

For personal use only

Mindax Limited

ABN: 28 106 866 442

Financial report for the financial year ended
30 June 2007

CORPORATE DIRECTORY

DIRECTORS

Gilbert Charles George (Non-executive, Chairman)
Gregory John Bromley (Managing Director)
Nicholas James Smith (Non-executive Director)

PRINCIPAL OFFICE

Suite 9/ 57 Labouchere Road
South Perth WA 6151

PO Box 8242
Angelo Street
South Perth WA 6951
Telephone (08) 9474 3266
Facsimile (08) 9474 3299
Website www.mindax.com.au

REGISTERED OFFICE

21 Teddington Road
Burswood WA 6100

Telephone: (08) 9486 2333
Facsimile: (08) 9355 4580

AUDITORS

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008

COMPANY SECRETARY

Angelo Francesca

BANKERS

Commonwealth Bank
1254 Hay Street
West Perth WA 6005

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

Shares and options over unissued shares in
Mindax Limited are quoted on the Australian
Stock Exchange Limited:

ASX codes: MDX (shares)
MDXOA (options)

Annual financial report for the financial year ended 30 June 2007

	Page
Corporate governance statement	1
Directors' report	5
Auditors' independence declaration	14
Independent audit report	15
Directors' declaration	17
Income statements	18
Balance sheets	19
Statements of changes in equity	20
Cash flow statements	21
Notes to the financial statements	22

For personal use only

Corporate governance statement

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. Mindax Limited is a junior exploration company.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Stock Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

However, at this stage of the Company's corporate development, implementation of the ASX Corporate Governance Council ten core principles, whilst wholeheartedly supported, is not practical in every instance given the modest size and simplicity of the business. The core principles are noted as follows:

The core principles are establishment of the role of the Board, its composition (with a balance of skills, experience and independence appropriate to the nature and extent of operations), and the need for integrity (among those who influence strategy and financial performance, together with responsible and ethical decision-making). Presenting the Company's financial and non-financial position requires processes that safeguard, both internally and externally, the integrity of Company reporting and its provision in a timely and balanced manner. The rights of shareholders must be recognised and upheld. Risk must be managed through effective oversight and internal control. Board and management effectiveness must be encouraged. Remuneration must attract and retain talented and motivated directors and employees with a clear relationship to corporate and individual performance. And finally, the legitimate interest of all stakeholders must be recognised.

The details of the current and evolving governance practices are identified in the following pages.

BOARD OF DIRECTORS

Role of the Board

The Board has the responsibility of protecting the rights and interest of shareholders and enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for:

- the corporate governance of the Company;
- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies; and
- reviewing the performance against stated objectives by receiving regular management reports on the business situation, opportunities and risks.

Structure of the Board

The Company has a three member Board comprising one executive director and two non-executive directors, including the Chairman. The roles of Chairman and Managing Director are not combined. All directors reside in Perth, Western Australia. Mr Bromley is not considered independent by virtue of his executive role in the Company, neither is Mr Smith nor Mr George by virtue of financial remuneration received on a consulting basis during the year.

The full Board currently hold a number of scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address significant matters as they arise.

Standing Board meeting agenda items include the Managing Director's report, financial reports, strategic matters, governance and compliance.

Board members should possess complementary business disciplines and experience aligned with the Company objectives. The experience and qualifications of directors are noted in the Directors' Report.

Where any director has a personal interest in a matter, the director is not permitted to be present during discussions or to vote on the matter. The enforcement of this requirement ensures that the interest of shareholders, as a whole, are pursued and not jeopardised by a lack of a majority of independent directors.

Having regard to the structure of the Board and of senior management, it is considered appropriate by the Board to effectively utilise Messrs Smith and George's skills as consultants to provide crucial peer review of the corporate, legal and commercial aspects of the Company's operations.

Mr George acts as Chairman of the Company and while not satisfying the 'independence test' set out in the ASX Corporate Governance Council Practice Recommendations, it is considered Mr George's appointment is in the best interests of the Company and is without conflict given its size.

The Board formed an Audit committee (commenced December 2004) and a Remuneration committee (commenced December 2004) comprising the non-executive directors, with Mr Smith Chairman of both.

The Company will give consideration at an appropriate juncture in the Company's development, for the creation of a Nomination committee. The current size of the full Board permits it to act as the nomination committee and to regularly review membership. The Board will give consideration to appointment of specialist and independent directors when the activities and scale of operation of the Company warrant such appointments.

The Board intends to introduce a formal process of self assessment of its collective performance, the performance of individual directors and of Board committees. Due to the scheduling of Board meetings, such formal process was not finalized and no formal assessment was undertaken during the year ended 30 June 2007.

AUDIT PROCESSES AND POLICIES

The Board is responsible for the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. A charter (terms of reference) is being formulated and evolving.

The responsibilities include:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- monitoring the effective operation of the risk management and compliance framework;
- reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- the nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The minutes of all committee meetings are circulated to all directors.

The external auditor, merged with another accounting firm during the financial year and changed its name to BDO Kendalls Audit & Assurance (WA) Pty Ltd ("BDO Kendalls"). BDO Kendalls has engagement terms refreshed annually and has indicated its independence to the Board. BDO Kendalls were appointed as auditors in December 2003.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Audit committee is responsible for reviewing and reporting to the Board on the Company's financial reports and external audit processes.

The Managing Director and Company Secretary provide a certification to the Board on the integrity of the Company's external financial reports. This reporting structure was adopted for the financial year ended 30 June 2007.

The Managing Director and Company Secretary are not specifically required to provide additional certification that the financial statements are founded on sound risk management systems and that compliance and control systems are operating efficiently and effectively.

The Board considers that risk management and internal compliance and control systems are sufficiently robust for the Board to place reliance on the integrity of the financial statements without the need for an additional certification by management.

RESPECT THE RIGHTS OF SHAREHOLDERS AND STAKEHOLDERS

The Board adopts communications strategies and practices to promote communication with shareholders, in language capable of interpretation, and to encourage effective participation at General Meetings. The external auditor will attend the meeting to respond to specific questions from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- reports distributed to all shareholders; and
- notices of all meetings to shareholders.

The Board encourages full participation of shareholders at the General Meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to shareholders as single resolutions.

Shareholders are requested to vote on the appointment of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder upon request.

Material information is lodged immediately with the ASX and on acknowledgement, disseminated by posting to the website.

TIMELY AND BALANCED DISCLOSURES

The Board supports the Australasian Investor Relations Association “Best Practice Guidelines for Communication between Listed Entities and the Investment Community”. The Board endorses a culture in favour of continuous disclosure and recognises the benefits of consistency to be achieved through a dedicated authorised spokesperson.

Material information is lodged immediately with the ASX and on acknowledgement disseminated by posting to the website. A strict protocol is practiced for all investors/ analyst/ media meetings, group briefings and conference calls.

DEALINGS IN COMPANY SHARES

The Board formally instituted a Company requirement in December 2004 that limits the purchase or disposal of shares by directors, officers and employees to the period of 2 to 16 days after release of quarterly reports.

Directors, officers and employees with any non-public sensitive information are prohibited from purchasing or disposing of Company shares, in accordance with the Corporations Act 2001.

