

MINDAX LIMITED

ABN 28 106 866 442



HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2010

MINDAX LIMITED
ABN 28 106 866 442

CORPORATE DIRECTORY

DIRECTORS

Gilbert Charles George (Non-executive, Chairman)
Gregory John Bromley (Managing Director)
Andrew Tsang (Non-executive Director)
Benjamin Chow (Non-executive Director)

PRINCIPAL OFFICE

Level 2
25 Richardson Street
West Perth WA 6005

PO Box 92
West Perth WA 6892
Telephone (08) 9485 2600
Facsimile (08) 9485 2500

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REGISTERED OFFICE

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Telephone (08) 9486 2333
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AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

COMPANY SECRETARY

Angelo Francesca

BANKERS

Commonwealth Bank
1254 Hay Street
West Perth WA 6005

Westpac Banking Corporation
465 Scarborough Beach Road
Osborne Park WA 6017

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

Shares and Options over unissued Shares
in Mindax Limited are quoted on the
Australian Securities Exchange:
ASX Codes: MDX (shares)
MDXO (options)

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Mindax Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

1 DIRECTORS

The directors of the Company at any time during the whole of the half-year and up to the date of this report are:

GEORGE, Gilbert Charles (Chairman)
BROMLEY, Gregory John
TSANG, Andrew
CHOW, Benjamin
SMITH, Nicholas (resigned 30 October 2010)

2 OPERATING RESULTS

The consolidated net loss from ordinary activities after providing for income tax amounted to \$1,585,390 (2009: loss of \$790,967).

3 REVIEW OF OPERATIONS

EXPLORATION

Exploration highlights for the half-year by operating segments included the following;

Iron Ore (Comprising the Mt Forrest Project)

- Results identifying a 260% increase in Potentially Beneficiable Magnetite (PBM) further marks out Mt Forrest as a significant Iron Project in the emerging Yilgarn Iron Province.
- The updated PBM Mineral Resource (JORC Inferred Category), now stands at 1.01 billion tonnes (@ 31.4% Fe). This is up from the maiden 387 million tonnes in March.
- The Updated Direct Shipping Hematite-Goethite (DSO) Mineral Resource aggregates 4.5 million tonnes @ 54.3% Fe, and includes the following;
 - 2.66Mt @ 54.2% Fe (Indicated Category), and
 - 1.91Mt @ 54.3% Fe (Inferred Category).

The Drilling program of 14,500 m which commenced late in October, is directed to increasing the size and resource status of the PBM material.

Uranium (Comprising the Yilgarn Avon Joint Venture – Palaeochannel Project)

There was significant uranium mineralisation identified by ongoing scout drilling program at the Yandegin Prospect, Mukinbudin, West Australia. Drilling is ongoing.

DIRECTORS' REPORT, CONTINUED

Copper, Gold (Comprising the Yilgarn Avon Joint venture – Mortlock Project)

Fixed loop ground electromagnetic has identified drill ready targets at Centre Forest East Cu/Au Prospect and drilling is now underway.

Yilgiron Infrastructure Pty Ltd

During the half year a program of metallurgical testing and plant design commenced. Application for a corridor from Mt Forrest to the Menzies railhead to secure a road haulage power and pipeline route was made and 2D/3D studies to support these activities and to plan a possible rail route were initiated. Water studies were initiated. Discussions with rail and port people, as well as involved government agencies commenced and a program of marketing directly into Asia commenced in November.

Competent Person

The mineral resource estimates ("the estimates") are reported under the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 Edition). The estimates were carried out by Mr Chris Allen, BSc (Hons), MBA, MAIG of CSA Global Ltd who is a Member of the Australian Institute of Geoscientists (MAIG), and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the Code.

Mr Allen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineralisation, Exploration and Drilling Results 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.

CORPORATE

On 8 August 2010 the Company announced that it would commence an infrastructure study to determine alternatives for rail and road connections between its Mt Forrest Iron Project and a deepwater port. It established a wholly owned subsidiary, Yilgiron Infrastructure Pty Ltd, to facilitate this work.

The Yilgarn Iron Producers Association was initiated early in October with Mindax Ltd/Yilgiron Pty Ltd as a founding member. The Association (YIPA) will focus on issues of common interest with miners and other explorers in the Yilgarn area with a particular interest in infrastructure issues through to Esperance.

On 30 October 2010 Nicholas James Smith tendered his resignation as Non-executive Director of the Company.

4 SUBSEQUENT EVENTS

On 19 January 2011, the Company announced the expiry of 100,000 unlisted options with a \$0.25 exercise price. The unlisted options were previously issued under the terms of the Company's Employee and Consultant Option Plan.

There has not been any other matter or circumstance that has arisen since the end of the half-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 periods.

