



ABN 35 108 483 601

for the Half Year Ended 31 December 2021

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Corporate Directory

DIRECTORS

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

REGISTERED OFFICE

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SHARE REGISTER

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Adelaide SA 5000

BANKERS

National Australia Bank
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Adelaide SA 5000

COMPANY SECRETARY

Mr Varis Lidums

PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Adelaide SA 5000

Minotaur Exploration Limited

ACN: 108 483 601

ASX Code: MEP

www.minotaurexploration.com.au

Directors' Report

The directors of Minotaur Exploration Ltd ('Minotaur') present their Report together with the financial statements of the consolidated entity, being Minotaur Exploration Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2021 and the Independent Auditor's Review Report thereon.

Director Details

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

Dr Antonio Belperio, *Non-Executive Director*

Dr Roger Higgins, *Non-Executive Chairman*

Mr James Marsh, *Non-Executive Director (Appointed 11 February 2022)*

Mr George McKenzie, *Non-Executive Director*

Mr Andrew Woskett, *Managing Director*

Mr Michael Zannes, *Non-Executive Director (Appointed 11 February 2022)*

Review of Operations

Minotaur held cash of \$2.28m (Continuing operations: \$0.51m / Discontinued operations: \$1.77m) at the end of December 2021. Exploration expenditure for the half year amounted to \$2.52m (Continuing operations: \$1.0m / Discontinued operations: \$1.52m). Activity was significantly curtailed in response to Andromeda Metals Ltd (ASX: ADN) takeover offer and positive indications of shareholder acceptance.

Takeover Offer

Andromeda Metals lodged with Minotaur a scrip for scrip takeover offer on 9 November 2021. By a subsequent Bid Implementation Agreement Andromeda and Minotaur agreed to put the offer to Minotaur's shareholders. A Bidder's Statement and Target's Statement were released on 3 December 2021. Andromeda advises the offer is due to close on 25 February 2022, unless extended. As at 18 February 2022, Andromeda had received acceptances for 88.29% of Minotaur's issued shares.

The terms of the offer generated significant uplift in Minotaur's market value, with the share price rising from 11.6c and peaking at 22.5c upon announcement of Andromeda's bid becoming unconditional on 7 February. The deal value of \$112m delivered Minotaur shareholders a 94% equity valuation increase from immediately prior to the offer announcement.

Andromeda declared the takeover unconditional on 7 February 2022 signifying a change of control has occurred and for existing Minotaur directors to be replaced by nominees of Andromeda. Should Andromeda succeed in its goal to achieve 90% acceptances and then move to compulsory acquisition of the minority holdings this report will be Minotaur's final issue of financial statements.

As is proposed, when all of Minotaur's shareholders receive substitution shares in Andromeda Metals they will benefit from 100% exposure to the future development and success of the Great White Kaolin Project, of which the definitive feasibility study is due for publication in Q1 of 2022.

Directors' Report

Demerger

A conditional element of the offer was for Minotaur's shareholders to first approve the separation of Minotaur's non-kaolin assets and their transfer to subsidiary Demetallica Ltd, with Demetallica to be formally demerged from Minotaur. That approval was given at a meeting on 20 January 2022, in consequence of which all of Minotaur's non-kaolin related assets were transferred to Demetallica subsidiaries, with Minotaur's sole remaining assets being its kaolin interests; 25% of the Great White Kaolin project and 50% of Natural Nanotech Pty Ltd.

Board Reorganisation

Minotaur's Board welcomed two Andromeda representatives on 11 February 2022; Mr James Marsh and Mr Michael Zannes. The expanded board will oversee the change of control transition, culminating in resignation of the incumbent directors on 28 February 2022.

Demetallica's Prospects

Minotaur's ~3,300 shareholders, on 3 February, received approx. 1,000 new shares in Demetallica for each 20,000 Minotaur shares held as at the Record Date of 27 January 2022. Demetallica is preparing for an initial public offering (IPO) and listing on ASX, anticipated to be April 2022 and ASX has reserved the market code DRM for Demetallica.

A joint venture was agreed with OZ Minerals for participation in Demetallica's 'frontier' Peake and Denison project, details of which were published on 1 December 2021.

