

Mindax Limited (ASX: MDX)

Proving up a substantial Iron Ore Resource in the Yilgarn

 12th March 2008

Recommendation: SPECULATIVE BUY

GICS Industry: Materials

Capital Structure:

Share Price (11 th Mar 2008)	A\$0.280
Fully diluted Shares (m)	84.5
Listed Options (20c, 30-06-08) (m)	38.1
Unlisted Options (25c, 21-12-08) (m)	0.7
Unlisted Options (25c, 10-01-11) (m)	0.3
Approx Cash (m)	A\$2.8
Share Price Year Low-High (\$)	A\$0.064-0.395
Market Cap Fully Diluted (m)	A\$37.5

Directors:

Non-Executive Chairman	Gilbert George
Managing Director	Greg Bromley
Director	Nicholas Smith

Top Shareholders:

Entity	Shares (m)	%
Andrew Tsang	16.8	19.9%
Red Rock Resources plc	8.45	10.2%
Gregory Bromley and related	5.8	6.9%
Portcullis Corporate Advisory Pty Ltd and related	2.8	3.3%
Gilbert C George and related	2.1	2.5%

Share Price History:

 Source: www.E-trade.com

Exploration Highlights

- Mindax will to commence Stage-1 RC drilling program at Mt Forrest Iron Ore Project during March 2008. The program will coincide with a follow up drilling program at the nearby Paradise Gold Project. The Mt Forrest Stage 2 follow up drilling program is scheduled for late May 2008. **RM Research** anticipates a maiden resource statement in July 2008 in the 50Mt DSO range;
- A second round of drilling at the Yilgarn Avon Uranium JV will commence in April 2008. This program will add to data already collected during the previous quarter.

Investment Highlights

- In recent weeks, there has been heightened investor interest in Mindax with Red Rock Resource plc ("Red Rock") and Sydney based property developer Andrew Tsang acquiring just over 30% between them. Red Rock has adjacent tenements to the south of the Mt Forrest Project and has carried out some rock chip sampling on similar iron stone formations over the past year. Preliminary investigations suggest that Red Rock's iron ore endowments appear to be inferior to those already discovered at Mt Forrest.

Outlook

- The Stage-1 drill program at the Mt Forrest Project will commence in March 2008 and will consist of a 5000m RC drill program aimed at outlining an initial resource. The Company has five drill targets, four of which are outcropping. **RM Research** believes that Mindax is highly likely to outline a 50Mt resource by the end of Stage-2 drilling program scheduled for June 2008. This is likely to see a re-rating of the stock to +\$0.72/share;
- The Mt Forrest Iron Ore Project is situated 150km northwest of Menzies in the Goldfields with favourable logistics and at first glance appears more attractive to comparable Midwest iron ore players, in particular the proximity of Mt Forrest to the railway and gas-pipeline.


FIGURE 1: Looking South towards the Richardson Ranges

Exploration activities 2008

- **March** – YAJV first drilling program
- **March** – Mt Forrest Iron Ore drilling campaign, approx 5,000m;
- **March** – Bulga Downs Gold first drilling;
- **April** – Hematite-Magnetite test work.
- **April** – Maynard Hills Iron Ore Project drilling program (North of Mt Forrest);
- **April** – Panhandle Gold-Copper Project first drilling program;
- **April** – YAJV Uranium second drilling program;
- **April** – Carnegie Uranium Project Arad survey;
- **May** – Mt Forrest Iron Ore second drilling program with planned 10,000m program;
- **May** – Bulga Downs Gold Project second drilling program;
- **May** – Mortlock Gold-Copper
- **June** - Preliminary resource estimate for Mt Forrest Project;

COMPANY OVERVIEW

Mindax Limited (“Mindax” or “the Company”) is an exploration company targeting a portfolio of “Chindia” commodities such as gold, copper, iron and uranium within the Western Australia’s Yilgarn Craton. Listing in December 2004, the Company has focused its efforts to becoming a near term producer.

The lead project is centred at Bulga Downs, namely Mt Forrest Iron Ore Project, situated in the Richardson Ranges approximately 150km north north-west of Menzies, and 100km southeast of Sandstone.

Another key project is the Yilgarn-Avon Joint Venture (“YAJV”) uranium project in the palaeochannels of the South West of WA. The YAJV is a 50/50 joint venture between Mindax (the manager) and Quasar Resources PL, an affiliate of Heathgate Resources PL. Heathgate are the owner/operator of the Beverley uranium mine in South Australia and a world leader In Situ Leach (ISL) uranium extraction technology.

