

Minotaur Exploration Ltd

ABN 35 108 483 601

Half Year Report

for the half year ended 31 December 2010

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Directors' Report

The directors of Minotaur Exploration Ltd submit their report for the half-year ended 31 December 2010.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Derek N Carter, Chairman
Mr Andrew Woskett, Managing Director
Mr Richard M Bonython, Executive Director
Dr Peter J Gower, Non-Executive Director
Dr Antonio P Belperio, Executive Director

Review of Operations

Corporate

The Company completed the placement of approximately 12.08 million shares to raise approximately \$3.4 million before costs.

An ASX listing was accomplished by Thomson Resources Ltd (ASX: TMZ) on 17 December.

Development

Poochera Kaolin Project, SA (EL 4575 Minotaur 100%)

Comprehensive testing demonstrated the quality, purity and consistency of the Poochera kaolin. Analyses were carried out across a range of specially selected grades from the Company's pilot plant, primarily by the Ian Wark Research Institute (University of South Australia) and CSIRO (Land and Water) which are both nationally recognised laboratories employing industry standard techniques. These latest tests demonstrate that Poochera kaolin samples have physical, chemical and mineralogical characteristics conforming to key commercial determinants.

The Company's pilot plant was relocated to premises at Streaky Bay.

Exploration

The Company withdrew, relinquished or terminated activities on the Malachite, Warriner Creek, Cultana, Tregalana and Boobyjan project areas. New tenements were granted, acquired or optioned into at Golden Mountain, Mt Tarrengower, Heathcote and Rochester.

Tunkillia Gold Project, SA
(EL 4495, 4596, ELA 183/2010 Minotaur 54.65%; Helix Resources 45.35% diluting)

Drill testing of a range of targets resulted in positive assessment of biogeochemical exploration as a viable technique for generating new targets under cover. Based on the promising work to date from biogeochemistry, a new program of target generation and subsequent drill testing has been approved by the Joint Venture parties for the 2011 calendar year.

Border Base Metals and Magnetite Project, SA
(EL 3596, 3745, 4270, 4352, 6815, 6496, Sumitomo 59.1%, Minotaur 40.9%)

The strike extent of the magnetic Braemar Ironstone formation was confirmed to be over 40 km through close-spaced, low-level airborne magnetic surveys along 3,500 line kilometres. Metallurgical work showed a chemically clean, blast furnace grade concentrate at 69% Fe could be produced at a reasonably coarse grind of 53 microns. Unseasonal rain prevented further drill testing which will now occur in early 2011. Five base metal targets will also be drill tested in the new year.

Acropolis Project (EL 3761, 3762; 100% Minotaur, Toro with uranium rights)

Drill testing of the Aphrodite target to a depth of 829 m did not encounter any alteration, mineralization or rock types dense enough to adequately explain the gravity anomaly. Further research is continuing.

Yorke Peninsula IOCG-REE Project
(EL 4541, 4616 Red Metal 100%, Minotaur earning 51%; EL 4435 Minotaur 100%)
After assessment of previous geophysical surveys and historical drilling data, a contract for a new VTEM survey incorporating 500 line kilometres has been awarded to Geotech Airborne, to be flown in early 2011.

Louth Base Metals Project, NSW (EL 7169 Minotaur 100%, JOGMEC earning 51%)

Drilling of four holes (total 1,332.9m) designed to test ground electrical geophysical anomalies interpreted to be related to Cobar Basin type mineral deposits were completed with negative results.

Cowra Base Metals Project, NSW (EPM 5514, 6102, 6806 Minotaur 51%, Gateway Mining 49%; Mitsubishi Corporation-Mitsubishi Materials Corporation earning 24%)

Potential new target areas, identified from a combination of geology and geophysical characteristics, were field checked but no significant alteration, mineralisation or soil anomalism was recorded.

Boorowa Base Metals Project, NSW (EL 6805, 6882, Minotaur 100%; Mitsubishi Corporation and Mitsubishi Materials Corporation earning 32%).

Potential target areas, identified from a combination of geology and geophysical characteristics, were field checked but no significant alteration, mineralisation or soil anomalism was recorded.

