

MINDAX LIMITED
ABN 28 106 866 442
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Mindax Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MINDAX LIMITED
31 DECEMBER 2023

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MINDAX LIMITED
31 DECEMBER 2023

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mindax Limited (**Mindax** or the **Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Mr Benjamin Chow

Mr Qinglong Zeng

Mr Biaozhun Zhu

OPERATIONS AND FINANCIAL REVIEW

A summary of consolidated revenues and results for the half-year is set out below:

	2023		2022	
	Income	Loss	Income	Loss
	\$	\$	\$	\$
Consolidated entity income and loss after tax	18,073	(1,345,202)	2	(1,590,392)

Mindax Limited ('Mindax' or 'the Company') is a Perth-based mineral exploration company. Activities during the half-year were focussed on progressing the Mt Forrest Iron Project (**Mt Forrest**), assessing the Company's existing projects and reviewing new opportunities.

Mt Forrest Iron Project

Mt Forrest is operated via a joint venture between Mindax, Yilgiron Pty Ltd (**Yilgiron**), and Norton Gold Fields Pty Ltd (**Norton**) pursuant to a shareholders agreement dated 22 July 2021 (**SHA**).

On 26 May 2023, Norton issued a notice to Mindax and Yilgiron advising it would not proceed to completion of the Third Earning Condition under the SHA, being the delivery of a Pre-Feasibility Study (**Withdrawal Notice**).

Following the issue of the Withdrawal Notice by Norton and resultant expiration of the earning period under the SHA, the following changes to the control of Mt Forrest (being the incorporated joint venture entity of Yilgiron) have occurred:

- Potential voting rights held by Norton (Class C shares) have been cancelled;
- Mindax obtained control of the Yilgiron board by virtue of a majority of Yilgiron directors being Mindax appointees. The initial change resulted in the Yilgiron board consisting of five directors (three nominated by Mindax and two nominated by Norton), with further changes reducing this to three directors (two nominated by Mindax and one nominated by Norton); and
- Mindax obtained control of day-to-day operations of Yilgiron following its appointment as manager in accordance with the execution of a Management Services Agreement.

The above actions have concluded with a change of control event in relation to Yilgiron effective on 7 July 2023 (**Acquisition**), being the date on which Mindax obtained control of the Yilgiron board of directors. From this date, with control of Yilgiron's board, majority ownership interest and control of the day-to-day operations, Mindax now controls Yilgiron which has become a subsidiary of Mindax, with Norton retaining a non-controlling interest.

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DIRECTORS' REPORT (continued)

Mindax, as Manager of the joint venture is reviewing further development opportunities for Mt Forrest, including (subject to the SHA) seeking alternative joint venture partners to assist with development.

Lithium potential reviewed

A soil sampling programme consisting of 237 samples was completed during the half-year to test the surrounding basement granite on the western side of the BIF range for any signs of lithium anomalism. Assay results have been returned from this programme with no anomalous samples identified and no further work is planned at this stage.

Mt Lucky Gold Project

The Mt Lucky Gold Project (**Mt Lucky**), tenement E38/3336, lies within the Mt Margaret Mineral Field of the north-eastern Goldfields of Western Australia (Laverton Greenstone Belt), approximately 7km east of the Granny Smith gold mine (plant capacity 3.5 Mtpa) and 12 km southeast of Laverton. The ground has widespread gold anomalism and artisanal-scale gold workings.

The results of a heritage survey, completed over the tenement area during June 2023, were received during the half-year. The scope was to review existing heritage survey reports and conduct a comprehensive ACH survey over the project area. The work included a desktop study and an 'on-the-ground survey'/inspection of the area in collaboration with the relevant Traditional Owners of the area. This work was undertaken over a period where new legislation governing the protection of Aboriginal cultural heritage came into force and was then subsequently repealed. The report confirmed the project areas have been fully surveyed and no additional heritage surveys are required for the proposed exploration programme. One new potential site of cultural significance (ACH) was identified during the survey with the area to be demarcated and avoided during the exploration program.

Following the receipt of the survey results a Scout Reverse Circulation drilling programme comprising 48 holes for 3,444m was conducted. The programme was targeting the interpreted strike extension of the Barnicoat Shear Zone immediately north of Great Southern Mining's Mon Ami deposit and to test for extensions of the Mon Ami mineralization. Drill samples were delivered to the assay laboratory at the end of the half-year and all assay results are expected to be returned following the end of the reporting period with follow up geological work to be determined contingent on the results.

