Appendix 4D
Half Year Report to the Australian Stock Exchange

Name of Entity	Minerals Corporation Limited
ABN	51 002 529 160
Half year ended	31 December 2008
Previous corresponding period	31 December 2007

Results for announcement to the market

	$'000	**Percentage increase/ (decrease) over previous corresponding period**
Revenue from ordinary activities	3,689	(17.0%)
Loss from ordinary activities after tax attributable to members	(11,694)	(102.3%)
Net loss for the period attributable to members	(11,694)	(102.3%)

No interim dividend was paid and it is not proposed to pay any dividends.

Net loss for the period includes amortisation/depreciation expense of $2.4 million (2007-$2.6 million) and finance costs of $6.0 million (2007-$5.5 million).

	Current period	Previous corresponding period
Net tangible assets per ordinary security	0.7 cents	1.9 cents

This report is based on accounts which have been subject to review. It is recommended that this report is read in conjunction with the annual financial report for the year ended 30 June 2008 and the interim financial report for the period ended 31 December 2007.

MINERALS CORPORATION LIMITED

A.B.N. 51 002 529 160

HALF-YEAR FINANCIAL REPORT

31 December 2008

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COMPANY DIRECTORY

Directors

D W Sutherland, AM, BA, FCA, FCIS, JP
Non executive Chairman
Chairman of Corporate Governance Committee

C V Alexander, FCA, CF, FAusIMM, FAICD, JP
Managing Director

G A Birch, BA Econ (Hons)
Non executive Director
Member of Corporate Governance Committee

Company Secretary

R V K Lo, B Com, CPA, JP

Chief Financial Officer

George Gaal, B Bus, CPA, FCIS

Registered Office
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Facsimile	(02)	9299 6733
Email	ghq@mineralscorp.com.au	
Website	www.mineralscorp.com.au	

Share Registry
Computershare Investor Services Pty Ltd
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Perth WA 6000

Telephone	(08)	9323 2000
Facsimile	(08)	9323 2033

Auditor
Grant Thornton NSW
Level 17, 383 Kent Street
Sydney NSW 2000

Stock Exchange listing
Australian Stock Exchange, Sydney
Code: MSC

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008.

DIRECTORS
The names of directors who held office during or since the end of the half-year:

D W Sutherland
C V Alexander
G A Birch

All directors held office from the start of the half-year through to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS
Net loss for the period amounted to $11.694 million (2007: $5.780 million). There was a depreciation and amortisation expense of $2.430 million (2007: $2.549 million) and finance costs of $6.009 million (2007: $5.513 million).

China Clay Minerals
Australian China Clays Limited holds all the Company's clay assets and has three main divisions described below with a combined management team which has been upgraded during the year.

Skardon River Kaolin
After engaging in extensive testwork with a number of companies in the Australian cement industry and polymer export industries, we expect to commence commercial production of the kaolin based "green" cement in the very near future. The recent focus has been on satisfactorily completing bulk trials to end users.

Swan River Kaolin
As previously reported, the Swan River pilot plant work programme has been successfully completed. Product specifications and customer interest levels have been determined enabling an attractive business plan to be established for commercialising the project. An independent valuation of $35.9 million for this project has been completed by Hall Chadwick Corporate (NSW) Limited using a discount rate of 15.5% on mid range assumption factors.

Chinese Exports
With the continuing demand for quality Chinese kaolin, the revenues from this operation are expected to increase in the latter half of the financial year following the signing of a new marketing and supply agreement in November 2008 with a local manufacturer.

To meet the start up production funding requirements, Australian China Clays Limited has issued an Offer Information Statement during December to raise up to a maximum of A$9 million through the issue of preference shares.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Queensland Copper – Bellfield (MSC-50% DRX-50%)
This is a 50/50 venture with Diatreme Resources Limited (DRX). Drilling activity is expected to commence in 2009 following Traditional Owner clearance. Meantime, high grade mineralised ground samples were collected in Q4 2008 following some early leads from the Aeromag survey flown mid year. This survey has many pleasing anomalous features and will take some time to fully evaluate. DRX have a high degree of expertise in base metals exploration.

