Mindax Limited

ABN: 28 106 866 442

Financial report for the financial year ended 30 June 2006

CORPORATE DIRECTORY

DIRECTORS

Gilbert Charles George (Non-executive, Chairman)
Gregory John Bromley (Managing Director)
Nicholas James Smith (Non-executive Director)

PRINCIPAL OFFICE

Suite 9/ 57 Labouchere Road
South Perth WA 6151

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Angelo Street
South Perth WA 6951
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Website www.mindax.com.au

REGISTERED OFFICE

21 Teddington Road
Burswood WA 6100

Telephone: (08) 9486 2333
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AUDITORS

Horwath Audit (WA) Pty Ltd
Chartered Accountants
128 Hay Street
Subiaco WA 6008

COMPANY SECRETARY

Angelo Francesca

BANKERS

Commonwealth Bank
1254 Hay Street
West Perth WA 6005

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING

Shares and options over unissued shares in Mindax Limited are quoted on the Australian Stock Exchange Limited:

ASX codes: MDX (shares)
MDXOA (options)

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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 entrepreneurism, 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 reside 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.

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 2006, however one is planned for the ensuing financial year.

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 and evolving.

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 2006.

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.

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.

Directors' report

The directors of Mindax Limited submit herewith the annual financial report of the consolidated entity and the company for the financial year ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name	Particulars
Mr G.C. George	Gilbert, aged 56 years, 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 joined the board in 2004 in a non-executive capacity and is a member of the Remuneration and Audit Committees of Mindax Limited.
Mr N.J. Smith	Nicholas, aged 54, 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. Nicholas joined the board in 2003 in a non-executive capacity and is the Chairman of the Remuneration and Audit Committees of Mindax Limited.
Mr G.J. Bromley	Greg, aged 56 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 has been consulting to Sipa Resources on their local exploration and business development programs.

He is also a director of unlisted Plateau Resources Limited.

Gregory joined the Board of Mindax Limited in 2003 as Managing Director.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr N.J. Smith	Red 5 Limited	Since 2002
	Ferraus Limited (previously Niquest Limited)	2003 to 2005

Company Secretary

Mr A Francesca

Certified Practising Accountant, aged 35, with thirteen years in public practice. He is a director and equity holder of a medium sized accounting practice, FJH Solutions. He has provided client support across a wide range of industries including mining and exploration to private and public companies.

Principal activities

The consolidated entity's principal activity during the course of the financial year was mineral exploration.

Results

The operating loss of the consolidated entity after providing for income tax amounted to $439,460 for the financial year.

Financial Position

The net assets of the consolidated entity have increased by $494,128 over the twelve month period to 30 June 2006. The consolidated entity's working capital for 2006, being current assets less current liabilities, is $1,803,929. Expenditure for the year has tracked to budget and has been in accordance with that outlined in Mindax Limited's Prospectus dated 12 October 2004.

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

Review of operations

Corporate

On 21 December 2005, 840,000 unlisted employee options with an exercise price of 25 cents and expiry date of 21 December 2008 were issued pursuant to the Company's 'Employee and Consultant Option Scheme' as follows:

- 500,000 to the Company's Managing Director, Mr G.J. Bromley, approved at the Company's Annual General Meeting on 11 November 2005;
- 340,000 to arms length employees.

On 27 April 2006, Mindax Limited placed 5,400,000 ordinary fully paid shares to raise gross proceeds of $756,000, for working capital purposes.

Throughout the months of May and June, 891,072 ordinary fully paid shares were issued as a result of the exercise of listed options expiring 3 June 2006, raising proceeds of approximately $178,214 for working capital purposes. The balance of such options, namely 7,858,928 expired on 3 June 2006.

On 30 June 2006 26,214,224 options with an exercise price of 20 cents and an expiry date of 30 June 2008 were issued pursuant to a Bonus Issue Prospectus lodged with the Australian Securities and Investment Commission ("ASIC") on 9 June 2006. Bonus options were issued on a one for two basis with a record date of 20 June 2006 to determine entitlements.

Exploration

The consolidated entity continued its exploration efforts on its tenement prospects during the financial year ended 30 June 2006. Some highlights include:

Bulga Downs

Recent amendments to the Mines Act have encouraged the Company to bring forward its program on the Paradise Bore resource. The Company will progress its Mining Lease applications with a view to early production possibilities. An internal reassessment of the economic model suggests a net cash flow of $6.5 million could now be achieved. This is the result of an improved gold price after allowing for an increased cost regime.

The Paradise Bore resource is 400,000 tonnes at 2.8g/t for 36,000 oz (1 g/t cut off) (JORC inferred). The model is based on exploiting 19,000 oz from a higher grade core. A scoping study has been initiated with an expected completion date of late September.

Meekatharra North (Gold)

First pass drilling was completed on structural/geochemical targets beneath transported cover at Lute, Banjo and Viola targets, a total of 77 holes for 5,964 metres. The project is focussing on Paddy's Flat type vein targets beneath transported cover.

Three target areas were drill tested, at Lute, Banjo and Viola. All three returned encouraging sericite-fuchsite-quartz alteration associated with anticipated structures.

The best intercept was 3m @ 1.5g/t at Lute within a shear extending to the south of the tenement boundary.

At Banjo West a best intercept of 0.42g/t Au over 3m was obtained from a shear that appears practically limited by a deep palaeochannel but a parallel shear Banjo Central returned a best result of 3m @ 0.65g/t from the limited strike length tested.

The Viola prospect returned intercepts of 3m @ 0.47g/t Au, 3m @ 0.34g/t Au and 6m @ 0.29g/t Au. The zone appears to extend over 400m and is open to the south and north beneath shallow cover.

The program has provided encouragement for the targeting methodology and quantified the cover issues in those areas. Drilling will now be extended to test other targets particularly the Maid Marion extension south of Banjo.

Maynard Hills (Gold)

Reconnaissance drilling was completed, principally along the Edale structure. Three hundred and ten holes were drilled through shallow cover for a total of 7,759 metres on Ten Mile, Ten Mile North and East and Edale prospects, generally on a 600m traverse spacing.

The program was designed to test the extent of gold-bismuth anomalism previously identified at Ten Mile prospect. This is now known to extend along 13 km of the Edale fault within the Company's tenements and is inferred over 22 km including Troy Resources' Coombe Bore prospect.

Anomalism is associated with shears and variable zones of altered schists within granite basement. The depth of transported cover averages 15 to 20 metres.

Best results from this program include 1m @ 0.13g/t Au at the Edale prospect and 4m @ 0.24g/t (bottom of hole) in Ten Mile North prospect. These positions will be tested with follow up drilling.