Prior to the demerger OZ Minerals and Minotaur transacted sale of OZ Minerals' interests in the Eloise JV (70%) and Jericho JV (80% Refer announcement dated 9 December 2021 for details. Minotaur's acquisitions of those interests and preceding purchase (24 August 2021) of Sandfire Resources' interests in the Altia polymetallic deposit (60%) and surrounding tenements (100%) consolidates a strategic land position around the Eloise copper-gold mine, south-east of Cloncurry, Queensland. Demetallica named the asset group the Chimera Polymetal Project.

Offering a mix of copper-gold and base metal mineral deposits the Chimera Polymetal Project cements the foundation for Demetallica's IPO and complements other very prospective projects such as Pyramid, Windsor (both in Queensland) and Peake and Denison (in South Australia).

Subsequent Events

On 24 January 2022, 16,283,164 new ordinary shares were issued by the Company as a result of the exercise of share options.

On 7 January 2022, Demetallica Pty Ltd was granted a change in company type from a private company to a public company.

On 2 February 2022, all of the shares held by Minotaur Exploration Ltd in the disposal group were transferred to Demetallica Ltd. On 3 February 2022, the Demetallica Group demerged from the Minotaur group by distributing the issued share capital in Demetallica Ltd to Minotaur shareholders as at the Record Date of 27 January 2022. Demetallica is preparing for an initial public offering (IPO) and listing on ASX, anticipated to be April 2022 and ASX has reserved the market code DRM for Demetallica.

Directors' Report

On 4 February 2022, 456,953 new ordinary shares in Demetallica Limited were issued to Sandfire Resources Limited as part consideration for the acquisition of the Altia polymetallic, Beena Plains, and Cannington projects.

On 7 February 2022, Andromeda Metals Ltd announced it had declared the takeover offer (Offer) free from all conditions set out in section 14.7 of the Bidder's Statement dated 3 December 2021.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

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 non-executive director of the Company and is a part-time consultant to the Company. Dr Belperio is a Fellow of the Australasian Institute of Mining and Metallurgy and has a minimum of 5 years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2021.

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



Andrew Woskett
Managing Director

Dated this 25th day of February 2022

Auditor's Independence Declaration

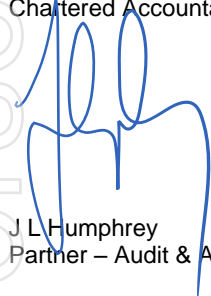
To the Directors of Minotaur Exploration Limited

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 2021, 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 AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 February 2022

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2021

		Consolidated Group	
	Note	31 Dec 2021	31 Dec 2020
Continuing operations		\$	\$
Other income	7	161	1,441
Project generation costs	5	(812,800)	(254,262)
Demerger costs		(277,073)	-
Other expenses		(219,362)	(108,584)
Loss before income tax		(1,309,074)	(361,405)
Income tax benefit		6,029	56,234
Loss from continuing operations		(1,303,045)	(305,171)
Discontinued operations			
Loss from discontinued operations, after tax	9	(1,013,744)	(366,609)
Loss for the period		(2,316,789)	(671,780)
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
(Loss)/Gain on equity instruments designated at fair value through other comprehensive income	10	(161,002)	851,981
Total comprehensive income for the period		(2,477,791)	180,201
Total comprehensive income for the period arises from:			
Continuing operations		(1,303,045)	(305,171)
Discontinued operations		(1,174,746)	485,372
		(2,477,791)	180,201
Earnings per share attributable to equity holders of the parent entity			
Basic earnings per share (cents)		(0.46)	(0.16)
Diluted earnings per share (cents)		(0.46)	(0.16)
Earnings per share attributable to equity holders of the parent entity from continuing operations			
Basic earnings per share (cents)		(0.26)	(0.07)
Diluted earnings per share (cents)		(0.26)	(0.07)