Meekatharra Gold Project

The Meekatharra Gold Project (**Meekatharra North**), tenement E51/1705, lies within the Murchison Gold Field of Western Australia, approximately 40km north of Meekatharra and 2km south of the Andy Well Gold Mine (currently on care and maintenance).

During the half-year the results of an aircore drilling programme, undertaken during May 2023, were received. The programme was designed to test geophysical targets defined by the previously completed Sub Audio Magnetic (SAM) survey in order to identify any near surface indicators of gold anomalism.

Although no significant results were returned from the program an anomaly of approximately 300m long by 150m wide was identified as requiring follow up. The presence of this anomaly provides encouragement that the basement rocks may have the potential to host primary gold mineralisation. Interpretation of the results of the programme is ongoing.

During the half-year rehabilitation of the disturbances from the aircore drill programme was undertaken. A completion report of the rehabilitation will be lodged to the department following the end of the reporting period.

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DIRECTORS' REPORT (continued)

Mt Forrest Shared Infrastructure - Australian Gas Infrastructure Group

On 9 November 2022 the Company announced the execution of a heads of agreement (**HOA**) with AGI Operations Pty Ltd (a company within the Australian Gas Infrastructure Group of companies) (**AGIG**) to understand the commercial viability of development of infrastructure, including power and water, for the export of iron ore in the form of magnetite, from the Mid-West Region of Western Australia.

The parties agreed to commission Verbrec Limited to prepare studies in three phases: Phase one is a Scoping Study (**Scoping Study**); phase two is a Pre-Feasibility Study (**PFS**) on the viability of developing infrastructure which will allow Yilgiron, and other miners in the Mid-West, to transport magnetite ore to port and to be loaded onto a ship for export. Phase three will be a Detailed Feasibility Study.

The results of the PFS are anticipated to be finalised during the March 2024 quarter.

Corporate

Following, where applicable, the requisite approvals at the Annual General Meeting of shareholders held on 16 November 2023, the Company issued a total of 25,000,000 unlisted options (exercise price \$0.07, expiring 16 November 2024) to the Directors and consultants and 10,000,000 unlisted options (exercise price \$0.07, expiring 25 October 2024) to an employee and consultants during the half-year.

EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the end of the reporting period Mindax has refreshed an agreement with Mr Huang Yueguang to assist with Mindax's capital-raising efforts. It has also extended the scope of the engagement to include the identification of partners to join Mindax with Mt Forrest's development.

The Company will pay Mr Yueguang fees upon successful completion of the introduction of development partners and for the capital raising. The amount payable to Mr. Yueguang will be commensurate with fees paid for transactions of a similar structure and value. The fees may be paid in cash or MDX shares (subject to any required regulatory approval) at the Company's election.

No other matter or circumstance has arisen since 31 December 2023, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Benjamin Chow AO
Executive Chair
Perth, 11 March 2024

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor for the review of Mindax Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

11 March 2024

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Half-year ended	
		31 December 2023	31 December 2022
		\$	\$
Revenue from continuing operations		7,382	2
Other income		10,691	-
Administration expenses		(216,039)	(58,842)
Corporate expenses		(402,070)	(371,070)
Depreciation expense		(32,257)	(4,843)
Exploration expenditure expensed		(7,111)	(200,000)
Finance costs		(8,364)	-
Salaries and employee benefits expense		(294,752)	(104,975)
Share-based payments expense	6	(508,000)	(499,200)
Share of net losses from investment equity accounted for	3	-	(351,464)
LOSS BEFORE INCOME TAX		(1,450,520)	(1,590,392)
Income tax benefit		105,318	-
LOSS FOR THE HALF-YEAR		(1,345,202)	(1,590,392)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		(1,345,202)	(1,590,392)
Loss for the half-year is attributable to:			
Owners of Mindax Limited		(1,262,880)	(1,590,392)
Non-controlling interests		(82,322)	-
		(1,345,202)	(1,590,392)
Total comprehensive loss for the half-year is attributable to:			
Owners of Mindax Limited		(1,262,880)	(1,590,392)
Non-controlling interests		(82,322)	-
		(1,345,202)	(1,590,392)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents)		(0.06)	(0.08)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MINDAX LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		1,758,833	4,627,577
Trade and other receivables		114,463	51,561
Prepayments		29,231	18,492
TOTAL CURRENT ASSETS		1,902,527	4,697,630
NON-CURRENT ASSETS			
Investments accounted for using the equity method	3	-	13,157,567
Plant and equipment		349,029	92,648
Exploration and evaluation assets	4	25,274,870	1,375,568
TOTAL NON-CURRENT ASSETS		26,623,899	14,625,783
TOTAL ASSETS		27,526,426	19,323,413
CURRENT LIABILITIES			
Trade and other payables	5	1,605,201	272,031
Lease liabilities		46,008	-
Employee benefit obligations		5,769	1,923
TOTAL CURRENT LIABILITIES		1,656,978	273,954
NON-CURRENT LIABILITIES			
Lease liabilities		84,396	-
Deferred tax liabilities		480,867	-
TOTAL NON-CURRENT LIABILITIES		565,263	-
TOTAL LIABILITIES		2,222,241	273,954
NET ASSETS		25,304,185	19,049,459
EQUITY			
Contributed equity	6	55,424,250	55,424,250
Reserves		1,924,852	1,416,852
Accumulated losses		(39,054,523)	(37,791,643)
Capital and reserves attributable to the owners of Mindax Limited		18,294,579	19,049,459
Non-controlling interests		7,009,606	-
TOTAL EQUITY		25,304,185	19,049,459