Follow up drilling will target geophysical perturbations along the structure as well as the structure's persistence to the south. Economic mineralisation may well have strike dimension within the 600m traverse spacing.

Lake Noondie (Uranium)

The Company has received permission from the Minister of Indigenous Affairs to proceed with work on the Lake Noondie project southeast of Sandstone. This approval was necessary because the project area impacts on a registered aboriginal site. An area of 4 x 1.5 km is being tested by way of an initial shallow air-core drilling program.

Yilgarn Avon Joint Venture (Uranium)

The exploration alliance (previously announced to ASX on 25 January 2006) with CRC LEME and 50% joint venture partner Quasar Resources continues to advance. Thirteen tenement applications are now in place covering 145 linear km of prospective drainages with anomalous uranium hydrogeochemistry and radiometric signatures.

The company has received encouraging uranium-in-water values ranging from 100ppb U to 950 ppb U.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The consolidated entity is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia. The consolidated entity is a party to exploration and development licences which generally specify the applicable environmental regulations.

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

Share options

Share options granted to directors and executives

During the financial year an aggregate of 500,000 employee share options with an exercise price of 25 cents and expiry date of 21 December 2008 were granted to the following directors and executives of the Company as part of their remuneration pursuant to the Company's 'Employee and Consultant Option Scheme':

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
G.J. Bromley	500,000	Mindax Limited	500,000

Share options on issue at year end or exercised during the year

Details of unissued shares or interests under option are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Mindax Limited (Note 1)	26,214,224	Ordinary	$0.20	30 June 2008
Mindax Limited (Note 2)	840,000	Ordinary	$0.25	21 December 2008

Note 1: Such options were issued on 30 June 2006 pursuant to a Bonus Issue Prospectus lodged with ASIC on 9 June 2006. Bonus options were issued on a one for two basis with a record date of 20 June 2006.

Note 2: Such options were issued on 21 December 2005 pursuant to the Company's 'Employee and Consultant Option Scheme.'

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Mindax Limited	891,072	Ordinary	$0.20	-

Such options exercised had an expiry date of 3 June 2006. The balance of this class of options, namely 7,858,928 expired on 3 June 2006.

Indemnification of officers and auditors

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.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, fourteen (14) board meetings, one (1) remuneration committee meeting and two (2) audit committee meetings were held.

	Board of directors		Remuneration committee		Audit committee	
Directors	Held	Attended	Held	Attended	Held	Attended
G.C. George	14	14	1	1	2	2
N.J. Smith	14	13	1	1	2	2
G.J. Bromley	14	14	N/A	N/A	N/A	N/A

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Employee share options $0.25 exercise price Expire 21/12/2008	Share options $0.20 exercise price Expire 30/06/2008
G.C. George	1,321,250	-	660,625
N.J. Smith	2,205,000	-	1,102,500
G.J. Bromley	9,278,572	500,000	4,639,285

Further details of Directors' shareholdings are contained in Note 27 to the Financial Statements.

Remuneration report

Directors and executive details

The directors of Mindax Limited during the year were:

- G.C George (Chairman, Non-executive)
- N.J. Smith (Non-executive)
- G.J. Bromley (Managing Director, Executive)

The group executives (key management personnel) of Mindax Limited during the year were:

- A Francesca (Company Secretary)

Principles used to determine the nature and amount of remuneration

Executive Remuneration

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Within this framework, the remuneration committee considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior management. Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance, relevant comparative information and independent expert advice.

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. The main principles of the policy are:

- reward reflects the competitive market in which the Company operates:
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors consists of the following:

a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of motor vehicles, health benefits;

b) Post employment benefits – including superannuation;

c) Equity – share options granted under the employee and consultant share option scheme as disclosed in note 5 to the financial statements; and

d) Other benefits, including performance bonus plans.

With regard to employee share options schemes, participation of executive directors must be specifically approved by shareholders.

The proportion of fixed and variable remuneration is established for each executive director by the remuneration committee. Performance incentives may be offered to executive directors and senior management of the Company through the operation of performance bonus schemes. Performance and completion bonuses are payable upon achievement of agreed milestones and targets.

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 and approval of the Board.

Non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

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 3 December 2004.

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). Mr Bromley is also provided a fully serviced and maintained vehicle with agreement that private use be an infrequent and incidental component of total usage.

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.

The remuneration committee has reviewed Mr Bromley's salary package and an extension to his service contract. Mr Bromley's annual salary will increase to $160,000 with an extension of the term of his service contract until 31 December 2008. Future bonuses are to be considered subject to meeting performance hurdles.

By Consultancy Agreement effective 1 March 2006, the Company agreed to engage FJH 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 March 2006 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 $4,500 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.

Share-based compensation

The Board has adopted the Mindax Limited Employee and Consultant Share Option Scheme. The primary purpose of the Plan is to increase the motivation of employees, promote the retention of employees, align employee interest with those of the Company and its shareholders and to reward employees who contribute to the growth of the Company. At a general meeting held on 21 January 2004, shareholders authorised the issue of options under the Plan. To date, 840,000 options with an exercise price of 25 cents and expiry date of 21 December 2005 have been issued under the Plan as follows:

- 500,000 to the Company's Managing Director, Mr G.J. Bromley approved at the Company's Annual General Meeting on 11 November 2005;
- 340,000 to arms length employees.

Details of remuneration

The following table discloses the remuneration of the directors of the company:

	Primary			Post-employment			Equity	Other	Total
	Salary & directors fees	Consulting fees (Note 1)	Non-monetary	Super-annuation	Prescribed benefits	Other	Options	benefits	
2006	$	$	$	$	$	$	$	$	$
G.C. George	25,000	-	-	2,250	-	-	-	-	27,250
N.J. Smith	20,000	16,500	-	1,800	-	-	-	-	38,300
G.J. Bromley	150,000	8,120	-	13,500	-	-	21,500	-	193,120
	195,000	24,620	-	17,550	-	-	21,500	-	258,670

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.

The following table discloses the remuneration of the 5 highest remunerated executives of the company and group executives of the consolidated entity as applicable:

	Primary			Post-employment			Equity	Other	Total
	Salary & directors fees	Consulting fees	Non-monetary	Super-annuation	Prescribed benefits	Other	Options	benefits	
2006	$	$	$	$	$	$	$	$	$
A. Francesca	-	50,552	-	-	-	-	-	-	50,552

Value of options issued to directors and executives

The following table discloses the value of options granted, exercised or lapsed during the year:

	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
	Value at grant date	Value at exercise date	Value at time of lapse			
	$	$	$	$	$	%
G.J. Bromley	21,500	-	-	21,500	21,500	11.13%

Value of options - basis of calculation

The employee options issued to Mr G.J. Bromley, in total 500,000, were issued pursuant to the Company's Employee and Consultant Share Option Scheme. Shareholder approval for the issue was obtained at the Company's Annual General Meeting on 11 November 2005. Options were issued on 21 December 2005. All options vest at the date of issue.

