

## 2010 ANNUAL GENERAL MEETING

### Managing Director's Address

Thankyou Chairman

As précised in Mr George's comments, the last year has seen a considerable growth for Mindax:

**Drilling at Mt Forrest, only commenced in December last year, has now defined a significant JORC status magnetite (PBM) resource** within that project and the basis of a future mining operation.

**The uranium project has now delivered two advanced prospect areas that show considerable promise for future uranium resource status.** Further Mindax has achieved majority equity in that project.

These two projects provide a strong asset base to the company.

**We are pleased to welcome the Lion Group (Lion Asiapac) as a significant shareholder.** Their contribution to our ongoing exploration effort has been very significant.

**We have been instrumental in forming the Yilgarn Iron Producers Association.** This group has been widely received in a very positive way by industry, by infrastructure providers and by government and provides the opportunity to proactively engage in infrastructure planning to the mutual benefit of its members and the community.

The growth of the company can be demonstrated by our current **enhanced Market Capitalisation**, the **growth in the resource base** and the generally increased turnover and activity within the company. Within our expenditures we can demonstrate a strong commitment to in-ground expenditure and tight control of overheads.

**Our capacity to fund these activities very much lies in the prevailing share price and the Board's ability to maintain a stream of funding.** They have carried out this task to date with distinction in an increasingly competitive market and as the Company navigated through the Global Financial Crisis and in the face of increasing government regulation.

### The Company

Mindax since during fiscal year 2009-2010 to end September 2010 has grown to include now three fully owned subsidiaries: Mindax Energy, Yilglron and Yilglron Infrastructure. **It is our Corporate model to develop our mineral resources as focussed entities that can develop their own profiles with success and towards exploitation.**

During this period, the Company has reported **exploration expenditures of \$6.31M, monies invested in the ground producing real information and quantifying towards discovery and resource definition. Of these monies, \$2.55M are drilling costs.**

**The general expenses or overheads of Mindax amount to \$1.01M.** These are the costs of running a public company, compliance and registration costs, share registry costs, Board remuneration and so on.

The period has been one of considerable growth, much of which has occurred since December 2009 when drilling was cleared to commence at Mt Forrest. Costs have of course risen as a function of the increased activity and turnover (accounting costs, shareholder activity, regulatory compliance) but I believe we can demonstrate an excellent degree of in-ground investment which we believe is critical to our business of discovery and resource definition. **This has been achieved by the cost consciousness of our management and staff while striving for the technical excellence we believe is critical for success.**

During this period the Company's growth can be demonstrated by the **growth in the resource base. This growth is also graphically demonstrated by the Market Capitalisation** (reflecting share price) and the availability of funds since Mindax was formed in 2004.

While progress may appear to be slow, it does demonstrate persistent and well grounded growth. The pace is really a function of a unique geographical position and of the issues that have surrounded it.

## **Mt Forrest**

The Mt Forrest Iron Project assumed a principal place in our portfolio in November 2007 when we recognised the potential value of the extensive iron formations within our core gold project. We have now established a significant iron inventory on the property that has the potential to strike a significant long term mining operation. That journey will be one of many small steps but if successful should see production of magnetite concentrates commence around the end of 2015.

## **General**

From that time there has been considerable frustration with particularly heritage issues but we have developed a good working relationship with both the indigenous groups with interests in that area and with the DIA and were finally able to commence drilling over a limited area late in 2009, just under twelve months ago. We have progressively been able to explore further through the area and have a strong heritage management plan in place and a very proactive relationship with most of the people concerned. Together through on-ground consultation we are all learning a great deal about the heritage attributes of the area and developing relationships that will be of benefit to the people as the project grows. We are still seeking access to some critical areas but are optimistic that this will soon be achieved.

In the meantime we did what we could and that included a very detailed analysis of surface mineralisation through mapping and sampling. The benefit of this work was that when drilling commenced we were able to very economically probe those areas where mineralisation was developed with minimal environmental disturbance. There have been excellent cost gains in this approach and again by proactive management practices with the authorities we are well placed in the provision of critical environmental background information to any mining proposal.

## DSO Mineralisation

Drilling has enabled us to test the third dimension of the project area. We have now completed 15,000 metres of principally RC work. While aimed principally at quantifying the DSO resource potential, this new information has been very positive and we now have a substantial magnetite resource within the project area that we believe can progress to significant long life mining operation.

The original conceptual view of the DSO potential has however proved overly optimistic. We refreshed this CET using a different methodology in our resource statement in March, generating a similar estimate. Progressive reconciliation using a growing drilling database now indicates that the downgrade resides in a complex of areas:

- An over emphasis of a low rank category of surface mineralisation which did not persist at depth.
- Drilling showed subsurface mineralisation to be vuggy and density (SG) information was much lower than estimated from surface information.
- Depths of oxidation proved generally much shallower than anticipated.
- Critical deep structural controls have proved elusive.

We now know these issues occur elsewhere in the province as an integral part of the DSO mineralisation process.

As a result, the potential for DSO mineralisation is limited. There are however targets of significant surface dimension that have not yet been drilled, particularly at Currawong and Bulga prospects and the opportunity still remains that there are significant structures that will enable much deeper penetration of the necessary oxidation. It is difficult to quantify these matters prior to drilling.

## Magnetite

The Mt Forrest potentially beneficiable magnetite resource is developed along the 17 kilometres of primary magnetite BIF that make up the ranges. We are very encouraged by the tonnage potential of this material and potentially the mining potential into the future. Our present focus is to upgrade the resource base from the inferred category to indicated and measured where possible, particularly where mapping indicates significant tonnage potential. That work has already commenced and nearly 2,000 m has been completed as we speak of the 15,000 metres to be completed early in 2011.