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Contributed Equity	Share-based Payments Reserve	Accumulated Losses	Total	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2022	49,969,297	871,452	(32,223,428)	18,617,321	-	18,617,321
Loss for the half-year	-	-	(1,590,392)	(1,590,392)	-	(1,590,392)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR	-	-	(1,590,392)	(1,590,392)	-	(1,590,392)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the period	1,435,000	-	-	1,435,000	-	1,435,000
Share issue transaction costs	(69,977)	-	-	(69,977)	-	(69,977)
Options issued during the period	-	499,200	-	499,200	-	499,200
BALANCE AT 31 DECEMBER 2022	51,334,320	1,370,652	(33,813,820)	18,891,152	-	18,891,152
BALANCE AT 1 JULY 2023	55,424,250	1,416,852	(37,791,643)	19,049,459	-	19,049,459
Loss for the half-year	-	-	(1,262,880)	(1,262,880)	(82,322)	(1,345,202)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR	-	-	(1,262,880)	(1,262,880)	(82,322)	(1,345,202)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Non-controlling interest on acquisition of subsidiary (note 13)	-	-	-	-	7,091,928	7,091,928
Options issued during the period	-	508,000	-	508,000	-	508,000
BALANCE AT 31 DECEMBER 2023	55,424,250	1,924,852	(39,054,523)	18,294,579	7,009,606	25,304,185

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-year ended	
		31 December 2023	31 December 2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,038,750)	(654,831)
Payments for exploration expenditure not capitalised		(7,111)	(200,000)
Interest received		7,382	2
Interest paid		(8,364)	-
Other income received		4,396	-
Net cash (outflow) from operating activities		(1,042,447)	(854,829)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on acquisition of subsidiary		174,806	-
Payments for exploration expenditure		(1,980,584)	(140,547)
Payments for plant and equipment		-	(95,234)
Net cash (outflow) from investing activities		(1,805,778)	(235,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares	6	-	1,310,000
Payments of share issue transaction costs		-	(11,140)
Principal elements of lease payments		(20,519)	-
Net cash (outflow)/inflow from financing activities		(20,519)	1,298,860
Net (decrease)/increase in cash and cash equivalents		(2,868,744)	208,250
Cash and cash equivalents at the beginning of the half-year		4,627,577	1,681,585
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		1,758,833	1,889,835

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

This consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Group as full financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Mindax Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These half-year financial statements were authorised for issue by a resolution of directors on 11 March 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the following on Asset Acquisitions and unless otherwise stated.

Asset Acquisitions

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

Critical accounting estimates and judgements

There have been no significant changes to the critical accounting estimates or judgements since the last annual reporting date, except for those listed at note 3(c) in relation to the Group's investment in Yilgiron.

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2023. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going concern

The half-year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS (continued)

During the reporting period the Group incurred a loss after income tax of \$1,345,202 (31 December 2022: \$1,590,392) and incurred net cash outflows from operating activities of \$1,042,447 (31 December 2022: \$854,829). In addition, the Group has forecasted future exploration program expenditure to develop the Group's existing projects.