Naraku IOCG Project, Queensland (EPM 8608, 12463, 14296, 16479, 16594, 16927, 16975, 16977, 17286, 18017, 18068, 18268, 18283, 18367 (Minotaur 100% except EPM 8608 & 12463 with royalty by BHPBilliton; JOGMEC earning 51%)).

Geophysical work was completed on four targets and drill testing approved. The Gypsy Plains target was drill tested by a single angled diamond drill hole (MNDDH016) to 401m total depth. Other planned holes at the Cormorant and Cormorant North targets could not be drilled due to early onset of the wet season. The Gypsy Plains drillhole intersected repeated zones of massive and brecciated sulphide, predominantly pyrrhotite with lesser pyrite and minor chalcopyrite. The best copper intersection was 12 metres @ 0.33% Cu (346–358 m). Anomalous zinc was also recorded with best interval being 4 metres @ 2.15% Zn (200–204 m). Other targets will be drill tested in 2011 after the wet season.

Central Nova Scotia IOCG Project, Canada (Minotaur 80%; Dundee Precious Metals 20% diluting)

Detailed ground magnetic data collected along a 20 kilometre long zone of aeromagnetic anomalism in the Bass River area revealed a large number of discrete high amplitude magnetic anomalies believed to reflect magnetite-rich breccias pipes. Interpreted haematite-IOCG targets have been prioritised for drill testing in 2011.

Southern Gawler Joint Venture

(EL 3486*, 3565, 3592, ELA 228/2010, 281/2010* Minotaur 100%; *Toro with uranium rights)

After 2 years of limited exploration, Trafford Resources withdrew from this joint venture on five tenements located along the southern and eastern boundaries of the Gawler Ranges, without earning an interest in any of the tenements.

Nonning Base Metals Project

(EL 3535, Minotaur 100%, Menninnie Metals earning 51%, Toro with uranium rights)

Terms of the Joint Venture Agreement with Menninnie Metals were amended. The earn-in period for Menninnie Metals to attain 51% equity has been extended by 12 months (to 5th June 2012) and to attain a 70% equity has been extended by 24 months (to 5th June 2013). Expenditure requirements under the Joint Venture remain unchanged.

Golden Mountain Project

(MIN 4683, Xplor Pty Ltd 100%, Minotaur exploring under Option Agreement)

Minotaur entered into an Option Agreement whereby it can investigate potential for economic gold mineralisation at the Golden Mountain goldfield north of Bonnie Doon. The tenement holder is Xplor Pty Ltd, a wholly owned subsidiary of Mining Projects Group Ltd (ASX: MPJ). A gold resource estimate was completed for the Golden Mountain Deposit by independent consultants CSA Global Pty Ltd (CSA). CSA reported an Inferred Resource of 950,000 tonnes at 2.31 g/t using a 1.0 g/t Au cut off for a total of 70,500 ounces of gold, as reported by Minotaur in an ASX release dated 12th October 2010.

Cut off (Au g/t)	Classification	Tonnes	Grade (g/t Au)	Ounces	Comments
1.0	Inferred	950,000	2.31	70,500	CSA Global - 2010

Mt Tarrengower Gold Prospect
(EL 4533, Xplor Pty Ltd 100%, Minotaur exploring under Option Agreement)

As part of the Option Agreement with Xplor (see above in Golden Mountain Project for details), Minotaur drilled three diamond holes on different structures to ascertain the presence of both subvertical and flat-lying structures. Various intervals of fractured rock, quartz veins and sulphide-bearing sediments were intersected but corresponding gold assays were sporadic and of low tenor.

INVESTMENTS

Mithril Resources Ltd (ASX: MTH)
The Company holds 21,416,667 shares (15.62%) and 5,425,000 options in Mithril.

Petratherm Ltd (ASX: PTR)
The Company holds 23,498,397 shares (18.53%) in Petratherm.

PlatSearch NL (ASX: PTS)
The Company holds 8,000,000 shares (4.5%) in PlatSearch.