Directors must also advise the Company of any transactions conducted by them in the shares of the Company, in accordance with the Corporations Act 2001 and ASX Listing Rules.

REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration committee advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for executive and non-executive directors and in respect of all equity based remuneration plans.

The remuneration policy states that executive directors may participate in share option schemes with the prior approval of shareholders. Other executives may also participate in employee share option schemes, with any option issues normally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in appropriate circumstances.

ACCESS TO PROFESSIONAL ADVICE

Issues of substance are considered by the Board with external advice from its professional advisers as required. The Board’s individual members can seek independent professional advice at the Company’s expense in carrying out their duties.

SUMMARY

Mindax Limited has adopted or is in the process of adopting the following policies and charters: Board Charter, Code of Conduct, Security Trading Policy, Audit Committee Charter, Continuous Disclosure Policy, Shareholder Communication Policy and Remuneration Committee Charter.

The Company is non-compliant with respect to the Directors being considered independent for reasons stated. Similarly the Company does not have a Nomination Committee. Other corporate practices continue to evolve.

Directors' report

The directors of Mindax Limited submit herewith the annual financial report of the consolidated entity and the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name

Mr G.C. George

Particulars

Gilbert, aged 57 years, has an honours degree in Agricultural Science, as well as a Masters Degree in Economics from a prestigious Japanese university. After working in Australia and Japan in Government positions, Gilbert established his own business development consultancy in 1988.

He is the principal of Gilbert George & Associates Pty Ltd which has provided strategic advice to companies in Australia, Africa, Japan, the US and Europe and been involved in over \$250 million of new investment in Australia, in the resource, IT, food processing and service sectors. Resource experience includes gold, manganese, oil and heavy mineral sands.

He is Chairman of Malawi Minerals Ltd, and holds directorships in the following unlisted companies: Bedley Holdings Pty Ltd, Ocean Power Technologies (Australasia) Pty Ltd and Governor Holdings Pty Ltd. Gilbert has also been a member of a number of charities and state government and international advisory committees, including the Asian Round Table.

Gilbert joined the board in 2004 in a non-executive capacity and is a member of the Remuneration and Audit Committees of Mindax Limited.

Mr N.J. Smith

Nicholas, aged 55, is a solicitor by training, who has spent most of his working life in the corporate/commercial area. He has extensive business experience both within Australia and off shore.

Between 1987 and 1999 he was Group General Counsel for the Normandy Mining Group where he was responsible for the Group's legal function including the legal aspects of the Group's M&A and project acquisition program both on and off shore.

Since 1999 he has been the principal of Portcullis Corporate Advisory Pty Ltd a provider of corporate and strategic advice.

Nicholas joined the board in 2003 in a non-executive capacity and is the Chairman of the Remuneration and Audit Committees of Mindax Limited.

Mr G.J. Bromley

Greg, aged 57 years, a geologist, has 32 years of experience in the mining and exploration industry as an exploration geologist, a consultant and company executive. His business experience is both local and international.

His early career was with the CRA Group (now RTZ) where he undertook exploration project assignments in WA and NSW and participated in the teams that identified gold in the Labouchere area, diamonds in the West Kimberley and nickel at Honeymoon Well.

In 1987 he joined the Normandy Mining group and through the next decade filled a number of senior roles including Exploration Manager WA, Exploration Technical Manager for the Normandy group throughout Australia and Group Consultant for Europe, Africa and the Americas.

Since 1996 he has been the principal of Bromley & Co, Consulting Geologists operating locally and in Africa, Asia and Latin America. This has included management of the Agbaou gold project in Cote d'Ivoire, assignments at the Chirano gold project in Ghana and the Kroondal platinum project in South Africa. He contributed to the Barra Resources IPO and has been consulting to Sipa Resources on their local exploration and business development programs.

He is also a director of unlisted Plateau Resources Limited.

Gregory joined the Board of Mindax Limited in 2003 as Managing Director.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr N.J. Smith	Red 5 Limited	2002 to 2007
	Ferraus Limited (previously Niquist Limited)	2003 to 2005

Company Secretary

Mr A Francesca

Certified Practising Accountant, aged 36, with fourteen years in public practice. He is a director and equity holder of a medium sized accounting practice, FJH Solutions. He has provided client support across a wide range of industries including mining and exploration to private and public companies.

Principal activities

The consolidated entity's principal activity during the course of the financial year was mineral exploration.

Results

The operating loss of the consolidated entity after providing for income tax amounted to \$1,128,816 for the financial year.

Financial Position

The consolidated entity's working capital for 2007, being current assets less current liabilities, is \$882,819. Expenditure for the year has tracked to budget and has been in accordance with that outlined in Mindax Limited's Prospectus dated 12 October 2004.

The directors believe the Company is in a strong and stable financial position.

Review of operations

Corporate

On 29 September 2006, 140,000 unlisted employee options with an exercise price of 25 cents and an expiry date of 21 December 2008 issued under the company's Employee and Consultant Option Scheme ("EOS"), were cancelled pursuant to clause 5.5 of the EOS.

On 5 April 2007, Mindax Limited placed 4,000,000 ordinary fully paid shares to raise gross proceeds of \$600,000 for working capital purposes.

Exploration

The consolidated entity continued its exploration efforts on its tenement prospects during the financial year ended 30 June 2007. Some highlights include:

Bulga Downs

- The land position at Paradise Bore has been strengthened to granted Mining Leases. This has drawn a much firmer relationship with the traditional custodians of the area and provides for better management of the various conservation issues that surround the project.
- A dynamic analysis of possible commercial scenarios has been put in place to guide the exploration of this 36,000 oz inferred resource position. This has very firmly indicated that the critical steps required to achieve the next project milestone are the infill of the resource and the completion of further exploration at the adjacent Toucan and Macaw prospects where there is the best potential to supplement the Paradise Bore resource. The study indicates potential to triple the inventory of open pit recoverable gold within the project.
- Importantly, there is the recognition that significant iron mineralisation co-exists with and beyond the gold. The limited mapping, rock chip sampling and incidental drill intercept data suggests hematite and magnetite mineralisation with grades in the 35 to 55% Fe range with considerable tonnage potential over 17km of iron formation.

Panhandle (Uranium, Gold, Copper)

- The project covers an area of copper-gold anomalism around a Wallaby like intrusive on the Edale fault south of Bulga Downs. Recent gravity geophysics has defined a structural architecture that explains the relationships between various geochemical targets and clarifies drill targeting.
- Adjacent to this area, uranium in soils to 60ppb has been identified on the edge of Lake Barlee.

Yilgarn Avon Joint Venture ("YAJV") (Uranium, Gold, Copper)

- The uranium portfolio in the South West has been significantly expanded, driven by the exploration model of roll front type uranium developing from uranium enriched waters within the palaeodrainages of the region. The YAJV has a commanding land position with 6700 sq km in this newly emerging uranium province (where uranium-in-water values have exceeded 1,000 ppb U) and the advantage of a fundamental research impetus through the CRC LEME uranium-in-water project.
- Recently, the YAJV has commenced earning an 80% interest in the Mortlock gold-copper terrane from Sipa Resources. There are indications of hard rock uranium prospectivity from adjacent reported mineralisation, airborne radiometrics and water sampling in this area.
- Further, the gold-copper dimension of this ground that has already produced significant widths of mineralisation offers immediate drill targets for significant large tonnage positions analogous to the nearby Boddington mineralisation.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The consolidated entity is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia. The consolidated entity is a party to exploration and development licences which generally specify the applicable environmental regulations.