The value of the options has been determined using the Black & Scholes Option Pricing Model. The assumptions used for the calculation were:

- exercise price of 25 cents and time to expiry of 3 years from the date of issue;
- share price of 12 cents per share;
- volatility factor for the Company's share price of 77% derived by reference to the Bloomberg Historical Price Volatility and Standard Option Valuation Model;
- discount rate of 5.34% by reference to the current 3 year Government Bond Rate.

Non-audit services

During the financial year, no amounts were paid or payable to the auditor for non audit services. Details of amounts paid to the auditor for services are set out below:

Statutory Audit

Horwath Audit (WA) Pty Ltd	2006 $	2005 $
Audit or review of the financial report	14,830	6,549

Other Services

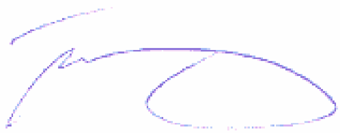
Horwath Securities (WA) Pty Ltd	2006 $	2005 $
Independent accountant's report	-	3,716

Auditor's independence declaration

The auditor's independence declaration is included on page 14 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Gregory John Bromley
Director
Perth, 27th September 2006

Horwath

Horwath Audit (WA) Pty Ltd
ABN 79 112 284 787
Chartered Accountants
128 Hay Street Subiaco 6008
PO Box 700 West Perth 6872
Western Australia
Tel 08 9380 8400
Fax 08 9380 8499
www.horwath.com.au

27th September 2006

The Board of Directors
Mindax Limited
Suite 9/57 Labouchere Road
SOUTH PERTH WA 6151

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my audit of the financial report of Mindax Limited and controlled entities for the year ended 30 June 2006 and in accordance with the provisions of the Corporations Act 2001.

As lead auditor I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to 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
Horwath
Peter Toll

PETER TOLL
Director

Horwath Audit (WA) Pty Ltd
ABN 79 112 284 787
Chartered Accountants
128 Hay Street Subiaco 6008
PO Box 700 West Perth 6872
Western Australia
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Fax 08 9380 8499
www.horwath.com.au

Independent audit report on the financial report to members of Mindax Limited

We have audited the accompanying financial report of Mindax Limited (the company) and (the consolidated entity) for the year ended 30 June 2006. The financial report comprises the balance sheet at 30 June 2006, and the income statement, statement of changes in equity, cash flow statement, summary of significant accounting policies and other explanatory notes, and the directors' declaration for the year then ended.

We have also audited the information about the remuneration of directors and executives ("remuneration disclosures"), the company has disclosed in accordance with Accounting Standard AASB 124 Related Party Disclosures, under the heading "remuneration report" in pages 9 to 12 of the directors' report, as permitted by the Corporations Regulations 2001.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standards in Australia and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and the remuneration disclosure based on our audit. We conducted our audit in accordance with Auditing Standards in Australia. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Horwath

Independence

We are independent of the company and the group, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditors' Independence Declaration, a copy of which is included in the Directors' Report. [In addition to our audit of the financial statements, 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Mindax Limited on 30 June 2006, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

1. The financial reports of Mindax Limited are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the company's and the group's financial position as at 30 June 2006 and of its performance for the year ended on that date; and

   (b) complying with Accounting Standards in Australia including the Australian Accounting Interpretations and the Corporations Regulations 2001.

2. The remuneration disclosures that are contained in pages 9 to 12 of the directors' report comply with Accounting Standard AASB 124 and the Corporations Regulations 2001.

Dated the 27TH day of September 2006.

HORWATH AUDIT (WA) PTY LTD

Horwath

Peter Toll

PETER TOLL

Director

Directors' declaration

The directors declare that:

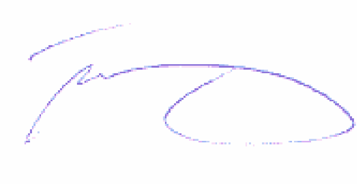
(a) in the directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto and the additional disclosures included in the directors' report designated as audited are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Gregory John Bromley
Director
Perth, 27th September 2006

Income statements for the financial year ended 30 June 2006

	Note	Consolidated 2006 $	Company 2006 $	Company 2005 $
Revenue	2	116,046	116,046	91,239
Employee benefits expense		(52,366)	(52,366)	(66,998)
Share-based payment – employee options		(36,120)	(36,120)	-
Directors fees		(45,000)	(45,000)	(45,000)
Depreciation and amortisation expense		(48,228)	(48,228)	(8,841)
Finance costs		(10,243)	(10,243)	(1,337)
Write-off of exploration expenditure		(11,593)	(11,593)	-
Corporate management fees		(125,552)	(125,552)	(103,436)
Project review/ business development costs		(45,268)	(45,268)	(30,382)
Marketing expense		(52,231)	(52,231)	(13,770)
Occupancy expenses		(32,388)	(32,388)	(13,762)
Administration expenses		(96,517)	(96,222)	(59,465)
Loss from ordinary activities before related income tax	2	(439,460)	(439,165)	(251,752)
Income tax benefit relating to ordinary activities	3	-	-	-
Loss for the period		(439,460)	(439,165)	(251,752)
Loss attributable to members of the parent entity		(439,460)	(439,165)	(251,752)
Loss per share:				
Basic and diluted (cents per share)	20	(.009)		
Loss per share from continuing operations:				
Basic and diluted (cents per share)	20	(.009)		

Notes to the financial statements are included on pages 22 to 51

Balance sheets as at 30 June 2006

		Consolidated	Company	
	Note	2006 $	2006 $	2005 $
Current assets				
Cash and cash equivalents	29	1,971,685	1,966,699	2,628,170
Trade and other receivables	7	57,313	195,330	13,199
Other	8	21,715	21,715	10,368
Total current assets		2,050,713	2,183,744	2,651,737
Non-current assets				
Other financial assets	9	-	10	-
Property, plant and equipment	10	184,633	184,633	54,766
Exploration & evaluation expenditure	11	3,215,618	3,083,992	2,154,238
Other	12	4,905	3,785	3,785
Total non-current assets		3,405,156	3,272,420	2,212,789
Total assets		5,455,869	5,456,164	4,864,526
Current liabilities				
Trade and other payables	13	178,581	178,581	220,142
Borrowings	14	44,640	44,640	15,310
Provisions	15	23,563	23,563	6,009
Total current liabilities		246,784	246,784	241,461
Non-current liabilities				
Borrowings	16	102,949	102,949	11,057
Total non-current liabilities		102,949	102,949	11,057
Total liabilities		349,733	349,733	252,518
Net assets		5,106,136	5,106,431	4,612,008
Equity				
Contributed equity	17	5,773,698	5,773,698	4,876,230
Reserves	18	36,120	36,120	-
Retained earnings	19	(703,682)	(703,387)	(264,222)
Total equity		5,106,136	5,106,431	4,612,008

