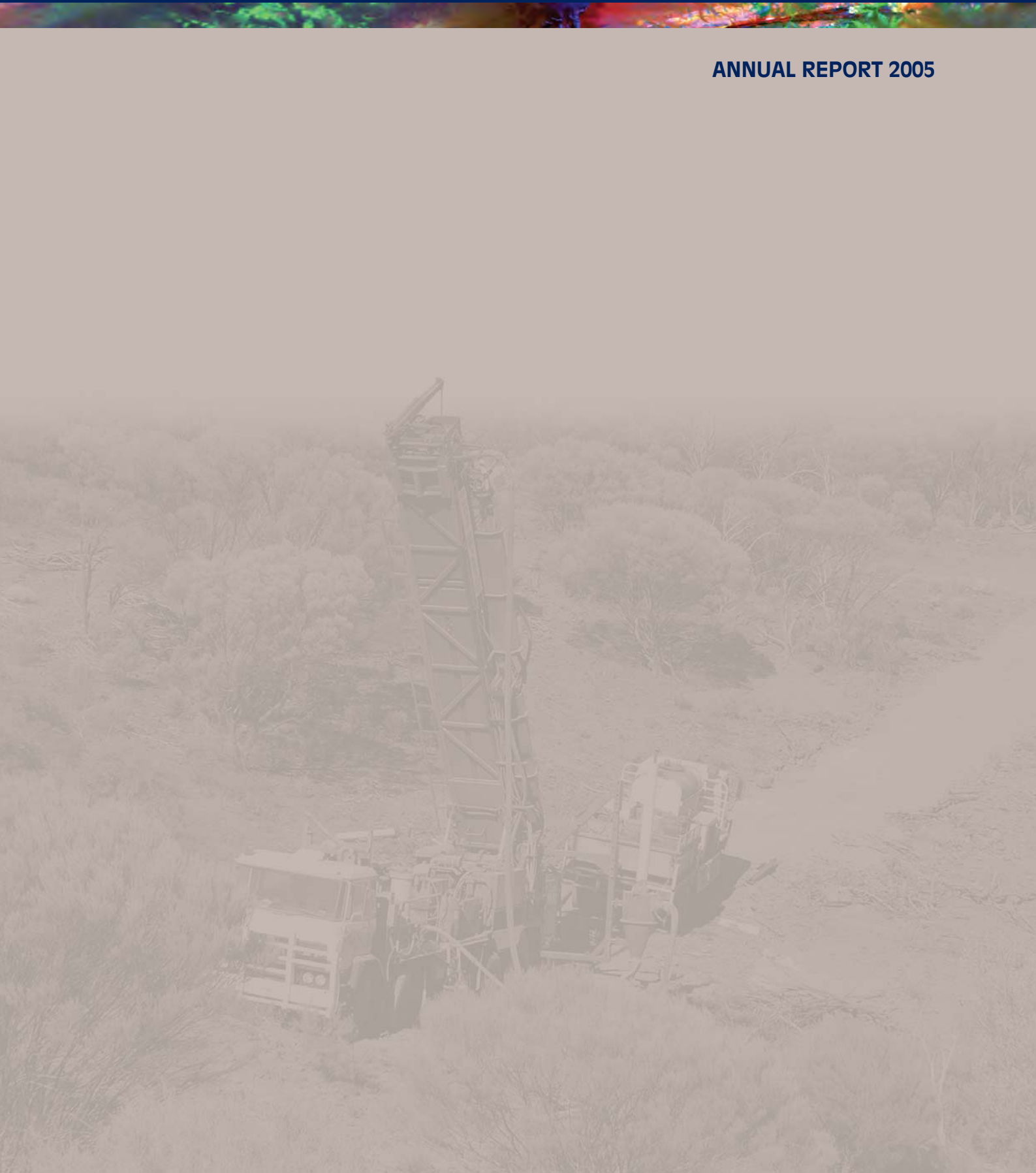


M
MINDAX
LIMITED

ANNUAL REPORT 2005



CORPORATE DIRECTORY

Directors

Gilbert Charles George (Non-executive Chairman)

BSc Agric (Hons), MEc

Gregory John Bromley (Managing Director)

ARMIT (Geology), FAIMM, CPGeo

Nicholas James Smith (Non-executive Director)

LL.B

Company Secretary

Angelo Francesca

B.Bus CPA TIA

Registered Office

10 Canning Highway

South Perth WA 6151

Principal Office

9/57 Labouchere Road

South Perth WA 6151

Phone: 08 9474 3266

Facsimile: 08 9474 3299

Website: www.mindax.com.au

Email: info@mindax.com.au

Auditors

Horwath Audit (WA) Pty Ltd

Chartered Accountants

128 Hay Street

Subiaco WA 6008

Share Registry

Advanced Share Registry Services

110 Stirling Highway

Nedlands WA 6009

Solicitors

Pullinger Readhead Lucas

Level 2 Fortescue House

46 to 50 Kings Park Road

West Perth WA 6005

Bankers

Commonwealth Bank of Australia

1254 Hay Street

West Perth WA 6005

ASX Codes

Shares and options over unlisted shares are quoted on the Australian Stock Exchange Limited

Shares MDX

Options MDXO

TABLE OF CONTENTS

Chairmans's Report and Review	1
Exploration Review	2
Tenement Schedule	8
Directors' Report	9
Corporate Governance	16
Financial Statements for year ending 30 June 2005	19
Auditor's Report	39
Additional Information	41

CHAIRMAN'S REPORT & REVIEW

Dear Shareholder,

The 2004/2005 year has been a successful and eventful year for Mindax, being the first full year of operations, and the first year in which your Company has operated as a publicly listed entity.

Highlights included:

- raising over \$600,000 in August 2004 to complete the acquisition of optioned tenements
- making our first gold discovery at Creasy 1 in August 2004
- successfully listing on the ASX, in December 2004, with the maximum prospectus target of \$3,500,00 being exceeded
- achieving strong intersections outside the existing resource at the Paradise Bore prospect on Bulga Downs
- systematic exploration identifying a very large uranium anomaly at Lake Noondie and extensive gold anomalism on the covered greenstone belt at the 10 Mile Prospect, east of Troy Resources' Lords discoveries.

Focus during the year has been on our regional holding at Sandstone, and as a result of exploration success the Company has increased its tenement holdings in the area from 1100 sq km to 1700 sq km. Part of this is to cover potential gold anomalism extending north from our Maynard Hills project area, and the remainder to cover extensions of the uranium anomaly at Lake Noondie.

Recent market interest in uranium and the long term projected demand for alternatives to fossil fuel makes Lake Noondie an exciting addition to our prospects, demanding careful evaluation of the potential extra value to Mindax shareholders.

At Sandstone we are committed to a program of patient and systematic regional exploration, and Mindax has the funds and personnel in place to ensure the best chance of success in a largely under explored but prospective part of Western Australia's second largest gold province.

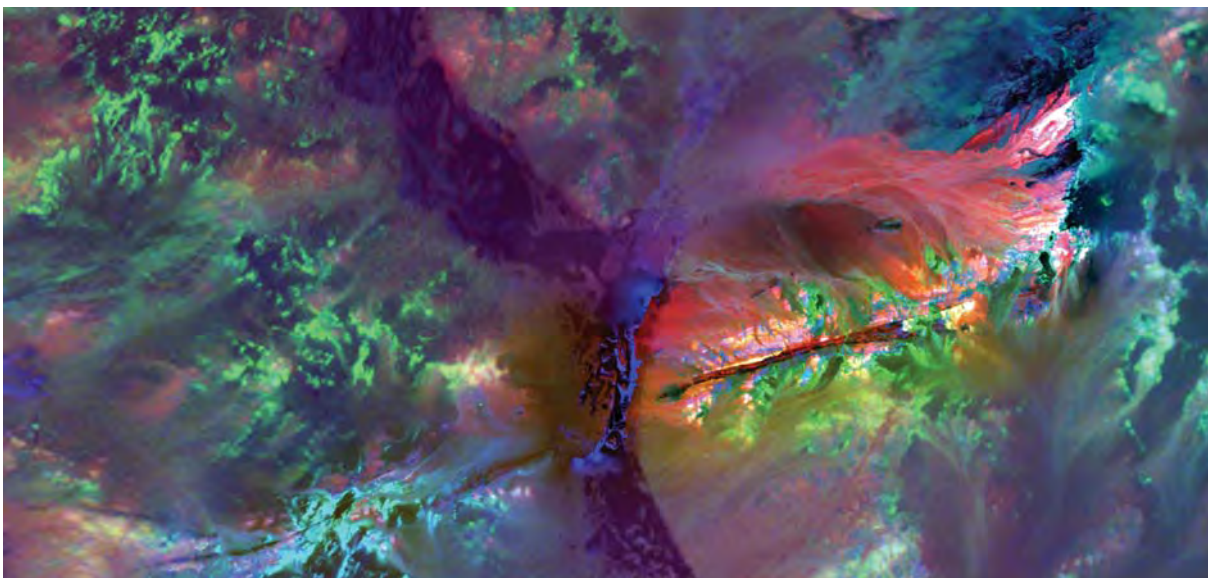
Activities on our properties outside Sandstone were limited to Mt Alexander where mapping has indicated suitable ultramafic rock types for nickel mineralisation. Meekatharra North is just granted and one encouraging post June 30 development was the gold discovery announced by Mercator Gold PLC at Maid Marion on our western boundary.

I would like to acknowledge the contribution made by our Managing Director, Greg Bromley, and the support of Nicholas Smith and Angelo Francesca as Director and Company Secretary respectively. I would like particularly to thank our small team of technical and administrative staff for their dedication to the Company's advancement.

I look forward to your continuing support as we build on our early successes.