**Consolidated Statement of Financial Position
as at 31 December 2021**

		Consolidated Group	
	Note	31 Dec 2021	30 June 2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	507,646	5,089,698
Trade and other receivables		656	705,099
Other current assets		390	75,589
		508,692	5,870,386
Assets classified as held for sale or distribution	9	14,730,501	120,111
TOTAL CURRENT ASSETS		15,239,193	5,990,497
NON-CURRENT ASSETS			
Financial assets	10	173,950	302,350
Right-of-use assets		-	646,383
Property, plant and equipment		-	504,566
Exploration and evaluation assets	11	3,991,649	8,536,074
TOTAL NON-CURRENT ASSETS		4,165,599	9,989,373
TOTAL ASSETS		19,404,792	15,979,870
CURRENT LIABILITIES			
Trade and other payables	12	1,463,994	1,436,452
Lease liabilities		-	236,664
Borrowings	13	475,000	23,504
Short-term provisions		-	344,420
		1,938,994	2,041,040
Liabilities directly associated with assets classified as held for sale or distribution	9	3,979,741	-
TOTAL CURRENT LIABILITIES		5,918,735	2,041,040
NON-CURRENT LIABILITIES			
Lease liabilities		-	455,832
Borrowings		-	1,245,547
TOTAL NON-CURRENT LIABILITIES		-	1,701,379
TOTAL LIABILITIES		5,918,735	3,742,419
NET ASSETS		13,486,057	12,237,451
EQUITY			
Issued capital	14	59,676,029	55,917,752
Reserves	15	1,163,297	1,409,699
Accumulated losses		(47,353,269)	(45,090,000)
TOTAL EQUITY		13,486,057	12,237,451

Consolidated Statement of Changes in Equity for the half year ended 31 December 2021

Consolidated Group						
		Issued Capital	Share Option Reserve	Other Components of Equity (Note 15)	Accumulated Losses	Total Equity
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2021		55,917,752	1,164,351	245,348	(45,090,000)	12,237,451
Comprehensive income						
Total loss for the period		-	-	-	(2,316,789)	(2,316,789)
Other comprehensive income for the period		-	-	(161,002)	-	(161,002)
Total comprehensive income for the year		-	-	(161,002)	(2,316,789)	(2,477,791)
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares for the acquisition of exploration and evaluation assets	5/14	3,330,000	-	-	-	3,330,000
Issue of options under the Company's Employee Share Option Plan		-	39,600	-	-	39,600
Issue of options for the acquisition of exploration and evaluation assets	5/15	-	92,108	-	-	92,108
Exercise of options		439,713	(163,588)	-	-	276,125
Employee options expired during the period		-	(53,520)	-	53,520	-
Transaction costs on shares issued	14	(11,436)	-	-	-	(11,436)
		3,758,277	(85,400)	-	53,520	3,726,397
Balance at 31 December 2021		59,676,029	1,078,951	84,346	(47,353,269)	13,486,057

Consolidated Statement of Changes in Equity (Continued)
for the half year ended 31 December 2021

Consolidated Group					
	Issued Capital \$	Share Option Reserve \$	Other Components of Equity (Note 15) \$	Accumulated Losses \$	Total Equity \$
Note					
Balance at 1 July 2020	49,684,911	559,521	(759,714)	(42,377,123)	7,107,595
<i>Comprehensive income</i>					
Total loss for the period	-	-	-	(671,780)	(671,780)
Other comprehensive income for the period	-	-	851,981	-	851,981
Total comprehensive income for the year	-	-	851,981	(671,780)	180,201
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares through Share Placement and Share Purchase Plan	14	6,165,683	-	-	6,165,683
Exercise of share options		180,830	(96,830)	-	84,000
Transaction costs on shares issued	14	(331,710)	-	-	(331,710)
		6,014,803	(96,830)	-	5,917,973
Balance at 31 December 2020	55,699,714	462,691	92,267	(43,048,903)	13,205,769

Consolidated Statement of Cash Flows for the half year ended 31 December 2021

		Consolidated Group	
	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,492,965)	(837,290)
Interest received		309	1,861
Finance costs		(395)	(395)
R&D tax incentive received		461,051	432,103
Net cash used in operating activities		(1,032,000)	(403,721)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,111)	(15,771)
Proceeds from sale of tenements		165,000	25,000
Payments for acquisition of tenements		(575,000)	(135,000)
Payments for quoted equity instruments at FVOCI		-	(110,250)
Proceeds from sale of quoted equity instruments at FVOCI		-	1,870,940
Government grants received for exploration activities		238,721	-
Joint operation contributions received		580,436	139,983
Payments for exploration activities		(2,711,959)	(2,045,283)
Net cash used in investing activities		(2,306,913)	(270,381)
Cash flows from financing activities			
Proceeds from the issue of shares		76,125	6,249,683
Payment of transaction costs for issue of shares		(8,026)	(307,475)
Proceeds from borrowings	13	475,000	-
Repayment of borrowings		(11,751)	(11,751)
Net cash provided by financing activities		531,348	5,930,457
Net (decrease)/increase in cash and cash equivalents		(2,807,565)	5,256,355
Net cash from discontinued operations reclassified as held for sale or distribution		(1,774,487)	-
Cash at the beginning of period		5,089,698	2,420,189
Cash at the end of the period	8	507,646	7,676,544