Notes to the financial statements are included on pages 22 to 51

Statements of changes in equity for the financial year ended 30 June 2006

CONSOLIDATED	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2005	**4,876,230**	**-**	**(264,222)**	**4,612,008**
Total income and expenses for the period	-	-	(439,460)	(439,460)
Issue of share capital	719,254	-	-	719,254
Options converted	178,214	-	-	178,214
Options granted	-	36,120	-	36,120
At 30 June 2006	**5,773,698**	**36,120**	**(703,682)**	**5,106,136**

PARENT	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2004	**609,357**	**-**	**(12,470)**	**596,887**
Total income and expense for the year	-	-	(251,752)	(251,752)
Issue of share capital	3,638,638	-	-	3,638,638
Rights issue	628,235	-	-	628,235
At 30 June 2005	**4,876,230**	**-**	**(264,222)**	**4,612,008**
Total income and expenses for the year	-	-	(439,165)	(439,165)
Issue of share capital	719,254	-	-	719,254
Options converted	178,214	-	-	178,214
Options granted	-	36,120	-	36,120
At 30 June 2006	**5,773,698**	**36,120**	**(703,387)**	**5,106,431**

Notes to the financial statements are included on pages 22 to 51

Cash flow statements
for the financial year ended 30 June 2006

	Note	Consolidated 2006 $	Company 2006 $	Company 2005 $
Cash flows from operating activities				
Interest received		116,046	116,046	91,238
Other receipts in the course of operations		-	-	6,297
Payments to suppliers and employees		(484,775)	(483,602)	(266,435)
Interest and other costs of finance paid		(10,243)	(10,243)	-
Net cash (outflow) from operating activities	29(b)	(378,972)	(377,799)	(168,900)
Cash flows from investing activities				
Payment for investment securities		-	(10)	-
Amounts advanced to subsidiary		-	(139,174)	-
Payment for property, plant and equipment		(186,181)	(186,181)	(55,523)
Payment for purchase of tenements		-	-	(320,226)
Payment for exploration expenditure		(1,116,123)	(984,498)	(936,698)
Payment for intangible assets		(1,400)	-	-
Net cash (outflow) from investing activities		(1,303,704)	(1,309,863)	(1,312,447)
Cash flows from financing activities				
Proceeds from issues of equity securities		934,214	934,214	4,080,985
Payment for share issue costs		(29,247)	(29,247)	(235,651)
Proceeds from borrowings		161,157	161,157	31,151
Repayment of borrowings		(39,933)	(39,933)	(4,784)
Proceeds from repayment of related party loans		-	-	2,500
Net cash inflow from financing activities		1,026,191	1,026,191	3,874,201
Net increase/(decrease) in cash and cash equivalents		(656,485)	(661,471)	2,392,854
Cash and cash equivalents at the beginning of the financial year		2,628,170	2,628,170	235,316
Cash and cash equivalents at the end of the financial year	29(a)	1,971,685	1,966,699	2,628,170

Notes to the financial statements are included on pages 22 to 51

Notes to the financial statements for the financial year ended 30 June 2006

Note **Contents**

1. Summary of accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 27th September 2006.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The consolidated entity changed its accounting policies on 1 January 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 January 2004 as the date of transition.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, and the comparative information presented in these financial statements for the year ended 30 June 2005.

Except for the revised AASB 119 *Employee Benefits* (issued December 2005), Australian Accounting Standards that have recently been issued but are not yet effective have not been adopted for the annual reporting period ending 30 June 2006.

Amendment	Affected Standard	Nature of Change to Accounting Policy	Application date of Standard	Application date for Group
2005-1	AASB 139: Financial Instruments: Recognition and Measurement	No change to accounting policy therefore no impact	1 January 2006	1 July 2006
2005-5	AASB 1: First time adoption of AIFRS, AASB 139: Financial Instruments: Recognition and Measurement	No change to accounting policy, therefore no impact	1 January 2006	1 July 2006
2005-6	AASB 3 Business Combinations	No Change to accounting policy required, therefore no impact.	1 January 2006	1 July 2006
2005-9	AASB 4: Insurance Contracts, AASB 1023: General Insurance Contracts, AASB 139: Financial Instruments" Recognition and Measurement and AASB 132: Financial Instruments: Disclosure and Presentations	No Change to accounting policy required, therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132: Financial Instruments: Disclosure and Presentations, AASB 101: Presentation of Financial Statements, AASB 114: Segment Reporting, AASB 117: Leases, AASB 133: Earnings per Share, AASB 139: Financial Instruments" Recognition and Measurement, AASB 1: First time adoption of AIFRS, AASB 4: Insurance Contracts, AASB 1023: General Insurance Contracts and AASB 1038: Life Insurance Contracts	Assets need to be tested at each balance date for impairment on individual cash generating unit basis.	1 January 2007	1 July 2007
New Standard	AASB 7 Financial Instruments; Disclosure	No change required	1 January 2007	1 July 2007

UIG interpretations that have recently been published that are not mandatory for the annual reporting period ended 30 June 2006:

UIG	Nature of Change to Accounting Policy	Application date of Standard	Application date for Group
UIG 4: Determining whether an asset contains a lease	No change required	1 January 2006	1 July 2006
UIG 5: Rights to interests arising from Decommissioning, restoration and environmental rehabilitation funds	No change required	1 January 2006	1 July 2006
UIG 6: Liabilities arising from participating in a specific market – wast electrical and electronic equipment	No change required	1 December 2006	1 July 2007

1. Summary of accounting policies (cont'd)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

1. Summary of accounting policies (cont'd)

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(e) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(f) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

i. exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

1. Summary of accounting policies (cont'd)

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(h) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. Summary of accounting policies (cont'd)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Mindax Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach.

1. Summary of accounting policies (cont'd)

(j) Joint ventures

Jointly controlled assets and operations

Interests in jointly controlled assets and operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

Jointly controlled entities

Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

(k) Leased assets

Consolidated entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(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) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

1. Summary of accounting policies (cont'd)

(n) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Mindax Limited acquired a 100% interest in Mindax Energy Pty Ltd on 23 January 2006, and as such consolidated accounts have been prepared for the period.

(o) Property, plant and equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment 2.5 – 20 years

(p) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

1. Summary of accounting policies (cont'd)

(q) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(r) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured using the Black & Scholes Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Comparative information – financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement', as permitted on the first-time adoption of A-IFRS.