The YAJV has the right to earn 80% interest in the Mortlock Program. The tenements are currently held by Sipa Resources Ltd and hosts copper-gold mineralisation similar in style to that found within the Boddington area.

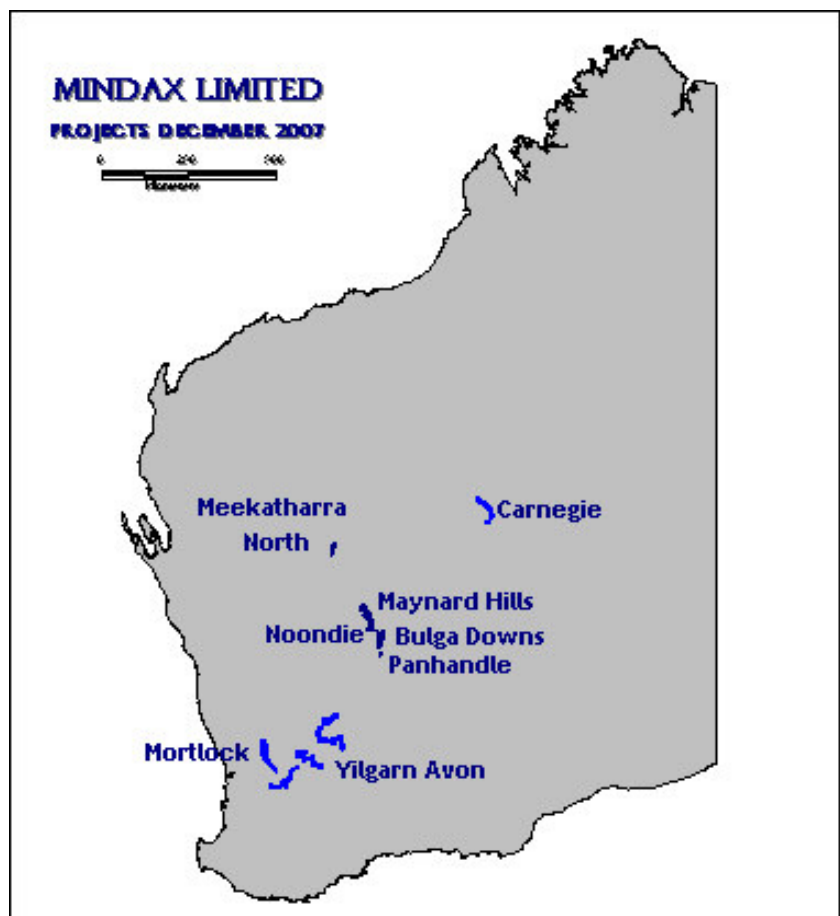


FIGURE 2: Mindax Project areas. Source: Mindax Limited

Significant iron mineralisation has been identified at Bulga Downs. To date mapping, rock chip sampling and incidental drill intercepts suggest the occurrence of hematite and magnetite mineralisation with grades ranging between 35 to 68% Fe. The surface area traversed at Bulga Downs suggests the possibilities of a resource in the order of 500 Mt haematite and magnetite combined over 17km iron formation. The project also includes the Paradise Bore inferred gold resource of 36 Koz (JORC).

EXPLORATION OVERVIEW

Bulga Downs – Mt Forrest Iron Ore Project (MDX: 100%)

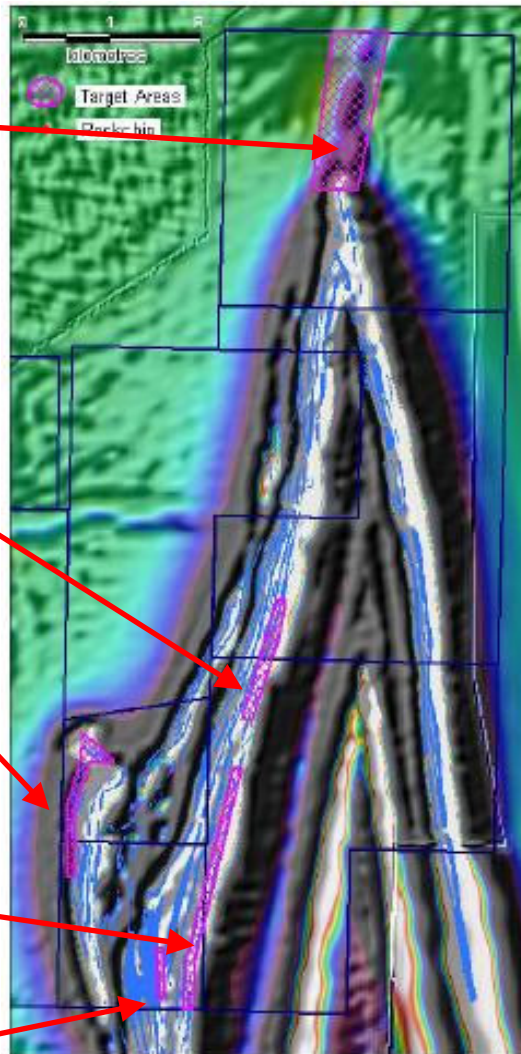
Target 5: – Significant target to north of the tenements with the majority of the target under shallow cover. Estimated length and width of 1.5km and 100m respectively.

