of the Company.

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

Andrew Woskett has over 30 years project and corporate experience in the mining industry. He held senior responsibility for a variety of Australian mining landmarks, including development of the Kalgoorlie Super Pit, Kanowna Belle and Marymia gold mines and numerous expansions of the Bougainville copper-gold mine. As managing director of Ballarat Goldfields NL, he instituted underground development of the long-dormant Ballarat goldfield. He prepared development strategies for the proposed open pit development of the Olympic Dam mine and formulated several new iron ore projects in Western Australia. Andrew is a Fellow of the Australasian Institute of Mining and Metallurgy.

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

Richard Bonython was a director of Minotaur Gold Ltd for seven years until 2001, and of Minotaur Resources until its take-over in 2005 at which time he became a director of Minotaur Exploration. He retired as Chairman of Diamin Resources NL in 1999 having been a director of that company for 15 years, and was chair of Hindmarsh Resources until its take-over by Canadian company Mega Uranium. He was executive director of Pioneer Property Group Ltd for over 15 years until 1991 and has experience of over 45 years in the building, rural and mineral industries. He is a member of the audit committee and is also a director of Mithril Resources Ltd and a former director of Petratherm Ltd (resigned 31 March 2014), both ASX Listed companies.

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

Dr Belperio has an Honours Degree in Geology from the University of Adelaide, a PhD from James Cook University, and a diverse background in a wide variety of geological disciplines, including marine geology, environmental geology and mineral exploration. He has 35 years of experience in university, government and the mineral exploration industry. Dr Belperio is also a Director of Thomson Resources Ltd (ASX code: TMZ) a public company listed on the ASX.

Mr John Atkins, LLB, LLM (Non-Executive Director)

Mr Atkins was appointed to the board of Minotaur Exploration Ltd on 20 November 2013. He was the Chairman of Breakaway Resources Ltd immediately prior to it joining the Minotaur Group and is an experienced company director and former corporate lawyer. Mr Atkins is an independent non-executive director of BWP Trust and was the Chairman of ANZ Western Australia between August 2008 and May 2013. Before joining ANZ, Mr Atkins was head of the Perth office of National Law Firm, Freehills. He was admitted as a lawyer in 1978 and practiced as a full time corporate lawyer until 1996 when he moved into management. Mr Atkins is also a non-executive director of financial services company Australian Finance Group Ltd, Chairman of Lotterywest, Immediate past President

Directors' Report

of the West Australian Chamber of Commerce and Industry, and Deputy Chairman of Committee for Perth Ltd.

Mr Donald Stephens, BAcc, FCA, (Company Secretary)

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Petratherm Ltd, Papyrus Australia Ltd , Lawson Gold Ltd, Reproductive Health Science Ltd and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). He is additionally Company Secretary to, Highfield Resources Ltd, Mithril Resources Ltd, Musgrave Minerals Ltd and various other public companies. He holds other directorships with private companies and provides corporate advisory services to a wide range of organisations.

Operating results

The consolidated loss of the group after providing for income tax amounted to $2,666,811 (2013: $3,127,675).

Interests in the shares and options of the company and related bodies corporate

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

	Number of ordinary shares	Number of options over ordinary shares
John Atkins	98,661	-
Derek Carter	2,156,805	1,200,000
Antonio Belperio	838,062	900,000
Richard Bonython	1,502,000	900,000
Andrew Woskett	-	2,000,000

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.

Directors' Report

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

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

- Board approval of a strategic plan 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

An 'off-market' takeover offer to acquire all of the issued shares of Breakaway Resources Ltd (Breakaway) was successfully made and concluded during the period. Breakaway was an ASX listed junior exploration Company based in Western Australia with exploration licences in both Western Australia and Queensland. The offer closed on 18 October 2013 with Minotaur having received acceptances for over 91% of Breakaway's shares. Minotaur then moved to compulsorily acquire the outstanding shares with Minotaur gaining 100% ownership of Breakaway on 5 December 2013. Subsequently Breakaway was removed from the ASX's Official List.

No other significant changes occurred during the year.

Forward outlook

Minotaur's focus is narrowing onto two key assets: Cloncurry copper-gold prospects and WA nickel-gold prospects. Discovery of the Artemis Cu-Au-Zn-Ag deposit from 85m below surface, using ground EM techniques, validates the Company's exploration methodology. Numerous, similar geophysical anomalies abound across the tenement package and the work scope will be broadened onto other project areas in the region. While additional discovery is the objective, the underlying imperative is to locate economic deposits that can convert into mineable propositions.

In Western Australia Minotaur now has extensive exposure to nickel sulphide mineralisation hosted in fertile Yilgarn ultramafic rocks. Work by past owners ceded a strategic package of tenements along the nickel belt, a zone recognised as hosting Tier 1 deposits. Their extensive work, diligently recorded, is a valuable database from which Minotaur can generate new targets, test known anomalies, assess known mineralisation and follow up on multiple drill intersections showing disseminated to massive sulphides. Much of the previous work, while first-class, failed to pursue an economic outcome, leaving low hanging fruit for later owners. Minotaur is fortunate to find itself in that position and is taking immediate steps to unlock value from these elements of the Breakaway legacy.

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 Western Australia and Queensland and the Group followed procedures and pursued objectives in line with guidelines published by both the Western Australian and Queensland Governments. 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.

Directors' Report

The Company's Canadian operations follow regulations outlined in the Nova Scotia Mining Laws. The Company is in compliance with the relevant environmental laws in Nova Scotia.

Events since the end of the reporting period

No matter or circumstance has arisen since 30 June 2014 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Unissued Shares

At the date of this report, the following unlisted options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2013	Net Issued/(Exercised or Expired) during the year	Balance at 30 June 2014
08/12/2008	02/12/2013	$0.25	410,000	(410,000)	-
10/05/2010	17/05/2015	$0.40	4,300,000	-	4,300,000
10/05/2010	30/08/2015	$0.40	1,000,000	-	1,000,000
10/05/2010	27/02/2016	$0.55	1,000,000	-	1,000,000
30/09/2011	29/09/2016	$0.21	1,740,000	(175,000)	1,565,000
04/07/2012	03/07/2017	$0.25	2,420,000	(325,000)	2,095,000
05/07/2013	04/07/2018	$0.30	-	2,083,333	2,083,333
			10,870,000	**1,173,333**	**12,043,333**

Shares issued as a result of exercise of options

No shares were issued during the financial year as a result of the exercise of options (2013: Nil).