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1(d) to (e). The following accounting policies were applied to accounting for financial instruments in the comparative financial year:

(a) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

1. Summary of accounting policies (cont'd)

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(c) Borrowings

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(d) Investments

Investments other than investments in subsidiaries, associates and joint venture entities are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(e) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Bills of exchange are recorded at amortised cost, with revenue recognised on an effective yield basis.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. Summary of accounting policies (cont'd)

(v) Segment reporting

A segment is a distinguishable component of the entity that is engaged either in providing products (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2. Revenues

	Consolidated 2006 $	Company 2006 $	Company 2005 $
(a) Revenue			
Interest revenue:			
Bank deposits	116,046	116,046	91,239
Attributable to:			
Continuing operations	116,046	116,046	91,239
Discontinued operations	-	-	-
	116,046	116,046	91,239
(b) Expenses			
Loss before income tax has been arrived at after charging the following expenses. The line items below are amounts attributable to continuing operations:			
Finance costs:			
Other interest expense	(10,243)	(10,243)	-
Depreciation of non-current assets	(48,228)	(48,228)	(8,841)
Employee benefit expense:			
Share-based payments:			
Equity settled share-based payments	(36,120)	(36,120)	-
Other employee benefits	(52,365)	(52,365)	(66,998)
	(88,485)	(88,485)	(66,998)

3. Income taxes

	Consolidated 2006 $	Company 2006 $	Company 2005 $
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:			
Loss before income tax	(439,460)	(439,165)	(251,752)
Income tax (benefit) at 30%	(131,838)	(131,750)	(75,526)
Increase in income tax benefit due to:			
ITAA 1997 s40-730 Exploration Expenditure	(346,948)	(310,869)	(277,142)
Write-off for business related capital costs	(19,305)	(19,305)	(17,220)
Sundry items	(19,617)	(19,617)	(2,815)
Decrease in income tax benefit due to:			
Share-based payments	10,836	10,836	-
Other costs not deductible	27,288	27,288	10,676
Deferred tax assets relating to tax losses not recognised	479,584	443,417	362,027
Total income tax expense	-	-	-
The franking account balance at year end was $nil (2005: $nil)			
Deferred tax assets			
Tax losses	479,584	443,417	362,027
Net deferred tax assets	479,584	443,417	362,027

The deferred tax assets arising from these balances has not been recognised as an asset because recovery of tax losses is not probable at this point in time.

The potential 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.

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group. The decision to consolidate for tax purposes has not yet been formally notified to the Australian Taxation Office. The head entity within the tax consolidated group is Mindax Limited. The members of the tax-consolidated group are identified at note 25.

4. Key management personnel compensation

The key management personnel of Mindax Limited during the year were:

- G.C George (Chairman, non-executive)
- N.J Smith (Non-executive)
- G.J Bromley (Managing Director)
- A. Francesca (Company Secretary)

(a) Key management personnel compensation policy

Principles used to determine the nature and amount of compensation

Executive Remuneration

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Within this framework, the remuneration committee considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior management. Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance, relevant comparative information and independent expert advice.

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. The main principles of the policy are:

- reward reflects the competitive market in which the Company operates:
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors consists of the following:

a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of motor vehicles, health benefits;

b) Post employment benefits – including superannuation

c) Equity – share options granted under the employee and consultant share option scheme as disclosed in note 5 to the financial statements; and

d) Other benefits, including performance bonus plans.

With regard to employee share options schemes, participation of executive directors must be specifically approved by shareholders.

The proportion of fixed and variable remuneration is established for each executive director by the remuneration committee. Performance incentives may be offered to executive directors and senior management of the Company through the operation of performance bonus schemes. Performance and completion bonuses are payable upon achievement of agreed milestones and targets.

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 and approval of the Board.

Non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

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 3 December 2004.

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). Mr Bromley is also provided a fully serviced and maintained vehicle with agreement that private use be an infrequent and incidental component of total usage.

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.

The remuneration committee has reviewed Mr Bromley's salary package and an extension to his service contract. Mr Bromley's annual salary will increase to $160,000 with an extension of the term of his service contract until 31 December 2008. Future bonuses are to be considered subject to meeting performance hurdles.

By Consultancy Agreement dated 1 March 2006, the Company agreed to engage FJH 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 June 2006 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 $4,500 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.

Share-based compensation

The Board has adopted the Mindax Limited Employee and Consultants Share Option Scheme. The primary purpose of the Plan is to increase the motivation of employees, promote the retention of employees, align employee interest with those of the Company and its shareholders and to reward employees who contribute to the growth of the Company. At a general meeting held on 21 January 2004, shareholders authorised the issue of options under the Plan. To date, 840,000 options with an exercise price of 25 cents and expiry date of 21 December 2005 have been issued under the Plan as follows:

- 500,000 to the Company's Managing Director, Mr G.J. Bromley approved at the Company's Annual General Meeting on 11 November 2005;
- 340,000 to arms length employees.

4. Key management personnel compensation (cont'd)

Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated	Company	
	2006 $	2006 $	2005 $
Short-term employee benefits	270,172	270,172	247,687
Post-employment benefits	17,550	17,550	11,925
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payment	21,500	21,500	-
	309,222	309,222	259,612

To the extent that key management personnel of the consolidated entity and key management personnel of the company differ, the aggregate compensation disclosed will differ between the company and the consolidated entity.

The compensation of each member of the key management personnel of the consolidated entity is set out on the following page:

2006	Short-term employee benefits: Salary & directors fees $	Short-term employee benefits: Consulting fees $	Short-term employee benefits: Non-monetary $	Short-term employee benefits: Other $	Post-employment benefits: Superannuation $	Post-employment benefits: Other $	Other long-term employee benefits (v) $	Termination benefits $	Share-based payment: Equity-settled: Shares & units $	Share-based payment: Equity-settled: Options & rights $	Share-based payment: Cash settled $	Share-based payment: Other $	Total $
G.C. George	25,000	-	-	-	2,250	-		-		-		-	27,250
N.J. Smith	20,000	16,500	-	-	1,800	-		-		-		-	38,300
G.J. Bromley (i)	150,000	8,120	-	-	13,500	-		-	21,500	-		-	193,120
A. Francesca		50,552	-	-		-		-		-		-	50,552
	195,000	75,172	-	-	17,550	-		-	21,500	-		-	309,222

2005	Short-term employee benefits: Salary & directors fees $	Short-term employee benefits: Consulting fees $	Short-term employee benefits: Non-monetary $	Short-term employee benefits: Other $	Post-employment benefits: Superannuation $	Post-employment benefits: Other $	Other long-term employee benefits (v) $	Termination benefits $	Share-based payment: Equity-settled: Shares & units $	Share-based payment: Equity-settled: Options & rights $	Share-based payment: Cash settled $	Share-based payment: Other $	Total $
G.C. George	25,000	20,000	-	-	2,250	-		-		-		-	47,250
N.J. Smith	20,000	-	-	-	1,800	-		-		-		-	21,800
G.J. Bromley	87,500	42,080	-	-	7,875	-		-		-		-	137,455
A. Francesca		53,107	-	-		-		-		-		-	53,107
	132,500	115,187	-	-	11,925	-		-		-		-	259,612

(i) Mr G.J Bromley was granted executive share options under the Company's Employee and Consultant Option Scheme on 21 December 2005. Further details of the options are contained in notes 5 and 27 to the financial statements.