Thomson Resources Ltd (ASX: TMZ)
Thomson Resources successfully listed on the ASX on 17 December 2010.
The Company holds 10,000,000 shares and 1,500,000 options in Thomson.

ActivEX Ltd (ASX: AIV)
The Company holds 5,300,000 shares (5.07%) in ActivEX.

The Company completed its divestment of shares in Toro Energy Ltd.

Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr A. P. Belperio, who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr A. P. Belperio has a minimum of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr A. P. Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditor's independence declaration

The auditor's independence declaration is set out on page 8 and forms part of the directors' report for the half year ended 31 December 2010.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Derek Carter', written in a cursive style.

Mr Derek N Carter
Chairman

16 March 2011



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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Minotaur Exploration Limited for the half-year ended 31 December 2010, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants


J L Humphrey
Partner
Adelaide, 16 March 2011

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Consolidated Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		Consolidated Group Half-year ended	
		31 Dec 2010	31 Dec 2009
		\$	\$
Revenue		215,162	215,324
Gain on reclassification of non current asset	3	1,784,951	-
Other income		104,765	274,388
Impairment of exploration and evaluation assets		(592,027)	(1,687,268)
Employee benefits expense		(270,518)	(279,077)
Depreciation expense		(72,899)	(65,950)
Finance costs		(6,926)	(6,032)
Share of losses of associates accounted for using the equity method		(705,684)	(122,069)
Other expenses		(549,291)	(248,533)
Loss before income tax expense		(92,467)	(1,919,217)
Income tax benefit/(expense)		(58,970)	(52,036)
Loss from continuing operations		(151,437)	(1,971,253)
Loss attributable to members of the parent entity		(151,437)	(1,971,253)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(67,292)	(19,628)
Gain/(loss) on available-for-sale investments taken to equity		412,900	159,110
Total comprehensive income for the period		194,171	(1,831,771)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.17)	(2.63)
Diluted earnings per share		(0.17)	(2.63)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2010

	Note	Consolidated Group	
		31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		5,312,391	4,122,122
Trade and other receivables		355,209	734,421
Other current assets		68,753	51,257
TOTAL CURRENT ASSETS		5,736,353	4,907,800
NON-CURRENT ASSETS			
Available-for-sale investments		3,413,900	993,068
Investments in associates	5	1,463,528	1,884,261
Property, plant and equipment		569,387	467,753
Exploration and evaluation assets		10,235,949	9,398,169
TOTAL NON-CURRENT ASSETS		15,682,764	12,743,251
TOTAL ASSETS		21,419,117	17,651,051
CURRENT LIABILITIES			
Trade and other payables		694,727	540,158
Short-term borrowings		32,624	31,398
Short-term provisions		222,979	264,244
TOTAL CURRENT LIABILITIES		950,330	835,800
NON-CURRENT LIABILITIES			
Long-term borrowings		136,210	152,834
Long-term provisions		71,099	65,446
TOTAL NON-CURRENT LIABILITIES		207,309	218,280
TOTAL LIABILITIES		1,157,639	1,054,080
NET ASSETS		20,261,478	16,596,971
EQUITY			
Issued capital	4	29,211,473	25,930,647
Reserves		1,508,487	991,449
Retained earnings		(10,458,482)	(10,325,125)
TOTAL EQUITY		20,261,478	16,596,971