Gilbert George
Chairman



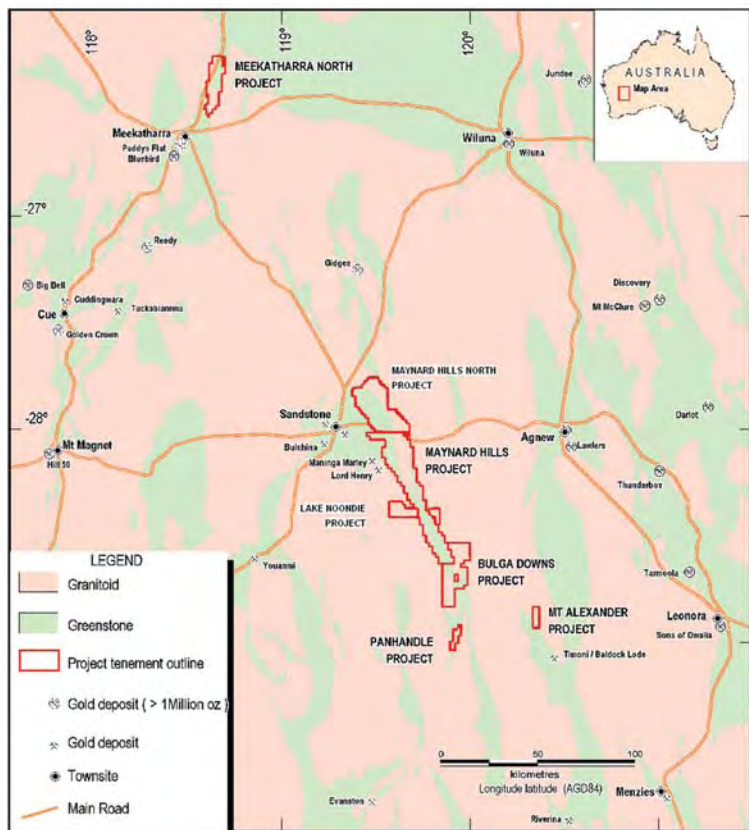
EXPLORATION REVIEW

Overview

Mindax has maintained a measured and systematic program of mineral exploration throughout the year with a particular focus on our Sandstone group of tenements. This target area has now expanded to 1700 km², a controlling position along 150 km of the major regional Edale-Illara-Perrinvale fault system.

We continue to define and test targets for gold mineralisation along this belt in the Bulga Downs, Maynard Hills, Maynard North and Panhandle project areas. This has led to the discovery of new gold mineralisation at Creasy 1 and Ten Mile prospects drilled during this year

These exploration results are significant in the context of the gold endowment of the area. The Paradise Bore gold resource and the nearby gold discoveries, now operations, by Troy Resources provide encouragement for our view of the high gold prospectivity of the area.



The systematic exploration approach has led also to the discovery of a new uranium prospect within our Sandstone landholding at Lake Noondie. This project has considerable potential to add to the future asset value of Mindax.

The Meekatharra North project has just been granted and offers a new and exciting exploration front. The project occupies a key position in the structural architecture of the Murchison goldfield adjacent to the 2.5 million ounce Paddys Flat lodes. Mindax has the advantage of building on a significant foundation of encouraging past exploration data.

In summary the highlights of the exploration program from July 2004 include:

- The achievement of further ore intercepts at Paradise Bore by targeting new structural positions.
- The discovery of new gold mineralisation at Creasy 1 outlining a significant gold mineralizing system over 1600 metres along the Illara fault.
- The identification of further geochemical/geophysical targets on Maynard Hills, particularly the gold-bismuth anomalous structure over six kilometers beneath cover at the Ten Mile project area.
- The identification of uranium radiometric responses at Lake Noondie, supported by surface assays and exhibiting similarities in dimension and setting to the Yeerlirrie mineralisation.

The company has also maintained a watching brief on other exploration and resource development opportunities within the Murchison and beyond. Our key criteria in this strategy are the advancement of our objective of early cash flow and quality of asset sufficient to support a capital raising in its own right.

Exploration Statistics 2005	Bulga Downs	Maynard Hills	Panhandle	Mt Alexander	Total
Surface Samples	2095	1044		17	3156 samples
RAB Drilling (m)		7263	98		7361 metres
RC Drilling (m)	918	1852	959		3729 metres
Airborne Geophysics (line km)	4011	18324		1281	23616 line km

EXPLORATION REVIEW

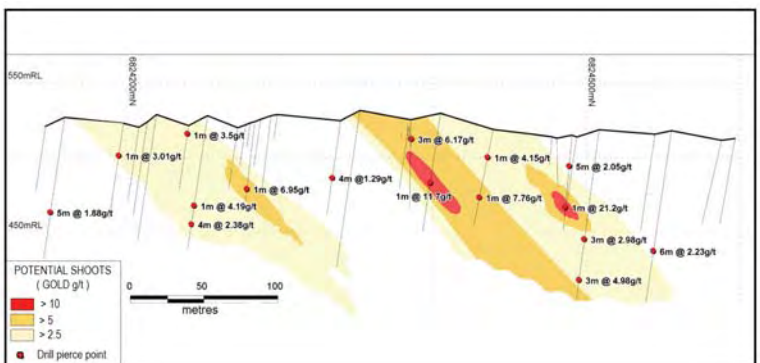
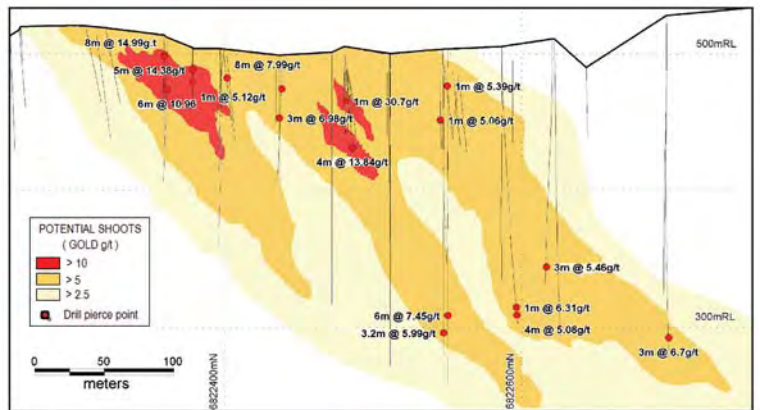
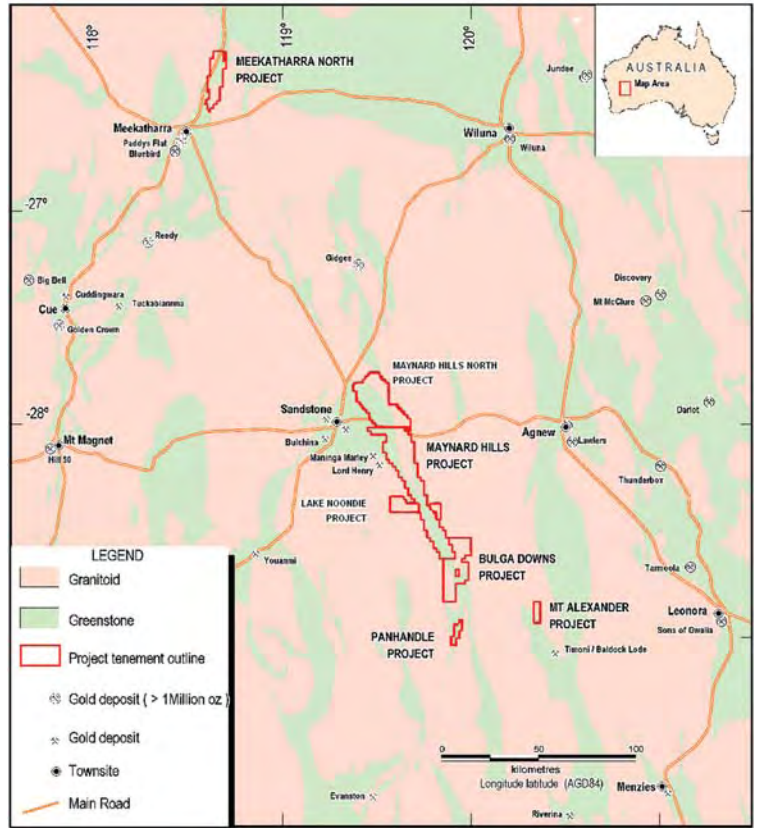
Bulga Downs Gold Project

The Bulga Downs project area covers 322 km² and comprises eight exploration licences, wholly owned by Mindax. The project area covers the Richardson Ranges including the strongly mineralized Cabaret structure and elements of the Edale, Illara and Perrinvale fault systems. It includes the Paradise Bore gold resource (36,000 oz Au) discovered by Sipa Resources in 1992.