Lapse of options

On 13 December 2013, 410,000 unlisted options issued under the Company's employee share option plan were unexercised and expired. In addition, 500,000 options issued under the Company's employee share option plan expired during the year due to the resignation of two employees.

New options issued

On the 5 July 2013, the Company issued 2,083,333 unlisted options in accordance with the Subscription and Alliance Agreement with Golden Fields Resources Pty Ltd executed on 13 June 2013. The options are exercisable at $0.30 and expire on 4 July 2018.

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 $19,449. 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 Ltd.

Remuneration philosophy

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

Employment contracts

The employment conditions of the Managing Director, Mr Andrew Woskett, are formalised in a consultancy agreement. Mr Woskett commenced as a consultant to Minotaur on 1 March 2010 and his annual retainer is $355,675 per annum, exclusive of GST. 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 9.25% superannuation guarantee as at 30 June 2014, is $281,875 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 General Manager of Exploration, Mr Ian Garsed, are formalised in a contract of employment. Mr Garsed commenced employment on 15 March 2011 and his gross salary, inclusive of the 9.25% superannuation guarantee as at 30 June 2014, 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 employment conditions of the Commercial Manager, Mr Varis Lidums, are formalised in a contract of employment. Mr Lidums commenced employment on 1 March 2011 and his gross salary, inclusive of the 9.25% superannuation guarantee as at 30 June 2014, 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.

Key management personnel remuneration and equity holdings

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

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9.25% as at 30 June 2014 (9.5% for future periods), and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice

Directors' Report

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 2014 and 30 June 2013

	Short Term Employee Benefits		**Post Employment**	**Share-based payments**	**Totals**	**Performance Based Percentage of Remuneration**
	Salary & Fees	Bonus	Superannuation	Options	$	%
John Atkins*						
2014	26,474	-	2,449	-	28,923	-
2013	-	-	-	-	-	-
Derek Carter						
2014	91,560	-	-	-	91,560	-
2013	86,520	-	5,040	-	91,560	-
Antonio Belperio						
2014	261,155	20,399	26,044	-	307,598	7
2013	252,294	41,284	26,422	-	320,000	13
Richard Bonython						
2014	43,999	-	4,070	-	48,069	-
2013	48,069	-	-	-	48,069	-
Andrew Woskett						
2014	349,069	26,453	-	-	375,522	7
2013	347,953	65,000	-	-	412,953	16
Total						
2014	**772,257**	**46,852**	**32,563**	**-**	**851,672**	**6**
2013	**734,836**	**106,284**	**31,462**	**-**	**872,582**	**12**

*On 20 November 2013 Mr John Atkins was appointed as a non-executive director of the Company.

Directors' Report

Table 2: Remuneration of other key management personnel for the year ended 30 June 2014 and 30 June 2013

	Short Term Employee Benefits		Post Employment	Share-based payments	Totals	Performance Based Percentage of Remuneration
	Salary & Fees	Bonus	Superannuation	Options	$	%
Ian Garsed						
2014	172,490	12,013	23,622	-	208,125	6
2013	170,606	20,642	23,752	23,375	238,375	9
Varis Lidums						
2014	178,490	14,016	17,807	-	210,313	7
2013	176,606	27,522	18,372	23,375	245,875	11
Donald Stephens*						
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
Total						
2014	**350,980**	**26,029**	**41,429**	**-**	**418,438**	**6**
2013	**347,212**	**48,164**	**42,124**	**46,750**	**484,250**	**10**

*HLB Mann Judd (SA) Pty Ltd received professional fees for accounting, taxation and secretarial services provided during the year amounting to $116,612 (2013: $149,405) (inclusive of GST). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd.

Bonuses

During the 2014 financial year a number of Minotaur's key management personnel received a cash bonus in respect of meeting key performance targets agreed by the Board. Bonuses are paid at the discretion of the Board. 63% of available bonuses to directors and other key management personnel were paid during the year and 37% were forfeited.

Share based remuneration

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

Directors' Report

Options held by key management personnel

For the year ended 30 June 2014

	Balance at beginning of period	Granted as remuneration	Exercised	Net change other	Balance at end of period	Expiry date	First exercise date
Directors							
John Atkins	-	-	-	-	-	-	-
Derek Carter	1,200,000	-	-	-	1,200,000	17/05/15	18/05/10
Antonio Belperio	900,000	-	-	-	900,000	17/05/15	18/05/10
Richard Bonython	900,000	-	-	-	900,000	17/05/15	18/05/10
Andrew Woskett	1,000,000	-	-	-	1,000,000	30/08/15	30/08/10
Andrew Woskett	1,000,000	-	-	-	1,000,000	27/02/16	28/02/11
Other key management							
Ian Garsed	250,000	-	-	-	250,000	29/09/16	30/09/12
Ian Garsed	250,000	-	-	-	250,000	03/07/17	04/07/12
Varis Lidums	250,000	-	-	-	250,000	29/09/16	30/09/12
Varis Lidums	250,000	-	-	-	250,000	03/07/17	04/07/12
Donald Stephens	400,000	-	-	-	400,000	17/05/15	18/05/10

Shares held by key management personnel

For the year ended 30 June 2014

	Balance at 1 July 2013	On exercise of options	Net change other	Balance 30 June 2014
Directors				
John Atkins	-	-	98,661	98,661
Derek Carter	2,156,805	-	-	2,156,805
Antonio Belperio	830,306	-	7,756	838,062
Richard Bonython	1,502,000	-	-	1,502,000
Andrew Woskett	-	-	-	-
Other key management				
Ian Garsed	-	-	-	-
Varis Lidums	-	-	-	-
Donald Stephens	305,000	-	-	305,000

Directors' Report

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 2013 Annual General Meeting

Minotaur Exploration Ltd received more than 97.5% of "yes" votes on its remuneration report for the 2013 financial year by proxy. The Company did not receive any feedback at the Annual General Meeting on its remuneration report.

End of audited remuneration report.

Directors' meetings

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

	Directors' Meetings		Audit Committee	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**
Derek Carter	6	6	-	-
Andrew Woskett	6	6	-	-
Richard Bonython	6	5	2	2
Antonio Belperio	6	6	2	2
John Atkins	4	4	-	-

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.