Eucla Basin Zircon (MSC Group-25% DRX-75%)
Diatreme Resources Limited (DRX) has announced that further assays confirm the potential of the Wanna Lakes Mineral Sands discoveries in the Eucla Basin Heavy Minerals Province. The potential to locate further zircon rich HM sands in the area is reported to be high. DRX reported that the further drillings it has carried out confirms increased resource size and increased geological understanding, raising the project's confidence level of reporting of the resource. Further drilling is expected to continue to enable a revised resource estimate to be issued in 2009.

ROUNDING OF AMOUNTS

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars.

SUBSEQUENT EVENTS AFTER BALANCE DATE

(a) Issue of shares

In January 2009, the Company carried out a private placement of 250,000,000 ordinary shares at 0.8 cents per share to raise $2 million for working capital and repayment of loans.

(b) Disposal of non core assets

Following a decision to focus its future efforts on the emerging kaolin business, in January 2009 the company sold 39,899,164 shares held in China Century Capital Limited for approximately $0.8 million, thereby realising $0.6 million in profit. The proceeds have been used to meet working capital requirements of the continuing business and to retire debt.

During February 2009 the Company made the decision to sell its 4.5% shareholding in Gulf Alumina Pty Ltd, an unlisted bauxite mining exploration company for approximately $122,000.

(c) Preference shares offer by subsidiary

In December 2008, the Company's subsidiary, Australian China Clays Limited announced a $9 million preference shares offer with closing date of 20 February 2009. This Offer will be used to roll-out the kaolin based environmentally friendly "green" cement products in Q1 2009 and repay the Company's maturing debentures.

The closing date was extended to 6 March 2009 to enable potential investors sufficient time to consider an expected upcoming announcement on newly developed fire resistant construction industry products.

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION
The lead auditor's independence declaration under section 307C of the Corporation Act 2001 is set out on page 6 for the half-year ended 31 December 2008 and forms part of this report.

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

C. V. ALEXANDER
Managing Director

Sydney
27 February 2009

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MINERALS CORPORATION LIMITED

In accordance with the requirements of section C of the Corporations Act as lead auditor for the review of Minerals Corporation Limited for the half year ended December 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 in relation to the review and

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

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney February

Minerals Corporation Limited and Controlled Entities
ABN 51 002 529 160

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Entity	
	31.12.2008	31.12.2007
	$'000	$'000
Sales of goods	**726**	969
Rendering of services	**-**	84
Interest income	**2,888**	3,024
Other revenue	**75**	370
Total revenue	**3,689**	4,447
Deferred gain on sale and leaseback of assets	**1,308**	1,308
Gain on sale of investments	**-**	4,018
Changes in inventories of finished goods	**(133)**	454
Raw materials and consumables used	**(1,119)**	(2,366)
Employee benefits expense	**(2,994)**	(2,327)
Finance costs	**(6,009)**	(5,513)
Share of net loss of associates	**(1,122)**	(297)
Professional fees	**(872)**	(382)
Impairment of investments	**(1,037)**	(1,833)
Loss on disposal of fixed asset	**(367)**	-
Other expenses	**(1,094)**	(752)
Loss before depreciation, amortisation and income tax	**(9,750)**	(3,243)
Depreciation and amortisation expenses	**(2,430)**	(2,549)
Loss before income tax	**(12,180)**	(5,792)
Income tax expense	**-**	-
Loss from continuing operations	**(12,180)**	(5,750)
Loss from discontinuing operations	**-**	(42)
Net loss after income tax expense	**(12,180)**	(5,792)
Net loss attributable to minority interests	**486**	12
Net loss attributable to members of the parent entity	**(11,694)**	(5,780)
Basic loss per share	**(0.5 cents)**	(0.3 cents)
Diluted loss per share	**(0.5 cents)**	(0.3 cents)

This financial report should be read in conjunction with the accompanying notes.