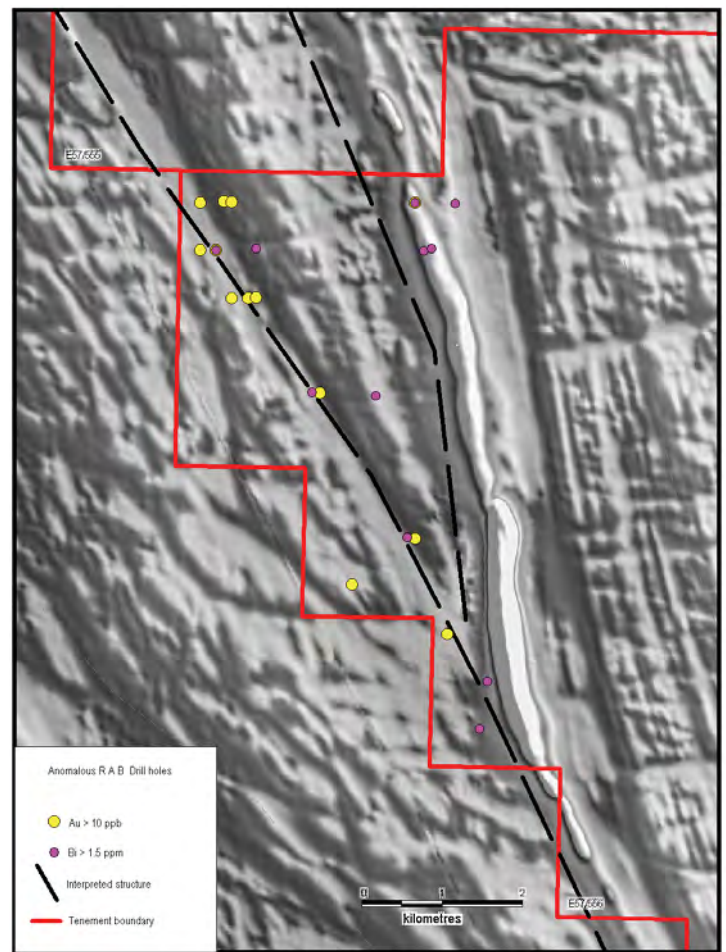
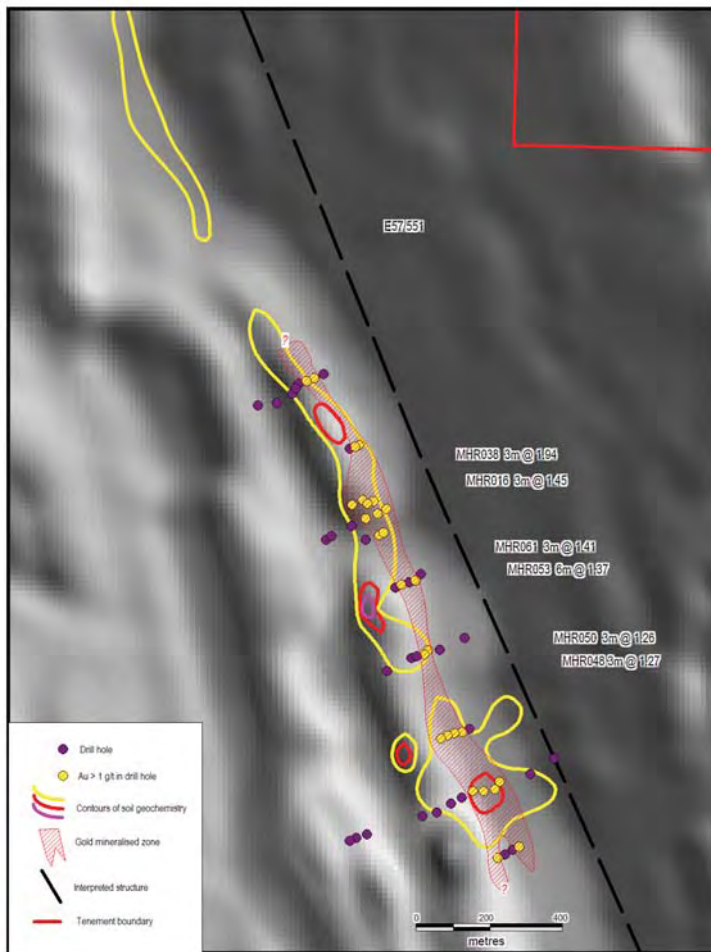
The Cabaret structure is a sheared fold limb where drilling has intersected gold mineralisation at grades >3 g/t Au over 10,000metres of strike length. The mineralisation forms north plunging shoots of higher grade material and offers good potential for profitable small scale mining. Away from the Cabaret line, geochemical surveys by Mindax have identified new gold targets associated with the Edale and Illara structures.

Mindax's objective within the Bulga Downs area is to build on the resource base at Paradise Bore. Limited drilling within this position during the year was targeted on structural criteria and achieved modest success with intersections of 3m @ 3.9 g/t from 75m in PB059 (incl 1m @ 9.91 g/t) and 3m @ 4.0 g/t from 36m in PB060. These are considered to incrementally add to the resource position and provide confidence in our approach.

The forward program is to apply the structural model to further test mineralisation at Toucan and Macaw prospects and supplement the resource position at Paradise Bore.



EXPLORATION REVIEW



Maynard Hills Gold Project

The Maynard Hills project area covers 735 km² along seventy-five kilometres of each of the Edale and Illara faults. It lies immediately east of Troy Resources' Lord Nelson and Lord Henry pits. The project includes three fully owned exploration licences and a fourth exploration licence (E57/551) in which Mindax is earning a 70% interest from Mark Creasy.

Mindax has generated considerable detailed geochemical and geophysical coverage of the area and a number of targets have been defined. Drilling at Creasy 1 has outlined gold mineralisation with values up to 2 g/t over 1600m of the Illara structure confirming previously unrecognized gold mineralized systems occur within the area. These are of significantly size. Other targets remain to be tested along this structure.

Wide spaced drilling through the extensive cover in the Ten Mile prospect on the Edale fault has identified a 6000m long target structure characterized by a gold-bismuth geochemical signature. This may also indicate a new system and will be tested in greater detail. Further targets derived from geological, geophysical and geochemical data remain to be tested along the Edale fault.

The work to date has been very encouraging, particularly in the size of the auriferous mineralized systems discovered. A program of systematic analysis is continuing to upgrade these and other targets within the project area.

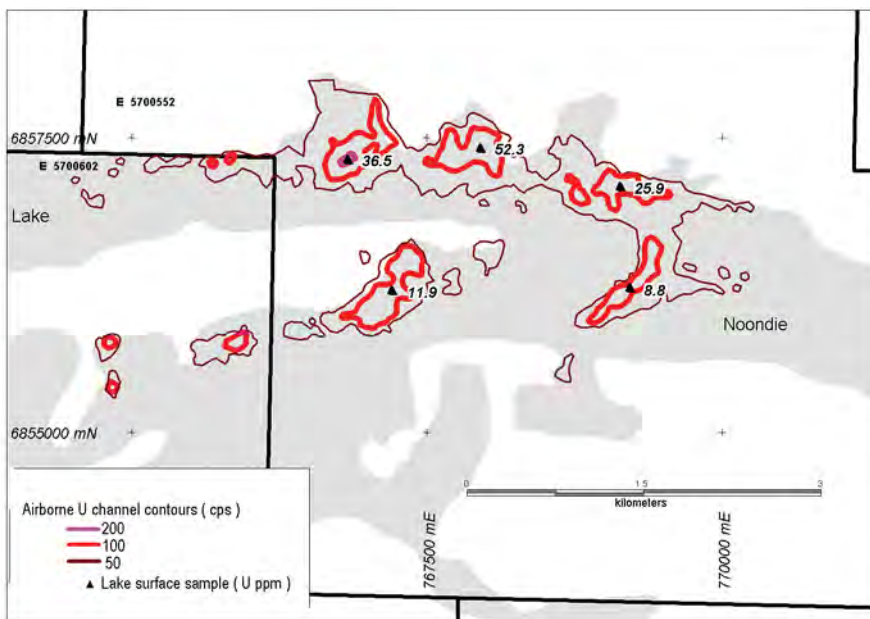
EXPLORATION REVIEW

Noondie Uranium Project

The Noondie Project area occupies 130 km² along Lake Noondie partly coincident with the Maynard Hills project (part E57/552). Mindax have lodged two additional exploration licence applications.

Strong uranium channel radiometric responses indicated on Mindax's airborne geophysical surveys in the Lake Noondie area can be identified over 20 kilometres along the palaeo-drainage system. These have been confirmed by ground traversing and sampling of the lake surface giving values to 52 ppm U. The zone of greatest intensity extends over 4.5 km in length, a footprint and setting analogous to that of the Yeelirrie deposit (52,000 tonnes contained U308) to the north-east.

A program of detailed surface sampling, shallow drilling and extended detailed radiometrics is ongoing on this new discovery.



EXPLORATION REVIEW

Maynard Hills North Gold Project

The Maynard North project area is an area of 422 km² contiguous with the Maynard Hills block and comprises two wholly owned exploration licence applications.

The project area covers the northern extensions of the auriferous Edale-Illara structural system. Gold geochemical anomalism occurs immediately adjacent within the Maynard Hills project area. Detailed geophysical data has been acquired over the area.

The forward program is to generate first pass geochemical coverage through the area.

Panhandle Gold Project

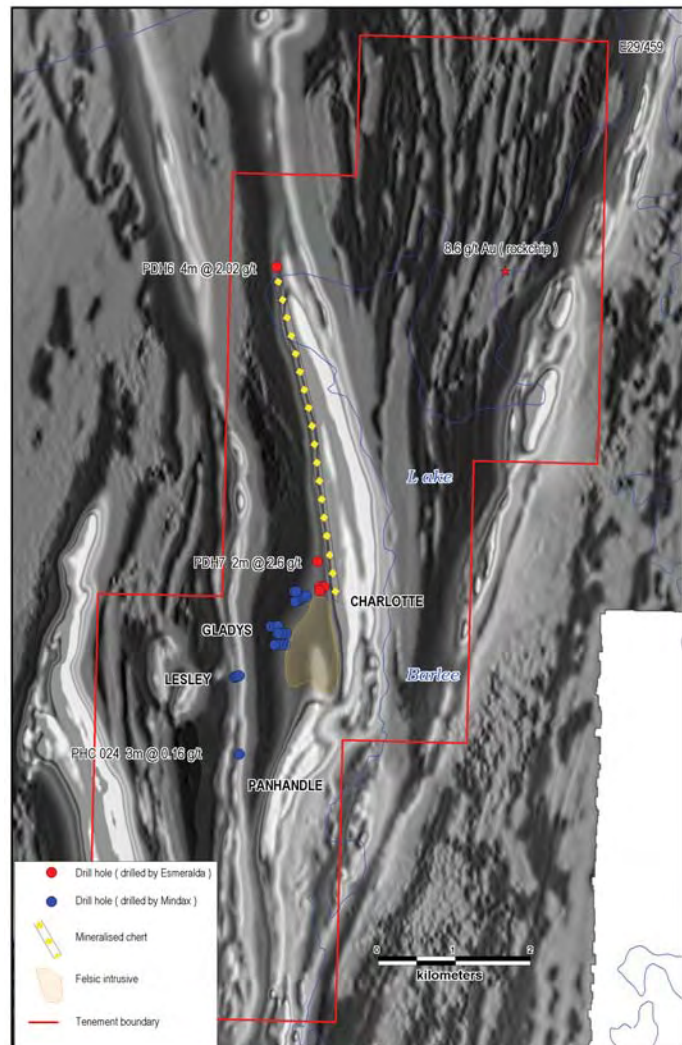
The Panhandle gold prospect on Lake Barlee covers 51 km² where a series of gold in soil anomalies are developed adjacent to a structurally complex area peripheral to a felsic intrusive. Drill testing has confirmed the gold geochemistry which is in part accompanied by copper values to 1250 ppm Cu but failed to resolve a source. The remaining target is an adjacent mineralised silicified structure reflecting poorly in surface geochemistry but where historical reconnaissance drilling has returned intercepts of up to 2.67g/t Au over 2 metres.