Directors' Report

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 26 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:

Derek Carter
Chairman

Dated this 19th day of August 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

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

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MINOTAUR EXPLORATION LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Minotaur Exploration Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 19 August 2014

Consolidated Statement of Profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	Consolidated Group 30 June 2014 $	30 June 2013 $
Revenue	4 (a)	524,036	598,085
Gain on reclassification of non-current assets	4 (c)	-	1,017,291
Other income	4 (b)	197,304	738
Impairment of exploration and evaluation assets	4 (d)	(1,906,511)	(1,440,018)
Impairment of available-for-sale investments	4 (d)	(722,097)	(2,104,643)
Employee benefits expense	4 (e)	(316,962)	(607,912)
Depreciation expense	4 (d)	(184,356)	(194,968)
Finance costs	4 (d)	(8,494)	(10,609)
Other expenses	4 (f)	(1,397,209)	(1,181,715)
Loss before income tax expense		**(3,814,289)**	**(3,923,751)**
Income tax benefit	5	1,147,478	796,076
Loss for the year		**(2,666,811)**	**(3,127,675)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations	19 (b)	917	6,773
Fair value gains on available-for-sale assets, net of tax	19 (c)	60,000	(60,000)
Total comprehensive income for the year		**(2,605,894)**	**(3,180,902)**
Loss for the year is attributable to:			
Members of the parent entity	20	(2,596,370)	(3,113,702)
Non-controlling interest	21	(70,441)	(13,973)
		(2,666,811)	**(3,127,675)**
Total comprehensive income for the year is attributable to:			
Members of the parent entity		(2,535,453)	(3,166,929)
Non-controlling interest		(70,441)	(13,973)
		(2,605,894)	**(3,180,902)**
Earnings per share			
Basic earnings per share (cents)		(1.94)	(3.02)
Diluted earnings per share (cents)		(1.94)	(3.02)

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

Consolidated Statement of Financial Position
as at 30 June 2014

	Note	Consolidated Group 30 June 2014 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	4,794,173	9,269,636
Trade and other receivables	8	44,499	52,528
Other current assets	9	102,304	145,793
TOTAL CURRENT ASSETS		**4,940,976**	**9,467,957**
NON-CURRENT ASSETS			
Available-for-sale investments	10	1,127,693	1,853,158
Property, plant and equipment	12	1,243,968	1,425,801
Exploration and evaluation assets	13	19,243,007	12,176,647
TOTAL NON-CURRENT ASSETS		**21,614,668**	**15,455,606**
TOTAL ASSETS		**26,555,644**	**24,923,563**
CURRENT LIABILITIES			
Trade and other payables	15	677,897	2,114,355
Borrowings	16	114,386	35,098
Short-term provisions	17	455,340	429,220
TOTAL CURRENT LAIBILITIES		**1,247,623**	**2,578,673**
NON-CURRENT LIABILITIES			
Borrowings	16	392,000	114,386
Long-term provisions	17	32,459	43,159
TOTAL NON-CURRENT LIABILITIES		**424,459**	**157,545**
TOTAL LIABILITIES		**1,672,082**	**2,736,218**
NET ASSETS		**24,883,562**	**22,187,345**
EQUITY			
Issued capital	18	36,874,859	31,572,748
Reserves	19	798,959	826,628
Accumulated losses	20	(13,018,255)	(10,510,471)
PARENT INTEREST		**24,655,563**	**21,888,905**
Non-controlling interest	21	227,999	298,440
TOTAL EQUITY		**24,883,562**	**22,187,345**

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

		Consolidated Group					
	Note	Issued Capital Ordinary $	Share Option Reserve $	Other Components of Equity (Note 19) $	Retained Earnings $	Non-Controlling Interest $	Total Equity $
Balance at 1 July 2013		**31,572,748**	**1,013,175**	**(186,547)**	**(10,510,471)**	**298,440**	**22,187,345**
Comprehensive income							
Total loss for the year		-	-	-	(2,596,370)	(70,441)	(2,666,811)
Other comprehensive income for the year		-	-	60,917	-	-	60,917
Total comprehensive income for the year		**-**	**-**	**60,917**	**(2,596,370)**	**(70,441)**	**(2,605,894)**
Transactions with owners, in their capacity as owners, and other transfers							
Fair value of shares issued for services	**18**	100,155	-	-	-	-	100,155
Issue of shares for acquisition of Breakaway	**25**	5,218,211	-	-	-	-	5,218,211
Transaction costs (net of tax)		(16,255)	-	-	-	-	(16,255)
Transfer from share option reserve upon lapse of options	**19**	-	(88,586)	-	88,586	-	-
		5,302,111	**(88,586)**	**-**	**88,586**	**-**	**5,302,111**
Balance at 30 June 2014		**36,874,859**	**924,589**	**(125,630)**	**(13,018,255)**	**227,999**	**24,883,562**

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

		Consolidated Group					
	Note	Issued Capital Ordinary $	Share Option Reserve $	Other Components of Equity (Note 19) $	Retained Earnings $	Non-Controlling Interest $	Total Equity $
Balance at 1 July 2012		**30,816,748**	**981,763**	**(133,320)**	**(7,591,627)**	**-**	**24,073,564**
Comprehensive income							
Total loss for the year		-	-	-	(3,113,702)	(13,973)	(3,127,675)
Other comprehensive income for the year		-	-	(53,227)	-	-	(53,227)
Total comprehensive income for the year		**-**	**-**	**(53,227)**	**(3,113,702)**	**(13,973)**	**(3,180,902)**
Transactions with owners, in their capacity as owners, and other transfers							
Issue of shares by way of private placement	**18**	756,000	-	-	-	312,413	1,068,413
Share based payment	**19**	-	226,270	-	-	-	226,270
Transfer from share option reserve upon lapse of options	**19**	-	(194,858)	-	194,858	-	-
		756,000	**31,412**	**-**	**194,858**	**312,413**	**1,857,770**
Balance at 30 June 2013		**31,572,748**	**1,013,175**	**(186,547)**	**(10,510,471)**	**298,440**	**22,187,345**