Minerals Corporation Limited and Controlled Entities
ABN 51 002 529 160

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Consolidated Entity	
	31.12.2008	30.06.2008
	$'000	$'000
CURRENT ASSETS		
Cash and cash equivalents	**67**	237
Financial assets	**1,511**	1,611
Trade and other receivables	**7,887**	9,843
Inventories	**2,473**	2,602
Other current assets	**1,967**	1,917
TOTAL CURRENT ASSETS	**13,905**	16,210
NON-CURRENT ASSETS		
Receivables	**40,708**	41,703
Investments accounted for using the equity method	**1,249**	2,379
Financial assets	**147**	1,184
Property, plant and equipment	**48,519**	51,566
Exploration and evaluation costs	**3,487**	3,435
Intangible assets	**18,159**	18,293
TOTAL NON-CURRENT ASSETS	**112,269**	118,560
TOTAL ASSETS	**126,174**	134,770
CURRENT LIABILITIES		
Trade and other payables	**6,808**	5,731
Short-term borrowings - project	**7,556**	7,556
Short-term borrowings - convertible notes	**6,243**	6,243
Short-term borrowings - debentures	**18,299**	18,679
Short-term borrowings - others	**2,989**	5,238
Short-term provisions	**992**	967
Other - deferred income	**2,775**	2,775
TOTAL CURRENT LIABILITIES	**45,662**	47,189
NON-CURRENT LIABILITIES		
Long-term borrowings - project	**46,466**	47,183
Long-term borrowings - others	**459**	496
Redeemable preference shares	**1,084**	1,084
Long-term provisions	**211**	190
Other - deferred income	**24,198**	25,585
TOTAL NON-CURRENT LIABILITIES	**72,418**	74,538
TOTAL LIABILITIES	**118,080**	121,727
NET ASSETS	**8,094**	13,043
EQUITY		
Issued capital	**110,545**	107,499
Reserves	**2,474**	2,474
Accumulated losses	**(109,736)**	(98,042)
Parent entity interest	**3,283**	11,931
Minority interest	**4,811**	1,112
TOTAL EQUITY	**8,094**	13,043

This financial report should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Share Capital			Reserves			
	Ordinary $'000	Redeemable Preference $'000	Accumulated Losses $'000	Option $'000	Asset Revaluation $'000	Minority Interests $'000	Total $'000
Consolidated entity							
Balance at 01.07.2007	**98,484**	**2,788**	**(79,157)**	**432**	**4,337**	**396**	**27,280**
Prior period reclassification	-	-	2,538	-	(2,538)	-	-
Impairment transfer to income statement	-	-	-	-	1,833		1,833
Revaluation decrement	-	-	-	-	(1,158)	-	(1,158)
Net loss recognised directly in equity	-	-	2,538	-	(1,863)	-	675
Loss attributable to members of parent entity	-	-	(5,780)	-	-	-	(5,780)
Total recognised income and expense for the period	-	-	(5,780)	-	-	-	(5,780)
Shares issued during the period	4,147	-	-	-	-	-	4,147
Equity raising costs	(22)	-	-	-	-	-	(22)
Minority interest	-	-	-	-	-	726	726
Balance at 31.12.07	**102,609**	**2,788**	**(82,399)**	**432**	**2,474**	**1,122**	**27,026**
Balance at 01.07.2008	**104,711**	**2,788**	**(98,042)**	**-**	**2,474**	**1,112**	**13,043**
Revaluation decrement	-	-	-	-	-	-	-
Net loss recognised directly in equity	-	-	-	-	-	-	-
Loss attributable to members of parent entity	-	-	(11,694)	-	-	-	(11,694)
Total recognised income and expense for the period	-	-	(11,694)	-	-	-	(11,694)
Shares issued during the period	3,280	-	-	-	-	-	3,280
Equity raising costs	(234)	-	-	-	-	-	(234)
Minority interest	-	-	-	-	-	3,699	3,699
Balance at 31.12.08	**107,757**	**2,788**	**(109,736)**	**-**	**2,474**	**4,811**	**8,094**