Mt Alexander Nickel Project

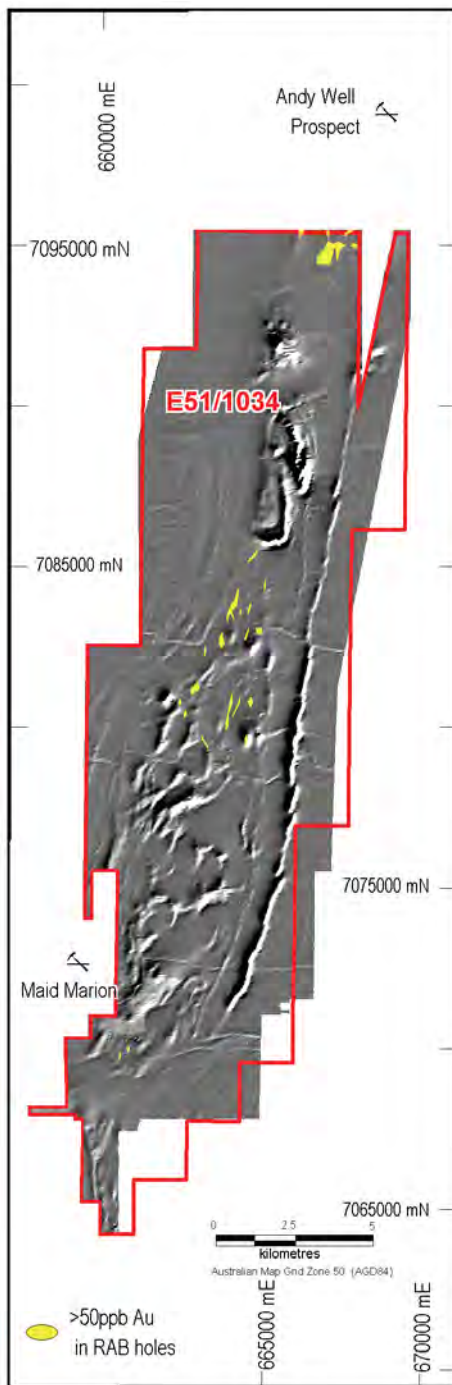
The Mt Alexander project area (100% Mindax) comprises one exploration licence of 36 km² adjacent to the known Mt Alexander nickel sulfide occurrences.

The area was covered with detailed airborne magnetics and mapping has indicated prospective cumulate textured ultramafic rocks. Surface rock chip sampling has returned a best result of 129 ppb Pt.

The forward program for the area includes soil sampling and EM geophysics.



EXPLORATION REVIEW



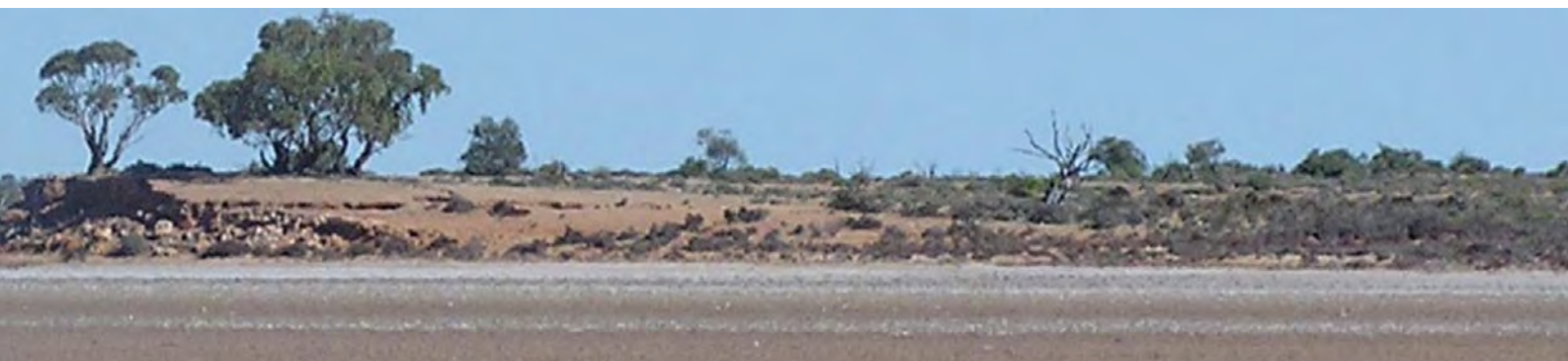
Meekatharra North Gold Project

The Meekatharra North area of 215 km² is an application for a single exploration licence. Mindax holds the right to assume full ownership of this area.

The project covers the confluence of a number of local and regional structures that are important to the localization of gold in the Murchison area. The area lies substantially under shallow cover. The structures hosting the famous Paddy's Flat line of lode (2.5 million oz Au) can be traced into the project area as can those at Maid Marion immediately adjacent to the area. Maid Marion is the site of a recent discovery by Mercator Gold PLC. Previous work by Dominion-WMC has encountered some gold mineralisation but is by no means exhaustive and a number of structural and geochemically anomalous positions remain to be tested.

Previous exploration has largely overlooked the considerable development of ultramafic through the greenstone sequence and its prospectivity for nickel sulfides.

The forward program for Meekatharra North will focus on extending systematic RAB drilling coverage.



TENEMENT SCHEDULE

Tenement No	Name	Holders	Status	Grant Date	Expiry Date	Area (km ²)	Area (blocks)	Expenditure Commitment
Bulga Downs								
Project								
E29/533*	Victory Bore	Sipa Exploration	granted	21-Feb-05	20-Feb-10	111.4	37	\$33,300.00
E29/279	Mt Forrest	Mindax Limited	granted	15-Apr-96	14-Apr-02	3.01	#	\$10,000.00
E29/138	Paradise Bore	Mindax Limited	granted	9-Sep-91	8-Sep-98	9.6	#	\$20,000.00
E29/534	Paradise Well	Mindax Limited	granted	20-Nov-03	19-Nov-08	27.12	9	\$20,000.00
E29/370	Toucan	Mindax Limited	granted	29-Nov-99	28-Nov-04	38.69	13	\$20,000.00
E29/117	Cabaret Bore	Mindax Limited	granted	19-Dec-90	18-Dec-98	2.46	#	\$20,000.00
E29/532	Mistletoe Well	Mindax Limited	granted	29-Dec-03	28-Dec-08	126.7	42	\$37,800.00
E29/570	Bulga Downs	Mindax Limited	application	application		3.013	1	\$10,000.00
M29/257	Paradise Bore 1	Mindax Limited	application	application		9.6	#	\$96,000.00
M29/258	Mt Forrest North	Mindax Limited	application	application		2.46	#	\$26,400.00
M29/314	Mt Forrest 1	Mindax Limited	application	application		3.01	#	\$30,100.00
M29/348	Toucan1	Mindax Limited	application	application		9.98	#	\$99,800.00
M29/349	Toucan2	Mindax Limited	application	application		9.82	#	\$98,200.00
M29/350	Toucan3	Mindax Limited	application	application		9.86	#	\$98,600.00
M29/351	Toucan4	Mindax Limited	application	application		9.04	#	\$90,400.00
Maynard Hills								
Project								
E57/552	Everett Creek	Mindax Limited	granted	28-Aug-03	27-Aug-08	120.9	40	\$36,000.00
E57/556	Rocky Creek	Mindax Limited	granted	29-Aug-03	28-Aug-08	211.9	70	\$63,000.00
E57/551**	Maynard Hills	Mark Gareth Creasy	granted	7-Oct-03	6-Oct-08	211.2	70	\$63,000.00
E57/555	Wiero Bore	Mindax Limited	granted	30-Dec-03	29-Dec-08	190.9	63	\$56,700.00
E57/602	Noondie West	Mindax Limited	application	application		81.5	27	\$24,300.00
E57/603	Noondie East	Mindax Limited	application	application		24.6	11	\$20,000.00
Maynard North								
Project								
E57/597	Black Hills	Mindax Limited	application	application		209.3	69	\$62,100.00
E57/598	Boogaloo	Mindax Limited	application	application		212.6	70	\$63,000.00
Meekatharra								
North Project								
E51/1034*	Banjo Bore	Sipa Exploration	application	application		215.4	70	\$63,000.00
Mt Alexander								
Project								
E29/537	Two Tanks	Mindax Limited	granted	12-Dec-03	11-Dec-08	36.09	12	\$20,000.00
Panhandle								
Project								
E29/459	Lake Barlee	Mindax Limited	granted	21-Jul-00	20-Jul-05	51.07	17	\$25,300.00
E53/1182	Yeelirrie	Mindax Limited	application	application			34	\$30,600.00

Notes to accompany tenement schedule:

all tenements are in Western Australia

all mining lease applications securing expiring exploration licences

* tenements where Mindax hold rights to 100% awaiting transfer from Sipa Resources Limited

** tenement held by Creasy in trust for JV where Mindax are earning 70% interest

graticular blocks not applicable

FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

Table of Contents

Directors' Report	10
Statement of Corporate Governance Practices	16
Statement of Financial Performance	19
Statement of Financial Position	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Directors' Declaration	37
Auditor's Independence Declaration	38
Auditor's Report	39
Additional Information	41

DIRECTORS' REPORT

The directors present their report together with the financial report of Mindax Limited ("the Company") for the period ended 30 June 2005 and the auditor's report thereon.