5 AUDITOR'S DECLARATION

A copy of the independence declaration by the lead auditor under section 307C of the Corporations Act 2001 is included on page 4 to this half-year financial report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



GREGORY JOHN BROMLEY
Director

Dated at PERTH this 24th day of February 2011

24 February 2011

The Directors
Mindax Limited
Level 2, 25 Richardson Street
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor for the review of Mindax Limited for the half-year ended 31 December 2010, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



Phillip Murdoch
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

MINDAX LIMITED
ABN 28 106 866 442

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
	\$	\$
Revenue from continuing operations	300,772	124,742
Depreciation and amortisation expense	(54,287)	(29,441)
Directors fees	(94,076)	(89,321)
Share based payments – employee options	-	(345,600)
(Write-off)/Recovery of exploration expenditure	(1,111,511)	18,957
Corporate management fees	(146,573)	(126,520)
Finance costs	(298)	(605)
Occupancy expense	(124,956)	(126,819)
Other expenses	(354,461)	(216,360)
Loss before income tax	<u>(1,585,390)</u>	<u>(790,967)</u>
Income tax benefit	-	-
Net loss for the half year	<u>(1,585,390)</u>	<u>(790,967)</u>
Other comprehensive income	-	-
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive loss for the half-year	<u>(1,585,390)</u>	<u>(790,967)</u>
Loss for the half-year is attributable to:		
Owners of Mindax Limited	<u>(1,585,390)</u>	<u>(790,967)</u>
Total comprehensive loss for the half-year is attributable to:		
Owners of Mindax Limited	<u>(1,585,390)</u>	<u>(790,967)</u>
Earnings per share for loss from continuing operations attributable to ordinary equity holders of the Company		
Loss per share:		
Basic and diluted (cents per share)	(1.088)	(0.613)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

MINDAX LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	31.12.2010	30.06.2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,645,705	10,955,903
Trade and other receivables	186,428	362,647
Other current assets	107,568	-
TOTAL CURRENT ASSETS	6,939,701	11,318,550
NON-CURRENT ASSETS		
Property, plant & equipment	414,613	377,843
Exploration & evaluation expenditure	11,661,867	8,253,063
Other non-current assets	2,885	1,785
TOTAL NON-CURRENT ASSETS	12,079,365	8,632,691
TOTAL ASSETS	19,019,066	19,951,241
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	933,840	312,578
Borrowings	-	3,664
Provisions	108,099	72,482
TOTAL CURRENT LIABILITIES	1,041,939	388,724
NON CURRENT LIABILITIES	-	-
TOTAL NON CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	1,041,939	388,724
NET ASSETS	17,977,127	19,562,517
EQUITY		
Contributed equity	5 25,896,288	25,896,288
Reserves	624,151	624,151
Accumulated losses	(8,543,312)	(6,957,922)
TOTAL EQUITY	17,977,127	19,562,517

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

MINDAX LIMITED
ABN 28 106 866 442

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Contributed equity \$	Retained earnings \$	Option reserve \$	Total equity \$
Balance at 1 July 2009	17,905,692	(4,618,376)	11,251	13,298,567
Comprehensive income for the half-year		(790,967)	-	(790,967)
Total comprehensive income for the half-year		(790,967)	-	(790,967)
Contributions of Equity, net of transaction costs	-	-	-	-
Transactions with owners in their capacity as owners				
Share-based payment expense	-	-	345,600	345,600
Expiry of unexercised employee options		-	-	-
Contributions of Equity, net of transaction costs	-	-	345,600	345,600
Balance at 31 December 2009	17,905,692	(5,409,343)	356,851	12,853,200
Comprehensive income for the half-year		(1,548,579)	-	(1,548,579)
Total comprehensive income for the half-year		(1,548,579)	-	(1,548,579)
Transactions with owners in their capacity as owners				
Contributions of Equity, net of transaction costs	7,990,596	-	-	7,990,596
Share-based payment expense	-	-	267,300	267,300
	25,896,288	(6,957,922)	624,151	19,562,517
Balance at 30 June 2010	25,896,288	(6,957,922)	624,151	19,562,517
Comprehensive income for the half-year		(1,585,390)	-	(1,585,390)
Total comprehensive income for the half-year		(1,585,390)	-	(1,585,390)
Transactions with owners in their capacity as owners				
Share-based payment expense	-	-	-	-
	25,896,288	(8,543,312)	624,151	17,977,127
Balance at 31 December 2010	25,896,288	(8,543,312)	624,151	17,977,127