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated Group						Total \$
		Issued Capital Ordinary \$	Retained Earnings \$	Share Option Reserve \$	Available- for-sale revaluation reserve \$	Foreign Currency translation Reserve \$	Total \$	
Balance at 1 July 2009		23,556,063	(6,075,236)	862,382	508,611	(61,112)	18,790,708	
Total comprehensive income for the period		-	(1,971,253)	-	159,110	(19,628)	(1,831,771)	
Issue of shares by way of private placement		2,496,000	-	-	-	-	2,496,000	
Transaction costs (net of tax)		(121,416)	-	-	-	-	(121,416)	
Transfer from available for sale revaluation reserve upon disposal of investments		-	-	-	(196,625)	-	(196,625)	
Transfer from share based payment reserve upon lapse of options		-	252,000	(252,000)	-	-	-	
Balance at 31 December 2009		25,930,647	(7,794,489)	610,382	471,096	(80,740)	19,136,896	
Balance at 1 July 2010		25,930,647	(10,325,125)	820,394	204,719	(33,664)	16,596,971	
Total comprehensive income for the period		-	(151,437)	-	412,900	(67,292)	194,171	
Issue of shares by way of private placement	4	3,382,242	-	-	-	-	3,382,242	
Issue of shares upon exercise of options	4	25,000	-	-	-	-	25,000	
Transfer from share based payment reserve upon exercise of options		11,181	-	(11,181)	-	-	-	
Transaction costs (net of tax)	4	(137,597)	-	-	-	-	(137,597)	
Cost of share based payment		-	-	115,410	-	-	115,410	
Transfer from available for sale revaluation reserve upon disposal of investments		-	-	-	85,281	-	85,281	
Transfer from share based payment reserve upon lapse of options		-	18,080	(18,080)	-	-	-	
Balance at 31 December 2010		29,211,473	(10,458,482)	906,543	702,900	(100,956)	20,261,478	

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Consolidated Group	
	Half year ended 31 Dec 2010 \$	Half year ended 31 Dec 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	110,449	124,116
Payments to suppliers and employees	(638,504)	(671,454)
Interest received	116,956	69,729
Finance costs	(6,892)	(5,982)
Receipt of R&D Tax Concession	312,150	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(105,841)	(483,591)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(174,632)	(62,917)
Purchase of investments in associates	(500,000)	(852,000)
Purchase of available-for-sale investments	(24,000)	(200,000)
Proceeds from sale of available-for-sale investments	368,774	472,388
Joint venture receipts	1,165,984	1,098,866
Payments for exploration activities	(2,708,082)	(2,416,516)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(1,871,956)	(1,960,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,407,242	2,496,000
Payment of transaction costs for issue of shares	(212,121)	(173,452)
Repayment of borrowings	(15,342)	(16,079)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	3,179,779	2,306,469
Net increase/(decrease) in cash and cash equivalents	1,201,982	(137,301)
Net foreign exchange differences	(11,713)	(4,719)
Cash at the beginning of the period	4,122,122	5,976,176
CASH AT THE END OF THE PERIOD	5,312,391	5,834,156

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

Minotaur Exploration Ltd (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2010 comprises the Company and its controlled entities (the "Group") and the Group's interest in associates.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2010 is available upon request from the Company's registered office.

b. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The accounting policies and methods of computation are the same as those adopted in the consolidated financial report as at and for the year ended 30 June 2010.

c. Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual report for the year ended 30 June 2010.

In the half-year ended 31 December 2010, management reassessed its estimates in respect of:

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

c. Significant accounting judgements and key estimates (continued)

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continued to be capitalised under AASB 6 Exploration for and Evaluation of Mineral Resources or written off to the statement of comprehensive income. As a result of this review, management has determined that \$592,027 be written off as a result of relinquishments of title or as a consequence of the estimated recoverable amount being lower than the relevant area of interests carrying amount. The remaining exploration assets continue to satisfy the recognition criteria.

2. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Segment Revenue		Segment Result	
	Half Year ended		Half Year ended	
	31-Dec 2010	31-Dec 2009	31-Dec 2010	31-Dec 2009
	\$	\$	\$	\$
Continuing Operations				
Investments*	114,813	95,757	1,298,845	248,076
Mineral Exploration - Australia	72,626	67,359	17,220	(1,619,909)
Mineral Exploration - Canada	4,773	4,934	(468,977)	4,934
	192,212	168,050	847,088	(1,366,899)
Finance costs	-	-	(6,926)	(6,032)
Administration/Corporate	22,950	47,274	(859,730)	(480,336)
Depreciation	-	-	(72,899)	(65,950)
Consolidated revenue	215,162	215,324		
Profit before income tax			(92,467)	(1,919,217)
Income tax benefit			(58,970)	(52,036)
Profit/(Loss) for period			(151,437)	(1,971,253)

* The Investments segment revenue does not include either the gain on reclassification of the Company's investment in Thomson Resources Ltd of \$1,784,951 (2009: Nil) or other income pertaining to the profit on the sale of investments of \$104,765 (2009: \$274,388). These realised and unrealised gains are however taken into account in the Investments segment result.