Directors

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

	Period of Directorship
GEORGE, Gilbert Charles (Chairman)	Appointed 2004
BROMLEY, Gregory John	Appointed 2003
SMITH, Nicholas James	Appointed 2003

Directors' Interests

The relevant interest of each director (including their personally related entities) 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	1,111,250	260,000
BROMLEY, Gregory John	9,050,001*	
SMITH, Nicholas James	2,000,000	

* The interest held with respect of 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 53, of age and has an honours degree in Agricultural Science, as well as a Masters Degree in Economics from a prestigious Japanese university. After working in Australia and Japan in Government positions, Gilbert established his own business development consultancy in 1988.

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

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

Gilbert is also a member of the Remuneration and Audit Committees of Mindax Limited.

GREGORY JOHN BROMLEY ARMIT FAIMM CPGeo

Greg, aged 55 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.

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.

DIRECTORS' REPORT

NICHOLAS JAMES SMITH LL.B

Nicholas, aged 53, 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, and Chairman of the Remuneration and Audit Committees of Mindax Limited.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2005 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	14	18
BROMLEY, Gregory John	18	18
SMITH, Nicholas James	18	18

There were also 8 circular resolutions passed by the Board of Directors during the financial year.

An audit committee was constituted, commencing its function in December 2004 with the members comprising Mr Nicholas Smith (Chairman of the committee) and Mr Gilbert George. One meeting of the audit committee was held during the year ended 30 June 2005, attended by both Mr Smith and Mr George.

A remuneration committee was constituted, commencing its function in December 2004 comprising Mr Nicholas Smith (Chairman) and Mr Gilbert George. No formal meetings were held during the year ended 30 June 2005.

Remuneration Report

Principles used to determine the nature and amount of remuneration

Executive Remuneration

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

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and expert advice. The Company's reward policy aims to align executive's remuneration with shareholders' interest and to retain appropriately qualified personnel.

The total remuneration of executive directors consists of the following:

- base remuneration – fixed salary payable monthly in cash;
- long term incentives – eligibility to participate in share option schemes with the prior approval of shareholders; and
- other benefits – participation in superannuation schemes.

Non-executive directors remuneration

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

Non-executive directors may be entitled to participate in equity based remuneration schemes.

Service agreements

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

By Service Agreement dated 5 October 2004, the Company agreed to appoint Gregory John Bromley as its Managing Director effective for a two year period commencing on the date upon which the Company was admitted to the Official List of ASX.

DIRECTORS' REPORT

Mr Bromley is to be paid \$150,000 in annual salary plus superannuation and will be reimbursed for all reasonable expenses incurred in carrying out the services of a managing director (as further specified in the agreement).

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

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

By Consultancy Agreement dated 20 December 2004, the Company agreed to engage eks Solutions ("the consultant") of which Mr Angelo Francesca is a director, to support the Company secretarial function. The engagement is for an initial term of twelve months from January 2005 and may be extended by written notice not less than four weeks from the date the initial term is due to expire.

The consultant is to be paid \$4,167 per month plus GST as applicable and all costs necessarily incurred.

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

If the Company terminates the agreement and none of the prementioned circumstances apply, the Company must pay an agreed termination payment. Mr Francesca may also terminate the agreement with 4 weeks notice.

Details of Remuneration

Name	Primary Salary & Fees (Note 1) \$	Post-employment Superannuation \$	Equity Options Issued \$	Total \$
Directors				
GJ Bromley (Managing Director)				
2005	129,580	7,875	-	137,455
2004	50,000	-	-	50,000
GC George (Non-executive Chairman)				
2005	45,000	2,250	-	47,250
2004	6,250	-	-	6,250
NJ Smith (Non-executive)				
2005	20,000	1,800	-	21,800
2004	20,000	-	-	20,000
Executive Officer				
A Francesca (Company Secretary)				
2005	53,107	-	-	53,107
2004	22,040	-	-	22,040
TOTAL-				
2005	247,687	11,925	-	259,612
2004	98,290	-	-	98,290

Note 1: Fees includes amounts paid or payable to related parties of the Directors and specified executives on an arms length basis and on commercial terms for services rendered.

Shareholding

The numbers of shares in the Company held during the financial year by each director, including their personally related entities, are set out below:

	Balance at the start of the year	On-market purchases during the year	Balance at the end of the year
GJ Bromley	9,050,001	50,000	9,000,001
GC George	781,250	330,000	1,111,250
NJ Smith	2,000,000	-	2,000,000

DIRECTORS' REPORT

Option Holdings

The numbers of options over unissued shares in the Company held during the financial year by each director, including their personally related entities, are set out below:

	Balance at the start of the year	On-market purchases during the year	Balance at the end of the year
GJ Bromley	-	-	-
GC George	-	260,000	260,000
NJ Smith	-	-	-

Other transactions with directors

Other than as disclosed above, there were no specific transactions during the year between the Company and directors or their director related entities.

Company Secretary

Mr Angelo Francesca (B.Bus, CPA, TIA) is a certified practising accountant with twelve years experience in public practice. He is a director and equity holder in an internationally affiliated medium sized accounting practice. He has provided client support across a wide range of industries including mining and exploration to private and public companies.

Principal Activities

The principal activity of the Company is mineral exploration.

Results

The operating loss of the Company after providing for income tax amounted to \$251,752 for the financial year.

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.

Financial Position

The net assets of the Company have increased by \$4,015,121 over the twelve month period to 30 June 2005. This increase has largely resulted from funds received by the Company by virtue of the Company's initial public offer, following which the Company was admitted to the Official List of the ASX on 3 December 2004.

The Company's working capital, being current assets less current liabilities, has consequently improved from \$55,540 in 2004 to \$2,410,276 in 2005. Expenditure for the year has tracked to budget and has been in accordance with that outlined in the Company's Prospectus dated 12 October 2004.

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

Review Of Operations And Significant Changes In State Of Affairs

On 27 August 2004 the Company exercised the "Sipa Option to Purchase Murchison Properties" agreement. Consideration comprised an initial cash payment of \$250,000 and the subsequent issue of 1,500,000 ordinary fully paid shares at \$0.20 per share on 23 November 2004.

On 23 November 2004 the Company issued the following ordinary fully paid shares at \$0.20 per share:

- 200,000 shares being the balance of consideration for the purchase of E57/552;
- 200,000 shares being the balance of consideration for the purchase of E29/537;

On 23 November 2004 the Company issued 150,000 ordinary fully paid shares and subsequently paid \$25,000 cash as consideration for the right to earn a 70% interest in E57/551.

Throughout July 2004 to September 2004, the company issued 4,487,394 ordinary fully paid shares at \$0.14 per share to raise \$628,235 pursuant to a rights issue and share placement program. Of this total, applications for shares totalling \$47,250 had already been received at 30 June 2004.

On 12 October 2004 the Company lodged a Prospectus to raise up to \$3,500,000 by way of issue of 17,500,000 ordinary fully paid shares at \$0.20 per share together with 8,750,000 attaching options. The offer closed oversubscribed following which the company was admitted to the Official List of the ASX on 3 December 2004. Official quotation of the Company's securities commenced on 8 December 2004.

DIRECTORS' REPORT

Subsequent to listing, the Company commenced its exploration programme on the Bulga Downs, Maynard Hills, Panhandle and Mt Alexander project areas.

Some highlights include:

- Drilling at Paradise Bore extended the resource footprint, with a number of higher grade intercepts;
- Drilling on the Creasy 1 Anomaly indicated the persistence of mineralization over 1200m;
- Discovery of a large uranium anomaly on the Company's Maynard Hills tenements.
- The Ten Mile Prospect returned encouraging results with the geochemical (gold, bismuth) anomalism evident associated with unexposed greenstone along the structure.

Non-Audit Services

During the year, associated entities of Horwath Audit (WA) Pty Ltd, the Company's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of these non-audit services during the year by an associated entity of Horwath Audit (WA) Pty Ltd is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Act is set out on Page 35 and forms part of the Directors Report.

Details of the amounts paid to the auditor of the Company and its associated entities for audit and non-audit services provided during the year are set out below:

Statutory Audit

Horwath Audit (WA) Pty Ltd	2005 (\$)	2004 (\$)
Audit and review of financial reports	6,549	3,031

Other Services

Horwath Securities (WA) Pty Ltd	2005 (\$)	2004 (\$)
Independent accountant's report	3,716	1,300

Subsequent Events

No other matters have arisen since the end of the financial year 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.

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.

Unissued Shares under Option

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
3 June 2006	\$0.20	8,750,000

These options do not entitle the holder to participate in any share issue of the Company.

DIRECTORS' REPORT

Directors and Auditors Indemnification

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

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 day of 2005

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

Board of Directors

Role of the Board

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

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

Structure of the Board

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

The Board intends to introduce a formal process of self assessment of its collective performance, the performance of individual directors and of Board committees. No formal assessment was undertaken during the year ended 30 June 2005.

Audit Processes and Policies

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

The responsibilities include:

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

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

The external auditor, Horwath Audit (WA) Pty Ltd has engagement terms refreshed annually and has indicated its independence to the Board. Horwath Audit (WA) Pty Ltd were appointed as auditors in December 2003.

Safeguard Integrity in Financial Reporting

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

The Managing Director and Company Secretary provide a certification to the Board on the integrity of the Company's external financial reports. This reporting structure was adopted for the financial year ended 30 June 2005.