During the financial period, the Company has not breached any relevant Commonwealth, State or Territory environmental regulations.

Share options

Share options granted to directors and employees

On 29 September 2006, 140,000 unlisted employee options with an exercise price of 25 cents and an expiry date of 21 December 2008 issued under the company's Employee and Consultant Option Scheme ("EOS"), were cancelled pursuant to clause 5.5 of the EOS.

Share options on issue at year end or exercised during the year

Details of unissued shares or interests under option are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Mindax Limited (Note 1)	26,214,224	Ordinary	\$0.20	30 June 2008
Mindax Limited (Note 2)	700,000	Ordinary	\$0.25	21 December 2008

Note 1: Such options were issued on 30 June 2006 pursuant to a Bonus Issue Prospectus lodged with ASIC on 9 June 2006. Bonus options were issued on a one for two basis with a record date of 20 June 2006.

Note 2: Such options were issued on 21 December 2005 pursuant to the Company's 'Employee and Consultant Option Scheme.'

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

No shares or interests were issued during the financial year as a result of exercise of an option.

Indemnification of officers and auditors

The company has entered into Director & Officer Protection Deeds (“Deed”) with each Director. Under the Deed, the company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/ client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

During the financial year, the company paid a premium in respect of a contract insuring the officers of the company and related body corporate against a liability incurred by such officers to the extent permitted by law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, twelve (12) board meetings, one (1) remuneration committee meeting and four (4) audit committee meetings were held.

Directors	Board of directors		Remuneration committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
G.C. George	12	11	1	1	4	2
N.J. Smith	12	12	1	1	4	4
G.J. Bromley	12	12	N/A	N/A	N/A	N/A

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Employee share options \$0.25 exercise price Expire 21/12/2008	Share options \$0.20 exercise price Expire 30/06/2008
G.C. George	1,391,250	-	560,625
N.J. Smith	2,316,000	-	432,500
G.J. Bromley	9,178,572	500,000	4,639,285

Further details of Directors' shareholdings are contained in Note 27 to the Financial Statements.

Remuneration report (audited)

Directors and executive details (audited)

The directors of Mindax Limited during the year were:

- G.C George (Chairman, Non-executive)
- N.J. Smith (Non-executive)
- G.J. Bromley (Managing Director, Executive)

The group executives (key management personnel) of Mindax Limited during the year were:

- A Francesca (Company Secretary)

Principles used to determine the nature and amount of remuneration (audited)

Executive Remuneration

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Within this framework, the remuneration committee considers remuneration policies and practices generally, and determines specific remuneration

Principles used to determine the nature and amount of remuneration (audited) (cont'd)

packages and other terms of employment for executive directors and senior management. Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance, relevant comparative information and independent expert advice.

The Company's remuneration policy for executive directors, officers and senior management is designed to promote superior performance and long term commitment. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations. The main principles of the policy are:

- reward reflects the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors consists of the following:

- a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of motor vehicles, health benefits;
- b) Post employment benefits – including superannuation;
- c) Equity – share options granted under the employee and consultant share option scheme as disclosed in note 5 to the financial statements; and
- d) Other benefits, including performance bonus plans.

With regard to employee share options schemes, participation of executive directors must be specifically approved by shareholders.

The proportion of fixed and variable remuneration is established for each executive director by the remuneration committee. Performance incentives may be offered to executive directors and senior management of the Company through the operation of performance bonus schemes. Performance and completion bonuses are payable upon achievement of agreed milestones and targets.

Non-executive directors remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors, currently set at \$150,000. The remuneration committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations. Non-executive directors are entitled to statutory superannuation benefits and may also be remunerated for additional specialised services performed at the request and approval of the Board.

Non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

Service agreements (audited)

The company has entered into service contracts with Mr G J Bromley and Mr A Francesca.

By Service Agreement dated 5 October 2004, the Company agreed to appoint Gregory John Bromley as its Managing Director effective for an initial two year period commencing on 3 December 2004. The remuneration committee reviewed Mr Bromley's salary package and an extension to his service contract on 7 August 2006. Following such review it was resolved that Mr Bromley is to be paid \$160,000 in annual salary plus superannuation and will be reimbursed for all reasonable expenses incurred in carrying out the services of a managing director (as further specified in the agreement). Mr Bromley is also provided a fully serviced and maintained vehicle with agreement that private use be an infrequent and incidental component of total usage. An extension of the term of his original service contract until 31 December 2008 was also granted. Future bonuses are to be considered subject to meeting performance hurdles.

The agreement may be terminated by the Company, without notice where Mr Bromley is guilty of grave misconduct; becomes bankrupt or of unsound mind; is convicted of any criminal offence; becomes permanently incapacitated or dies.

Service agreements (audited) (cont'd)

Mr Bromley may also terminate the agreement with 6 months notice or without notice in certain circumstances including the Company entering into liquidation, the Company breaching the Agreement or where Mr Bromley is demoted. In either case the Company must pay Mr Bromley an agreed termination payment.

By Consultancy Agreement effective 1 March 2006, the Company agreed to engage FJH Solutions ("the consultant") of which Mr Angelo Francesca is a director, to support the Company secretarial function. The engagement was for an initial term of twelve months and may be extended by written notice not less than four weeks from the date the initial term is due to expire. On 9 August 2007, it was formally resolved that the engagement be extended until 30 June 2008.

The consultant is to be paid \$4,600 per month plus GST as applicable and all costs necessarily incurred.

The agreement may be terminated by the Company, without notice where Mr Francesca is guilty of grave misconduct; becomes bankrupt or of unsound mind; is convicted of any criminal offence; becomes permanently incapacitated or dies. If the Company terminates the agreement and none of the prementioned circumstances apply, the Company must pay an agreed termination payment.

Mr Francesca may also terminate the agreement with 4 weeks notice.

Share-based compensation (audited) (cont'd)

The Board has adopted the Mindax Limited Employee and Consultant Share Option Scheme. The primary purpose of the Plan is to increase the motivation of employees, promote the retention of employees, align employee interest with those of the Company and its shareholders and to reward employees who contribute to the growth of the Company. At a general meeting held on 21 January 2004, shareholders authorised the issue of options under the Plan. To date, 700,000 options with an exercise price of 25 cents and expiry date of 21 December 2008 have been issued under the Plan as follows:

- 500,000 to the Company's Managing Director, Mr G.J. Bromley approved at the Company's Annual General Meeting on 11 November 2005;
- 200,000 to arms length employees.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
21 December 2005	21 December 2005	21 December 2008	\$0.25	\$0.043

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs include:

- exercise price of 25 cents and time to expiry of 3 years from the date of issue;
- share price of 12 cents per share;
- volatility factor for the Company's share price of 77% derived by reference to the Bloomberg Historical Price Volatility and Standard Option Valuation Model;
- discount rate of 5.34% by reference to the current 3 year Government Bond Rate.

Details of remuneration (audited)

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Mindax Limited and the Mindax Limited Group are set out in the following tables.

