

MINDAX LIMITED

ABN 28 106 866 442

ANNUAL FINANCIAL REPORT

30 JUNE 2004

MINDAX LIMITED
ABN 28 106 866 442

CORPORATE DIRECTORY

DIRECTORS

Gilbert Charles George (Chairman)
Gregory John Bromley
Nicholas James Smith

PRINCIPAL OFFICE

171 South Terrace
Como WA 6152

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South Perth WA 6951
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AUDITORS

Horwath Perth
Chartered Accountants
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
Level 7
200 Adelaide Terrace
Perth WA 6000

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DIRECTORS' REPORT

The directors present their report together with the financial report of Mindax Limited ("the Company") for the period ended 30 June 2004 and the auditor's report thereon.

1 DIRECTORS

The directors of the Company at any time during or since the end of the financial period are:

	Period of Directorship
GEORGE, Gilbert Charles (Chairman)	Appointed 5 January 2004 Appointed Chairman 9 February 2004
BROMLEY, Gregory John	Appointed 30 October 2003
SMITH, Nicholas James	Appointed 30 October 2003
FRANCESCA, Angelo	Appointed 30 October 2003 Resigned 9 March 2004

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options issued by the Company, at the date of this report is as follows:

Name of Directors

	Interest in Ordinary Shares	Interest in Options Over Ordinary Shares
GEORGE, Gilbert Charles	781,250	-
* BROMLEY, Gregory John	9,000,001	-
SMITH, Nicholas James	2,000,000	-
FRANCESCA, Angelo(Resigned 9 March 2004)	1,012,500	-

* The interest held with respect to 4,000,000 of these shares derives solely from an interest in Plateau Resources Limited, which owns these shares.

PARTICULARS OF DIRECTORS

GILBERT CHARLES GEORGE BSc(Hons) MEd

Gilbert, aged 54 years, has an honours degree in 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.

Since then he 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 has held a number of other directorships in resource, property and utility/infrastructure companies. Gilbert has also been a member of a number of state government and international advisory committees, including the Asian Round Table.

GREGORY JOHN BROMLEY ARMIT FAIMM CPGeo

Greg, aged 54 years, a geologist, has 30 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.

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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 most recently he has been consulting to Sipa Resources on their local exploration and business development programs.

He is also a director of unlisted Plateau Resources Limited.

NICHOLAS JAMES SMITH LL.B

Nicholas, aged 52, 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.

He is also a director of Red 5 Limited and NiQuest Limited.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's Directors held during the period ended 30 June 2004 and the number of meetings attended by each Director during the time the director held office.

	No of Meetings attended	No of Meetings held while in office
GEORGE, Gilbert Charles	8	8
BROMLEY, Gregory John	13	13
SMITH, Nicholas James	9	13
FRANCESCA, Angelo	9	9

2 PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

The Company was incorporated on 30 October 2003.

On 18 December 2003 the Company changed its name from Bronick Limited to Mindax Limited.

3 RESULTS

The operating loss of the Company after providing for income tax amounted to \$12,470 for the financial period.

4 DIVIDENDS

Since the incorporation of the company, no amounts have been paid or declared by the Company by way of dividend, and none are recommended.

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5 REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

With a view to establishing a mining enterprise in the short to medium term, Mindax Limited has acquired the rights to exploration access to over approximately 1,100 square kilometres in the Northeast Murchison by way of tenement acquisitions and options to purchase various tenement packages as disclosed in Note 19(b). At the heart of this is a recently discovered resource of 36,000 oz of gold at Paradise Bore.

The Paradise Bore mineralisation lies on a 10 km long structure that includes other encouraging drill hole intercepts and untested geochemical anomalies. The surrounding Bulga Downs, Maynard Hills and Panhandle projects around this discovery, have seen various prospecting expeditions through recent years and compilation of this sparse data indicates new target positions as a foundation from which to mount systematic exploration.

The Meekatharra North project in the North Murchison lies along from the significant Paddy Flat gold mines where 2.4 million ounces have been produced. Re-evaluation of the available exploration data over this area of 200 km² indicates analogous positions to Paddy's Flat and the Bluebird goldfields that are not fully tested and offer scope for a significant discovery.