Notes to the Consolidated Financial Statements

Note 1: Nature of operations

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

Note 2: General information and basis of preparation

The interim condensed consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2021 and are presented in Australian dollars (\$), which is the functional currency of the parent company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

Minotaur is a for profit entity for the purposes of preparing these financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 25 February 2022.

Going concern

The Group's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the period ended 31 December 2021 the Group recognised a loss of \$2,316,789, and had accumulated losses of \$47,353,269 as at 31 December 2021.

The Directors consider that the going concern basis of accounting is appropriate, as the Group has entered into the following agreements with Andromeda Metals Limited:

- A \$2 million facility to fund approved expenditure to Breakaway Resources Pty Ltd (renamed Demetallica Pty Ltd) for costs incurred and in anticipation of the demerger; and
- A \$2 million funding agreement to provide Minotaur Exploration Limited short term funding to fund corporate activities and meet cash calls for the Great White Kaolin Joint Venture.

The ability of Minotaur Exploration Limited to continue as a going concern is dependent on the continued financial support of Andromeda Metals Limited. The above circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Notes to the Consolidated Financial Statements

Note 3: Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No amendments and interpretations that are applicable to the Group for the first time in the period beginning 1 July 2021 have been noted to have an impact on the interim condensed consolidated financial statements of the Group.

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

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. In addition:

- On 10 November 2021, Minotaur announced to the market that with Andromeda Metals Limited ("Andromeda") (ASX: ADN) that it had entered into a Bid Implementation Agreement ("BIA"), pursuant to which Andromeda will offer to acquire all the issued ordinary shares of Minotaur by way of an off-market takeover offer ("Offer"). The Offer, once fully implemented, will result in Andromeda consolidating 100% ownership of both the Great White Kaolin Project ("Great White") and Natural Nanotech Pty Ltd ("Natural Nanotech") via the acquisition of Minotaur's current 25% and 50% respective joint venture interests in Great White and Natural Nanotech.
- In parallel to the above, Minotaur announced it would demerge its existing copper and gold exploration assets (excluding Great White and Natural Nanotech) through a group of subsidiaries headed by Demetallica Limited (Demetallica Group), via a pro-rata in specie distribution of Demetallica Group shares (the "Demerger") to Minotaur shareholders.
- On 15 December 2021, Minotaur issued a short form prospectus for an offer to transfer 27,829,457 Demetallica Shares to Company Shareholders of Minotaur Exploration Limited pursuant to a Capital Reduction by way of In Specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 15 December 2021 and to facilitate secondary trading of those shares.
- The Demetallica Group is intended to be listed on the Australian Securities Exchange ("ASX") during early 2022.

As a result of the above, the business of the Demetallica Group has been classified as a discontinued operation. In accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the Group has:

- presented the profit or loss from the Demetallica Group separately from the continuing operations of Minotaur in its Consolidated Statement of Profit or Loss and Consolidated Statement of Other Comprehensive Income in the current period and restated the prior period. Refer to Note 9 for further details;
- presented the assets and liabilities of Demetallica Group as held for distribution separately from other assets and liabilities in the Consolidated Statement of Financial Position as at 31 December 2021 with no re-presentation of amounts presented in the prior period. Refer to Note 9 for further details; and
- continued to present the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows including both continuing operations and discontinued operations.

Notes to the Consolidated Financial Statements

New standards, interpretations and amendments adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There was no material impact of any new standards or interpretations adopted.

Note 4: Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021.

Note 5: Significant events and transactions

During the period, the Group ceased exploring on and reviewed the carrying value of several exploration tenements and, as a result, these tenements held as exploration and evaluation assets were written-off. The total amount of these write-downs for the period were \$464,197, of which related entirely to the disposal group.