Target 2: – An elongated iron formation outcropping above the surrounding surface terrain to a height of 70 metres. Rock chip sampling returned 62.88% Fe.

Target 3: – Forming part of the western arm of the “tick” formation with sample returns of 62.97%. The target measures 1.6km in length with widths up to 100m.

Target 1: – A long and narrow target stretching for 2.6km and a surface width of between 40-70m. Rock chip samples returned 63.43%, 57.91% and 57.23% Fe.

Target 4: – A small outcrop of 600m in length and between 45m and 60m wide.



The Bulga Downs Project lies 100km southeast of Sandstone. The Mt Forrest Iron Ore Project lies within the Richardson Ranges and holds significant iron formations composed of multiple bands with thicknesses ranging between 30m and 200m. The iron formation is folded throughout the tenement taking the form of a trailing checkmark with a maximum width (western flank) of 2km.

The western fold limb of the structure trends in a northeasterly direction for 10km and then folds back upon itself trending to the southeast through the boundary of the tenements to the southeast.

FIGURE 3: Source: Mindax Limited

The Company has granted mining leases at Bulga Downs. All flora and fauna surveys have been conducted on the tenements covering the length of the Richardson Ranges. Both these pre-emptive steps would allow the company to commence the transition from explorer

to producer relatively quickly once the resources and reserves are delineated and a BFS concluded.

The rock chip sampling has generated significant iron ore results with low phosphorus impurities averaging 0.035%. Phosphorus of lower than 0.05% carries a premium price due to the high quality of steel produced.

The project is well located in the central Goldfields approximately 150km northwest of Menzies in close proximity to road, rail and a gas pipeline. This is in contrast to many of the Mid-West Iron Ore players.



FIGURE 4: Iron rich rock at the Richardson Ranges Source: Mindax Limited

IRON ORE OUTLOOK 2008

On 27th August 2007, RBC Capital Markets Equity Research department released a report titled:

Iron Ore: Price Forecasts Upgraded

The report in essence outlined the supply and demand imbalances of the seaborne iron ore trade. Their analysis concluded that supply-side tightening would occur over the next 2 years, resulting in a revised price rise forecast of 35% for both lump and fines during 2008 and beyond. Target price for 2008 for lump ore was estimated at US\$138.60/ltu and US\$108.60/ltu for fines

On 23rd February "The Weekend Australian" newspaper reported that "China's Steel mills (Baosteel, the largest Chinese Steel producer) have conceded Brazilian iron ore giant Vale (formerly CVRD) rises of 65%"

Other developments within the iron ore and steel industry:

- The LME on the 25 February 2008 has initiated the trading of two steel billet futures contracts. This may increase the cost to end users and alleviate pressure on steel makers;
- In October 2007, BHP Billiton proposed the introduction of an iron ore price index as a pricing mechanism or guide as apposed to the current annual benchmark price setting system. This approach could allow for a more transparent pricing system without the annual confrontational meeting held every year and complicated by the issues such as security of supply.

Note: "\$/ltu" refers to "Long-Ton-Unit" commonly used in the North American market. RBC is the Royal Bank of Canada and has since changed this practice to US dollars per metric unit. Reporting of iron ore pricing in the rest of the world is by metric units.

Post feasibility the rail-haulage of DSO ore from Mt Forrest to the Port of Esperance remains an option.

Yilgarn Avon JV – Uranium (MDX: 50%)



FIGURE 5: YAJV tenement holdings and project area, Source: Mindax Limited

The uranium portfolio in the south west of Western Australia has been significantly expanded, driven by exploration for roll front style uranium formed from uranium-enriched waters within palaeodrainages. The YAJV has a commanding land position with 3,957km² in this newly emerging uranium province with the added advantage of fundamental research through the CRC LEME uranium-in-water project.