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

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

Respect the Rights of Shareholders and Stakeholders

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

Timely and Balanced Disclosures

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

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

Dealings in Company Shares

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

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

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

Remunerate Fairly and Responsibly

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

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

Access to Professional Advice

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

Summary

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

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

STATEMENT OF FINANCIAL PERFORMANCE

FOR YEAR ENDING 30 JUNE 2005

	Note	2005 \$	The Company 2004 \$
Revenues from ordinary activities	2	91,239	4,559
Borrowing costs		(1,337)	-
Corporate management fees		(103,436)	(16,699)
Depreciation and amortisation expense		(8,841)	-
Directors fees		(45,000)	-
Employee expenses		(66,998)	-
Marketing expenses		(13,770)	-
Occupancy expenses		(13,762)	-
Project review/ business development costs		(30,382)	-
Administration expenses		(59,465)	(330)
Loss from ordinary activities before related income tax	3	(251,752)	(12,470)
Income tax benefit relating to ordinary activities	5		-
Net loss attributable to Mindax Limited		(251,752)	(12,470)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity	19	(251,752)	(12,470)
Basic loss per share:			
Ordinary shares	6	(.007)	(.001)

To be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Note	2005 \$	The Company 2004 \$
CURRENT ASSETS			
Cash assets	8	2,628,170	235,316
Receivables	9	13,199	23,145
Other	10	10,368	35,405
TOTAL CURRENT ASSETS		2,651,737	293,866
NON-CURRENT ASSETS			
Property, plant & equipment	11	54,766	-
Exploration & evaluation expenditure	12	2,154,238	539,562
Other	13	3,785	1,785
TOTAL NON-CURRENT ASSETS		2,212,789	541,347
TOTAL ASSETS		4,864,526	835,213
CURRENT LIABILITIES			
Payables	14	220,142	191,076
Interest-bearing liabilities	15	15,310	-
Provisions	16	6,009	-
Other	17	-	47,250
TOTAL CURRENT LIABILITIES		241,461	238,326
NON CURRENT LIABILITIES			
Interest-bearing liabilities	15	11,057	-
TOTAL NON CURRENT LIABILITIES		11,057	-
TOTAL LIABILITIES		252,518	238,326
NET ASSETS		4,612,008	596,887
EQUITY			
Contributed equity	18	4,876,230	609,357
Accumulated losses	19	(264,222)	(12,470)
TOTAL EQUITY	20	4,612,008	596,887

To be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

FOR YEAR ENDING 30 JUNE 2005

	Note	2005 \$	The Company 2004 \$
Cash flows from operating activities			
Interest received		91,238	4,559
Cash receipts in the course of operations		6,297	-
Cash payments in the course of operations		(266,435)	(19,338)
Net cash (used in) operating activities	23b)	(168,900)	(14,779)
Cash flows from investing activities			
Payments for:			
Property, plant & equipment		(55,523)	-
Purchase of tenements		(320,226)	(148,773)
Exploration expenditure		(936,698)	(116,218)
Intangibles		-	(1,785)
Net cash (used in) investing activities		(1,312,447)	(266,776)
Cash flows from financing activities			
Proceeds from issue of shares		4,080,985	567,251
Transaction costs from issue of shares		(235,651)	(47,880)
Proceeds from borrowings		31,151	-
Repayment of borrowings		(4,784)	-
Loans repaid by/ to related parties		2,500	(2,500)
Net cash provided by financing activities		3,874,201	516,871
Net increase in cash held		2,392,854	235,316
Cash at the beginning of the financial year		235,316	-
Cash at the end of the financial year	23a)	2,628,170	235,316

To be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

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 and are consistent with those of the previous year.

(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.

(c) Revenue recognition – Note 2

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) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences net of the effect of hedges of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs.

Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings.

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

(f) Taxation – Note 5

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

1 Statement of Significant Accounting Policies (continued)

(g) Earnings per share – Note 6

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members 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.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(h) 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.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of 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. The unwinding of the discount is treated as interest expense.

(i) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(j) Receivables – Note 9

The collectibility of debts is assessed at reporting 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.

(k) Leased assets

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(l) Exploration, evaluation and development expenditure

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

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

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

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

(m) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

1 Statement of Significant Accounting Policies (continued)

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.

Cost versus fair value

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

(n) Depreciation and amortisation

Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/ amortised using diminishing value method over their estimated useful lives, taking into account estimated residual values, with the exception of freehold land, carried forward exploration, evaluation and development expenditure in the production phase which is amortised on a units of production basis over the life of the economically recoverable reserves.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed.

The depreciation rates used for plant and equipment are 5% to 40% on a prime cost basis or 7.5% to 60% on a diminishing value basis.

(o) Payables – Note 14

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.

(p) Interest bearing liabilities – Note 15

Hire purchase liabilities are recognised when issued at the net proceeds received. Interest expense is recognised on an effective yield basis.

(q) Employee benefits – Note 24

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay.

Superannuation plan

The Company contributes to several accumulation fund superannuation plans. Contributions are recognised as an expense as they are made.

(r) Provisions – Note 16

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and the recovery is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity:

has a legally recognised right to set-off the recovery receivable and the provision, and intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

	2005 \$	2004 \$
2 Revenue from Ordinary Activities		
Other Revenues		
From operating activities:		
Interest – other parties	91,239	4,559

3 Loss from Ordinary Activities before Income Tax Expense

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

Borrowing costs	(1,337)	-
Management & secretarial fees	(59,501)	(16,699)
Consulting fees	(43,935)	-
Depreciation and amortisation expenses	(8,841)	-
Directors fees	(45,000)	-
Payroll expenses	(66,998)	-
Marketing expenses	(13,770)	-
Occupancy costs	(13,762)	-
Project review/ business development costs	(30,382)	-
Administration expenses	(59,465)	(330)
	(342,991)	(17,029)

4 Auditors' Remuneration

Audit Services

Auditors of the Company		
Horwath Audit (WA) Pty Ltd		
-audit and review of financial reports	6,549	3,031

Other Services

Horwath Audit (WA) Pty Ltd related practices:		
Horwath Securities (WA) Pty Ltd		
-Independent Accountant's Report	3,716	1,300
	10,265	4,331

Note 5 – Taxation

Income Tax Expense

Prima facie income tax benefit calculated at 30% (2004: 30%) on the loss from ordinary activities	75,526	3,741
Increase in income tax benefit due to:		
ITAA 1997 s 40-730 Exploration Expenditure	277,142	41,907
Write-off for business related capital costs	17,220	-
Sundry items	2,815	-
Decrease in income tax benefit due to:		
Sundry items	(10,676)	-
Income tax benefit attributable to loss from ordinary activities	362,027	45,648
Income tax benefit not brought to account	(362,027)	(45,648)
	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

5 Taxation (continued)

As at 30 June 2005, the entity had unconfirmed future income tax benefits attributable to tax losses of \$407,675 (2004: \$45,648). 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.

	2005 \$	2004 \$
6 Earnings per Share		
Earnings reconciliation		
Net Loss	(251,752)	(12,470)
Basic Loss	(251,752)	(12,470)
Weighted average number of shares used as the denominator		
Ordinary shares	37,177,401	14,375,401
Basic loss per share	(.007)	(.001)

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

7 Segment Reporting

Geographical Segments:

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

Exploration Australia

Segment revenue	91,239	4,559
Depreciation and amortisation expense	(8,841)	-
Segment result	(251,752)	(12,470)
Acquisition of plant and equipment	54,766	-
Segment assets	4,864,526	835,213
Segment liabilities	252,518	238,326

8 Cash Assets

Cash at bank and on hand	328,170	235,316
Bank short term deposits	2,300,000	-
	<u>2,628,170</u>	<u>235,316</u>

The bank short term deposits mature within 30 days and pay interest at a weighted average interest rate of 5.46%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

	2005 \$	2004 \$
9 Receivables		
Current		
Refunds due from Taxation Authorities	11,699	20,645
Other receivables	1,500	2,500
	<u>13,199</u>	<u>23,145</u>

Other receivables include amounts owed by directors and director related entities.

The amounts were unsecured, interest free and were repaid on 1 July 2005.

10 Other Current Assets

Advance for expenditure	3,800	500
Prepayments	6,568	34,905
	<u>10,368</u>	<u>35,405</u>

11 Property, Plant & Equipment

Plant and equipment (at cost)	63,607	-
Accumulated depreciation	(8,841)	-
	<u>54,766</u>	<u>-</u>

Reconciliations

Reconciliation of the carrying amount for plant and equipment is set out below:

Carrying amount at the beginning of the year	-	-
Additions	63,607	-
Depreciation	(8,841)	-
Carrying amount at end of year	<u>54,766</u>	<u>-</u>

12 Exploration & Evaluation Expenditure

Exploration and evaluation expenditure carried forward in respect of areas of interest in:

Acquisition of tenements – at cost	974,227	394,001
Exploration and/or evaluation phase – at cost	1,180,011	145,561
Total exploration, evaluation and development expenditure	<u>2,154,238</u>	<u>539,562</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

13 Other Non Current Assets

Formation costs	1,785	1,785
Bonds – rental	2,000	-
	<u>3,785</u>	<u>1,785</u>

14 Payables

Trade creditors	75,710	24,319
Other creditors and accruals	144,432	166,757
	<u>220,142</u>	<u>191,076</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

	2005 \$	2004 \$
15 Interest Bearing Liabilities		
Current		
Hire purchase liabilities	17,192	-
Less unexpired interest	(1,882)	-
	<u>15,310</u>	<u>-</u>
Non Current		
Hire purchase liabilities	11,461	-
Less unexpired interest	(404)	-
	<u>11,057</u>	<u>-</u>
16 Provisions		
Current		
Employee benefits	6,009	-
17 Other Current Liabilities		
Share proceeds to be allotted*	-	47,250

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

18 Contributed Equity

Issued and paid-up capital		
46,137,395 (2004: 22,100,001) ordinary shares, fully paid	4,876,230	609,357
Movements during the period:		
Balance at beginning of year		
22,100,001 (2004: nil) shares	609,357	-
Shares issued		
- Nil (2004: 1) ordinary founder share	-	1
- Nil (2004: 1,500,000) for working capital	-	15,000
- Nil (2004: 10,100,000) for working capital pursuant to an information memorandum	-	505,000
- Nil (2004: 8,000,000) in lieu of fees owing for corporate advice and project acquisition	-	80,000
- 4,487,394 ordinary fully paid shares at \$0.14 per share (2004: nil) for working capital pursuant to a rights issue and share placement program	628,235	-
- 17,500,000 ordinary fully paid shares at \$0.20 per share (2004: nil) for working capital pursuant to a prospectus	3,500,000	-
- Transaction costs arising from issue for cash pursuant to prospectus	(271,362)	(15,644)
- 2,050,000 ordinary fully paid shares at \$0.20 per share (2004: 2,500,000) for the acquisition of interests in tenements	410,000	25,000
Balance at end of year	<u>4,876,230</u>	<u>609,357</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

18 Contributed Equity (continued)

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.