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2014

	Note	Consolidated Group	
		30 June 2014 $	30 June 2013 $
Cash flows from operating activities			
Receipts from customers		265,608	120,489
Payments to suppliers and employees		(2,582,070)	(2,007,173)
Interest received		310,265	389,530
Finance costs		(8,494)	(10,609)
R&D tax concession received		1,147,478	796,076
Net cash used in operating activities	**7**	**(867,213)**	**(711,687)**
Cash flows from investing activities			
Cash acquired through acquisition of Breakaway		490,259	-
Payments for property, plant and equipment		(505,372)	(649,362)
Purchase of available-for-sale investments		(85,000)	(251,532)
Proceeds from sale of available-for-sale investments		364,463	112,617
Purchase of exploration and evaluation assets		(600,000)	-
Government exploration related grants		-	51,557
GST on sale of Roxby Downs tenements		-	(950,000)
Joint Venture receipts		2,659,824	2,339,132
Payment for exploration activities		(6,273,988)	(5,782,582)
Net cash used in investing activities		**(3,949,814)**	**(5,130,170)**
Cash flows from financing activities			
Proceeds from issue of shares through private placement		-	756,000
Proceeds from issue of shares to non-controlling interest		-	312,413
Payment of transaction costs for issue of shares		(16,255)	-
Proceeds from borrowings		392,000	-
Repayment of borrowings		(35,098)	(32,983)
Net cash provided by financing activities		**340,647**	**1,035,430**
Net decrease in cash and cash equivalents		**(4,476,380)**	**(4,806,427)**
Net foreign exchange differences		917	6,772
Cash at the beginning of the year		**9,269,636**	**14,069,291**
Cash at the end of the year	**7**	**4,794,173**	**9,269,636**

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

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

Note 1: Summary of significant accounting policies

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

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

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Board of Directors on 19 August 2014.

(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 2014

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

(b) Income Tax

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

(c) Property, Plant and Equipment

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

Land and buildings
Buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation for buildings and any accumulated impairment. In the event the carrying amount of buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a

revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

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

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

The useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Leasehold improvements	3 – 7 years
Plant and equipment	2 – 20 years
Motor vehicles	6 – 10 years

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

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

(d) Exploration and Development Expenditure

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

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

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

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

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

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

(e) Leases

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

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

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

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

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

(f) Financial Instruments

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

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

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

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

(g) Investments in associates and joint ventures

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

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

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets

held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly). Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

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

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

(h) Business combinations

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

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

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

(i) Foreign Currency Transactions and Balances

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

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the

exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

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

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

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

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

(j) Employee Benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under *AASB 101 Presentation of Financial Statements*.

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

(k) Provisions

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

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

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(m) Revenue and Other Income

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

(n) Trade and Other Payables

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

(o) Borrowing Costs

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

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

(p) Goods and Services Tax (GST)

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

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

(q) Government Grants

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

(r) Comparative Figures

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

(s) Critical Accounting Estimates and Judgements

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

Key estimates

(i) Impairment

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

(ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the year at $19,243,007 (2013: $12,176,647).

(t) Changes in Accounting Policies

New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements
AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

AASB 11 Joint Arrangements
AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Group has a number of joint arrangements in place as at 30 June 2014. Management has reviewed the classification of its joint arrangements in accordance with AASB 11 as has concluded that they are joint operations.

The changes made to the standards outlined above have not significantly impacted the Group's financial statements.

AASB 12 Disclosure of interests in Other Entities
AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

This did not impact on the Group as they do not have interests in other entities.

AASB 13 Fair Value Measurement
AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued.

The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

The Group has applied AASB 13 for the first time in the current year, see Notes 27 and 29.

Amendments to AASB 119 Employee Benefits
Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability.

This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

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

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

AASB 9 Financial Instruments (December 2010)
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

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

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

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

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

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

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

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

The Group has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets
These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called 'own credit' issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from '1 January 2015' to '1 January 2017'.

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to '1 January 2018'.

The entity has not yet assessed the full impact of these amendments.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in IFRS 3 Business Combinations, should:

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

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Note 2: Parent information	30 June 2014 $	30 June 2013 $
Assets		
Current assets	4,355,400	8,586,234
Non-current assets	21,704,736	15,673,509
	26,060,136	**24,259,743**
Liabilities		
Current liabilities	752,115	1,914,853
Non-current liabilities	424,459	157,545
	1,176,574	**2,072,398**
Equity		
Issued capital	36,874,859	31,572,748
Reserves – Share option	924,588	1,013,175
Retained Earnings	(12,915,885)	(10,398,578)
	24,883,562	**22,187,345**
Financial performance		
Loss for the year	(2,517,307)	(2,673,631)
Other comprehensive income	-	-
	(2,517,307)	**(2,673,631)**

Guarantees

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

Contingent Liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in note 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 22. The contractual commitments of the parent are consistent with that of the Group.

Note 3: Operating segments

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

- Exploration activities conducted in Australia; and
- Exploration activities conducted in Canada.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

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

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

	Segment Revenue		Segment Results	
	Year ended		Year ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	$	$	$	$
Mineral exploration – Australia	264,382	120,489	(1,642,128)	(1,175,180)
Mineral exploration – Canada	-	-	-	(144,349)
	264,382	**120,489**	**(1,642,128)**	**(1,319,529)**
Finance costs	-	-	(8,494)	(10,609)
Administration/Corporate	456,958	1,495,625	(1,979,311)	(2,398,645)
Depreciation	-	-	(184,356)	(194,968)
Consolidated revenue	**721,340**	**1,616,114**		
Loss before income tax			**(3,814,289)**	**(3,923,751)**
Income tax benefit/(expense)			1,147,478	796,076
Loss for the year			**(2,666,811)**	**(3,127,675)**

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

	Opening Balance 1 July 2013	Capital Expenditure/ Investment	Impairment/ Share of loss	Closing Balance 30 June 2014
Segment assets				
Mineral exploration - Australia	12,176,647	8,972,871	(1,906,511)	19,243,007
Total segment assets	**12,176,647**	**8,972,871**	**(1,906,511)**	**19,243,007**
Admin/Corporate	12,746,916			7,312,637
	24,923,563			**26,555,644**
Segment liabilities				
Mineral exploration - Australia	600,000			-
Admin/Corporate	2,136,218			1,672,082
	2,736,218			**1,672,082**