These gold projects are all adjacent to major regional structures with similarities to the Zuleika shear system. This hosts the rich lodes of Kundana and Daveyhurst that are emerging as important highly profitable gold mines. It is these styles of deposit that most resemble the mineralisation at Paradise Bore and exploration will be directed accordingly.

The Mt Alexander area 50 km southwest from Paradise Bore returned nickel sulfide intercepts. Western Areas NL are actively exploring this area and the Company has secured title immediately to the east. The project includes 5 km of under-tested ultramafics where reconnaissance drilling has indicated sulfides with low order copper and nickel anomalism.

The Corporate Objective of Mindax Limited is to explore and develop these assets to production to provide cash flow and to grow the return for shareholders in the longer term.

Mindax Limited intends to pursue this objective with a small but dedicated operational management team and an experienced Board. Mindax Limited intends to operate with very focussed programs to maximise the effectiveness of its funds.

To facilitate the achievement of its objectives, Mindax Limited intends to seek listing on the ASX in 2004.

Options And Exercise Of Options Over Tenements

The Company secured an option to acquire a 100% interest in E57/552 (part of the Maynard Hills Project) exercisable on or before 27 February 2004. On 27 February 2004, the Company exercised the option to acquire the tenement for \$66,000 (including GST) satisfied by cash payment of \$26,000 and a letter of undertaking to issue shares to the value of \$40,000.

The company secured an option to acquire a 100% interest in E24/459 (the Panhandle Project) exercisable on or before 10 March 2004. On 9 March 2004, the Company exercised the option to acquire the tenement for \$82,500 (including GST) satisfied in full by cash payment.

The company also secured an option to acquire a 100% interest in E29/537 exercisable on or before 28 June 2004. On 24 June 2004, the Company exercised the option to acquire the tenement for \$66,000(including GST) satisfied by cash payment of \$26,000 and a letter of undertaking to issue shares to the value of \$40,000.

On 31 December 2003 the Company executed the "Sipa Option to purchase Murchison Properties Agreement." The option to purchase predominantly relates to various tenements in the Murchison District of Western Australia with consideration of \$550,000 (including GST) to be satisfied by cash payment of \$250,000 and 1,500,000 fully paid ordinary shares in the Company. The exercise date was extended to 30 September 2004 for nil consideration. The grantor retains a royalty of 2% on gold produced varied to reflect Sipa's original equity in the relevant tenement. The royalty will not apply until the Company has produced 150,000 ounces of gold from these tenements.

On 5 January 2004 the Company executed a sale and joint venture agreement whereby it can secure a 70% interest in E57/551 by producing a bankable feasibility within a three year period from the date of listing on the Australian Stock Exchange. Consideration for the grant of the right to earn the interest is \$50,000(plus any applicable GST) represented by cash payment of \$25,000 and the issue of 150,000 fully paid ordinary shares in the Company. The agreement was conditional upon the Company being listed on the Australian Stock Exchange prior to 1 June 2004. The effective date of 1 June 2004 extended to 31 December 2004 (pursuant to the terms of the Agreement) by cash payment of \$70,000 (plus any applicable GST), such payment made on 27 May 2004 with the funds to be exclusively utilised for exploration on the tenement.

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Acquisition of E29/534

On 14 January 2004, the Company acquired a 100% interest in E29/534 for \$25,000, from Plateau Resources Limited, a company associated with Mr GJ Bromley. The purchase consideration was satisfied by the issue of 2,500,000 ordinary fully paid shares in the Company.

Acquisition of 40% Equity of Anglo Australian Resources NL in E29/117 and E29/279

On 27 May 2004 the Company entered into an agreement to purchase Anglo Australian Resources NL's 40% interest in E29/117 and E29/279 for \$80,000 (plus any applicable GST) payable on the earlier of listing or by 30 September 2004. A \$10,000 (plus GST of \$1,000) non-refundable instalment has already been paid.

Capital Raisings

On 9 January 2004, the Company issued an Information Memorandum to raise adequate seed capital to facilitate an Initial Public Offering and listing on the Australian Stock Exchange.