Options

As at 30 June 2005, the following options over ordinary fully paid shares were outstanding:

	Number
- exercisable at 20 cents per share on or before 3 June 2006	8,750,000

The options were issued for nil consideration as part of the Company's initial public offering, pursuant to a prospectus dated 12 October 2004.

	2005 \$	2004 \$
19 Accumulated Losses		
Accumulated losses at the beginning of the year	12,470	-
Net loss attributable to members of the entity	251,752	12,470
Accumulated losses at the end of the year	264,222	12,470

20 Total Equity Reconciliation

Total equity at beginning of year	596,887	-
Total changes in equity recognised in statement of financial performance	(251,752)	12,470
Transaction with owners as owners:		
Contributions of equity (Note 18)	4,266,873	609,357
Total equity at end of period	4,612,008	596,887

21 Financial Instruments

a) Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rates for classes of financial assets and financial liabilities is set out below:

	Note	Weighted average interest rate	Floating interest rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing in 1 to 5 years	Non- interest bearing	Total
2005							
Financial assets							
Cash assets	8	5.2%	328,069	2,300,000	-	101	2,628,170
Receivables	9	-	-	11,699	-	1,500	13,199
			328,069	2,311,699	-	1,601	2,641,369
Financial liabilities							
Payables	14	-	-	-	-	220,142	220,142
Hire purchase liabilities	15	9.7%	-	15,310	11,057	-	26,367
			-	15,310	11,057	220,142	246,509

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

21 Financial Instruments (continued)

	Note	Weighted average interest rate	Floating interest rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing in 1 to 5 years	Non- interest bearing	Total
2004							
Financial assets							
Cash assets	8	4%	235,316	-	-	-	235,316
Receivables	9	-	-	-	-	23,145	23,145
			235,316	-	-	23,145	258,461
Financial liabilities							
Payables	14	-	-	-	-	191,076	191,076
			-	-	-	191,076	191,076

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.

22 Commitments

(a) Exploration Commitments

In order 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 various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	2005 \$	2004 \$
Within one year	430,394	377,100
Later than one year and no later than two years	523,469	332,972
Later than two years and no later than five years	1,857,100	1,252,700
Later than five years	925,000	650,000
	3,735,963	2,612,772

(b) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

	2005	2004
Within one year	25,127	-
One year or later and no later than two years	12,873	-
	38,000	-

The lease provides the Company with a right of renewal at which time all terms are renegotiated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

22 Commitments (continued)

(c) Employee remuneration commitments

Directors

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:

	2005	2004
	\$	\$
Within one year	150,000	-
One year or later and no later than two years	75,000	-
	<u>225,000</u>	<u>-</u>

(d) Hire purchase commitments

Hire purchase commitments are payable:

Within one year	17,192	-
Later than one year and no later than two years	11,461	-
	<u>28,653</u>	<u>-</u>

Hire purchase liabilities provided for in the financial statements:

Current	17,192	-
Non-current	11,461	-
Total liability	<u>28,653</u>	<u>-</u>

23 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 year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash assets	2,628,170	235,316
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(b) Reconciliation of loss from ordinary activities after income tax to net cash used by operating activities

Loss from ordinary activities after income tax	(251,752)	(12,470)
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Add/(less) non-cash items:

Depreciation	8,841	-
Net cash used in operating activities before change in assets and liabilities	<u>(242,911)</u>	<u>(12,470)</u>

Changes in assets and liabilities:

Increase in prepayments relating to operating activities	(4,075)	-
Increase in receivables relating to operating activities	(937)	(20,058)
Increase in other assets	(5,800)	(500)
Increase in trade payables relating to operating activities	60,313	18,249
Increase in provisions	6,009	-
Increase in accrued liabilities relating to operating activities	18,501	-
Net cash used in operating activities	<u>(168,900)</u>	<u>(14,779)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

23 Notes to the Statements of Cash Flows (continued)

(c) Non-cash financing and investing activities

On 23 November 2004 1,500,000 ordinary fully paid shares were issued at \$0.20 per share for the acquisition of tenements under the "Sipa Option to Purchase Murchison Properties Agreement."

On 23 November 2004 400,000 ordinary fully paid shares were issued at \$0.20 per share for the acquisition of E57/552 and E29/537.

On 23 November 2004 150,000 ordinary fully paid shares were issued at \$0.20 per share as consideration for the right to earn a 70% interest in E57/551.

As at 30 June 2004, \$47,250 in applications for shares had been received. The shares were allotted on 21 July 2004.

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

24 Employee Benefits

	2005	2004
	\$	\$
Aggregate liability for employee benefits, including on-costs		
Current		
Provisions	6,009	-

Superannuation plans

The Company contributes to several accumulation type superannuation plans on behalf of directors and employees. The Company has satisfied all statutory obligations under relevant superannuation legislation.

Employee and Consultants Option Scheme

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

The purpose of the EOS 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 and recognise the ability and efforts of those who have contributed to the success of the Company. There will be no issue price for Options issued under the EOS.

Each Option issued under the Scheme is exercisable into one share at an exercise price which is the greater of:

- 120% of the market value of the shares on the day the option is issued;
- 25 cents; and
- such greater amount as is determined by the Board (which will not be less than the minimum exercise price permitted by the Listing Rules)

The other material terms of the Options are as follows:

- Application will not be made to ASX for Official Quotation of the Options.
- Except as set out below Options shall expire on the third anniversary of the date of their issue:
 - if the holder ceases to be an employee or consultant:
 - two years or more after the Options are issued; or
 - because of retirement, total and permanent disablement, redundancy, death or any other circumstances approved by the Board,

the Options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be an employee or a consultant or any longer period permitted by the Board. If not exercised within that period, the Options lapse.

- if the Board determines that:
 - a holder has acted fraudulently, dishonestly or in breach of the holder's obligations to the Company; and
 - the Options held by the holder are to be forfeited,the Options will immediately lapse.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

25 Director and Executive Disclosures by Disclosing Entity

Related party transactions with the Company

A number of specified directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to specified directors, specified executives and their personally-related entities, were as follows:

Name	Director/ executive entity controlled amounts paid to	Amount settled in cash	Reimbursements of costs paid on behalf of company	Total
Directors				
(a) GJ Bromley	Bromley & Company	\$42,080	\$55,332	\$97,412
(b) NJ Smith	Portcullis Corporate Advisory Pty Ltd	-	\$1,067	\$1,067
(c) GC George	Gilbert George & Associates Pty Ltd	\$20,000	\$3,806	\$23,806
Executive Officer				
(d) A Francesca	eks Solutions	53,107	-	\$53,107
Total 2005		\$115,187	\$60,205	\$175,392

(1) All amounts are GST exclusive

(2) 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 c) relate to corporate services provided. Fees paid to Officer d) satisfied in cash relate to services for corporate and accounting services.

(3) Reimbursements relate to costs initially incurred and paid on behalf of the Company by the relevant officer and subsequently reimbursed in full.

(4) The above amounts exclude any payments for salary and directors' fees which form part of the Remuneration Report in Section 1 of the Directors' Report.

Liabilities arising from the above transactions

30 June 2005

	\$
Current liabilities	
Trade Creditors	10,619

26 Impact of Adopting Australian Equivalents to International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 the Company must comply with Australian equivalents to International Financial reporting Standards (AIFRS) 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) applicable for reporting periods ended 30 June 2005.

Transition management

The Company has engaged the services of consultants to help assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005.

The project is achieving its scheduled milestones and the Company is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

Impact of transition to AIFRS

The impact of transition to AIFRS, including the transitional adjustments disclosed, are based on AIFRS standards that management expect to be in place, or where applicable, early adopted, when preparing the first complete AIFRS financial report (being the half-year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Company's results of operations and cash flows in accordance with AIFRS. This note provides only a summary, therefore, further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

26 Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to IFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this Note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the Company's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction
- changes to the Company's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The

Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB 1 election adopted.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out below:

(a) Reclassifications

AASB 101 prohibits the presentation of items of income or expense as extraordinary, either on the face of the income statement or in the notes. The nature and amount of material items will be disclosed separately in the notes to the financial statements.

Non current assets classified as held for sale and the assets and liabilities of a disposal group classified as held for sale will be presented separately from other assets and liabilities on the balance sheet. A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset (or disposal group) is available for immediate sale in its current condition, and its sale is highly probable.

No adjustment is expected for the Company.

(b) Property, plant and equipment

Property, plant and equipment will be measured at cost under AIFRS. However, as permitted by the election available under AASB 1, at transition date certain items of property, plant and equipment are expected to be recognised at deemed cost, being a revalued amount prior to transition date that approximates the fair value as at the date of transition.

Any asset revaluation reserve balance relating to these assets will be derecognised at transition date and adjusted against retained earnings.

No adjustments are expected for the Company.

(c) Leased assets

At the date for transition to AIFRS leases will be classified as operating leases or finance leases on the basis of circumstance existing at inception of the lease.

For the Company, there is no expected change in classification.