The key management personnel of Mindax Limited includes the directors as detailed above and the following executive officer who has authority and responsibility in the Company:

- Angelo Francesca – Company Secretary

Mindax Limited
Directors' report

	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits (v) \$	Termination benefits \$	Share-based payment				Total \$
	Salary & directors fees \$	Consulting fees \$	Non-monetary \$	Other \$	Superannuation \$	Other \$			Equity-settled		Cash settled \$	Other \$	
									Shares & units \$	Options & rights \$			
2007													
G.C. George	30,000	-	-	-	2,700	-	-	-	-	-	-	-	32,700
N.J. Smith	25,000	23,335	-	-	2,250	-	-	-	-	-	-	-	50,585
G.J. Bromley	160,000	9,945	-	-	14,400	-	-	-	-	-	-	-	184,345
A. Francesca	-	54,484	-	-	-	-	-	-	-	-	-	-	54,484
	215,000	87,764	-	-	19,350	-	-	-	-	-	-	-	322,114

	Short-term employee benefits				Post-employment benefits		Other long-term employee benefits (v) \$	Termination benefits \$	Share-based payment				Total \$
	Salary & directors fees \$	Consulting fees \$	Non-monetary \$	Other \$	Superannuation \$	Other \$			Equity-settled		Cash settled \$	Other \$	
									Shares & units \$	Options & rights \$			
2006													
G.C. George	25,000	-	-	-	2,250	-	-	-	-	-	-	-	27,250
N.J. Smith	20,000	16,500	-	-	1,800	-	-	-	-	-	-	-	38,300
G.J. Bromley	150,000	8,120	-	-	13,500	-	-	-	21,500	-	-	-	193,120
A. Francesca	-	50,552	-	-	-	-	-	-	-	-	-	-	50,552
	195,000	75,172	-	-	17,550	-	-	-	21,500	-	-	-	309,222

Value of options issued to directors and executives

No options were issued to directors and executives during the financial year.

Non-audit services

During the financial year, no amounts were paid or payable to the auditor for non audit services. Details of amounts paid to the auditor for services are set out below:

Statutory Audit		
BDO Kendalls Audit & Assurance (WA) Pty Ltd	2007	2006
	\$	\$
Audit or review of the financial report	19,464	14,830

Auditor's independence declaration

The auditor's independence declaration is included on page 14 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Gregory John Bromley

Director

Perth, 26th September 2007



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay St
Subiaco WA 6008
PO Box 700 West Perth WA 6002
Phone 61 8 9461 5400
Fax 61 8 9461 6499
e: perth@bdo.com.au
www.bdo.com.au

ABN 75 112 264 787

26 September 2007

The Directors
Mindax Limited
Suite 9, 57 Labouchere Road
South Perth 6151

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BDO KENDALLS TO THE DIRECTORS
OF MINDAX LIMITED**

As lead auditor of Mindax Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mindax Limited and the entities it controlled during the period.

Yours faithfully
BDO Kendalls Audit & Assurance (WA) Pty Ltd

Peter Toll
Director

BDO Kendalls is a national association of
separate partnerships and entities.

For personal use only

INDEPENDENT AUDITOR'S REPORT

To the members of Mindax Limited

Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Mindax Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances,



BDO Kendalls

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

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

Independence

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

Auditor's Opinion on the Financial Report

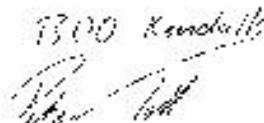
In our opinion the financial report of Mindax Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls


Peter Toll
Director

Subiaco, Western Australia
Dated this 26th day of September 2007

For personal use only

Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements and notes thereto and the additional disclosures included in the directors' report designated as audited are in accordance with the Corporations Regulations 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;
- c) the audited remuneration disclosures set out on the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and
- d) the directors have been given the declarations required by s.295A of the Corporations Regulations 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Regulations 2001.

On behalf of the Directors



Gregory John Bromley

Director

Perth, 26th September 2007

Income statements for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue from continuing operations	2	100,451	116,046	100,451	116,046
Employee benefits expense		(62,762)	(52,366)	(62,762)	(52,366)
Share-based payment – employee options		-	(36,120)	-	(36,120)
Directors fees		(55,000)	(45,000)	(55,000)	(45,000)
Depreciation and amortisation expense		(45,156)	(48,228)	(45,156)	(48,228)
Finance costs		(9,887)	(10,243)	(9,887)	(10,243)
Write-off of exploration expenditure		(635,064)	(11,593)	(635,064)	(11,593)
Corporate management fees		(128,174)	(125,552)	(128,174)	(125,552)
Project review/ business development costs		(40,357)	(45,268)	(40,357)	(45,268)
Marketing expense		(44,347)	(52,231)	(44,347)	(52,231)
Occupancy expenses		(36,756)	(32,388)	(36,756)	(32,388)
Administration expenses		(171,764)	(96,517)	(171,051)	(96,222)
Loss from ordinary activities before related income tax	3	(1,128,816)	(439,460)	(1,128,103)	(439,165)
Income tax benefit relating to ordinary activities	4	-	-	-	-
Loss for the period		(1,128,816)	(439,460)	(1,128,103)	(439,165)
Loss attributable to members of the parent entity		(1,128,816)	(439,460)	(1,128,103)	(439,165)
Loss per share:					
Basic and diluted (cents per share)	21	(2.118)	(0.932)		
Loss per share from continuing operations:					
Basic and diluted (cents per share)	21	(2.118)	(0.932)		

Notes to the financial statements are included on pages 22 to 49

Balance sheets as at 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
ASSETS					
Current assets					
Cash and cash equivalents	30	990,832	1,971,685	985,902	1,966,699
Trade and other receivables	8	35,857	57,313	31,005	195,330
Other	9	17,240	21,715	17,240	21,715
Total current assets		1,043,929	2,050,713	1,034,147	2,183,744
Non-current assets					
Other financial assets	10	-	-	419,332	10
Property, plant and equipment	11	155,422	184,633	155,422	184,633
Exploration & evaluation expenditure	12	3,565,994	3,215,618	3,158,291	3,083,992
Other	13	4,625	4,905	3,785	3,785
Total non-current assets		3,726,041	3,405,156	3,736,830	3,272,420
Total assets		4,769,970	5,455,869	4,770,977	5,456,164
LIABILITIES					
Current liabilities					
Trade and other payables	14	107,763	178,581	107,763	178,581
Borrowings	15	36,257	44,640	36,257	44,640
Provisions	16	17,090	23,563	17,090	23,563
Total current liabilities		161,110	246,784	161,110	246,784
Non-current liabilities					
Borrowings	17	66,487	102,949	66,487	102,949
Total non-current liabilities		66,487	102,949	66,487	102,949
Total liabilities		227,597	349,733	227,597	349,733
Net assets		4,542,373	5,106,136	4,543,380	5,106,431
EQUITY					
Contributed equity	18	6,344,771	5,773,698	6,344,771	5,773,698
Reserves	19	30,100	36,120	30,100	36,120
Retained earnings	20	(1,832,498)	(703,682)	(1,831,491)	(703,387)
Total equity		4,542,373	5,106,136	4,543,380	5,106,431