	Opening Balance 1 July 2012	Capital Expenditure/ Investment	Impairment/ Share of loss	Closing Balance 30 June 2013
Segment assets				
Mineral exploration - Australia	8,658,717	4,813,599	(1,295,669)	12,176,647
Mineral exploration - Canada	7,987	136,362	(144,349)	-
Total segment assets	**8,666,704**	**4,949,961**	**(1,440,018)**	**12,176,647**
Admin/Corporate	18,087,941			12,746,916
	26,754,645			**24,923,563**
Segment liabilities				
Mineral exploration - Australia	-			600,000
Admin/Corporate	2,681,081			2,136,218
	2,681,081			**2,736,218**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	Consolidated Group	
Note 4: Revenue and expenses	**30 June 2014 $**	**30 June 2013 $**
(a) Revenue		
Administration fees	264,382	120,489
Rent received	57,110	-
Bank interest received or receivable	202,544	477,596
	524,036	**598,085**
(b) Other income		
From continuing operations:		
Net loss on disposal of tenements	(489)	-
Net gains on disposal of available-for-sale investments	194,533	738
Other income	3,260	-
	197,304	**738**
(c) Gain on reclassification of non-current assets		
Gain on reclassification of investment in Petratherm Ltd – refer to note 10 and 11	-	1,017,291
	-	**1,017,291**
(d) Expenses		
Impairment of non-current assets		
Capitalised exploration costs written-off	1,906,511	1,440,018
Impairment of available-for-sale financial assets	722,097	2,104,643
Total impairment of non-current assets	**2,628,608**	**3,544,661**
Depreciation of non-current assets		
Leasehold improvements	93,635	57,103
Plant and equipment	59,245	88,767
Motor vehicles	31,476	49,098
Total depreciation	**184,356**	**194,968**
Finance expenses		
Finance costs	180	180
Interest applicable to hire-purchase contracts	8,314	10,429
Total finance expenses	**8,494**	**10,609**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
(e) Employee benefits expense		
Wages, salaries, directors fees and other remuneration expenses	2,742,140	3,007,404
Superannuation expense	187,826	213,202
Transfer to/(from) annual leave provision	(13,919)	(18,206)
Transfer to/(from) long service leave provision	29,339	35,477
Share-based payments expense	-	226,270
Transfer to exploration assets	(2,628,424)	(2,856,235)
	316,962	**607,912**
(f) Other expenses		
Secretarial, professional and consultancy	651,488	455,256
Employee taxes and levies	116,666	143,554
Occupancy costs	261,748	274,165
Insurance costs	63,861	62,170
ASX/ASIC costs	37,492	32,954
Share register maintenance	57,713	34,277
Communication costs	27,040	31,107
Promotion and seminars	43,304	30,525
Audit fees	37,826	31,500
Other expenses	100,071	86,207
	1,397,209	**1,181,715**

Note 5: Income tax expense

The major components of income tax expense are:

	30 June 2014 $	30 June 2013 $
Statement of comprehensive income		
Current income tax		
Current income tax charge	-	-
Research and development tax concession	(1,147,478)	(796,076)
Income tax (benefit)/expense reported in the income statement	**(1,147,478)**	**(796,076)**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

	Consolidated Group	
	30 June 2014 $	30 June 2013 $
Accounting (loss)/profit before income tax	(3,814,289)	(3,923,751)
At the Group's statutory income tax rate of 30% (2013:30%)	(1,144,287)	(1,177,125)
Immediate write-off of exploration expenditure	(1,122,056)	(1,289,783)
Expenditure not allowable for income tax purposes	816,690	1,129,329
Non assessable income	(2,166)	(305,409)
Tax losses not recognised due to not meeting recognition criteria	1,451,819	1,642,988
	-	-

The Group has tax losses arising in Australia of $83,960,470 (2013: $3,168,789) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. In addition, the Group has $2,532,821 (2013: $102,276) capital losses available. The large increase in these losses pertains to the acquisition of Breakaway Resources Ltd's income tax consolidated group from 5 December 2013. The utilisation of these losses acquired will be restricted to the available fraction rules, which the Company will undertake to review upon lodgement of its 2014 income tax return.

Tax Consolidation

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

Note 6: Earnings per share

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

	Consolidated Group	
	30 June 2014	**30 June 2013**
Net profit/(loss) attributable to ordinary equity holders of the parent	($2,666,811)	($3,127,675)
Weighted average number of ordinary shares for basic earnings per share	137,614,845	103,712,284
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**137,614,845**	**103,712,284**

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account for 2014.

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

	Consolidated Group	
Note 7: Cash and cash equivalents	**30 June 2014 $**	**30 June 2013 $**
Cash and cash equivalents		
Cash at bank and on hand	242,175	2,248,636
Short-term deposits	4,551,998	7,021,000
	4,794,173	**9,269,636**

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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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 2014 $	**30 June 2013 $**
Cash at bank and on hand	242,175	2,248,636
Short-term deposits	4,551,998	7,021,000
	4,794,173	**9,269,636**

Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(2,666,811)	(3,127,675)
Adjustments for non-cash items:		
Depreciation	184,356	194,968
Impairment of non-current assets	2,628,608	3,544,661
Gain on reclassification of non-current assets	-	(1,017,291)
Net (gain)/loss on disposal of property, plant and equipment, available-for-sale financial instruments and tenements	(194,533)	(738)
Share options expensed	-	226,270
Shares issued for services – refer to note 18	100,155	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	114,955	(88,065)
(Increase)/decrease in prepayments	(18,418)	22,721
(Decrease)/increase in trade and other payables	(1,004,292)	(483,809)
(Decrease)/increase in employee provisions	(11,233)	17,271
Net cash used in operating activities	**(867,213)**	**(711,687)**

Note 8: Trade and other receivables

Trade receivables (i)	44,499	52,528
	44,499	**52,528**

Information regarding the credit risk of current receivables is set out in note 28.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

(i) Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable in impaired. No impairment was recognised in 2013 and 2014 and no receivables are past due at balance date.

	Consolidated Group	
Note 9: Other current assets	**30 June 2014 $**	**30 June 2013 $**
Prepayments	73,905	55,487
Accrued income	11,299	86,006
Other	17,100	4,300
	102,304	**145,793**
Note 10: Available-for-sale investments		
At fair value – Shares, listed:		
Opening balance	1,853,158	2,859,067
Revaluations	60,000	(60,000)
Disposals	(169,930)	(96,441)
Acquisitions	85,000	251,532
Additions through acquisition of Breakaway (a)	21,562	-
Impairments	(722,097)	(2,118,291)
Gain on reclassification of non-current assets (b)	-	1,017,291
	1,127,693	**1,853,158**

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

(b) During the 2013 financial year, the Company changed the classification of its investment in Petratherm Ltd from investments in associates using the equity method to available-for-sale investments due to dilution of Minotaur's interest following a share placement.

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Note 11: Investment accounted for using the equity method	**Consolidated Group**	
	30 June 2014 $	**30 June 2013 $**
Investments in associates	-	-

As at 30 June 2013, the Company had no investments accounted for using the equity method. During the previous financial year, the Board changed the method of accounting for Petratherm Ltd and was reclassified as an available-for-sale investment. Refer to note 10 for more details.