Project generation costs incurred during the period totaling \$953,025 (of which \$140,225 and \$812,800 related to the disposal group and continuing operations respectively) that do not meet the definition of exploration costs have been immediately expensed.

The Group completed the sale of the Highlands Project which was classified as a non current asset held for sale at 30 June 2021.

On 24 August 2021, the Group announced that Minotaur Exploration Ltd (ASX: MEP) and Sandfire Resources Ltd (ASX: SFR) agreed to assign full ownership, to Minotaur, of the Altia polymetallic deposit near Cloncurry. Prior to completion of the transaction, Altia was held in joint operation SFR/MEP in the proportions 60 /40 (Sandfire/Minotaur).

Notes to the Consolidated Financial Statements

Additionally, Minotaur agreed to purchase 100% interest in Sandfire's Breena Plains tenements proximal to Altia (and the Jericho and Eloise copper-gold deposits) plus Sandfire's Cannington tenements near Cannington Ag-Pb-Zn mine.

The key transactions details are as follows:

Consider components	Amount	Status
• Cash deposit:	\$100,000 payable on signing	- Paid on 24 August 2021
• Deferred Cash:	\$200,000 payable to Sandfire on conversion of the Consideration Options	- Paid on 17 December 2021
• Shares:	18 million new Minotaur shares payable on completion	- Issued on 17 December 2021
• Consideration Options:	1 million new Minotaur options issued at A\$0.20, expiring March 2024	- Issued on 17 December 2021 - Exercised on 17 December 2021
• Deferred Shares:	9 million new Minotaur shares issued 24 months after completion which has been subsequently revised to be the equivalent value of Demetallica shares on IPO to 9 Million Minotaur shares at settlement date	- Recognised as a financial liability in the Liabilities directly associated with assets classified as held for sale or distribution
• Royalty:	1% NSR over all tenements	- Contingent liability is recognised when the liability is not remote

Note 6: Operating segments

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

	Continuing Operations		Discontinued Operations	
Note 7: Other income	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$
Gain on sale of tenements	-	-	338,944	25,000
Gain on sale of geological data and core samples	-	-	50,000	-
Government grants received	-	-	-	199,500
Other income	161	1,441	157	439
	161	1,441	389,101	224,939

During the period the Group successfully completed the sale of its Highlands project resulting in a gain on sale of tenements totalling \$338,944. The amount solely relates to the disposal group.

Notes to the Consolidated Financial Statements

		Consolidated Group	
		31 December	30 June
		2021	2021
		\$	\$
Note 8: Cash and cash equivalents			
Cash at bank and on hand		2,282,133	5,089,698
Transfer to held for sale or distribution assets	9	(1,774,487)	-
		507,646	5,089,698

Held for sale or distribution

Certain cash balances held at 31 December 2021 are held for the continued operations of Minotaur Exploration with remaining balances to be distributed to the disposal group.

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include \$116,675 that have been received in advance for joint operation related exploration expenditure and are therefore not available for general use by the Group.

In addition, the cash and cash equivalents disclosed above and in the statement of cash flows include \$278,100 relating to deposits to secure tenements and rental tenancy and as such is restricted for this use.

Note 9: Discontinued operations / Amounts held for sale or distribution

(a) Description

On 10 November 2021, Minotaur announced to the market that with Andromeda Metals Limited ("Andromeda") (ASX: ADN) that it had entered into a Bid Implementation Agreement ("BIA"), pursuant to which Andromeda will offer to acquire all the issued ordinary shares of Minotaur by way of an off-market takeover offer ("Offer"). The Offer, once fully implemented, will result in Andromeda consolidating 100% ownership of both the Great White Kaolin Project ("Great White") and Natural Nanotech Pty Ltd ("Natural Nanotech") via the acquisition of Minotaur's current 25% and 50% respective joint venture interests in Great White and Natural Nanotech.

In parallel to the above, Minotaur announced it would demerge its existing copper and gold exploration assets (excluding Great White and Natural Nanotech) through a group of subsidiaries headed by Demetallica Limited (Demetallica Group), via a pro-rata in specie distribution of Demetallica Group shares (the "Demerger") to Minotaur shareholders.