Notes to the financial statements are included on pages 22 to 49

Statements of changes in equity for the financial year ended 30 June 2007

CONSOLIDATED	Issued Capital	Reserves	Accumulated	Total Equity
	\$	\$	Losses	\$
			\$	\$
At 30 June 2005	4,876,230	-	(264,222)	4,612,008
Total income and expenses for the period	-	-	(439,460)	(439,460)
Issue of share capital	719,254	-	-	719,254
Options converted	178,214	-	-	178,214
Options granted – employee incentives	-	36,120	-	36,120
At 30 June 2006	5,773,698	36,120	(703,682)	5,106,136
Total income and expenses for the period	-	-	(1,128,816)	(1,128,816)
Issue of share capital	571,073	-	-	571,073
Options converted	-	-	-	-
Options cancelled – employee incentives	-	(6,020)	-	(6,020)
At 30 June 2007	6,344,771	30,100	(1,832,498)	4,542,373
PARENT				
At 30 June 2005	4,876,230	-	(264,222)	4,612,008
Total income and expenses for the year	-	-	(439,165)	(439,165)
Issue of share capital	719,254	-	-	719,254
Options converted	178,214	-	-	178,214
Options granted – employee incentives	-	36,120	-	36,120
At 30 June 2006	5,773,698	36,120	(703,387)	5,106,431
Total income and expenses for the year	-	-	(1,128,104)	(1,128,104)
Issue of share capital	571,073	-	-	571,073
Options converted	-	-	-	-
Options cancelled – employee incentives	-	(6,020)	-	(6,020)
At 30 June 2007	6,344,771	30,100	(1,831,491)	4,543,380

Notes to the financial statements are included on pages 22 to 49

Cash flow statements for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Interest received		69,964	116,046	69,964	116,046
Payments to suppliers and employees		(491,881)	(484,775)	(487,756)	(483,602)
Interest and other costs of finance paid		(9,887)	(10,243)	(9,887)	(10,243)
Net cash (outflow) from operating activities	30(b)	(431,804)	(378,972)	(427,679)	(377,799)
Cash flows from investing activities					
Payment for investment securities		-	-	-	(10)
Amounts advanced to subsidiary		-	-	(280,149)	(139,174)
Payment for property, plant and equipment		(15,945)	(186,181)	(15,945)	(186,181)
Payment for purchase of tenements		-	-	-	-
Payment for exploration expenditure		(1,050,357)	(1,116,123)	(774,277)	(984,498)
Payment for intangible assets		-	(1,400)	-	-
Net cash (outflow) from investing activities		(1,066,302)	(1,303,704)	(1,070,371)	(1,309,863)
Cash flows from financing activities					
Proceeds from issues of equity securities		600,000	934,214	600,000	934,214
Payment for share issue costs		(37,902)	(29,247)	(37,902)	(29,247)
Proceeds from borrowings		-	161,157	-	161,157
Repayment of borrowings		(44,845)	(39,933)	(44,845)	(39,933)
Net cash inflow from financing activities		517,253	1,026,191	517,253	1,026,191
Net increase/(decrease) in cash and cash equivalents		(980,853)	(656,485)	(980,797)	(661,471)
Cash and cash equivalents at the beginning of the financial year		1,971,685	2,628,170	1,966,699	2,628,170
Cash and cash equivalents at the end of the financial year	30(a)	990,832	1,971,685	985,902	1,966,699

Notes to the financial statements are included on pages 22 to 49

Notes to the financial statements for the financial year ended 30 June 2007

Note	Contents
1	Summary of accounting policies
2	Revenues
3	Expenses
4	Income taxes
5	Key management personnel disclosures
6	Share-based payments
7	Remuneration of auditors
8	Current trade and other receivables
9	Other current assets
10	Other non-current financial assets
11	Property, plant and equipment
12	Exploration and evaluation expenditure
13	Other non-current assets
14	Current trade and other payables
15	Current borrowings
16	Current provisions
17	Non-current borrowings
18	Contributed equity
19	Reserves
20	Accumulated losses
21	Earnings per share
22	Commitments for expenditure
23	Contingent liabilities and contingent assets
24	Leases
25	Joint ventures
26	Subsidiaries
27	Segment information
28	Related party disclosures
29	Subsequent events
30	Notes to the cash flow statement
31	Financial instruments

1. Summary of accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 26th September 2007.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The consolidated entity changed its accounting policies on 1 January 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 January 2004 as the date of transition.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007, and the comparative information presented in these financial statements for the year ended 30 June 2006.

1. Summary of accounting policies (cont'd)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

1. Summary of accounting policies (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(e) **Financial instruments issued by the company**

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(f) **Foreign currency**

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- i. exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

1. Summary of accounting policies (cont'd)

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. Summary of accounting policies (cont'd)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Mindax Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

1. Summary of accounting policies (cont'd)

(j) Joint ventures

Jointly controlled assets and operations

Interests in jointly controlled assets and operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

Jointly controlled entities

Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

(k) Leased assets

Consolidated entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(m) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

1. Summary of accounting policies (cont'd)

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 26 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Mindax Limited acquired a 100% interest in Mindax Energy Pty Ltd on 23 January 2006, and as such consolidated accounts have been prepared for the period.

(o) Property, plant and equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 2.5 – 20 years

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

1. Summary of accounting policies (cont'd)

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(r) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured using the Black & Scholes Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Summary of accounting policies (cont'd)

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting

A segment is a distinguishable component of the entity that is engaged either in providing products (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(w) Significant accounting estimates & judgements

In preparing this Financial Report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

1. Summary of accounting policies (cont'd)

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2007, the carrying value of capitalised exploration expenditure is \$3,565,994.

(x) New accounting standards and interpretations

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2007. They have not been adopted in preparing the financial report for the year ended 30 June 2007 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

STANDARDS LIKELY TO HAVE A FINANCIAL IMPACT

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB Interpretation 10 (issued Sept 2006)	Interim Financial Reporting and Impairment	Prevents the reversal of impairment losses on goodwill, investments in equity instruments carried at cost and available-for-sale financial assets being reversed in the annual financial report.	Periods commencing on or after 1 November 2006	There will be no impact because the entity has not previously made any impairment write-downs on these items during an interim reporting period (or has not subsequently reversed such impairment write-downs).
AASB Interpretation 11 (issued Feb 2007)	AASB 2 – Group and Treasury Share Transactions	Clarifies the accounting treatment under AASB 2: <i>Share-Based Payments</i> where the parent entity grants rights to its equity instruments to employees of its subsidiaries, or where a subsidiary grants to its employees rights to equity instruments of its parent.	Periods commencing on or after 1 March 2007	There will be no impact because at the reporting date the entity has not issued any equity instruments to employees of subsidiaries.

1. Summary of accounting policies (cont'd)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2007-4 (issued Apr 2007)	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Inserts accounting treatment options that currently exist under IFRSs back into AIFRSs and removes Australian-specific disclosures that were originally added into AIFRSs on first-time adoption from 1 January 2005.	Periods commencing on or after 1 July 2007	<p>Most changes relate to certain Australian-specific disclosures not being required.</p> <p>The entity does not intend to adopt any reinstated options for accounting treatment when the standard is adopted. As such, there will be no future financial impacts on the financial statements.</p>
AASB Interpretation 13	Customer Loyalty Programmes	The fair value of revenue is to be allocated between sales and reward credits, resulting in a portion of revenue being deferred until reward credits are redeemed.	Periods commencing on or after 1 July 2008	There will be no impact as the entity does not have a customer loyalty programme
AASB 123 (revised Jun 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009	The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.