5. Employee share option plan

The consolidated entity has an ownership-based compensation scheme (Employee and Consultant Option Scheme ("EOS")) for employees (including executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders in a general meeting on 21 January 2004, employees may be granted options to purchase parcels of ordinary shares at an exercise price which is the greater of

a. 120% of the market value of the shares on the day the option is issued;

b. 25 cents; and

c. such greater amount as is determined by the Board (which will not be less than the minimum exercise price permitted by the Listing Rules)

Each employee share option converts into one ordinary share of Mindax Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividend nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

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.

Application will not be made to ASX for Official Quotation of options issued under the scheme. Subject to the ASX Listing Rules, options are not transferable except with prior written approval of the Board.

Except as set out below Options shall expire on the third anniversary of the date of their issue:

a) if the holder ceases to be an employee or consultant:
   i) two years or more after the Options are issued; or
   ii) 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.

b) if the Board determines that:
   i) a holder has acted fraudulently, dishonestly or in breach of the holder's obligations to the Company; and
   ii) the Options held by the holder are to be forfeited,

the Options will immediately lapse.

The following share-based payment arrangements were in existence during the period:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
(1) Issued 21 December 2005 to the Managing Director, Mr G.J. Bromley	500,000	21/12/05	21/12/08	$0.25	$0.043
(1.1) Issued 21 December 2005 to arms length employees	340,000	21/12/05	21/12/08	$0.25	$0.043

The weighted average fair value of the share options granted during the financial year is $0.043. Options were priced using the Black & Scholes Option Pricing Model. Expected volatility was derived by reference to the Bloomberg Historical Price Volatility and Standard Option Valuation Model. The assumptions or inputs used in the calculation of fair value can be summarised as:

5. Employee share option plan (cont'd)

Inputs into the model	Option series Series 1
Grant date share price	12.0 cents per share
Exercise price	25.0 cents per share
Expected volatility	77%
Option life	3 years
Dividend yield	-
Risk-free interest rate	5.34%

The following reconciles the outstanding share options granted under the EOS at the beginning and end of the financial year:

	2006		2005	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	-	-	-	-
Granted during the financial year	840,000	0.25	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year (ii)	840,000	0.25	-	-
Exercisable at end of the financial year	840,000	0.25	-	-

(i) Exercised during the financial year

No share options granted under the Employee and Consultant Option Scheme were exercised during the financial year.

(ii) Balance at end of the financial year

The share options outstanding at the end of the financial year had an exercise price of $0.25, a weighted average share price at grant date of $0.12, weighted average fair value at grant date of $0.043, and a weighted average remaining contractual life of 905 days.

6. Remuneration of auditors

	Consolidated	Company	
	2006 $	2006 $	2005 $
Auditor of the parent entity			
Horwath Audit (WA) Pty Ltd			
Audit or review of the financial report	14,830	14,830	6,549
Related practice of the parent entity auditor			
Horwath Securities (WA) Pty Ltd			
Other non-audit services			
Independent Accountant's Report	-	-	3,716

	Consolidated 2006 $	Company 2006 $	Company 2005 $

7. Current trade and other receivables

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Bank guarantee (refer note 22)	20,000	20,000	-
Inter–entity loan to subsidiary	-	139,174	-
Goods and services tax (GST) recoverable	37,313	36,156	11,699
Other	-	-	1,500
	57,313	195,330	13,199

8. Other current assets

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Advance for expenditure	15	15	3,800
Prepayments	14,058	14,058	6,568
Accrued income	7,642	7,642	-
	21,715	21,715	10,368

9. Other non-current financial assets

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Shares in controlled entities (refer Note 25)	-	10	-

10. Property, plant and equipment

	Consolidated Plant and equipment at cost $	Company Plant and equipment at cost $
Gross carrying amount		
Balance at 1 July 2004	-	-
Additions	63,607	63,607
Disposals	-	-
Balance at 1 July 2005	63,607	63,607
Additions	178,096	178,096
Balance at 30 June 2006	241,703	241,703
Accumulated depreciation/ amortisation and impairment		
Balance at 1 July 2004	-	-
Depreciation expense	(8,841)	(8,841)
Balance at 1 July 2005	(8,841)	(8,841)
Depreciation expense	(48,229)	(48,229)
Balance at 30 June 2006	(57,070)	(57,070)
Net book value		
As at 30 June 2005	54,766	54,766
As at 30 June 2006	184,633	184,633

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements.

	Consolidated 2006 $	Company 2006 $	Company 2005 $
11. Exploration & evaluation expenditure			
Deferred exploration costs brought forward	2,154,238	2,154,238	539,562
Deferred exploration costs this year	1,072,973	941,347	1,614,676
Exploration costs previously deferred, now written off	(11,593)	(11,593)	-
Deferred exploration costs carried forward	3,215,618	3,083,992	2,154,238

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.

12. Other non-current assets

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Formation costs	2,905	1,785	1,785
Bonds – rental	2,000	2,000	2,000
	4,905	3,785	3,785

13. Current trade and other payables

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Trade payables	121,305	121,305	75,710
Other creditors and accruals	57,276	57,276	144,432
	178,581	178,581	220,142

14. Current borrowings

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Hire purchase liabilities (refer Note 21(d))	54,915	54,915	17,192
Less unexpired interest	(10,275)	(10,275)	(1,882)
	44,640	44,640	15,310

15. Current provisions

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Employee benefits	23,563	23,563	6,009

16. Non-current borrowings

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Hire purchase liabilities (refer Note 21(d))	111,367	111,367	11,461
Less unexpired interest	(8,418)	(8,418)	(404)
	102,949	102,949	11,057

	Consolidated 2006 $	Company 2006 $	Company 2005 $

17. Contributed equity

	Consolidated 2006 $	Company 2006 $	Company 2005 $
52,428,467 fully paid ordinary shares (2005: 46,137,395)	5,773,698	5,773,698	4,876,230