Notes to the Consolidated Financial Statements

(b) Financial performance information

The financial performance for the Demetallica Group discontinued operations for the six months ended 31 December 2021 are as follows:

	31 Dec 2021	31 Dec 2020
	\$	\$
Revenue	67,956	41,831
Other income	389,101	224,939
Impairment of exploration and evaluation assets	(464,197)	(9,546)
Project generation costs	(140,225)	(56,222)
Employee benefits expense	(478,722)	(366,869)
Depreciation expense	(121,970)	(135,020)
Finance costs	(11,997)	(15,746)
Other expenses	(253,690)	(206,248)
Loss from discontinued operations before tax	(1,013,744)	(522,881)
Income tax benefit	-	156,272
Loss from discontinued operations	(1,013,744)	(366,609)
Loss on equity instruments designated at fair value through other comprehensive income	(161,002)	851,981
Other comprehensive income from discontinued operations	(161,002)	851,981
Total comprehensive income from discontinued operations	(1,174,746)	485,372

Notes to the Consolidated Financial Statements

(c) Assets and liabilities of the Demetallica Group disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale or distribution as at 31 December 2021 in conjunction with the demerger of the Demetallica Group:

	31 Dec 2021 \$
Assets classified as held for sale or distribution	
Cash and cash equivalents	1,774,487
Other current assets	78,475
Financial assets	317,398
Right-of-use assets	538,653
Property, plant and equipment	490,326
Exploration and evaluation assets	11,531,162
Total assets classified as held for sale or distribution	14,730,501

	31 Dec 2021 \$
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	135,402
Financial liability – Sandfire deferred consideration (i)	1,665,000
Lease liabilities	586,481
Borrowings	1,261,331
Provisions	331,527
Total liabilities of disposal group held for sale	3,979,741

- (i) As outlined in Note 5 above, the Demetallica Group is required to issue a variable number of shares to Sandfire Resources on its IPO for acquisition of the Altia polymetallic project, Breena Plains project and Cannington project, equating to the equivalent fair value of 9 million Minotaur shares at settlement.

Notes to the Consolidated Financial Statements

(d) Highlands project

During the prior period the Group recognised certain exploration assets relating to the Highlands project as held for sale. In the current period the Group successfully completed the sale of its Highlands project. The movements are summarised below:

	Consolidated Group	
	31 December 2021	30 June 2021
	\$	\$
Opening balance	120,111	-
Add: Transfers from exploration assets	37,104	120,111
Less: Recovery of costs from Larvotto Resources Ltd	(43,658)	-
Less: Sale of tenements	(113,557)	-
	-	120,111

Note 10: Financial assets

Equity instruments at fair value through OCI – shares in listed companies

Opening balance	302,350	901,655
Revaluations to fair value	(161,002)	1,072,480
Disposal of shares in listed companies	-	(1,855,535)
Shares received as part consideration for the sale of Highlands project	350,000	-
Acquisition of shares in listed companies	-	183,750
Transfer to assets held for sale or distribution	(317,398)	-
	173,950	302,350

Note 11: Exploration and evaluation assets

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

Exploration and evaluation phases – Joint Operations	3,991,649	6,339,590
Exploration and evaluation phases – Other	-	2,196,484
	3,991,649	8,536,074

Notes to the Consolidated Financial Statements

Capitalised tenement expenditure movement reconciliation – Consolidated Group:

	Note	Exploration Joint Operations \$	Exploration Other \$	Total \$
Balance at beginning of financial year		6,339,590	2,196,484	8,536,074
Additions through expenditure capitalised (gross)		1,934,718	589,466	2,524,184
Additions through acquisitions		-	5,862,108	5,862,108
Joint operation contributions to expenditure		(898,254)	-	(898,254)
Impairment expense		-	(464,197)	(464,197)
Transfer to assets held for distribution	9	-	(37,104)	(37,104)
Transfer to assets held for sale	9	(3,384,405)	(8,146,757)	(11,531,162)
Balance at the end of the period		3,991,649	-	3,991,649

Note 12: Trade and other payables

	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
Trade payables	83,710	381,545
Great White joint operation contributions payable to Andromeda Metals Ltd	554,603	-
Joint operation funding received in advance	116,675	463,896
Accrued expenses	79,000	35,000
Funds received from Andromeda Metals Ltd relating to Natural Nanotech Pty Ltd	758,316	537,258
Other payables	7,092	18,753
Transfer to liabilities directly associated with assets classified as held for sale or distribution	(135,402)	-
	1,463,994	1,436,452