This financial report should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Entity	
	31.12.2008	31.12.2007
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	851	1,705
Payments to suppliers and employees	(5,471)	(5,157)
Interest received	130	152
Finance costs	(1,481)	(1,310)
Net cash used in operating activities	(5,971)	(4,610)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	227	-
Purchase of property, plant and equipment	(7)	(270)
Payment for other financial assets	-	(750)
Proceeds from sale of investments	-	4,706
Loan to related parties	(1,073)	-
Net cash provided by investing activities	(853)	3,686
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,651)	(6,201)
Repayment of finance lease principal	(95)	(709)
Proceeds from issue of shares	7,591	1,166
Proceeds from borrowings	850	7,023
Payment for equity raising costs	(41)	(22)
Net cash provided by financing activities	6,654	1,257
Net increase / (decrease) in cash held	(170)	333
Cash at the beginning of the reporting period	237	511
Cash at the end of the reporting period	67	844

This financial report should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1 BASIS OF PREPARATION

The half-yearly consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134; Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Minerals Corporation Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-yearly report does not include full disclosure of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-yearly report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern Basis of Accounting

The consolidated entity has made an operating loss of $11.694 million and experienced a decline in working capital, with current liabilities exceeding current assets by $31.757 million, primarily as a result of $18.299 million of debentures maturing on 31 March 2009 and $6.243 million of convertible notes. As at 31 December has minimal cash reserves to satisfy current debts and future operating costs, which creates an inherent uncertainty in relation to going concern. Under the requirements of Australian Accounting Standards, the directors have reviewed whether the consolidated entity can continue to operate as a going concern by assessing its ability to realise its assets and settle liabilities in the normal course of business and for at least the amounts stated.

The directors have prepared the financial statements on a going concern basis, as the directors have a number of strategies in progress to generate revenues from operations, realise certain non-current assets, raise additional finance and refinancing of debentures, including:

1. The directors believe the Skardon River Kaolin (SRK) operation is expected to reach cash flow breakeven in 2009/10. There has been acceptance of SRK products by various overseas and local customers and ongoing discussions with prospective contract customers, although at the date of this report contracts have not yet been signed.

2. The directors expect that the Company will raise more than adequate funding for its future needs from the Australian China Clays Limited Preference Share Offer and its planned listing of Australian China Clays Limited on the Australian Stock Exchange (ASX) in Q2 2009.

3. The Company's $18.299 million debentures mature on 31 March 2009 and they have been classified as current liabilities accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1 BASIS OF PREPARATION (continued)

4. The Directors believe the underlying value of the assets in SRK is adequate to enable the consolidated entity to raise additional equity when required. In addition, and should it be necessary, the Company has a number of options available to it for funding its operations or other financial commitments including the draw down on an equity placement facility with Cornell Capital or asset sales.

Notwithstanding the material uncertainties of future events inherent in the above strategies, the directors consider it is appropriate to prepare the financial statements on a going concern basis and hence no adjustments have been made in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

NOTE 2 LOSS FROM ORDINARY ACTIVITIES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Consolidated Entity	
	31.12.2008	31.12.2007
Income items:	**$'000**	$'000
Interest earned from sale and lease back financing	**2,888**	3,024
Amortisation of deferred income	**1,308**	1,308
Proceeds on disposal of investments	**-**	12,298
Carrying amount of investments sold	**-**	(8,280)
Net gain on sale of investments	**-**	4,018
Expense items:		
Amortisation of leased assets	**1,868**	1,895
Finance costs	**6,009**	5,513

NOTE 3 DISPOSAL OF FIXED ASSETS

During the period the Company disposed of a barge:		
Proceeds from sale of fixed asset	**227**	-
Write down value of asset sold	**(594)**	-
Net loss on sale of fixed asset	**(367)**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 4 CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

	Consolidated Entity	
	31.12.2008	31.12.2007
	$'000	$'000
(i) Cumulative dividends for preference shares	**1,378**	1,107

(ii) Ownership dispute

At balance date, there is a dispute in relation to the ownership of a piece of mobile equipment with a net book value of $137,208. The directors are currently defending the action. A provision of $80,000 has been provided for based on a settlement offer made by management. However, as this has not been accepted by the counterparty, it is deemed appropriate to include this matter as a contingent liability, due to the uncertainty of any final settlement.