On 6 February 2004, the raising closed oversubscribed with total application monies of \$505,000 being received and accepted by the Company.

Due to a decision to defer an initial public offering of the Company's securities and the listing of the Company on the Australian Stock Exchange ("ASX") to the third quarter of 2004, an Information Memorandum detailing a Rights Issue Offer and a share placement program was issued on 3 June 2004 to raise additional funds of up to \$773,500 at 14 cents per share. The issue was closed by the directors on 16 July 2004 at 5:00pm Western Standard Time.

The decision to defer the Initial Public Offering and ASX Listing to around September 2004 was taken after consultation with Brokers after analysing market conditions.

Funds raised will be utilised to exercise options to purchase over tenements, acquisition of minority interests in tenements, continued exploration and additional working capital.

6 SUBSEQUENT EVENTS

As at the date of this report the Company had received applications for shares of \$522,535 pursuant to the Information Memorandum dated 3 June 2004. Additional applications for shares of \$90,490 are expected to be received pursuant to the terms of an underwriting agreement with WHI Securities Pty Ltd relating to the Rights Issue Offer detailed in the Information Memorandum.

No other matters have arisen since the end of the financial period to the date of this report, which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

7 LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Company.

8 SHARE OPTIONS

At the date of this report, the Company has not granted options over unissued ordinary shares.

9 DIRECTORS AND AUDITORS INDEMNIFICATION

The Company has not, during or since the financial period, indemnified or agreed to indemnify an Officer or auditor of the Company or of any related body corporate against a liability incurred as an Officer or auditor.

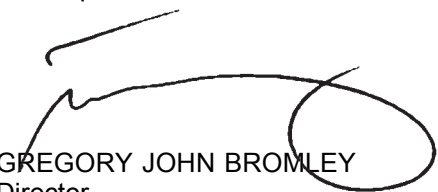
10 DIRECTORS BENEFITS

During the financial period no Director of the Company received or accrued director's fees as remuneration for their duties as Director.

11 ENVIRONMENTAL REGULATION

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

This report is made with a resolution of the directors:


GREGORY JOHN BROMLEY
Director

Dated at PERTH this 20TH day of August 2004

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CORPORATE GOVERNANCE STATEMENT

Corporate governance policies and practice of Mindax Limited are reflective of the Company's current status, its major activities during the financial period being mineral exploration.

The Board currently comprises three directors, namely the Managing Director – Mr GJ Bromley and Non-Executive Directors – Mr GC George and Mr NJ Smith.

Individual directors are assigned areas of responsibility based upon their particular expertise. Professional firms are contracted to perform specific functions such as accounting, secretarial, management services and to provide advice as requested. The directors are in regular communication and the Board formally decides on matters of significant importance to the Company.

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is continuously monitored.

The Board acknowledges that it is responsible for overall internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility the Board instigates the following:

- Financial reporting – there is a budgeting system with an annual budget approved by the directors. Actual results are regularly compared to budget and revised forecasts adopted as required.
- Investment appraisal – the Company undertakes careful due diligence when considering any major investment or new venture.

Corporate governance policies and practice will be reviewed regularly as the Company's operations expand.

The external auditors were appointed on 9 December 2003.

AUDIT AND REMUNERATION COMMITTEES

Subsequent to year end, the Company established an audit committee and a remuneration committee comprising the two Non-Executive Directors. Each committee will commence its function upon listing of the Company on the Australian Stock Exchange.

All functions including external audit arrangements are closely monitored and reviewed by members of the Board.

EMPLOYEE AND CONSULTANTS OPTION PLAN

The Employee and Consultants Option Plan ("EOP") was approved by shareholders at the Company's general meeting of 21 January 2004.

The purpose of the EOP is to provide a means by which employees (including directors of the Company) and consultants, upon whom the responsibilities for the successful growth of the Company rest, can share in such growth, thereby strengthening their commitment to the Board. The EOP offers participants the opportunity to acquire ordinary shares in the Company.

Any vested options not exercised within thirty days of termination of employment for any reason other than death shall be forfeited.