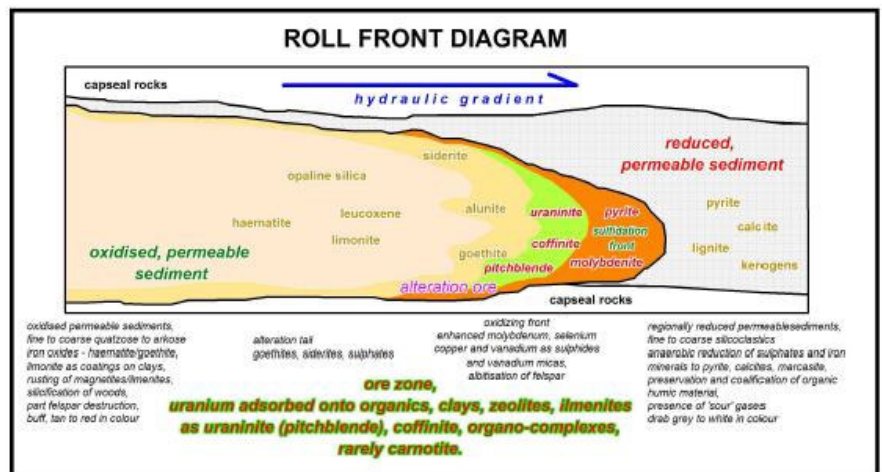


FIGURE 6: Roll front diagram for uranium. Sources Mindax Limited

The project is founded on the concept of uranium transported in water. Uranium is derived from a number of highly radiogenic granitoids eroded over time within the Yilgarn region. The uranium rich waters are transported within ancient palaeochannel drainage systems with deposition initiated through the presence of in-ground coal at the tail end of the watercourse.

DIRECTORS

Mr Greg Bromley

MD

BSc (Geology)

Mr Bromley is a geologist with 35 years experience in the mining and exploration industry.

His early career was with the CRA Group (now RTZ) where he undertook exploration project assignments in WA and NSW. In 1987 he joined Normandy Mining Group and 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. In 1996 he was principal of Bromley & Co, Consulting Geologists operating locally and in Africa, Asia and Latin America. This included management of the Agbaou gold project in Cote d'Ivoire.

Mr Bromley joined the Board of Mindax Limited in 2003 as Managing Director. He is also Director of unlisted Plateau Resources Limited.

Mr Gilbert George,

DIRECTOR

M.Sc. M. Econ.

Gilbert has an honours degree in Agricultural Science and a Masters Degree in Economics. Working in Australia and Japan in Government positions, Gilbert established a business development consultancy in 1988. He is the principal of Gilbert George & Associates Pty Ltd which provides strategic advice to companies worldwide spanning 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. Gilbert has been a member of a number of charities and state government and international advisory committees, including the Asian Round Table. He joined the board in 2004.

Mr Nicholas J. Smith

DIRECTOR

LLB

Nicholas is a solicitor 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

Since 1999 he has been the principal of Portcullis Corporate Advisory Pty Ltd a provider of corporate and strategic advice. Nicholas joined the board in 2003.

Sandstone – Bulga Downs Gold Project



The Bulga Downs Project lies 100km southeast of Sandstone within the Richardson Ranges and includes the Paradise Bore with an oxide resource of 36,000 oz gold. This is hosted in the Cabaret Trend, a mineralised structure that has returned drill intersections of >3g/t gold over a 10km strike. Other gold anomalies occur on the Illara and Edale structures immediately to the west of the Mt Forrest fold.

Nine of the Ten RC drill holes completed at Toucan during October 2007 intersected mineralisation with the best result to date

of 1m @ 21.20g/t Au in TPC-005 from 56m.

Additional results included:

- 13m @ 2.93g/t Au from 35m in TPC-038
- 5m @ 3.38g/t Au from 16m in TPC-035
- 3m @ 6.17g/t Au from 14m in TPC-004

Drilling to date confirms that mineralisation persists at depth and is open to the north extending over an initial strike distance of 700m. Further drilling is planned at Paradise Bore and Macaw during March. Twenty-eight holes are planned to infill the Paradise Bore resource and nine exploration holes will be completed at Macaw

Infill drilling of the resource at Toucan and Macaw prospects will be one of the priorities of 2008, where potential exists to supplement the Paradise Bore resource. A tripling of the gold inventory for open pit mining is highly likely.