The ability of the Group to continue as a going concern is therefore dependent on the ability to raise additional funding through debt and/or equity and the sale or farm out of currently owned tenements.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believes that as at the date of this report there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- The Group retains the option to seek to sell or farmout its currently owned tenements; and
- The ability to raise additional funding through debt and/or equity.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that may differ from those stated in the half-year financial statements. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTE 2: SEGMENT INFORMATION

Identification of reportable segments

For management purposes, the Group has identified two reportable segments based on the minerals present in the Projects detailed in the Quarterly Activities Report released to the Australian Securities Exchange each quarter, prepared by management. Based on the contents of this report, the two reportable segments identified are:

1. Gold (comprising the Meekatharra and Mt Lucky Projects); and
2. Iron Ore (comprising the Mt Forrest Project).

Segment information provided to the directors for the half-year ended 31 December 2023 is as follows:

	Gold	Iron Ore	Total
	\$	\$	\$
Half-Year			
31 December 2023			
Total segment revenue	-	10,691	10,691
Intersegment revenue	-	-	-
Revenue and other income from external customers	-	10,691	10,691
Reportable segment profit	-	3,580	3,580

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION (continued)

Half-Year	Gold	Iron Ore	Total
	\$	\$	\$
31 December 2022			
Total segment revenue	-	-	-
Intersegment revenue	-	-	-
Revenue and other income from external customers	-	-	-
Reportable segment loss	-	(551,464)	(551,464)
Total segment assets			
31 December 2023	1,298,546	24,114,039	25,412,585
30 June 2023	825,568	13,713,309	14,538,877
Total segment liabilities			
31 December 2023	43,998	1,718,028	1,762,026
30 June 2023	35,124	-	35,124

Reportable segment assets are reconciled to total assets as follows:

	31 December 2023	30 June 2023
	\$	\$
Segment assets	25,412,585	14,538,877
Intersegment eliminations	-	-
Unallocated		
Cash and cash equivalents	1,758,833	4,627,577
Trade and other receivables	114,463	51,561
Prepayments	29,231	18,492
Plant and equipment	211,314	86,906
Total assets	27,526,426	19,323,413

Reportable segment liabilities are reconciled to total liabilities as follows:

	31 December 2023	30 June 2023
	\$	\$
Segment liabilities	1,762,026	35,124
Unallocated		
Trade and other payables	324,042	236,907
Lease liabilities	130,404	-
Employee benefit obligations	5,769	1,923
Total liabilities	2,222,241	273,954

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION (continued)

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

	Half-year ended	
	31 December 2023	31 December 2022
	\$	\$
Total profit/(loss) for reportable segments	3,580	(551,464)
Unallocated amounts		
Interest revenue	7,382	2
Depreciation and amortisation	(32,257)	(4,843)
Finance costs	(8,364)	-
Share-based payments expense	(508,000)	(499,200)
Other expenses	(912,861)	(534,887)
Loss before income tax	(1,450,520)	(1,590,392)

NOTE 3: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2023	30 June 2023
	\$	\$
The carrying amount of equity-accounted investments has changed as follows:		
Opening carrying amount	13,157,567	16,800,157
Loss on partial disposal of investment in Yilgiron	-	(3,073,077)
Disposed upon consolidation of Yilgiron	(13,157,567)	-
Share of associates loss and other comprehensive income	-	(569,513)
Closing carrying amount	-	13,157,567

(a) Change in control of Yilgiron Pty Ltd

On 26 May 2023, Norton issued a Withdrawal Notice to Mindax and Yilgiron advising it will not proceed to completion of the Third Earning Condition under the SHA, being the delivery of a Pre-Feasibility Study. Following the issue of the Withdrawal Notice by Norton and resultant expiration of the earning period under the SHA, the following changes to the control of Mt Forrest (being the incorporated joint venture entity of Yilgiron) have occurred:

- Potential voting rights held by Norton (Class C shares) have been cancelled;
- Mindax obtained control of the Yilgiron board by virtue of a majority of Yilgiron directors being Mindax appointees. The initial change resulted in the Yilgiron board consisting of five directors (three nominated by Mindax and two nominated by Norton), with further changes reducing this to three directors (two nominated by Mindax and one nominated by Norton); and
- Mindax obtained control of day-to-day operations of Yilgiron following its appointment as manager in accordance with the execution of a Management Services Agreement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The above actions have concluded with a change of control event in relation to Yilgiron effective on 7 July 2023, being the date on which Mindax obtained control of the Yilgiron board of directors. From this date, with control of Yilgiron's board, majority ownership interest and control of the day-to-day operations, Mindax now controls Yilgiron which has become a subsidiary of Mindax, with Norton retaining a non-controlling interest.