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MINDAX LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010	31.12.2009
	\$	\$
Cash flows from operating activities		
Interest received	276,854	159,021
Interest and other costs of finance paid	(3)	(605)
Other revenue	16,588	-
Payments to suppliers and employees	(680,437)	(611,965)
Net cash (outflow) from operating activities	<u>(386,998)</u>	<u>(453,549)</u>
Cash flows from investing activities		
Payments for:		
Property, plant & equipment	(92,131)	(24,083)
Exploration expenditure	(3,827,405)	(1,822,597)
Recovery of exploration expenditure – JV Partner	-	536,709
Net cash (outflow) investing activities	<u>(3,919,536)</u>	<u>(1,309,971)</u>
Cash flows from financing activities		
Transaction costs from issue of shares	-	(18,685)
Proceeds from borrowings	-	19,846
Repayment of borrowings	(3,664)	(10,722)
Net cash (outflow) by financing activities	<u>(3,664)</u>	<u>(9,561)</u>
Net increase/(decrease) in cash held	(4,310,198)	(1,773,081)
Net cash at beginning of the period	10,955,903	7,831,681
Net cash at the end of the period	<u>6,645,705</u>	<u>6,058,600</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

MINDAX LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1 – BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose interim financial report for the half-year reporting period ended 31 December 2010 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Mindax Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2 – SEGMENT INFORMATION

The group has adopted AASB 8 Operating Segments from 1 July 2010 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes.

This has resulted in the segment being disaggregated into four reportable segments based on the minerals present in the Projects detailed in the Quarterly Activities Report released to the Australian Securities Exchange each quarter, prepared by the Managing Director. Based on the contents of this report, the four reportable segments identified are:

1. Uranium (Comprising the Yilgarn Avon Joint Venture – Palaeochannel Project)
2. Gold (Comprising the Meekatharra and Sandstone Wide Project)
3. Copper and Gold (Comprising the Yilgarn Avon Joint venture – Mortlock Project)
4. Iron Ore (Comprising the Mt Forrest Project)

Segment information provided to the executive management committee for the half-year ended 31 December 2010 is as follows:

Half-year ended 31 December 2010	Uranium \$	Gold \$	Copper and Gold \$	Iron Ore \$	Total \$
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	-	(801,223)	-	(310,288)	(1,111,511)

Half-year ended 31 December 2009	Uranium \$	Gold \$	Copper and Gold \$	Iron Ore \$	Total \$
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	-	-	-	-	-

MINDAX LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 2 – SEGMENT INFORMATION (Continued)

Total segment assets

31 December 2010	<u>2,386,977</u>	<u>780,164</u>	<u>929,340</u>	<u>7,565,386</u>	<u>11,661,867</u>
30 June 2010	<u>1,460,934</u>	<u>1,440,818</u>	<u>716,792</u>	<u>4,634,519</u>	<u>8,253,063</u>

Reconciliation of reportable segment loss to profit before income tax is as follows:

	Consolidated	
	31.12.2010	31.12.2009
	\$	\$
Total profit or loss for reportable segments	(1,111,511)	-
Intersegment eliminations	-	-
<u>Unallocated amounts</u>		
Finance costs	(298)	(605)
Interest revenue	284,184	124,549
Other revenue	16,588	193
Depreciation and amortisation	(54,287)	(29,441)
Share-based payments	-	(345,600)
Other expenses	<u>(720,066)</u>	<u>(540,063)</u>
Loss before income tax from continuing operations	<u>(1,585,390)</u>	<u>(790,967)</u>

Total asset amounts provided to the executive management committee are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the assets.

NOTE 3 – CONTINGENT ASSETS AND LIABILITIES

Term deposits of \$33,000 have been temporarily secured by the Company's bankers to provide a bank guarantee of \$13,000 and \$20,000 in favour of the Minister for State Development as unconditional performance bonds on EL 57/619 and 57/555 respectively. EL57/555 was surrendered on 16 July 2010 and the bond is in the process of being recouped.

A term deposit of \$124,042 was secured by the Company's bankers to provide a bank guarantee in support of the lease agreement for the Company's business premises.

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

NOTE 4 – DIVIDENDS

No dividends have been paid or declared since the start of the financial period, and none are recommended.

MINDAX LIMITED
ABN 28 106 866 442

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 5 – EQUITY SECURITIES ISSUED

There were no shares issued during the six month period ending 31 December 2010 or comparative period ending 31 December 2009.

NOTE 6 – EVENTS SUBSEQUENT TO BALANCE DATE

On 19 January 2011, the Company announced the expiry of 100,000 unlisted options with a \$0.25 exercise price. The unlisted options were previously issued under the terms of the Company's Employee and Consultant Option Plan.

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 half-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 periods

MINDAX LIMITED
ABN 28 106 866 442

DECLARATION BY DIRECTORS

In the directors' opinion:

- a) the financial statements and notes, set out on page 5-11, are in accordance with the Corporations Act 2001 and:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position, as at 31 December 2010 and of its performance for the half-year ended on that date, and
- b) there are reasonable grounds to believe that Mindax Limited will be able to pay its debts as and when they become due and payable.

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



GREGORY JOHN BROMLEY
Director

Dated at PERTH this 24th day of February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MINDAX LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mindax Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entity it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mindax Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Conclusion

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

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

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch
Director

Perth, Western Australia
Dated this 24th day of February 2011