Notes to the Consolidated Financial Statements

Note 13: Borrowings	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
<i>Current</i>		
Bank borrowings (i)	23,504	23,504
Breakaway funding facility (ii)	475,000	-
	498,504	23,504
Borrowings relating to continuing operations	475,000	-
Borrowings relating to discontinued operations	23,504	23,504
	498,504	23,504
<i>Non-current</i>		
Bank borrowings (i)	282,982	294,733
Jericho project loan carry arrangement (iii)	954,845	950,812
	1,237,827	1,245,545
Borrowings relating to continuing operations	-	-
Borrowings relating to discontinued operations	1,237,827	1,245,545
	1,237,827	1,245,545

- (i) Bank borrowings reflect a secured interest and principal loan relating to the Group's property located in Cloncurry, Queensland. The loan is fully offset by unrestricted cash and there are no annual renewal or review terms.
- (ii) As part of the takeover transaction with Andromeda Metals Ltd, Minotaur Exploration Ltd entered into a funding facility with Andromeda Metals Ltd for costs incurred in anticipation of, and in preparation for, the demerger up to an amount of \$2,000,000. As at 31 December 2021, the amount drawn down by Minotaur Exploration Ltd under this facility was \$475,000. Repayment of the fund drawn down occurs the earlier of:
- The date agreed by the Borrower and Lender after the Borrower becomes a wholly-owned subsidiary of the Lender as a result of the takeover offer;
 - 3 months after the Bid Implementation Agreement is terminated;
 - If the takeover offer does not become unconditional prior to the takeover offer closing, the date that is 3 months after the takeover offer closes.
- (iii) In the Company's ASX Release dated 14 May 2019, the Company announced it had entered into a 'loan carry' arrangement with OZ Minerals Ltd through to commercial production from the Jericho copper deposit. In return, OZ Minerals' beneficial ownership of the Jericho JV increased from 70% to 80% (Minotaur 20%), effective 1 April 2019. From that date, loan amounts advanced by OZ Minerals to the Company will be non-recourse and only repayable out of positive cash flow from production at Jericho.

Notes to the Consolidated Financial Statements

Note 14: Issued capital

522,836,200 (June 2021: 501,339,148) fully paid ordinary shares

Consolidated Group

31 December 2021	30 June 2021
\$	\$
59,676,029	55,917,752
59,676,029	55,917,752

The following is an analysis of Minotaur's fully paid ordinary shares for the half year ended 31 December 2021:

	Number of Shares	\$
Balance at beginning of financial year	501,339,148	55,917,752
Issue of shares for the acquisition of exploration and evaluation assets	18,000,000	3,330,000
Exercise of options	3,497,052	439,713
Share issue costs		(11,436)
Closing balance at end of period	522,836,200	59,676,029

Note 15: Other components of equity

Share option reserve (a)
FVOCI reserve (b)

Consolidated Group

31 December 2021	30 June 2021
\$	\$
1,078,951	1,164,351
84,346	245,348
1,163,297	1,409,699

Notes to the Consolidated Financial Statements

Note 15: Other components of equity (continued)	Consolidated Group	
	31 December 2021 \$	30 June 2021 \$
(a) Share option reserve		
Balance at beginning of financial year	1,164,351	559,521
Issue of options for the acquisition of exploration and evaluation assets	92,108	-
Issue of options to employees and officers under employee share option plan	39,600	772,800
Share options exercised during the year	(163,588)	(167,970)
Transfer to retained earnings upon lapse of options	(53,520)	-
	1,078,951	1,164,351
(b) FVOCI reserve		
Balance at beginning of financial year	245,348	(759,714)
Transfer to accumulated losses upon disposal of listed shares	-	(67,418)
Net revaluation (decrement)/increment	(161,002)	1,072,480
	84,346	245,348

Note 16: Fair value measurement of financial instruments

Fair value hierarchy

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

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

Notes to the Consolidated Financial Statements

Note 16: Fair value measurement of financial instruments (continued)