OTHER EXPLORATION PROJECTS

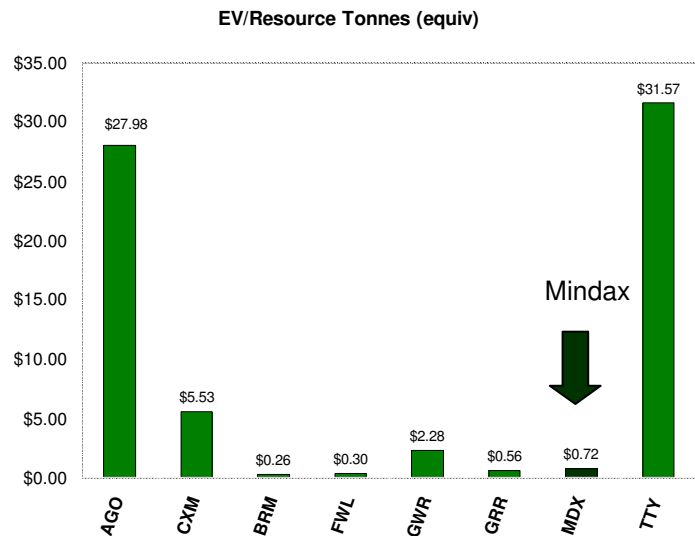
- **Yilgarn Avon – Sipa JV – Uranium (80% earning).** The YAJV has the right to earn in 80% in Sipa's 1,000km² Ullarring Rock project (Mortlock JV). This region is immediately south of the Kalguddering uranium mineralisation and the Wongan Hills copper-gold mineralisation.
- **Carnegie Project – Uranium (100%).** Mindax has made exploration license applications over 300km of calcretised drainage east northeast of Wiluna near Oneabunga (Lake Burnside). The drainage extends for more than 88km.
- **Lake Noondie Project– Uranium (100%).** The Lake Noondie uranium project is centred on the Nondie palaeochannel 60km southeast of Sandstone. Values up to 60ppm U and uranium in water have been identified.
- **Panhandle Project – Gold, Copper (100%) -** The project lies on the Edale Fault, southwest of the Bulga Downs Project and 130km southeast of Sandstone. Gold-copper anomalies are identified in soils geochemistry with associated geophysical evidence supporting the idea for further exploration.

..... an experienced exploration team, which has implemented a program of works for key commodities of gold, iron, uranium and copper.

- ❑ **Maynard Hills – Gold (100%).** The Maynard Hills project has been initially focused on gold exploration primarily due to its proximity to Paradise Bore, the Lord Henry and Lord Nelson gold mines that lie on the same Edale and Illara structures trending north-west. Recently Mindax announced the presence of alluvium covered iron mineralisation on the tenement.
- ❑ **Meekatharra North Project – Gold (100%).** The Meekatharra North Project lies 20km from the Paddy's Flat field where 2.5Moz of gold was produced. The project lies adjacent to Mercator plc Maid Marion discovery. No work has been undertaken so far.

VALUATION

The valuation of Mindax remains speculative however the scenario below demonstrates a future value of \$0.72 per share or market capitalisation of A\$88m with exploration success delineating an initial resource of 50Mt @ 60% Fe (DSO).



The graph above plots the enterprise value per tonne of total Fe resources. As is evident the EV/Resource understates significantly, some of the junior iron ore companies. At the lower end of the spectrum is Brockman Resources Limited (BRM) with an EV/Resource tonne of \$0.25, which recently announced an upgrade of 1 billion tonnes to its Pilbara mixed Detrital and Pisolithes iron ore resource. At the other end of the spectrum are Territory Resources Ltd (TTY) and Atlas Iron Ltd (AGO) with EV/Resource tonne at \$31.57 and \$27.98 respectively. Both companies have relatively small announced resources in comparison to a high Enterprise Value.

With this in mind, a comparison could be drawn between Golden West Resources Ltd (GWR), with a reported iron ore resource of 86.3Mt and EV/Resource tonnes of \$2.28 (as off 16th February 2008) and Mindax Limited, which is targeting an initial resource of 50Mt of DSO, resulting in a target EV/Resources tonnes of \$0.72. It could be construed that the EV of Mindax has a long way to go to match any of the peer group listed above, in particular GWR, which has its project located near Wiluna within the vicinity of the Mt Forrest project.

Information which could materially impact the stock price of Mindax in the near term may include:

- ❑ RC drilling results from the March-May program targeting a initial 50Mt DSO resource;
- ❑ Substantial price increases in iron ore prices that take effect from April 2008;
- ❑ Further opportune buying from major shareholders such as Red Rock Resources plc (10.2%) and other institutional buyers.

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Disclosure of Interest-

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