	2006 No.	2006 $	2005 No.	2005 $
Fully paid ordinary shares				
Balance at beginning of financial year	46,137,395	4,876,230	22,100,001	609,357
Issue of shares :				
-for working capital at $0.14 per share pursuant to a rights issue and share placement program	-	-	4,487,394	628,235
-for working capital at $0.20 per share pursuant to a prospectus	-	-	17,500,000	3,500,000
-for the acquisition of interest in tenements at $0.20 per share	-	-	2,050,000	410,000
-for working capital at $0.14 per share pursuant to a share placement program	5,400,000	756,000	-	-
-pursuant to exercise of listed options at $0.20 per share	891,072	178,214	-	-
-transaction costs arising from issue for cash pursuant to prospectus	-	(36,746)	-	(271,362)
Balance at end of financial year	52,428,467	5,773,698	46,137,395	4,876,230

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

In accordance with the provisions of the Employee and Consultant Option Scheme, as at 30 June 2006, employees have options over 840,000 ordinary shares, expiring 21 December 2008 with an exercise price of $0.25.

As at 30 June 2006, in addition to options issued in accordance with the provisions of the Employee and Consultant Option Scheme, 26,214,224 options over fully paid share were also outstanding. These options are exercisable at $0.20 and expire 30 June 2008, with such options being issued pursuant to a Bonus Option Issue Prospectus dated 9 June 2006.

Share options carry no right to dividends and no voting rights.

18. Reserves

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Employee equity-settled benefits	36,120	36,120	-

Employee equity-settled benefits reserve

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Balance at beginning of financial year	-	-	-
Share-based payment	36,120	36,120	-
Balance at end of financial year	36,120	36,120	-

The employee equity settled benefits reserve arises on the grant of share options to employees under the Employee and Consultant Option Scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 5 to the financial statements.

19. Accumulated losses

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Balance at beginning of financial year	(264,222)	(264,222)	(12,470)
Net loss attributable to members of the parent entity	(439,460)	(439,165)	(251,752)
Balance at end of financial year	(703,682)	(703,387)	(264,222)

20. Earnings per share

	Consolidated 2006 Cents per share
Basic loss per share:	
From continuing operations	(.009)
Total basic loss per share	(.009)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2006 $
Loss from continuing operations (a)	(439,460)

	2006 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	47,150,159

20. Earnings per share (cont'd)

(a) Earnings used in the calculation of basic loss per share from continuing operations reconciles to net loss in the income statement as follows:

	Consolidated 2006 $
Net loss	(439,460)
Other	-
Loss used in the calculation of basic EPS	(439,460)
Adjustments to exclude profit for the period from discontinued operations	-
Other	-
Loss used in the calculation of basic EPS from continuing operations	(439,460)

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

21. Commitments for expenditure

	Consolidated 2006 $	Company 2006 $	Company 2005 $
(a) Exploration Commitments			
Not longer than 1 year	687,100	687,100	430,394
Longer than 1 year and not longer than 5 years	5,849,300	4,165,300	2,380,569
Longer than 5 years	2,631,500	2,210,500	925,000
	9,167,900	7,062,900	3,735,963

(b) Lease commitments
Non-cancellable operating lease commitments are disclosed in note 23 to the financial statements.

(c) Employee remuneration commitments
Directors
Commitments under non-cancelable employment contracts not provided for in the financial statements and payable:

	Consolidated 2006 $	Company 2006 $	Company 2005 $
Not longer than 1 year	75,000	75,000	150,000
Longer than 1 year and not longer than 5 years	-	-	75,000
	75,000	75,000	225,000

	Consolidated 2006 $	Company 2006 $	Company 2005 $
(d) Hire purchase commitments			
Not longer than 1 year	54,915	54,915	17,192
Longer than 1 year and not longer than 5 years	111,367	111,367	11,461
	166,282	166,282	28,653
(e) Joint Venture commitments			
Not longer than 1 year	12,500	12,500	-
Longer than 1 year and not longer than 5 years	88,500	88,500	-
	100,000	100,000	-

22. Contingent liabilities and contingent assets

Contingent liabilities

A term deposit of $20,000 has been temporarily secured by the Company's Bankers to provide a bank guarantee of $20,000 in favour of the Minister for State Development as an unconditional performance bond on EL 57/555.

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

23. Leases

Disclosures for lessees

Operating leases

Leasing arrangements

Operating leases relate to office and storage facilities with lease terms of between 1 to 2 years years, with an option to extend for a further term. All operating lease contracts contain market review clauses in the event that the company/consolidated entity exercises its option to renew, at which time all terms are renegotiated. The company/ consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

These commitments are not provided for in the financial statements.

	Consolidated	Company	
	2006 $	2006 $	2005 $
Non-cancellable operating lease payments			
Not longer than 1 year	20,241	20,241	25,127
Longer than 1 year and not longer than 5 years	1,200	1,200	12,873
Longer than 5 years	-	-	-
	21,441	21,441	38,000

24. Joint ventures

During the year, the Company formed an unincorporated 50/50 joint venture with Heathgate Resources' affiliated explorer, Quasar Resources Pty Ltd, to undertake exploration activities on certain properties in the Yilgarn region of Western Australia with a view to discovering and exploiting economically recoverable uranium-copper-gold mineral deposits.

Mindax Limited is the Operator of the joint venture.

Quasar is an affiliated company of Heathgate Resources, the owner and operator of the Beverley uranium mine project in South Australia. Heathgate Resources is an affiliate of General Atomics of the United States.

On behalf of the joint venture, Mindax Limited (through its wholly owned subsidiary, Mindax Energy Pty Ltd), has made application for 13 exploration licences in the area. No other transactions have occurred during the financial year.

25. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2006 %	2005 %
Parent entity			
Mindax Limited	Australia		
Subsidiaries			
Mindax Energy Pty Ltd [1]	Australia	100	-

(1) Incorporated on 23 January 2006

26. Segment information

Segment revenues

	External sales 2006 $	External sales 2005 $	Inter-segment 2006 $	Inter-segment 2005 $	Other 2006 $	Other 2005 $	Total 2006 $	Total 2005 $
Australia	-	-	-	-	116,046	91,239	116,046	91,239
Total of all segments							116,046	91,239
Consolidated							116,046	91,239

Segment result

	2006 $	2005 $
Continuing operations:		
Australia	(439,460)	(251,752)

Segment assets and liabilities

	Assets 2006 $	Assets 2005 $	Liabilities 2006 $	Liabilities 2005 $
Australia	5,455,869	4,864,526	349,733	252,518

(i) All segment revenues, results, assets and liabilities are attributable to continuing operations.