1. Summary of accounting policies (cont'd)

STANDARDS LIKELY TO HAVE A DISCLOSURE IMPACT ONLY

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 7 (issued Aug 2005)	Financial Instruments: Disclosures	Replaces the disclosure requirements relating to financial instruments currently included in AASB 132: <i>Disclosure and Presentation</i> (and AASB 130: <i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> ¹)	Annual periods commencing on or after 1 January 2007	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about the group's and the parent entity's financial instruments.
AASB 101 (revised Oct 2006)	Presentation of Financial Statements	Removes Australian specific disclosure requirements.	Annual reporting periods commencing on or after 1 January 2007	As these changes result in a reduction of Australian-specific disclosures, there will be no impact on amounts recognised in the financial statements.
AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: <i>Segment Reporting</i> .	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

2. Revenues

From continuing operations

Interest revenue:

Bank deposits

74,687

116,046

74,687

116,046

Other revenue:

Employee options cancelled

6,020

-

6,020

-

Other

19,744

-

19,744

-

25,764

-

25,764

-

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
3. Expenses				
Loss before income tax has been arrived at after charging the following expenses. The line items below are amounts attributable to continuing operations:				
Finance costs:				
Other interest expense	(9,887)	(10,243)	(9,887)	(10,243)
Depreciation of non-current assets	(45,156)	(48,228)	(45,156)	(48,228)
Employee benefit expense:				
Share-based payments:				
Equity settled share-based payments	-	(36,120)	-	(36,120)
Other employee benefits	(62,762)	(52,366)	(62,762)	(52,366)
	(62,762)	(88,485)	(62,762)	(88,485)

4. Income taxes

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Loss from continuing operations before income tax expense	(1,128,816)	(439,460)	(1,128,103)	(439,165)
Income tax (benefit) at 30% (2006: 30%)	(338,645)	(131,838)	(338,431)	(131,750)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	-	10,836	-	10,836
Exploration expenditure write-off ITRAA 1997 s40-730 Exploration Expenditure	190,519	-	190,519	-
Adjustment for tenement expenditure recovery reversal	(352,551)	(346,948)	(212,808)	(310,869)
Write-off for business related capital costs	(1,704)	-	-	-
Adjustment – utilization of income tax losses for R & D tax concession	(21,041)	(19,305)	(21,041)	(19,305)
Deferred tax assets relating to tax losses and temporary timing differences not recognised	118,163	-	-	-
	405,259	487,255	381,761	451,088
Total income tax expense	-	-	-	-

For personal use only

4. Income taxes (cont'd)

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
The franking account balance at year end was \$nil (2006: \$nil).				
Deferred tax assets and liabilities not recognized relate to the following:				
Deferred tax assets				
Tax losses	1,285,921	889,390	1,230,756	853,223
Capital raising costs	46,699	67,740	46,699	67,740
Other temporary differences	23,292	16,244	23,292	16,244
Deferred tax liabilities				
Capitalised exploration expenditure	(1,069,798)	(964,685)	(947,487)	(925,198)
Other temporary differences	(4,577)	(6,832)	(4,577)	(6,832)
Net deferred tax assets	281,537	1,857	348,683	5,177

The deferred tax assets arising from these balances has not been recognised as an asset because recovery of tax losses is not probable at this point in time.

The potential tax benefit will only be obtained if:

- i. the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised,
- ii. the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- iii. no changes in tax legislation adversely affect the relevant company in realising the benefit.

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group. The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office. The head entity within the tax consolidated group is Mindax Limited. The members of the tax-consolidated group are identified at note 26.

5. Key management personnel disclosures

The key management personnel of Mindax Limited during the year were:

- G.C George (Chairman, non-executive)
- N.J Smith (Non-executive)
- G.J Bromley (Managing Director)
- A. Francesca (Company Secretary)

5. Key management personnel disclosures (cont'd)

Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employee benefits	302,764	270,172	302,764	270,172
Post-employment benefits	19,350	17,550	19,350	17,550
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	-	21,500	-	21,500
	<u>322,114</u>	<u>309,222</u>	<u>322,114</u>	<u>309,222</u>

To the extent that key management personnel of the consolidated entity and key management personnel of the company differ, the aggregate compensation disclosed will differ between the company and the consolidated entity.

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 9 to 13

6. Share-based payments

The following share-based payment arrangements were in existence during the period:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
(1) Issued 21 December 2005 to the Managing Director, Mr G.J. Bromley	500,000	21/12/05	21/12/08	\$0.25	\$0.043
(1.1) Issued 21 December 2005 to arms length employees	200,000	21/12/05	21/12/08	\$0.25	\$0.043

The weighted average fair value of the share options granted during the previous financial year was \$0.043. Options were priced using the Black & Scholes Option Pricing Model. Expected volatility was derived by reference to the Bloomberg Historical Price Volatility and Standard Option Valuation Model. The assumptions or inputs used in the calculation of fair value can be summarised as:

Inputs into the model	Option series
	Series 1
Grant date share price	12.0 cents per share
Exercise price	25.0 cents per share
Expected volatility	77%
Option life	3 years
Dividend yield	-
Risk-free interest rate	5.34%

6. Share-based payments (cont'd)

The following reconciles the outstanding share options granted under the EOS at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	840,000	0.25	-	-
Granted during the financial year	-	-	840,000	0.25
Forfeited during the financial year	(140,000)	0.25	-	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	700,000	0.25	840,000	0.25
Exercisable at end of the financial year	700,000	0.25	840,000	0.25

(i) Exercised during the financial year

No share options granted under the Employee and Consultant Option Scheme were exercised during the financial year.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an exercise price of \$0.25, a weighted average share price at grant date of \$0.12, weighted average fair value at grant date of \$0.043, and a weighted average remaining contractual life of 549 days.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the period were as follows:

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Options issued under employee option plan	-	36,120	-	36,120

7. Remuneration of auditors

Auditor of the parent entity

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Audit or review of the financial report

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Audit or review of the financial report	19,464	14,830	19,464	14,830

During the financial year, no amounts were paid or payable to the auditor for non audit services.

8. Current trade and other receivables

Bank guarantee	20,915	20,000	20,915	20,000
Inter-entirety loan to subsidiary	-	-	-	139,174
Goods and services tax (GST) recoverable	14,398	37,313	9,546	36,156
Other tax credits recoverable	544	-	544	-
	35,857	57,313	31,005	195,330

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
9. Other current assets				
Advance for expenditure	15	15	15	15
Prepayments	14,306	14,058	14,306	14,058
Accrued income	2,919	7,642	2,919	7,642
	17,240	21,715	17,240	21,715

10. Other non-current financial assets

Shares in controlled entities (refer Note 26)	-	-	10	10
Inter-entity loan to subsidiary	-	-	419,322	-
	-	-	419,332	10

11. Property, plant and equipment

	Consolidated		Company	
	Plant and equipment at cost		Plant and equipment at cost	
	\$		\$	
Gross carrying amount				
Balance at 1 July 2005	63,607		63,607	
Additions	178,096		178,096	
Disposals	-		-	
Balance at 1 July 2006	241,703		241,703	
Additions	15,945		15,945	
Balance at 30 June 2007	257,648		257,648	
Accumulated depreciation/ amortisation and impairment				
Balance at 1 July 2005	(8,841)		(8,841)	
Depreciation expense	(48,229)		(48,229)	
Balance at 1 July 2006	(57,070)		(57,070)	
Depreciation expense	(45,156)		(45,156)	
Balance at 30 June 2007	(102,226)		(102,226)	
Net book value				
As at 30 June 2006	184,633		184,633	
As at 30 June 2007	155,422		155,422	

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 3 to the financial statements.