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CORPORATE GOVERNANCE STATEMENT

ROLE OF SHAREHOLDERS

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;
- notices of all meetings of 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 the shareholders as single resolutions.

The 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 that requests it.

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2004

	Note	The Company \$
Revenues from ordinary activities	2	4,559
Corporate management fees	3	(16,699)
Other expenses from ordinary activities	3	<u>(330)</u>
Loss from ordinary activities before related income tax		(12,470)
Income tax benefit relating to ordinary activities	5	<u>-</u>
Net loss attributable to Mindax Limited		<u>(12,470)</u>
Total changes in equity attributable to members of Mindax Limited other than those resulting from transactions with owners as owners	17	<u>(12,470)</u>
Basic loss per share:		
Ordinary shares	6	-

To be read in conjunction with the accompanying notes

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	The Company
CURRENT ASSETS		
Cash assets	8	235,316
Receivables	9	23,145
Other	10	35,405
TOTAL CURRENT ASSETS		<u>293,866</u>
NON-CURRENT ASSETS		
Exploration & evaluation expenditure	11	539,562
Other	12	1,785
TOTAL NON-CURRENT ASSETS		<u>541,347</u>
TOTAL ASSETS		<u>835,213</u>
CURRENT LIABILITIES		
Payables	13	191,076
Other	14	47,250
TOTAL CURRENT LIABILITIES		<u>238,326</u>
TOTAL LIABILITIES		<u>238,326</u>
NET ASSETS		<u>596,887</u>
EQUITY		
Contributed equity	15	609,357
Accumulated losses	16	(12,470)
TOTAL EQUITY	17	<u>596,887</u>

To be read in conjunction with the accompanying notes

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2004

	Note	The Company \$
Cash flows from operating activities		
Interest received		4,559
Cash payments in the course of operations		(19,338)
Net cash (used in) operating activities	21b)	<u>(14,779)</u>
Cash flows from investing activities		
Payments for:		
Purchase of tenements		(148,773)
Exploration expenditure		(116,218)
Intangibles		<u>(1,785)</u>
Net cash (used in) investing activities		<u>(266,776)</u>
Cash flows from financing activities		
Proceeds from issue of shares		567,251
Capital raising costs		(47,880)
Loan to related party		<u>(2,500)</u>
Net cash provided by financing activities		<u>516,871</u>
Net increase in cash held		235,316
Cash at the beginning of the reporting period		-
Cash at the end of the reporting period	21a)	<u><u>235,316</u></u>

To be read in conjunction with the accompanying notes

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by the Company.

(b) Going Concern

The accounts have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate as the Company has the ability to raise additional funds by share placements. To the date of this report the Company has received applications for shares of \$522,535 and will in addition receive a further \$90,490 (refer Note 24). The Company is also preparing a Prospectus for an initial public offering of its securities and listing on ASX.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (“GST”) payable to the taxation authority.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(e) Taxation

The Company adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

(f) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

(g) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Trade debtors

Trade debtors to be settled within 60 days are carried at amounts due.

(h) Joint Ventures

The entity's interest in an unincorporated joint venture is brought to account by including its interest in the following amounts in the appropriate categories in the statement of financial performance and statement of financial position:

- each of the individual assets employed in the joint venture
- liabilities incurred by the Company in relation to the joint venture and the liabilities for which it is jointly and/or severally liable
- expenses incurred in relation to the joint venture
- revenue from sale of output.

(i) 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.

(j) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cost versus fair value

Except where specifically stated, non-current assets are recorded at the lower of cost and recoverable amount.

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 14 to 30 days.