The revenue reported above represents revenue generated from financial institutions, investments revenues and management fees earned from joint venture partners. There were no intersegment sales during the period.

Segment profit/(loss) represents the profit or (loss) earned/(incurred) by each segment without allocation of central administration costs, finance costs, depreciation and income tax (expense)/benefit. This is the measure reported to the Managing Director for the purposes of resource allocation and assessment of segment performance.

Notes to the Financial Statements FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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

	Opening Balance 1/07/2010	Capital Expenditure/ Investment	Impairment/ Share of loss	Revaluations /Translations	Disposals	Closing Balance 31/12/2010
	\$	\$	\$	\$		\$
Continuing Operations						
Investments*	5,377,329	2,387,591	(705,684)	2,197,851	(187,068)	9,070,019
Mineral Exploration - Australia	8,550,163	1,449,643	(78,318)	-	(179,141)	9,742,347
Mineral Exploration - Canada	848,006	218,683	(513,705)	(59,382)	-	493,602
Total segment assets	14,775,498	4,055,917	(1,297,707)	2,138,469	(366,209)	19,305,968
Other						
Administration/Corporate	2,875,553					2,113,149
	17,651,051					21,419,117

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

3. GAIN ON RECLASSIFICATION OF NON CURRENT ASSETS

	Consolidated Group	
	Half year ended 31 Dec 10 \$	Half year ended 31 Dec 09 \$
Gain on reclassification of investment in associate*	1,784,951	-
	1,784,951	-

* On 17 December 2010, Thomson Resources Ltd ('Thomson') successfully floated on the ASX, at which point Minotaur's investment in Thomson was diluted from a 21.13% interest to 14.25%. Accordingly, from this date, Minotaur has ceased to account for Thomson as an equity accounted associate and reclassified its Thomson shares as an available-for-sale financial instrument. In accordance with AASB 128 'Investment in Associates' paragraph 18 (b), at the date of this reclassification the difference between the Company's carrying amount in Thomson and its fair value has been recorded as gain in profit or loss. This gain amounted to \$1,784,951.

4. ISSUED CAPITAL

	Consolidated Group	
	As at 31 Dec 10 \$	As at 30 Jun 10 \$
Fully paid ordinary shares	29,211,473	25,930,647
	29,211,473	25,930,647
	Number	\$
Ordinary shares		
Balance at beginning of financial period	80,529,581	25,930,647
Shares issued pursuant to private placement at \$0.28 per share	12,079,437	3,382,242
Issued upon exercise of unlisted options	100,000	25,000
Transfer from share based payment reserve upon exercise of options	-	11,181
Transaction costs on shares issued	-	(137,597)
Balance at end of the financial period	92,709,018	29,211,473

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

5. INVESTMENTS IN ASSOCIATES

	Consolidated Group	
	As at 31 Dec 10 \$	As at 30 Jun 10 \$
Carrying value of investments in associates	1,463,528	1,884,261
	<u>1,463,528</u>	<u>1,884,261</u>
Market value of listed shares in associates -		
- Mithril Resources Ltd	3,855,000	2,370,000
- Petratherm Ltd	2,467,332	2,869,776
	<u>6,322,332</u>	<u>5,239,776</u>

6. SUBSEQUENT EVENTS

On 4 January 2011, the Company announced that it was to commence a feasibility study on its Streaky Bay Kaolin deposit. Subject to board investment approval, Minotaur's objective is to start a mine in the deposit by the end of 2012.

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting date. It is however noted that the Group has various bank guarantees totaling \$141,000 at 31 December 2010 which act as collateral over tenements which Minotaur operate.

Directors' Declaration

In accordance with a resolution of the directors of Minotaur Exploration Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Derek N Carter
Chairman

16 March 2011



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

We have reviewed the accompanying half-year financial report of Minotaur Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Minotaur Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Minotaur Exploration Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

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GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP

Chartered Accountants



J L Humphrey
Partner

Adelaide, 16 March 2011