Note 12: Property, plant and equipment	**Consolidated Group**	
	30 June 2014 $	**30 June 2013 $**
Land and buildings		
Cost		
Opening balance	508,723	-
Additions	-	508,723
Disposals	-	-
	508,723	**508,723**
Accumulated depreciation		
Opening balance	-	-
Depreciation for the year	-	-
Disposals	-	-
	-	**-**
Net book value of land and buildings	**508,723**	**508,723**

Property is measured at historical cost less accumulated depreciation. Land and buildings with a net book value of $508,723 (2013: $508,723) is offered as security against a mortgage of $392,000.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	Consolidated Group	
	30 June 2014 $	**30 June 2013 $**
Leasehold improvements		
Cost		
Opening balance	611,218	-
Additions	-	611,218
Disposals	-	-
	611,218	**611,218**
Accumulated depreciation		
Opening balance	57,103	-
Depreciation for the year	93,635	57,103
Disposals	-	-
	150,738	**57,103**
Net book value of leasehold improvements	**460,480**	**554,115**
Plant and equipment		
Cost		
Opening balance	405,725	774,379
Additions	13,224	31,568
Additions through acquisition of Breakaway	36,587	-
Disposals	-	(400,222)
	455,536	**405,725**
Accumulated depreciation		
Opening balance	281,935	583,390
Depreciation for the year	59,495	88,767
Disposals	-	(390,222)
	341,430	**281,935**
Net book value of plant and equipment	**114,106**	**123,790**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	Consolidated Group	
	30 June 2014 $	**30 June 2013 $**
Kaolin pilot plant		
Cost		
Opening balance	283,765	293,765
Additions	-	-
Disposals	-	(10,000)
	283,765	**283,765**
Accumulated depreciation		
Opening balance	170,794	99,538
Depreciation for the year	47,288	81,256
Disposals	-	(10,000)
	218,082	**170,794**
Net book value of Kaolin pilot plant	**65,683**	**112,971**
Motor Vehicles		
Cost		
Opening balance	202,232	226,707
Additions	-	-
Disposals	-	(24,475)
	202,232	**202,232**
Accumulated depreciation		
Opening balance	76,030	51,407
Depreciation for the year	31,226	49,098
Disposals	-	(24,475)
	107,256	**76,030**
Net book value of motor vehicles	**94,976**	**126,202**
Total net book value of property, plant and equipment	**1,243,968**	**1,425,801**

Motor vehicles with a net book value of $94,976 (2013: $126,202) is offered as security against hire purchase contracts of $114,386.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Note 13: Exploration and evaluation assets

	Consolidated Group 30 June 2014 $	Consolidated Group 30 June 2013 $
Exploration, evaluation and development costs carried forward in respect of mining areas of interest		
Exploration and evaluation phase – Joint Operations	11,097,016	5,094,323
Exploration and evaluation phase – Other	8,145,991	7,082,324
	19,243,007	**12,176,647**

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.

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

	Exploration Joint Operations $	Exploration Other $	Total $
Balance at beginning of year	5,094,323	7,082,324	12,176,647
Additions through expenditure capitalised	4,082,045	2,860,814	6,942,859
Additions from acquisition of Breakaway	5,153,724	-	5,153,724
Reductions through joint operation contributions	(3,123,712)	-	(3,123,712)
Write-off of tenements relinquished	(109,364)	(1,797,147)	(1,906,511)
Balance at end of year	**11,097,016**	**8,145,991**	**19,243,007**

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.

Options cannot be transferred other than to the legal personal representative of a deceased option holder.

The Company will not apply for official quotation of any options. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

Option holders may only participate in new issues of securities by first exercising their options.

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

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

	2014 Number	**2014 WAEP**	**2013 Number**	**2013 WAEP**
Outstanding at the beginning of the year	4,570,000	0.23	2,270,000	0.24
Granted during the year	-	-	2,420,000	0.25
Forfeited during the year	(500,000)	0.22	-	-
Expired or lapsed during the year	(410,000)	0.25	(120,000)	0.55
Outstanding at the end of the year	**3,660,000**	**0.23**	**4,570,000**	**0.23**
Exercisable at the end of the year	**3,660,000**	**0.23**	**4,570,000**	**0.23**

The outstanding balance as at 30 June 2014 is represented by:

- A total of 1,565,000 options exercisable at any time until 29 September 2016 with an exercise price of $0.21.
- A total of 2,095,000 options exercisable at any time until 3 July 2017 with an exercise price of $0.25.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 2.69 years (2013: 3.40 years).

The range of exercise prices for options outstanding at the end of the year was $0.21 - $0.25 (2013: $0.21 - $0.25).

The weighted average fair value of options granted during the year was $nil (2013: $0.0935).

Shares issued for services

On 29 October 2013, 894,240 ordinary fully paid shares were issued at $0.112 per share for corporate advisory services received by the Group in relation to the takeover of Breakaway Resources completed on 5 December 2013.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Shares issued for the takeover of Breakaway Resources

The following table is an analysis of shares issued by the company as consideration for all the shares in Breakaway Resources:

Date Issued	Number Issued
25 October 2013	39,601,137
5 December 2013	3,883,956
	43,485,093

Further information regarding the takeover of Breakaway Resources is set out in note 25.

Note 15: Trade and other payables	Consolidated Group 30 June 2014 $	Consolidated Group 30 June 2013 $
Trade payables (i)	460,286	257,603
Net GST and PAYG payable	11,142	28,103
Amount payable for the acquisition of tenements	-	600,000
Amount payable for the acquisition of land and buildings	-	492,148
Joint venture income received in advance	129,716	491,652
Other payables (ii)	76,753	244,849
	677,897	**2,114,355**

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 in set out in note 28.

Note 16: Borrowings	Consolidated Group 30 June 2014 $	Consolidated Group 30 June 2013 $
Current		
Hire purchase contracts	114,386	35,098
	114,386	**35,098**
Non-current		
Hire purchase contracts	-	114,386
Bank borrowings	392,000	-
	392,000	**114,386**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

	Consolidated Group	
Note 17: Provisions	**30 June 2014 $**	**30 June 2013 $**
Current		
Annual leave provision		
Balance at 1 July	116,707	134,913
Net decrease in provision	(13,919)	(18,206)
Closing balance at 30 June	**102,788**	**116,707**
Long service leave		
Balance at 1 July	312,513	257,783
Net increase in provision	40,039	54,730
Closing balance at 30 June	**352,552**	**312,513**
	455,340	**429,220**
Non-current		
Long service leave		
Balance at 1 July	43,159	62,412
Net decrease in provision	(10,700)	(19,253)
Closing balance at 30 June	**32,459**	**43,159**
Note 18: Issued capital		
152,165,042 fully paid ordinary shares (2013: 107,785,709)	**36,874,859**	31,572,748