(l) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

30 June 2004
\$

NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES

Other Revenues

From operating activities:

Interest – other parties

4,559

NOTE 3 – LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

Individually significant items included in loss from ordinary activities before income tax:

Corporate Secretarial Outgoings and Professional Costs
Statutory ASIC fees

(16,699)

(330)

(17,029)

NOTE 4 – AUDITORS' REMUNERATION

Audit Services:

Auditors of the Company

Horwath Perth

-review of financial reports

3,031

Other Services

Horwath Perth related practices:

Horwath Securities (WA) Pty Ltd

-Independent Accountant's Report

1,300

4,331

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

30 June 2004
\$

NOTE 5 – TAXATION

Income Tax Expense

Prima facie income tax (benefit) calculated at 30% on the loss from ordinary activities	(3,741)
Increase in income tax benefit due to: ITAA 1997 s 40-730 Exploration Expenditure	<u>(41,907)</u> (45,648)
Income tax benefit not brought to account	<u>45,648</u> <u>-</u>

As at 30 June 2004, the entity had unconfirmed future income tax benefits attributable to tax losses. The future income tax benefits arising from these balances has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt.

The potential future income 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.

NOTE 6 – EARNINGS PER SHARE

Earnings reconciliation

Net Loss	(12,470)
Basic Loss	<u>(12,470)</u>

Weighted average number of shares used as the denominator

Ordinary shares	14,375,401
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There are no dilutive potential ordinary shares, therefore diluted loss per share has not been calculated or disclosed.

NOTE 7 – SEGMENT REPORTING

Geographical Segments:

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

	Exploration Australia
Segment Revenue	<u>4,559</u>
Segment Result	<u>(12,470)</u>
Segment Assets	<u>835,213</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2004

30 June 2004
\$

NOTE 8 – CASH ASSETS

Cash at bank and on hand	235,316
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NOTE 9 – RECEIVABLES

Current

Refunds due from Taxation Authorities	20,645
Other loans	2,500
	23,145

Other loans include loans to director related entities as set out in Note 23.

NOTE 10 – OTHER CURRENT ASSETS

Advance for exploration expenditure	500
Prepayments - Prospectus share raising costs (Initial Public Offering)	34,905
	35,405

NOTE 11 – EXPLORATION & EVALUATION EXPENDITURE

Exploration and evaluation expenditure carried forward in respect of areas of interest	539,562
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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.

NOTE 12 – OTHER NON CURRENT ASSETS

Formation costs	1,785
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NOTE 13 – PAYABLES

Trade creditors	24,319
Other creditors and accruals	166,757
	191,076

NOTE 14 – OTHER CURRENT LAIBILITIES

Share proceeds to be allotted*	47,250
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*Pursuant to the Rights Issue and Share Placement Information Memorandum dated 3 June 2004 which closed on 16 July 2004 at 5:00pm WST.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2004

NOTE 15 – CONTRIBUTED EQUITY

		30 June 2004	
		No. of shares	\$
Share Capital			
22,100,001 Fully paid ordinary shares			<u>625,001</u>
Movements during the period:			
30 October 2003	1 ordinary fully paid founder share at \$1.00 per share	1	1
6 January 2004	3,000,000 ordinary fully paid shares at \$0.01 per share issued in lieu of fees owing for corporate and project acquisition advice	3,000,000	30,000
	2,500,000 ordinary fully paid shares at \$0.01 per share for the acquisition of E29/534	2,500,000	25,000
	1,500,000 ordinary fully paid shares at \$0.01 per share for working capital	1,500,000	15,000
	5,000,000 ordinary fully paid shares at \$0.01 per share issued in lieu of fees for the facilitation and execution of purchase option agreements over various tenement packages	5,000,000	50,000
11 February 2004	8,100,000 ordinary fully paid shares at \$0.05 per share for working capital	8,100,000	405,000
20 February 2004	2,000,000 ordinary fully paid shares at \$0.05 per share for working capital	2,000,000	100,000
	Capital Raising Costs		<u>(15,644)</u>
			<u>609,357</u>

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Rights Issue and Share Placement Program

Pursuant to the Information Memorandum dated 3 June 2004 detailing a Rights Issue and Share Placement program at 14 cents per share, the Company had received applications for shares totalling \$47,250 as at 30 June 2004.

As at the date of this report, the Company had received applications for shares totalling \$522,535 and expects to receive additional applications for shares totalling \$90,490.