For personal use only

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
12. Exploration & evaluation expenditure				
Deferred exploration costs brought forward	3,215,618	2,154,238	3,083,992	2,154,238
Deferred exploration costs this year	985,440	1,072,973	709,363	941,347
Exploration costs previously deferred, now written off	(635,064)	(11,593)	(635,064)	(11,593)
Deferred exploration costs carried forward	3,565,994	3,215,618	3,158,291	3,083,992
The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.				
13. Other non-current assets				
Other	4,625	4,905	3,785	3,785
14. Current trade and other payables				
Trade payables	42,040	121,305	42,040	121,305
Other creditors and accruals	65,723	57,276	65,723	57,276
	107,763	178,581	107,763	178,581
15. Current borrowings				
Hire purchase liabilities (refer Note 21(d))	43,131	54,915	43,131	54,915
Less unexpired interest	(6,874)	(10,275)	(6,874)	(10,275)
	36,257	44,640	36,257	44,640
16. Current provisions				
Employee benefits	17,090	23,563	17,090	23,563
17. Non-current borrowings				
Hire purchase liabilities (refer Note 22(d))	67,834	111,367	67,834	111,367
Less unexpired interest	(1,347)	(8,418)	(1,347)	(8,418)
	66,487	102,949	66,487	102,949

18. Contributed equity

56,428,466 fully paid ordinary shares
(2006: 52,428,466)

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
6,344,771	5,773,698	6,344,771	5,773,698

	2007		2006	
	No.	\$	No.	\$
<i>Fully paid ordinary shares</i>				
Balance at beginning of financial year	52,428,467	5,773,698	46,137,395	4,876,230
Issue of shares :				
-for working capital at \$0.14 per share pursuant to a share placement program	-	-	5,400,000	756,000
-pursuant to exercise of listed options at \$0.20 per share	-	-	891,072	178,214
-for working capital at \$0.15 per share pursuant to a share placement program	4,000,000	600,000	-	-
-transaction costs arising from issue for cash	-	(28,927)	-	(36,746)
Balance at end of financial year	56,428,467	6,344,771	52,428,467	5,773,698

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

In accordance with the provisions of the Employee and Consultant Option Scheme, as at 30 June 2007, employees have options over 700,000 ordinary shares, expiring 21 December 2008 with an exercise price of \$0.25.

As at 30 June 2007, in addition to options issued in accordance with the provisions of the Employee and Consultant Option Scheme, 26,214,224 options over fully paid share were also outstanding. These options are exercisable at \$0.20 and expire 30 June 2008, with such options being issued pursuant to a Bonus Option Issue Prospectus dated 9 June 2006.

Share options carry no right to dividends and no voting rights.

19. Reserves

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Employee equity-settled benefits	30,100	36,120	30,100	36,120

Employee equity-settled benefits reserve

Balance at beginning of financial year	36,120	-	36,120	-
Share-based payment	-	36,120	-	36,120
Options cancelled	(6,020)	-	(6,020)	-
Balance at end of financial year	30,100	36,120	30,100	36,120

The employee equity settled benefits reserve arises on the grant of share options to employees under the Employee and Consultant Option Scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 6 to the financial statements.

For personal use only

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
20. Accumulated losses				
Balance at beginning of financial year	(703,682)	(264,222)	(703,387)	(264,222)
Net loss attributable to members of the parent entity	(1,128,816)	(439,460)	(1,128,104)	(439,165)
Balance at end of financial year	(1,832,498)	(703,682)	(1,831,491)	(703,387)

21. Earnings per share

	Consolidated 2007 Cents per share
Basic loss per share:	
From continuing operations	(2.118)
Total basic loss per share	(2.118)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2007 \$
Loss from continuing operations (a)	(1,128,816)
	2007 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	53,305,179

- (a) Earnings used in the calculation of basic loss per share from continuing operations reconciles to net loss in the income statement as follows:

	Consolidated 2007 \$
Net loss	(1,128,816)
Other	-
Loss used in the calculation of basic EPS	(1,128,816)
Adjustments to exclude profit for the period from discontinued operations	-
Other	-
Loss used in the calculation of basic EPS from continuing operations	(1,128,816)

Diluted loss per share

There are no dilutive potential ordinary shares, therefore diluted loss per share has not been calculated or disclosed.

For personal use only

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
22. Commitments for expenditure				
(a) Exploration Commitments				
Not longer than 1 year	1,565,434	687,100	1,345,434	687,100
Longer than 1 year and not longer than 5 years	12,693,870	5,849,300	5,509,120	4,165,300
Longer than 5 years	4,528,850	2,631,500	1,788,100	2,210,500
	18,788,154	9,167,900	8,642,654	7,062,900
(b) Lease commitments				
Non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.				
(c) Employee remuneration commitments				
<u>Directors</u>				
Commitments under non-cancelable employment contracts not provided for in the financial statements and payable:				
Not longer than 1 year	174,400	75,000	174,400	75,000
Longer than 1 year and not longer than 5 years	87,200	-	87,200	-
	261,600	75,000	261,600	75,000
(d) Hire purchase commitments				
Not longer than 1 year	43,131	54,915	43,131	54,915
Longer than 1 year and not longer than 5 years	67,834	111,367	67,834	111,367
	110,965	166,282	110,965	166,282
(e) CRCLEME Research commitments*				
Not longer than 1 year	50,000	12,500	50,000	12,500
Longer than 1 year and not longer than 5 years	-	88,500	-	88,500
	50,000	100,000	50,000	100,000

*Such commitment was announced to the market on 25 January 2006 and is pursuant to the collaborative research project between the Company and CRCLEME (an entity owned and managed by CSIRO).

23. Contingent liabilities and contingent assets

Contingent liabilities

Since the last annual reporting date, there has been no other material change of any contingent liabilities or contingent assets.

For personal use only

24. Leases**Disclosures for lessees****Operating leases****Leasing arrangements**

Operating leases relate to office and storage facilities with lease terms of between 1 to 2 years. Options to extend for a further term have been exercised during the financial year. The company/ consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

These commitments are not provided for in the financial statements.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Non-cancellable operating lease payments				
Not longer than 1 year	40,458	20,241	40,458	20,241
Longer than 1 year and not longer than 5 years	17,629	1,200	17,629	1,200
Longer than 5 years	-	-	-	-
	58,087	21,441	58,087	21,441

25. Joint ventures

On behalf of the 50/50 joint venture with Quasar Resources Pty Ltd ("YAJV"), Mindax Limited (through its wholly owned subsidiary, Mindax Energy Pty Ltd), has made further application for a number of additional exploration licences in the area. The YAJV has a land position of in excess of 7,000 sq km in South Western Australia with exploration having commenced on granted licences. The YAJV is an unincorporated joint venture with the consolidated entity having reported its share of assets employed, liabilities incurred and expenses incurred in their respective categories of the financial statements.

26. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
Parent entity			
Mindax Limited	Australia		
Subsidiaries			
Mindax Energy Pty Ltd ⁽¹⁾	Australia	100	100

(1) Incorporated on 23 January 2006

27. Segment information**Segment revenues**

	External sales		Inter-segment		Other		Total	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
<i>Australia</i>	-	-	-	-	100,451	116,046	100,451	116,046
Total of all segments							100,451	116,046
Consolidated							100,451	116,046

27. Segment information (cont'd)

Segment result

	2007 \$	2006 \$
Continuing operations:		
<i>Australia</i>	(1,128,816)	(439,460)

Segment assets and liabilities

	Assets		Liabilities	
	2007 \$	2006 \$	2007 \$	2006 \$
<i>Australia</i>	4,769,970	5,455,869	227,597	349,733

(i) All segment revenues, results, assets and liabilities are attributable to continuing operations.

Other segment information

	Australia	
	2007 \$	2006 \$
Acquisition of property, plant and equipment	15,945	178,096
Depreciation and amortisation of segment assets	45,156	48,229
Significant other non-cash expenses	-	36,120

The consolidated entity operates in Australia with its mineral exploration operations located primarily in Western Australia.

28. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 26 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 5 to the financial statements.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Mindax Limited

	Balance@ 1/7/06	Granted as compensation	Received on exercise of options	Net other change	Balance@ 30/06/07	Balance held nominally
	No.	No.	No.	No.	No.	No.
2007						
G.C. George	1,321,250	-	-	70,000 ⁽¹⁾	1,391,250	-
N.J. Smith	2,205,000	-	-	111,000 ⁽²⁾	2,316,000	-
G.J. Bromley	9,278,572	-	-	(100,000) ⁽³⁾	9,178,572 ⁽⁴⁾	-
	12,804,822	-	-	81,000	12,885,822	-

28. Related party disclosures (cont'd)

	Balance@ 1/7/05	Granted as compensation	Received on exercise of options	Net other change	Balance@ 30/06/06	Balance held nominally
2006	No.	No.	No.	No.	No.	No.
G.C. George	1,111,250	-	260,000	(50,000)	1,321,250	-
N.J. Smith	2,000,000	-	-	205,000	2,205,000	-
G.J. Bromley	9,050,001	-	-	228,571	9,278,572	-
	12,161,251	-	260,000	383,571	12,804,822	-

- (1) Relate to on market purchases.
- (2) Relate to on market purchases.
- (3) Relates to an on market disposal of 100,000 shares held by Plateau Resources Limited.
- (4) The interest held with respect to 3,900,000 of these shares derives from Mr Bromley holding a relevant interest in and being a director of Plateau Resources Limited.

Share options of Mindax Limited

	Bal @ 1/7/06	Granted as compensation	Exercised	Net other change	Bal @ 30/06/07	Bal vested @ 30/06/07	Vested but not exercisable	Options vested during year
2007	No.	No.	No.	No.	No.	No.	No.	No.
G.C. George	660,625	-	-	(100,000) ⁽¹⁾	560,625	560,625	560,625	-
N.J. Smith	1,102,500	-	-	(670,000) ⁽¹⁾	432,500	432,500	432,500	-
G.J. Bromley	5,139,285	-	-	-	5,139,285	5,139,285	5,139,285	-
	6,902,410	-	-	(770,000)	6,132,410	6,132,410	6,132,410	-

Share options of Mindax Limited

	Bal @ 1/7/05	Granted as compensation	Exercised	Net other change	Bal @ 30/06/06	Bal vested @ 30/06/06	Vested but not exercisable	Options vested during year
2006	No.	No.	No.	No.	No.	No.	No.	No.
G.C. George	260,000	-	(260,000)	-	660,625	660,625	660,625	-
N.J. Smith	-	-	-	-	1,102,500	1,102,500	1,102,500	-
G.J. Bromley	-	500,000	-	-	4,639,285	5,139,285	5,139,285	-
	260,000	500,000	(260,000)	-	6,402,410	6,902,410	6,902,410	-

- (1) Relates to on market disposals.

(d) Transactions with other related parties

Other related parties include:

- the parent entity;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;

Amounts receivable from these related parties are disclosed in note 10 to the financial statements. All loans advanced to and payable to the Company's wholly owned subsidiary are unsecured and subordinate to other liabilities. Interest is not charged on the outstanding intercompany loan balance.

29. Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

30. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash and cash equivalents	990,832	1,971,685	985,902	1,966,699
Cash and cash equivalents attributable to discontinued operations	-	-	-	-
	<u>990,832</u>	<u>1,971,685</u>	<u>985,902</u>	<u>1,966,699</u>

(b) Reconciliation of loss for the period to net cash flows from operating activities

Loss for the period	(1,128,816)	(439,460)	(1,128,103)	(439,165)
Depreciation and amortisation of non-current assets	45,156	48,228	45,156	48,228
Equity settled share-based payment	(6,020)	36,120	(6,020)	36,120
Write-off of tenement expenditure	635,064	-	635,064	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	22,372	(44,114)	26,064	(42,956)
Other current assets	1,547	(15,112)	1,547	(15,112)
Other non-current assets	280	280	-	-
Increase/(decrease) in liabilities:				
Current payables	5,087	17,532	5,087	17,532
Current provisions	(6,474)	17,554	(6,474)	17,554
Net cash used/ (from) operating activities	<u>(431,804)</u>	<u>(378,972)</u>	<u>(427,679)</u>	<u>(377,799)</u>

31. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2007:

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
2007	%	\$	\$	\$	\$	\$	\$	\$	\$	
Financial assets:										
Cash and cash equivalents	5.6%	368,396	622,371	-	-	-	-	-	65	990,832
Other receivables	-	-	35,857	-	-	-	-	-	-	35,857
		368,396	658,228	-	-	-	-	-	65	1,026,689
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	42,040	42,040
Other payables	-	-	-	-	-	-	-	-	65,723	65,723
Hire purchase liabilities	7.96%	-	36,257	66,487	-	-	-	-	-	102,744
		-	36,257	66,487	-	-	-	-	107,763	210,507

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006:

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
2006	%	\$	\$	\$	\$	\$	\$	\$	\$	
Financial assets:										
Cash and cash equivalents	5.2%	206,887	1,764,744	-	-	-	-	-	54	1,971,685
Other receivables	-	-	57,313	-	-	-	-	-	-	57,313
		206,887	1,822,057	-	-	-	-	-	54	2,028,998
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	121,305	121,305
Other payables	-	-	-	-	-	-	-	-	57,276	57,276
Hire purchase liabilities	8.06%	-	44,640	36,423	66,525	-	-	-	-	147,588
		-	44,640	36,423	66,525	-	-	-	178,581	326,169

31. Financial instruments (cont'd)

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The consolidated entity measures credit risk on a fair value basis.

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

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(c) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.