It requires deep holes to test up to 200 m or so below surface. It is slow and expensive because of the depth and the hardness. RC drilling is being supplemented by core drilling and we aim to have three rigs on site. Because of the nature and persistence of this primary mineralisation, we are confident we can achieve our resource goal and enhance the primary iron grades.

The critical factors will however be firstly the physical characteristics of the material – bond index, grind size, recoveries and silica content. While the early indications are very encouraging, these matters can only be addressed by drilling and extensive metallurgical test work.

## **Project Management**

Clearly this resource has put a new emphasis on the matters requiring resolution to move the project forward to production. We have appointed a Project Manager and entered into a study scoping out all of the aspects that will need to be addressed moving forward to a Decision to Mine and a Mining Permit. This is a very complex and iterative process that can be broken into a technical layer (resource Studies, mineral processing, mining studies, transport, power, water and plant design) a commercial layer (product specifications, haulage, wharfage, shipping, sales) and permitting issues (transport corridors, environmental and heritage, community, legal and contracts).

Our short term objective is to move into a Prefeasibility Study based on an upgraded resource model derived from the current drilling program. Our present plan is to present a PFS at the end of this financial year.

To this end we have engaged a consultant to guide us through a program of metallurgical testing and into plant design.

We have made application for a corridor from Mt Forrest to Menzies to secure a road haulage power and pipeline route to the railhead. We have commenced 2D/3D studies to support these activities and to plan a possible rail route.

We have had discussions with rail and port people as well as involved government agencies.

We have initiated a program of marketing directly into Asia.

In the longer term if the project is successful, we would see production later in 2015.

## **Uranium**

The Uranium Project was initiated in 2007 as a Co-operative Research Project with CRC LEME which operated from within the CSIRO here in Perth. In their collection of water data through the Wheatbelt they noted exceptionally high uranium values in the hypersaline, low pH waters in the Mukinbudin area. The initial interest in the source of these waters shifted towards their destination and the focus came to the potential for subsurface precipitation in the palaeochannel of the ancient Yilgarn River. Mindax were partnered in this initiative by Quasar Resources, a private Adelaide based company associated with the Beverley ISR Uranium mine near Arkaroola in the northern Flinders Ranges. Quasar has a formidable exploration record in that area and the Beverley Mine is a leading exponent in this specialised area of in situ recovery (ISR) of uranium.

Mindax sees uranium as a commodity that is critical to responsible low emission power generation in the future and as such a commodity that is a good fit in our Business Plan. We are well aware of the controversies that surround uranium but believe with time these will resolve towards a more practical and science based acceptance. We are very conscious of our environmental and health responsibilities in this area and maintain Radiation Health and Environment Management Planning at a higher level than that recommended by the authorities. We maintain an open relationship with the community within which we operate.

During the past year, this program advanced significantly with the intersection of high uranium grades at Jindarra on the Mukinbudin Project area late in 2009. This is a significant new uranium discovery in an area not previously viewed as prospective. This success at the time was overshadowed by the decision by Quasar to withhold contributions to the 2010 exploration program. They explained that this change of strategy was not a reflection of their view of the quality of the project but due to changes to their South Australian activities and demands of the Four Mile JV and their adjacent Beverley mine.

The encouragement at Jindarra has continued to build confidence in our roll-front sedimentary uranium model in the Wheatbelt. This mineralisation is typically stacked at different positions in the profile. Intersections while narrow, are typical for this style of mineralisation. Follow up drilling at Jindarra has located further mineralisation showing consistency of position and we believe with further drilling the position can be brought to resource status in the near future.

A more recent discovery has been announced at Yanagin some thirty kilometres downstream to the south-west of Jindarra. This position has similar characteristics to Jindarra and will be the focus of further work in the near term.

Reconnaissance work at Quairading has also turned up encouraging results with intercepts of >100 ppm U which will be the subject of follow-up drilling in 2011.

The forward program for the uranium project is to push forward with the scout drilling program with a view to finalising those areas of greater prospectivity.

### **Other Projects**

Mindax is primarily an explorer with a mission to bring exploration projects to a resource status. A resource is the primary building block of mineral production. We maintain a portfolio of exploration activity with that object. The most developed of these is the Mortlock project, a joint venture with Quasar Resources as our YAJV partner and Sipa Resources Limited. The YAJV partners hold a 51% interest and are earning towards 80% in the project. Sipa will retain 20% equity in most elements of the wider project area.

Mortlock includes enigmatic copper-gold mineralisation in high grade metamorphic rocks of the Western Gneiss Terrane in the Goomalling area north east of Perth. During the past year EM geophysics has defined a series of bedrock conductivity anomalies potentially representative of primary sulphide mineralisation. Testing of the overlying and complex regolith at wide spacings has identified significant copper geochemical anomalism blanketing the area of interest. Drill testing of the deeper conductivity targets is expected to commence in early 2011.

Mindax as a junior explorer has performed well in the last year and has a range of good prospects. It is our objective to bring these further towards being realised in the year ahead. This will be a critical year for Mindax which may emerge as a much different company.

Yours sincerely



Greg Bromley  
Managing Director

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Gregory John Bromley who is a member of the Australasian Institute of Mining and Metallurgy, with more than 5 years experience in the field of activity being reported on.*

*Mr Greg Bromley is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bromley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*