(d) Impairment

Under current Australian GAAP the carrying amounts of non-current assets valued on a cost basis, other than exploration and evaluation expenditure carried forward, are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the 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, the relevant cash flows have not been discounted to their present value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

26 Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)

Under current Australian GAAP the collectibility of receivables is assessed at each reporting date and a provision is raised based on the age of the outstanding overdue balance to allow for doubtful accounts.

Under AIFRS, the carrying amount of the Company's non-current assets, excluding investment property, defined benefit assets, deferred tax assets, goodwill and indefinite life intangible assets will be reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill, which is not amortised under AIFRS, intangible assets that have an indefinite useful life and intangible assets not yet ready for use are tested for impairment annually.

If there is any indication that an asset is impaired (or for those tested annually), the recoverable amount will be estimated for the individual asset. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs will be determined.

A cash generating unit will be the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets, each cash-generating unit must be no larger than a segment.

An impairment loss will be recognised whenever the carrying amount of an asset, or its cash generating unit exceeds its recoverable amount. Impairment losses will be recognised in the income statement unless they relate to a revalued asset, where the impairment loss will be treated in the same way as a revaluation decrease.

Impairment losses recognised in respect of a cash generating unit will be allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit pro rata based on their carrying amounts.

No adjustments are expected for the company.

Calculation of recoverable amount

Under current Australian GAAP, the recoverable amount of non-current assets was assessed at an entity level using undiscounted cash flows.

Under AIFRS the recoverable amount of the Company's held-to-maturity securities and receivables carried at amortised cost will be calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets will be the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or cash generating unit. Cash flows will be estimated for the asset or cash generating unit in its current condition and therefore will not include cash inflows and outflows improving or enhancing the asset's performance or expected to arise from future restructuring not yet committed to at testing date.

No change is expected for the company.

Reversals of impairment

Under current Australian GAAP impairment losses have not been reversed.

Under AIFRS an impairment loss in respect of goodwill must not be reversed. In respect of other assets, an impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is no expected impact of this change in treatment on transition.

(e) Taxation

On transition to AIFRS the balance sheet method of tax effect accounting will be adopted, rather than the liability method applied currently under Australian GAAP.

Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR YEAR ENDING 30 JUNE 2005

26 Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

There is no expected impact on the Company at 1 July 2004 or for the financial year ended 30 June 2005.

(f) Employee benefits

Share based payments

Under current Australian GAAP no expense is recognised for options issued to employees.

Under AIFRS, the fair value of options granted must be recognised as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date taking into account market performance conditions only, and spread over the vesting period during which the employees become unconditionally entitled to the options. The fair value of the options granted will be measured using the binomial method, taking into account the terms and conditions attached to the options. The amount recognised as an expense will be adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

For the financial year ended 30 June 2005, no options were issued to employees therefore no adjustment has been made.

(g) Borrowing costs

Current Australian GAAP requires borrowing costs relating to qualifying assets to be capitalised as part of the cost of the asset.

Under AIFRS borrowing costs may either be recognised as an expense in the period in which they are incurred, or where they are directly attributable to the acquisition, construction or production of a qualifying asset they may be capitalised as part of the cost of the asset.

Mindax Limited expects to apply the allowed alternative treatment under AASB 123 and therefore will continue to capitalise borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset.

There is no expected impact on the Company in relation to this choice of AIFRS accounting policy as there is no expected change from the current policy under Australian GAAP.

(h) Financial instruments

Mindax Limited expects to take advantage of the election in AASB 1 to not restate comparatives for AASB

132 Financial Instruments: Disclosure and Presentation, AASB 139 Financial Instruments: Recognition and

Measurement. There are no expected adjustments in relation to these standards for 1 July 2004 or the financial year ended 30 June 2005 as current Australian GAAP is expected to continue to apply.

The entity has followed Australian GAAP in accounting for financial instruments within the scope of AASB 132 and AASB 139 as described in Note 1 Statement of significant accounting policies.

27 Events Subsequent to Reporting Date

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005 the Company must comply with Australian equivalents to International Financial reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The potential impact of adopting AIFRS is detailed in Note 26 to the financial statements.

No other matters have arisen since the end of the financial year 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.

DIRECTORS' DECLARATION

The directors of Mindax Limited declare that:

in the directors' opinion, the financial statements and notes for the financial year ended 30 June 2005 are in accordance with the Corporations Act 2001, including:

section 296 (compliance with accounting standards); and

section 297 (true and fair view); and

in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

the directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration 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 day of 2005

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with our audit of the financial report of Mindax Limited for the year ended 30 June 2005 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;

No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully

HORWATH
Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'A G Bevan', written over a light-colored rectangular background.

A G BEVAN
Partner

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 year ended 30 June 2005.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities, under the heading "remuneration report" in pages 2 to 5 of the directors' report, as permitted by the Corporations Regulations 2001.

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. The directors are also responsible for the remuneration disclosures contained in the directors' 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 and International Standards on Auditing, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, 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 and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

- 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 remuneration disclosures, 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.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

INDEPENDENT AUDIT REPORT

to members of Mindax Limited

Audit opinion

In our opinion:

1. 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 2005 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.
2. the remuneration disclosures that are contained in pages 2 to 5 of the directors' report comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

Dated the 19th day of September 2005.

HORWATH
Audit (WA) Pty Ltd



A G BEVAN
Partner

ASX ADDITIONAL INFORMATION

Dated the 19th day of September 2005. The additional information dated 8 September 2005 is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Distribution of Shareholders:

Spread of holdings	Number
1 - 1,000	1
1,001 - 5,000	5
5,001 - 10,000	106
10,001 - 100,000	286
100,001 – and over	76
TOTAL	474

Number of shareholders holding less than a marketable parcel: 1

Substantial Shareholders:

Shareholder Name	Number of shares
Gregory John Bromley	9,050,001
Plateau Resources Limited	4,000,000
TOTAL	*9,050,001

* The interest held with respect to 4,000,000 of these shares derives solely from Mr Bromley holding a relevant interest in Plateau Resources Limited.

Voting rights:

Ordinary shares: on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options: no voting rights.

Quoted Securities and Restricted Securities:

The Company is listed on the Australian Stock Exchange Limited.

Quoted securities:

Of the 46,137,395 ordinary fully paid shares on issue, 31,700,448 are quoted securities.

Restricted securities:

- 181,500 ordinary fully paid shares restricted 12 months from 13 September 2004
- 2,050,000 ordinary fully paid shares restricted 12 months from 23 November 2004
- 12,205,447 ordinary fully paid shares restricted 24 months from 8 December 2004

Statement pursuant to ASX Listing Rule 4.10.19:

The Company has used its cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

ASX ADDITIONAL INFORMATION

Twenty Largest Shareholders:

Shareholder	Number of Shares	Percentage
Gregory John Bromley & Caroline Muriel Bromley <Bromley Family A/c>	5,000,000	10.84
Plateau Resources Limited	4,000,000	8.67
Portcullis Corporate Advisory Pty Ltd	2,000,000	4.33
Sipa Resources Limited	1,500,000	3.25
Tara Management Pty Ltd <Tara A/c>	1,250,000	2.71
J & S Investments Pty Ltd	1,000,000	2.17
Michael Alfred Chaney & Rosemary Margaret Chaney <Marcellino A/c>	994,000	2.15
Gilbert Charles George	781,250	1.69
Golden Years Holdings Pty Ltd <Awl Super A/c>	750,000	1.62
Andtax Pty Ltd <Broome Unit A/c>	562,500	1.22
ANZ Nominees Limited <Cash Income A/c>	545,000	1.18
Robert Neil George & Noela Helen George	500,000	1.08
Kevin Stewart	500,000	1.08
Earlsbay Pty Ltd <Earlsbay – Trading A/c>	500,000	1.08
Mr John Henry Rutter	400,000	0.87
John Edward Burgess & Ernestine Burgess	375,000	0.81
Leeluk Pty Limited	350,000	0.76
Market Equity Investments Pty Ltd	340,000	0.74
Charles Trevor Morley	335,000	0.73
Fourfun Pty Ltd	330,000	0.72
TOTAL	22,012,750	47.70

Distribution of Quoted Optionholders:

Spread of holdings	Number
1 - 1,000	0
1,001 - 5,000	112
5,001 - 10,000	50
10,001 - 100,000	205
100,001 – and over	14
TOTAL	381

ASX ADDITIONAL INFORMATION

Twenty Largest Optionholders:

Optionholder	Number of Options	Percentage
Golden Years Holdings Pty Ltd <Awl Super A/c>	375,000	4.28
Mr Stephen Michael Brown & Mrs Margaret Ann Brown <The SMB A/c> 262,500	3.00	
Mr Gilbert Charles George & Mrs Brooke Samantha George <Gilbert George S/F A/c>	215,000	2.46
Mr Brian John Beattie	197,500	2.26
A & A Enterprises Pty Ltd <Adrian Ciccarelli Fam A/c>	141,500	1.62
Mr Mervyn Peter Aim & Mrs Sandra Mary Aim <The Aim Family A/c>	125,000	1.43
RBC Global Services Australia Nominees Pty Limited <MLCI A/c>	125,000	1.43
Earlsbay Pty Ltd <Earlsbay – Trading A/c>	125,000	1.43
Mr Ian Palmer & Mrs Helen Palmer <Palmer Super Fund>	125,000	1.43
Royaljan Nominees Pty Ltd <Superannuation Fund A/c> Lilydale	125,000	1.43
J & S Investments Pty Ltd	125,000	1.43
Mrs Susan Smith	125,000	1.43
Mr Nicholas Lennon <The Riviera Family A/c>	125,000	1.43
Mr Robert Frederick Kemp	120,000	1.37
Mr David Alan Sanders	100,000	1.14
Mr Mark Peter Rose	100,000	1.14
Leeluk Pty Ltd 80,000	0.91	
Michael John Brooker & Virginia Margret Brooke	75,000	0.86
Mr Charles Ernest Crabbe & Ms Sandra Berwick <Crab Super Fund A/c>	75,000	0.86
Mr Alec O'Halloran	72,500	0.83
TOTAL	2,814,000	32.17