30 June 2004
\$

NOTE 16 – ACCUMULATED LOSSES

Net loss attributable to members of the entity	<u>12,470</u>
Accumulated losses at the end of the period	<u>12,470</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 2004

30 June 2004
\$

NOTE 17 – TOTAL EQUITY RECONCILIATION

Total equity at beginning of period	-
Total changes in entity interest in equity recognised in statement of financial performance	(12,470)
Transaction with owners as owners:	
Contributions of equity (Note 15)	<u>609,357</u>
Total equity at end of period	<u><u>596,887</u></u>

NOTE 18 – FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates for classes of financial assets and financial liabilities is as follows:

	Note	Weighted average interest rate	Floating interest rate	Fixed interest rate maturing within 1 year	Non-interest bearing	Total
<u>2004</u>						
<u>Financial assets</u>						
Cash assets	8	4%	235,316	-	-	235,316
Receivables	9	-	-	-	23,145	23,145
			<u>235,316</u>	<u>-</u>	<u>23,145</u>	<u>258,461</u>
<u>Financial liabilities</u>						
Payables	13	-	-	-	191,076	191,076
			<u>-</u>	<u>-</u>	<u>191,076</u>	<u>191,076</u>

b) Credit Risk

The maximum exposure to credit risk, excluding the value of any security at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statements of financial position and notes to the financial statements. Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted.

c) Net Fair Values of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities approximates their carrying value.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 19 – COMMITMENTS

a) Exploration Commitments

Under the terms of the agreements referred to below, and to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by Statutory Authorities. These obligations are not provided for in the financial report and are payable:

Within one year	377,100
Later than one year and no later than two years	332,972
Later than two years and no later than five years	1,252,700
Later than five years	650,000

b) Other Commitments

On 27 February 2004, the Company exercised an option to acquire E57/552 for a consideration of \$66,000 (including GST) satisfied by cash payment of \$26,000 and a letter of undertaking to issue shares to the value of \$40,000 upon listing. The grantor retains a royalty of 2% gold produced and a net royalty of 1.5% on returns from other minerals sold.

On 24 June 2004, the Company exercised an option to acquire E29/537 for a consideration of \$66,000 (including GST) satisfied by cash payment of \$26,000 and a letter of undertaking to issue shares to the value of \$40,000 upon listing. The grantor retains a royalty of 2% gold produced and a net royalty of 1.5% on returns from other minerals sold.

On 31 December 2003 the Company executed the "Sipa Option to purchase Murchison Properties Agreement." The option to purchase predominantly relates to various tenements in the Murchison District of Western Australia with consideration of \$550,000 (including GST) to be satisfied by cash payment of \$250,000 and 1,500,000 fully paid ordinary shares in the Company on listing. The exercise date was extended to 30 September 2004 for nil consideration. The grantor retains a royalty of 2% on gold produced varied to reflect Sipa's original equity in the relevant tenement. The royalty will not apply until the Company has produced 150,000 ounces of gold from these tenements.

On 5 January 2004 the Company executed a sale and joint venture agreement whereby it can secure a 70% interest in E57/551 by producing a bankable feasibility within a three year period from the date of listing on the Australian Stock Exchange. Consideration for the grant of the right to earn the interest is \$50,000 (plus any applicable GST) represented by cash payment of \$25,000 and the issue of 150,000 fully paid ordinary shares in the Company on listing. The agreement was conditional upon the Company being listed on the Australian Stock Exchange prior to 1 June 2004.

As per the terms of the agreement the effective date of 1 June 2004 has been extended to 31 December 2004 by cash payment of \$77,000(including GST) on 27 May 2004 with the funds to be exclusively utilised for exploration on the tenement.

On 27 May 2004 the Company entered into an agreement to purchase Anglo Australian Resources NL 40% interest in E29/117 and E29/279. The Company has agreed to purchase the interest for \$80,000 (plus any applicable GST) payable on the earlier of listing or by 30 September 2004. A \$10,000 non-refundable instalment was paid on 31 May 2004. Mindax Limited undertakes to meet the obligations of Anglo Australian Resources NL in respect to the joint venture with Sipa Resources International NL over the tenements and relevant statutory obligations.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 20 – CONTINGENT LIABILITIES

Contingent liabilities not considered remote

Applications for exemption from statutory expenditure obligations during 2002-2003 have not been granted over two tenements(subject to option) at Bulga Downs. The non-granting of the exemption application poses risks to the security of title. Meetings and depositions to relevant authorities have resulted in assurances from them that a fine (est \$3,500) will be imposed in lieu of forfeiture but this process may not be concluded until August.