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2021 and 30 June 2021 on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
31 December 2021	\$	\$	\$	\$
Financial assets at fair value				
<i>Equity instruments designated at FVOCI</i>				
Equity instruments	491,348	-	-	491,348
	491,348	-	-	491,348

	Level 1	Level 2	Level 3	Total
30 June 2021	\$	\$	\$	\$
Financial assets at fair value				
<i>Equity instruments designated at FVOCI</i>				
Equity instruments	302,350	-	-	302,350
	302,350	-	-	302,350

Measurement of fair value of financial instruments

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

Listed securities

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

Fair value of other financial assets and financial liabilities

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

Notes to the Consolidated Financial Statements

Note 17: Contingent assets and liabilities

At the date of signing this report, the Group is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137. It is however noted that the Group has established various bank guarantees in place with a number of State Governments in Australia, totaling \$278,100 at 31 December 2021 (June 2021: \$255,000). 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 disturbance for which it is responsible. It is noted that the bank guarantees have, as at the date of signing this report, never been utilised by any State Government

Note 18: Controlled entities

Name of entity	Country of incorporation	Ownership interest	
		31 December 2021 %	30 June 2021 %
Parent entity			
Minotaur Exploration Limited	Australia		
Subsidiaries			
Minotaur Gold Mines Pty Ltd (i) (iii)	Australia	100	100
Minotaur Operations Pty Ltd (i) (iii)	Australia	100	100
Minotaur Resources Investments Pty Ltd (i) (iii)	Australia	100	100
Minotaur Industrial Minerals Pty Ltd	Australia	100	100
Great Southern Kaolin Pty Ltd	Australia	100	100
Demetallica Pty Ltd (i) (ii) (iii)	Australia	100	100
Levuka Resources Pty Ltd (i)	Australia	100	100
Natural Nanotech Pty Ltd	Australia	100	100

- (i) These entities are part of the disposal group.
(ii) On 18 November 2021, Breakaway Resources Pty Ltd legally changed its name to Demetallica Pty Ltd. In addition, on 7 January 2022, Demetallica Pty Ltd was granted a change in company type from a private company to a public company.
(iii) Subsequent to the reporting date, and prior to the signing of this report, these entities have legally changed their name, as follows:

Previous company name	Current company name
Minotaur Gold Mines Pty Ltd	Demetallica Gold Mines Pty Ltd
Minotaur Operations Pty Ltd	Demetallica Operations Pty Ltd
Minotaur Resources Investments Pty Ltd	Demetallica Investments Pty Ltd
Breakaway Resources Pty Ltd	Demetallica Ltd (see point (ii) above)

On 2 February 2022, all of the shares held by Minotaur Exploration Ltd in the disposal group were transferred to Demetallica Ltd. The Demetallica Group then demerged from the Minotaur group by distributing the issued share capital in Demetallica Ltd to Minotaur shareholders on 3 February 2022.

Notes to the Consolidated Financial Statements

Note 19: Post-reporting date events

On 24 January 2022, 16,283,164 new ordinary shares were issued by the Company as a result of the exercise of share options.

On 2 February 2022, all of the shares held by Minotaur Exploration Ltd in the disposal group were transferred to Demetallica Ltd.

On 3 February 2022, the Demetallica Group demerged from the Minotaur group by distributing the issued share capital in Demetallica Ltd to Minotaur shareholders as at the Record Date of 27 January 2022.

On 4 February 2022, 456,953 new ordinary shares in Demetallica Limited were issued to Sandfire Resources Limited as part consideration for the acquisition of the Altia polymetallic, Beena Plains, and Cannington projects.

On 7 February 2022, Andromeda Metals Ltd announced it had declared the takeover offer (Offer) free from all conditions set out in section 14.7 of the Bidder's Statement dated 3 December 2021.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future.

Directors' Declaration

1. In the opinion of the directors of Minotaur Exploration Ltd:
- a) the consolidated financial statements and notes of Minotaur Exploration Ltd are in accordance with the *Corporations Act 2001*, including
 - i) giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, and;
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Andrew Woskett
Managing Director

Dated this 25th day of February 2022

Independent Auditor's Review Report

To the Members of Minotaur Exploration Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Minotaur Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Minotaur Exploration Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$2,316,789 during the half year ended 31 December 2021 and as of that date has total accumulated losses of \$47,353,269. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 February 2022