NOTE 5 SEGMENT INFORMATION

Primary reporting – business segments
The consolidated entity operates in two industries, being the mining and minerals processing and contract mining industries. The consolidated entity operated in one geographical segment, being Australia. Inter-segment pricing is on an "arms-length" basis.

	Mining and minerals processing		Westhire Pty Limited		Eliminations		Consolidated entity	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Primary reporting – Business segments								
REVENUE								
External sales	726	969	-	84	-	-	726	1,053
Other revenue	2,963	3,394	-	-	-	-	2,963	3,394
Other segments	54	65	108	108	(162)	(173)	-	-
Total sales revenue	3,376	4,428	108	192	(162)	(173)	3,689	4,447
Total segment revenue							3,689	4,447
RESULT								
Segment result	(11,786)	(5,738)	92	(42)	-	-	(11,694)	(5,780)
Loss before income tax expense								
Income tax expense							-	-
Net loss							(11,694)	(5,780)
ASSETS								
Segment assets	126,088	134,614	1,760	1,799	(1,674)	(1,643)	126,174	134,770
Total assets							126,174	134,770
LIABILITIES								
Segment liabilities	117,795	121,297	285	430	-	-	118,080	121,727
Total liabilities							118,080	121,727
OTHER								
Depreciation and amortisation of segment assets	2,476	2,539	(70)	23	24	(13)	2,430	2,549

NOTE 6 IMPAIRMENT REVIEW

Skardon River Kaolin has been assessed as a cash generating unit and an impairment test has been performed by the Company's management using data from an independent valuation from Hall Chadwick Corporate (NSW) Limited as guidance. At balance date, the carrying value of the Skardon River generating unit comprises of:

	$'000
Property, plant and equipment	48,084
Development and project cost	18,159
Total carrying value	66,243

An impairment test was prepared on the financial projections prepared by the company and has been based on the best-estimate assumptions of the company's management.

The ultimate recovery of the value of the consolidated entity's mineral tenements is primarily dependent on the success of future development, achievement of sales forecasts or alternatively, realisation by sale.

The key assumptions used in the impairment test were as follows:

- Inferred resources from drilling of only part of the known mineral area totalling 12.2 million tonnes with a mine life of 11 years (based on reserves only at 150,000 tonnes per annum);
- Expected estimated mine life of the total resource is in excess of 100 years at 175,000 tonne per annum;
- Annual production/sales levels have been assessed as follows:

Year	Projected annual sales (tonnes)	Projected annual production (tonnes)
2008/2009	189,354	20,745
2009/2010	490,040	46,605
2010/2011	760,240	64,203
2011/2012	965,940	75,862
2012/2013	965,940	75,862

- Management has assessed these sales forecasts on the basis of discussions with existing customers and agents, discussion with prospective customers and customer approvals of new cement products.
- The mine is in a start-up phase and therefore has limited sales history. At the date of this report the company does not have well established or contracted level of sales orders. Accordingly, there is an inherent uncertainty over the achievement of these sales forecasts. If the mine does not achieve its business plan and projected sales, this will impact upon the calculated recoverable amount;
- Cash flow projections for 5 years were used and earnings after 5th year are assumed to be in line with the results of the 5th year and to remain relatively constant thereafter;
- Annual inflation factor of 3.5% per annum;
- Discount rate of 17.88%.

NOTE 6 IMPAIRMENT REVIEW (continued)

As some of the assumptions used in the independent valuation do not comply with AASB 136: Impairment of Assets, the Company's management had used some of the assumptions used in the independent valuation as guidance for their impairment test of the Skardon River Kaolin cash generating unit. The directors have assessed that the recoverable amount of Skardon River Kaolin under the impairment test basis is $528 million.

NOTE 7 EVENTS SUBSEQUENT TO REPORTING DATE

(a) Issue of shares

In January 2009, the Company carried out a private placement of 250,000,000 ordinary shares at 0.8 cents per share to raise $2 million for working capital and repayment of loans.