Other segment information

	Australia 2006 $	Australia 2005 $
Acquisition of property, plant and equipment	178,096	63,607
Depreciation and amortisation of segment assets	48,229	8,841
Significant other non-cash expenses	36,120	-

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

Note: As the financial year ended 30 June 2006 is the first year that the principles of consolidation apply, 2005 comparatives relate to the parent entity only.

27. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 4 to the financial statements.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Mindax Limited

2006	Balance@ 1/7/05	Granted as compensation	Received on exercise of options	Net other change	Balance@ 30/06/06	Balance held nominally
	No.	No.	No.	No.	No.	No.
G.C. George	1,111,250	-	260,000 (5)	(50,000) (1)	1,321,250	-
N.J. Smith	2,000,000	-	-	205,000 (6)	2,205,000	-
G.J. Bromley	9,050,001 (4)	-	-	228,571 (3)	9,278,572 (4)	-
	12,161,251	-	260,000	383,571	12,804,822	-

2005	Balance@ 1/7/04	Granted as compensation	Received on exercise of options	Net other change	Balance@ 30/06/05	Balance held nominally
	No.	No.	No.	No.	No.	No.
G.C. George	781,250	-	-	330,000 (2)	1,111,250	-
N.J. Smith	2,000,000	-	-	-	2,000,000	-
G.J. Bromley	9,000,001	-	-	50,000 (2)	9,050,001	-
	11,781,251	-	-	380,000	12,161,251	-

(1) Relates to the net movement from an on market purchase of 50,000 shares and an off market transfer of 100,000 shares.
(2) Relate to on market purchases.
(3) Relevant interest arises by virtue of enduring power of attorney for such shares held by Mr Bromley's parents.
(4) The interest held with respect to 4,000,000 of these shares derives from Mr Bromley holding a relevant interest in and being a director of Plateau Resources Limited.
(5) Relates to the exercise of listed options expiring 3 June 2006 with an exercise price of $0.20.
(6) Relates to the net movement from an on market purchase of 105,000 shares and an off market purchase of 100,000 shares.

27. Related party disclosures (cont'd)

Share options of Mindax Limited

2006	Bal @ 1/7/05	Granted as compensation	Exercised	Expired	Net other change	Bal @ 30/06/06	Bal vested @ 30/06/06	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.
G.C. George	260,000	-	(260,000) (2)	-	660,625 (4)	660,625	660,625	-
N.J. Smith	-	-	-	-	1,102,500(4)	1,102,500	1,102,500	-
G.J. Bromley	-	500,000 (1)	-	-	4,639,285(4)	5,139,285	5,139,285	-
	260,000	500,000	(260,000)	-	6,402,410	6,902,410	6,902,410	-

Share options of Mindax Limited

2005	Bal @ 1/7/04	Granted as compensation	Exercised	Net other change	Bal @ 30/06/05	Bal vested @ 30/06/05	Vested but not exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.
G.C. George	-	-	-	260,000 (3)	260,000	260,000	-	-
N.J. Smith	-	-	-	-	-	-	-	-
G.J. Bromley	-	-	-	-	-	-	-	-
	-	-	-	260,000	260,000	260,000	-	-

(1) 500,000 executive share options issued to key management personnel were made in accordance with the provisions of the Employee and Consultant Option Scheme. Further details of the executive share option plan and of share options granted during the financial year is contained in notes 4 and 5 to the financial statements.

(2) During the financial year, 260,000 listed options were exercised by specified directors and executives for 260,000 ordinary shares in Mindax Limited. No amounts remain unpaid on the options exercised during the financial year at year end. Such options had an expiry date of 3 June 2006 and exercise price of $0.20.

(3) Relate to listed options purchased with an exercise price of $0.20 and expiry date of 3 June 2006.

(4) Such options were issued on 30 June 2006 pursuant to a Bonus Options Issue Prospectus lodged with Australian and Securities Investments Commission on 9 June 2006.

(d) Transactions with other related parties

Other related parties include:

- the parent entity;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;

Amounts receivable from these related parties are disclosed in note 7 to the financial statements. All loans advanced to and payable to the Company's wholly owned subsidiary are unsecured and subordinate to other liabilities. Interest is not charged on the outstanding intercompany loan balance.

28. Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

29. Notes to the cash flow statement

	Consolidated 2006 $	Company 2006 $	Company 2005 $
(a) Reconciliation of cash and cash equivalents			
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:			
Cash and cash equivalents	1,971,685	1,966,699	2,628,170
Cash and cash equivalents attributable to discontinued operations	-	-	-
	1,971,685	1,966,699	2,628,170

	Consolidated 2006 $	Company 2006 $	Company 2005 $
(g) Reconciliation of loss for the period to net cash flows from operating activities			
Loss for the period	(439,460)	(439,165)	(251,752)
Depreciation and amortisation of non-current assets	48,228	48,228	8,841
Equity settled share-based payment	36,120	36,120	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:			
(Increase)/decrease in assets:			
Current receivables	(44,114)	(42,956)	(937)
Other current assets	(15,112)	(15,112)	(7,875)
Other non-current assets	280	-	(2,000)
Increase/(decrease) in liabilities:			
Current payables	17,532	17,532	78,814
Current provisions	17,554	17,554	6,009
Net cash used/ (from) operating activities	(378,972)	(377,799)	(168,900)

30. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006:

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non interest bearing	Total
			Less than 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
2006	%	$	$	$	$	$	$	$	$	$
Financial assets:										
Cash and cash equivalents	5.2%	206,887	1,764,744	-	-	-	-	-	54	1,971,685
Other receivables	-	-	57,313	-	-	-	-	-	-	57,313
		206,887	1,822,057	-	-	-	-	-	54	2,028,998
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	121,305	121,305
Other payables	-	-	-	-	-	-	-	-	57,276	57,276
Hire purchase liabilities	8.06%	-	44,640	36,423	66,525	-	-	-	-	147,588
		-	44,640	36,423	66,525	-	-	-	178,581	326,169

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2005:

	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
2005	%	$	$	$	$	$	$
Financial assets:							
Cash and cash equivalents	5.2%	328,069	2,300,000	-	-	101	2,628,170
Trade and other receivables	-		11,699			1,500	13,199
		328,069	2,311,699	-	-	1,601	2,641,369
Financial liabilities:							
Trade payables	-	-	-	-	-	220,142	220,142
Hire purchase liabilities	9.7%	-	15,310	11,057	-	-	26,367
			15,310	11,057	-	220,142	246,509

30. Financial instruments (cont'd)

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(c) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

31. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

The consolidated entity changed its accounting policies on 1 July 2004 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

There are no material differences between the financial reports presented under A-IFRS and the financial reports presented under the superseded policies.