NOTE 21 – NOTES TO THE STATEMENTS OF CASH FLOWS

a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2004 \$
Cash assets	<u>235,316</u>

b) Reconciliation of loss from ordinary activities after income tax to net cash used by operating activities

Loss from ordinary activities after income tax	(12,470)
Change in assets and liabilities:	
Increase in other current assets	(500)
Increase in receivables	(20,646)
Increase in accounts payable not relating to exploration expenditure	<u>18,837</u>
Net cash (used in) operating activities	<u>(14,779)</u>

NOTE 22 - NON-CASH FINANCING AND INVESTING ACTIVITIES

On 6 January 2004 3,000,000 ordinary fully paid shares were issued at \$0.01 per share in lieu of fees owing for corporate and project acquisition advice.

On 6 January 2004 2,500,000 ordinary fully paid shares were issued at \$0.01 per share for the acquisition of E29/534.

On 6 January 2004 5,000,000 ordinary fully paid shares were issued at \$0.01 per share in lieu of fees for the facilitation and execution of purchase option agreements over various tenement packages.

These transactions are not reflected in the Statement of Cash Flows.

NOTE 23 – DIRECTORS DISCLOSURES FOR NON-DISCLOSING ENTITIES

The names of each person holding the position of director of Mindax Limited during the financial period are Messrs G C George, G J Bromley, N J Smith and A Francesca. Mr A Francesca resigned as a director during the period on 9 March 2004.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 23 – DIRECTORS DISCLOSURES FOR NON-DISCLOSING ENTITIES, CONTINUED

DIRECTORS' REMUNERATION

Directors' income

During the financial period no Director of the Company received or accrued director's fees as remuneration for their duties as Director.

At a meeting of directors held on 5 January 2004, it was resolved by separate resolutions that Portcullis Corporate Advisory Pty Ltd, a company associated with Mr NJ Smith and Mr GC George would be allotted two million fully paid ordinary shares and six hundred and twenty five thousand fully paid ordinary shares in the Company respectively at one cent per share in part satisfaction of fees for time spent and professional services rendered for the period from date of appointment as director, up to and including the earlier of the date of the Company's shares being listed for quotation on the Australian Stock Exchange or 30 June 2004. It was also resolved that neither Mr NJ Smith or Mr GC George accrue directors' fees for the same period of time.

At the same meeting it was also separately resolved that Mr GJ Bromley and Mrs CM Bromley would be jointly allotted a total of five million fully paid ordinary shares in the Company at one cent per share for services rendered with regard to the review and acquisition of tenement packages and in lieu of directors fees to 30 June 2004 for Mr GJ Bromley. Details of other consulting fees paid are detailed below.

Director related parties

Apart from the details disclosed in this note, no director has entered into a material contract with the Company and there were no material contracts involving directors' interests existing at period end.

Directors' transactions in shares and share options

The direct and indirect interests of directors of the Company in the shares and share options of the Company at period end are set out below:

	30 June 2004
	\$
Shares	11,625,001
Options	-

Directors' transactions with the Company

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 23 – DIRECTORS DISCLOSURES FOR NON-DISCLOSING ENTITIES, CONTINUED

The aggregate amounts recognised during the financial period relating to directors and their director-related entities were as follows:

Director	Director controlled entity amounts paid to	Amount settled in ordinary shares at 1c per share	Amount settled in cash	Reimbursements of costs paid on behalf of company	Total
a) Gregory John Bromley	Bromley & Company	\$50,000	\$18,680	\$6,755	\$75,435
b) Nicholas James Smith	Portcullis Corporate Advisory Pty Ltd	\$20,000	-	\$276	\$20,276
c) Gilbert Charles George	Gilbert George & Associates Pty Ltd	\$6,250	-	\$251	\$6,501
d) Angelo Francesca (to 9 March 2004)	eks Solutions	\$2,500	\$2,500	\$330	\$5,330