(b) Disposal of non core assets

Following a decision to focus its future efforts on the emerging kaolin business, in January 2009 the company sold 39,899,164 shares held in China Century Capital Limited for approximately $0.8 million, thereby realising $0.6 million in profit. The proceeds have been used to meet working capital requirements of the continuing business and to retire debt.

During February 2009 the Company made the decision to sell its 4.5% shareholding in Gulf Alumina Pty Ltd, an unlisted bauxite mining exploration company for approximately $122,000.

(c) Preference shares offer by subsidiary

In December 2008, the Company's subsidiary, Australian China Clays Limited announced a $9 million preference shares offer with closing date of 20 February 2009. This Offer will be used to roll-out the kaolin based environmentally friendly "green" cement products in Q1 2009 and repay the Company's maturing debentures.

The closing date was extended to 6 March 2009 to enable potential investors sufficient time to consider an expected upcoming announcement on newly developed fire resistant construction industry products.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 15:
   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

   (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.

2. 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, as set out in Note 1 to the accounts.

This declaration is made in accordance with a resolution of the Board of Directors.

C.V. Alexander
Director

Sydney
27 February 2009

Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINERALS CORPORATION LIMITED

Report on the half year financial report

We have reviewed the accompanying half year financial report of Minerals Corporation Limited which comprises the consolidated balance sheet as at December and the consolidated income statement consolidated statement of changes in equity and consolidated cash flow statement 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 the Company and the entities it controlled at the half year's end or from time to time during that 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 This responsibility includes establishing and maintaining internal control 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 Auditing Standard on Review Engagement ASRE Review of Interim and Other Financials 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 including giving a true and fair view of the consolidated entity's financial position as at December and its performance for the half year ended on that date and complying with Accounting Standard AASB Interim Financial Reporting and the Corporations Regulations

Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MINERALS CORPORATION LIMITED □CONT□

Auditor's responsibility □cont□

As the auditor of Minerals Corporation Limited□ ASRE □□□□ requires that we comply with the ethical requirements relevant to the audit of the annual financial report□

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

Independence

In conducting our review□ we complied with the independence requirements of the Corporations Act □□□□□

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 Minerals Corporation Limited is not in accordance with the Corporations Act □□□□ including□

□ giving a true and fair view of the consolidated entity's financial position as at □□ December □□□□ and of its performance for the half year ended on that date□ and

□ complying with Accounting Standard AASB □□□ Interim Financial Reporting and Corporations Regulations □□□□□

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion□ we draw attention to the following matter□ As described in Note □ to the financial report□ the consolidated entity has made an operating loss and the consolidated entity has a deficiency in working capital□ The directors have detailed a number of alternative strategies for improving the working capital position of the consolidated entity but at the date of this report these are still in progress□ The consolidated entity are dependent on the successful negotiation of further funding to provide sufficient funds as required until operations are cash positive□

The above matters indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of the business and at the amounts stated in the financial report□

Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MINERALS CORPORATION LIMITED (CONT)

Significant uncertainty regarding the achievement of sales forecasts

Without qualifying our conclusion, attention is drawn to the following matter. As described in Note [illegible] to the financial report, the directors have performed an impairment test in accordance with the requirements of AASB [illegible] – Impairment of assets. As at [illegible] December [illegible] the directors have assessed that Skardon River Kaolin is a cash generating unit and the recoverable amount is [illegible]. The net book value of this cash generating unit's assets is [illegible].

The operations of the Skardon River Kaolin cash generating unit has emerged from its market development phase and to date the company has not generated significant sales from this cash generating unit. The impairment test and the resultant recoverable amount has been based upon the company's budgets and forecasts, which includes significant sales growth. The recoverable amount is therefore dependent upon the cash generating unit successfully achieving its business plan, including its budgeted sales levels.

The success or otherwise of the consolidated entity achieving its sales budget is contingent upon future events, which at the date of this report are not capable of reasonable measurement.

Accordingly there is significant uncertainty over the consolidated entity's ability to achieve its sales forecast. If the sales forecasts are not achieved, this will result in a reduction to the recoverable amount of the cash generating unit's assets and could give rise to an impairment write down.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, [illegible] February [illegible]