	2014		2013	
	Number	**$**	**Number**	**$**
Balance at beginning of financial year	107,785,709	31,572,748	103,585,709	30,816,748
Shares issued by way of private placement	-	-	4,200,000	756,000
Shares issued for services	894,240	100,155	-	-
Shares issued for Breakaway takeover	43,485,093	5,218,211	-	-
Transaction costs on shares issued	-	(16,255)	-	-
Balance at end of financial year	**152,165,042**	**36,874,859**	**107,785,709**	**31,572,748**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

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

	Consolidated Group	
Note 19: Reserves	**30 June 2014 $**	**30 June 2013 $**
Reserves		
Share option reserve (a)	924,589	1,013,175
Foreign currency translation reserve (b)	(125,630)	(126,547)
Available-for-sale revaluation reserve (c)	-	(60,000)
	798,959	**826,628**
(a) Share option reserve		
Balance at beginning of financial year	1,013,175	981,763
Issue of options to employees and officers under employee share option plan	-	226,270
Transfer to retained earnings upon lapse of options	(88,586)	(194,858)
Balance at end of financial year	**924,589**	**1,013,175**

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.

(b) Foreign currency translation reserve		
Balance at beginning of financial year	(126,547)	(133,320)
Translation of foreign subsidiary	917	6,773
Balance at end of financial year	**(125,630)**	**(126,547)**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Minotaur Atlantic Exploration Ltd, the group's foreign operations in Canada.

(c) Available-for-sale revaluation reserve		
Balance at beginning of financial year	(60,000)	-
Revaluation increment/(decrement)	60,000	(60,000)
Balance at end of financial year	**-**	**(60,000)**

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	Consolidated Group	
Note 20: Retained earnings	**30 June 2014 $**	**30 June 2013 $**
Balance at beginning of financial year	(10,510,471)	(7,591,627)
Net loss attributable to members of the parent entity	(2,596,370)	(3,113,702)
Transfer from share option reserve – lapsed options	88,586	194,858
Balance at end of financial year	**(13,018,255)**	**(10,510,471)**
Note 21: Non-controlling interest		
Balance at beginning of financial year	298,440	-
Issue of shares in Minotaur Gold Solutions Ltd to private investor	-	312,413
Net loss attributable to non-controlling interest	(70,441)	(13,973)
	227,999	**298,440**
Note 22: Commitments for expenditure		
Operating leases		
Not longer than 1 year	352,587	219,125
Longer than 1 year and not longer than 5 years	1,252,238	6,003
	1,604,825	**225,128**
Hire purchase commitments		
Not longer than 1 year	118,041	43,412
Longer than 1 year and not longer than 5 years	-	118,041
	118,041	**161,453**
Less: future finance charges	(3,655)	(11,969)
	114,386	**149,484**

Terms of lease arrangements

The Group extended its operating lease on 13 June 2014 for its principal place of business. The lease expires on 9 July 2019 and includes an escalation clause linked to CPI. As a result of the acquisition of Breakaway, the Group has an operating lease in place relating to an office space previously occupied by Breakaway. The lease term expires on 14 September 2014 and it is anticipated that the lease will not be renewed.

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Exploration leases

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay in the year ending 30 June 2015 amounts of approximately $7.5 million in respect of tenement lease rentals and to meet minimum expenditure requirements. Pursuant to various Joint Venture agreements, it is expected that of this minimum expenditure requirement, $2.6 million will be funded by Minotaur's Joint Venture partners. The net obligation to the Minotaur Exploration Group is expected to be fulfilled in the normal course of operations.

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 $322,200 at 30 June 2014 (2013: $271,000). 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

		Ownership interest	
Name of entity	**Country of incorporation**	**2014 %**	**2013 %**
Parent entity			
Minotaur Exploration Limited (i)	Australia		
Subsidiaries			
Minotaur Operations Pty Ltd (ii)	Australia	100	100
Minotaur Resources Investments Pty Ltd (ii)	Australia	100	100
Minotaur Industrial Minerals Pty Ltd (ii)	Australia	100	100
Great Southern Kaolin Pty Ltd (ii)	Australia	100	100
Breakaway Resources Pty Ltd (iii) (iv)	Australia	100	-
Scotia Nickel Pty Ltd (iii)	Australia	100	-
Altia Resources Pty Ltd (iii)	Australia	100	-
Levuka Resources Pty Ltd (iii)	Australia	100	-
BMV Properties Pty Ltd (iii)	Australia	100	-
Minotaur Gold Solutions Limited (v)	Australia	50	50
Minotaur Atlantic Exploration Limited	Canada	100	100

i) Minotaur Exploration Limited is the head entity within the tax consolidated group.
ii) These companies are members of the tax consolidated group.
iii) On 5 December 2013, Minotaur Exploration completed its 100% acquisition of Breakaway Resources Ltd and its subsidiaries; Scotia Nickel Pty Ltd, Altia Resources Pty Ltd, Levuka Resources Pty Ltd and BMV Properties Pty Ltd. Upon acquiring 100% of Breakaway, the Group moved to add Breakaway and its subsidiaries to its tax consolidated group.
iv) On 20 June 2014, Breakaway Resources Ltd converted to a proprietary company and is now called Breakaway Resources Pty Ltd.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2014

v) Although the Group does not hold more than half of the voting rights of Minotaur Gold Solutions Ltd, it is able to control the company as it has the power of the operating decisions of the entity and is exposed to the variable returns from its investment. The assessment of control is a significant judgement as Minotaur holds 50% of the voting equity.

Note 25: Business combinations

On 5 December 2013, the Group completed its 100% acquisition of the issued share capital and voting rights of Breakaway Resources Limited (Breakaway), a company based in Australia that operates within the mineral exploration segment. The objective of the acquisition was to further increase the Group's tenements holdings over highly prospective ground, in particular in Western Australia and Queensland.

Details of the business combination are as follows:

Fair value of consideration transferred	**$**
Issue of shares for acquisition of Breakaway	5,218,211
	5,218,211
Recognised amounts of identifiable net assets	
Cash and cash equivalents	490,259
Trade and other receivables	53,043
Total current assets	**543,302**
Property, plant and equipment	36,587
Available-for-sale investments	21,562
Total non-current assets	**58,149**
Trade and other payables	460,311
Provisions	26,653
Total current liabilities	**486,964**
Trade creditors	50,000
Total non-current liabilities	**50,000**
Identifiable net assets	**64,487**
Exploration and evaluation assets recognised on acquisition	**5,153,724**
Cash and cash equivalents acquired	490,259
Net cash inflow on acquisition	**490,259**
Acquisition costs charged to expenses	518,147
Net cash paid relating to the acquisition	**(27,888)**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Consideration transferred

Acquisition-related costs amounting to $518,147 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

Exploration and evaluation assets

The exploration and evaluation asset that arose on the combination can be attributed to tenement holdings over highly prospective geological areas and has been recognised as an exploration and evaluation asset. The exploration and evaluation asset that has been recognised is attributable to the mineral exploration segment.