(2)

(3)

(4)

- (1) All amounts are GST exclusive
(2) Fees paid to Officers a), b) & c) satisfied by the issue of shares relate to services rendered with regard to the review and acquisition of tenement packages including Bulga Downs, Panhandle, Maynard Hills, Meekatharra North and Mt Alexander. Fees paid to Officer d) satisfied by the issue of shares relate to services for corporate, taxation and accounting services.
(3) Fees paid to Officer a) satisfied in cash relate to services rendered with regard to the management and maintenance of tenements. Fees paid to Officer d) satisfied in cash relate to services for corporate and accounting services.
(4) Reimbursements relate to costs initially incurred and paid on behalf of the Company by the relevant officer and subsequently reimbursed in full.

Amounts payable to directors and their director related entities at reporting date arising from these transactions are:

Current Payables – accrued expenses \$3,000 (excluding GST)

On 14 January 2004, the Company acquired a 100% interest in E29/534 for \$25,000 from Plateau Resources Limited, a company associated with Mr GJ Bromley. The purchase consideration was satisfied by the issue of 2,500,000 ordinary fully paid shares in the Company.

Amounts receivable from directors or their director-related entities at reporting date were as follows:

30 June 2004
\$

Current receivables

Other debtors

2,500

The loan relates to an amount owing by Plateau Resources Limited, a company associated with Mr GJ Bromley. The amount was unsecured and interest free and was repaid on 2 August 2004.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2004

NOTE 24 – EVENTS OCCURRING AFTER REPORTING DATE

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the entity must comply with International Financial Reporting Standard (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Company has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future.

The potential impacts on the entity's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the Company are as follows:

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity
- Revaluation increments and decrements relating to revalued property, plant and equipment and intangible assets will be recognised on an individual basis, not a class of assets basis
- Impairment of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired
- Equity-based compensation in the form of shares and options will be recognized as expenses in the periods during which the employee provides related services
- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

The Company is utilising the services of consultants to review the International Financial Reporting Standards legislation and assess its impact on the Company to formulate an implementation plan to account for relevant disclosure amendment within the financial report.

Capital Raisings

An Information Memorandum detailing a Rights Issue Offer and a share placement program was issued on 3 June 2004 to raise additional funds of up to \$773,500 at 14 cents per share. As at the date of this report the Company had received applications for shares of \$522,535 pursuant to the Information Memorandum. Additional applications for shares of \$90,490 are expected to be received pursuant to the terms of an underwriting agreement with WHI Securities Pty Ltd relating to the Rights Issue Offer detailed in the Information Memorandum.

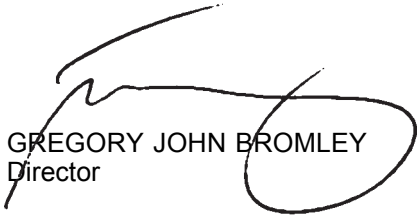
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DIRECTORS' DECLARATION

1. In the opinion of the directors of Mindax Limited ("the Company")
 - a) the financial statements and notes, set out on pages 8 to 22, are in accordance with the Corporations Act 2001, including:
 - ii) giving a true and fair view of the financial position of the Company as at 30 June 2004 and of its performance, as represented by the results of their operations and its cash flows, for the period ended on that date; and
 - iii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at PERTH this 20TH day of August 2004

Signed in accordance with a resolution of the directors:


GREGORY JOHN BROMLEY
Director



Independent audit report to members of Mindax Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Mindax Limited "the company", for the period ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Horwath Perth

ABN 13 412 308 092

Chartered Accountants

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Mindax Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. Mindax Limited has acquired mineral assets which require capital expenditure to maintain rights to tenure which are disclosed in Note 19. Should the company not be successful in its proposed capital raising in the future, there may be uncertainty whether the company can continue as a going concern. The financial statements do not include any adjustments that would result from the company failing to continue as a going concern.

Dated the 20th day of August 2004.

HORWATH PERTH
Chartered Accountants

HORWATH PERTH

GLYN O'BRIEN

GLYN O'BRIEN
Partner