Breakaway's contribution to the Group's results

Breakaway contributed $7,339 and $268,316 to the Group's revenues and losses respectively from the date of acquisition to 30 June 2014. Had the acquisition occurred on 1 July 2013, the Group's revenue for the period to 30 June 2014 would have been ($7,899) and the Group's loss for the period would have been $3,513,220.

	Consolidated Group	
Note 26: Auditor's remuneration	**30 June 2014 $**	**30 June 2013 $**
Audit or review of the financial report	37,826	31,500
Taxation compliance	1,000	-
Total auditor's remuneration	**38,826**	**31,500**

Note 27: 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 2014

Financial assets	**Note**	**AFS $**	**Cash $**	**Loans and Receivables $**	**Total $**
		(Carried at fair value)	*(Carried at amortised cost)*		
Cash and cash equivalents	**7**	-	4,794,173	-	4,794,173
Trade and other receivables	**8**	-	-	44,499	44,499
Available-for-sale assets	**27(a)**	1,127,693	-	-	1,127,693
		1,127,693	**4,794,173**	**44,499**	**5,966,365**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Financial liabilities	Note	Payables $	Borrowings $	Total $
		(Carried at amortised cost)		
Trade and other payables	**15**	677,897	-	677,897
Current borrowings	**27(b)**	-	114,386	114,386
Non-current borrowings	**27(b)**	-	392,000	392,000
		677,897	**506,386**	**1,184,283**

30 June 2013

Financial assets	Note	AFS $	Cash $	Loans and Receivables $	Total $
		(Carried at fair value)	*(Carried at amortised cost)*		
Cash and cash equivalents	**7**	-	9,269,636	-	9,269,636
Trade and other receivables	**8**	-	-	52,528	52,528
Available-for-sale assets	**27(a)**	1,853,158	-	-	1,853,158
		1,853,158	**9,269,636**	**52,528**	**11,175,322**

Financial liabilities	Note	Payables $	Borrowings $	Total $
		(Carried at amortised cost)		
Trade and other payables	**15**	2,114,355	-	2,114,355
Current borrowings	**27(b)**	-	35,098	35,098
Non-current borrowings	**27(b)**	-	114,386	114,386
		2,114,355	**149,484**	**2,263,839**

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 28.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 29.

27(a) AFS financial assets

The details and carrying amounts of AFS financial assets are as follows:

	Consolidated Group	
	30 June 2014 $	**30 June 2013 $**
Listed securities	1,127,693	1,853,158
	1,127,693	**1,853,158**

The listed securities are denominated in AUD and are publically traded in Australia.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

27(b) Borrowings

Borrowings include the financial liabilities:

	Current		Non-Current	
Financial liabilities	**2014**	**2013**	**2014**	**2013**
Fair value				
Finance lease liabilities	114,386	35,098	-	114,386
Bank borrowings	-	-	392,000	-
	114,386	**35,098**	**392,000**	**114,386**

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 5.03% (2013: $nil). 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

Note 28: Financial risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 18, 19, 20 respectively. Proceeds from share issues are used to maintain and expand the Groups exploration activities and fund operating costs.

	Consolidated Group	
	30 June 2014 $	**30 June 2013 $**
Financial assets		
Cash and cash equivalents	4,794,173	9,269,636
Trade receivables	44,499	52,528
Available-for-sale assets	1,127,693	1,883,158
Financial liabilities		
Payables	677,897	2,114,355
Borrowings	510,041	161,453

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Credit risk

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

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Interest rate risk

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

Consolidated

	Weighted average effective interest rate %	Less than 1 year $
2014		
Variable interest rate	3.44	4,794,173
2013		
Variable interest rate	4.46	9,269,636

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 $35,160 which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management

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

Liquidity and interest risk tables

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Consolidated

	Weighted average effective interest rate %	Less than 1 year $	Longer than 1 year and not longer than 5 years $
2014			
Interest bearing	5.33	114,386	392,000
Non-interest bearing	-	677,897	-
2013			
Interest bearing	6.22	32,983	114,386
Non-interest bearing	-	2,114,355	-

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

Note 29: Fair Value Measurement

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

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013:

30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value				
Available-for-sale investments				
Listed securities	1,127,693	-	-	1,127,693
	1,127,693	**-**	**-**	**1,127,693**

30 June 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value				
Available-for-sale investments				
Listed securities	1,853,158	-	-	1,853,158
	1,853,158	**-**	**-**	**1,853,158**

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

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 30: 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':

Mr Derek Carter, *Chairman*
Mr Andrew Woskett, *Managing Director*
Dr Antonio Belperio, *Executive Director*
Mr Richard Bonython, *Non-Executive Director*
Mr John Atkins, *Non-Executive Director (Appointed 20 November 2013)*
Mr Donald Stephens, *Company Secretary*
Mr Varis Lidums, *Commercial Manager*
Mr Ian Garsed, *General Manager of Exploration*

Key management personnel remuneration includes the following expenses:

	30 June 2014 $	30 June 2013 $
Salaries including bonuses	1,196,118	1,236,496
Total short term employee benefits	**1,196,118**	**1,236,496**
Superannuation	73,992	73,586
Total post-employment benefits	**73,992**	**73,586**
Share based payments	-	46,750
Total remuneration	**1,270,110**	**1,356,832**

Transactions with associates

Throughout the year no transactions took place between Minotaur Exploration Limited and any associates (2013: $nil). In addition, no amounts were owed by any associates at the end of the year (2013: $nil).

Director related entities

Throughout the year no transactions took place between Minotaur Exploration Limited and any director related entities (2013: $643).

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

Note 31: Post-reporting date events

No matter or circumstance has arisen since 30 June 2014 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 60, 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 2014 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.

Derek Carter
Chairman

Dated this 19th day of August 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

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

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

Report on the financial report

We have audited the accompanying financial report of Minotaur Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Auditor's opinion
In our opinion:

a the financial report of Minotaur Exploration Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Minotaur Exploration Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton,

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 19 August 2014