At the date of Acquisition, Mindax held 65.0% of the issued shares in Yilgiron, the owner of Mt Forrest for which exploration work progresses, with Norton holding the remaining 35.0%. In accordance with the terms of the SHA, the Acquisition has occurred for nil contractual consideration.

Refer to note 13 for further details of the Acquisition.

(b) Critical accounting estimates and judgements

Accounting for this transaction has required management to exercise a high degree of judgement over the following areas:

Classification of gain of control

Following the expiration of the earning period under the SHA, and the resultant changes to the operation of Mt Forrest, it has been determined that the Company now has control of Yilgiron. Specific changes impacting this change include: the cancellation of the Class C shares held by Norton; Mindax obtaining a majority of appointees to the Yilgiron board of directors; Mindax maintaining ownership of 65% of the issued shares in Yilgiron; and Mindax obtaining control of day-to-day operations of Yilgiron following its appointment as manager.

By virtue of Mindax obtaining control of Yilgiron, Yilgiron has become a subsidiary and is now consolidated into the Group rather than accounted for using the equity method.

Fair value on Acquisition of Yilgiron

The fair value of the consideration upon Acquisition of Yilgiron, in accordance with applicable accounting standards, has been determined using management's judgement on the contractual provisions of the SHA. The carrying value of the Group's interest in the equity accounted investment of Yilgiron at the date of Acquisition, \$13,157,567, has been determined as being indicative of the fair value of the consideration upon Acquisition.

NOTE 4: EXPLORATION AND EVALUATION ASSETS

	31 December 2023	30 June 2023
	\$	\$
Exploration and evaluation assets	25,274,870	1,375,568
Balance at the beginning of the period	1,375,568	481,267
Expenditure incurred	1,821,469	894,301
Acquisition of Yilgiron Pty Ltd	22,077,833	-
Balance at the end of the period	25,274,870	1,375,568

Tenure to all tenements is current and secure. All Department of Mines, Industry Regulation & Safety reporting obligations are up to date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 4: EXPLORATION AND EVALUATION ASSETS (continued)

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.

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

NOTE 5: TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
	\$	\$
Trade payables	674,100	17,135
Accruals	931,101	254,896
	1,605,201	272,031

NOTE 6: ISSUED CAPITAL

	2023	2023	2022	2022
Ordinary Share Capital	Shares	\$	Shares	\$
As at 1 July	2,045,558,780	55,424,250	1,930,697,680	49,969,297
Issued during the half-year				
Issued as consideration for share issue costs ⁽¹⁾	-	-	2,500,000	125,000
Issued for cash at 0.5 cents per share	-	-	25,000,000	1,310,000
Transaction costs	-	-	-	(69,977)
As at 31 December	2,045,558,780	55,424,250	1,958,197,680	51,334,320

- (1) On 19 July 2022, the Company issued 1,250,000 ordinary shares and on 12 August 2022 the Company issued 1,250,000 ordinary shares in consideration for consulting services classified as share issue costs. The fair value of the shares recognised is by direct reference to the fair value of services received. This was determined by corresponding invoices which totalled \$125,000 (excluding GST). These amounts were recognised in the statement of financial position under transaction costs to share capital. The 1,250,000 ordinary shares issued on 19 July 2022, with a fair value of \$62,500, related to services provided during the 2022 financial year for which the transaction costs were recognised during the 2022 financial year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 6: ISSUED CAPITAL (continued)

Options	Number of options	
	2023	2022
As at 1 July	37,000,000	-
(Expired)/issued, unlisted, exercisable at \$0.08 on or before 16 November 2023	(37,000,000)	32,000,000
Issued, unlisted, exercisable at \$0.07 on or before 24 October 2024	10,000,000	-
Issued, unlisted, exercisable at \$0.07 on or before 16 November 2024	25,000,000	-
As at 31 December	35,000,000	32,000,000

During the 2023 half-year, 25,000,000 unlisted options with an exercise price of 7 cents and expiring 16 November 2024 were issued to the directors and consultants following, where applicable, the requisite approvals at the Annual General Meeting of shareholders held on 16 November 2023. The options vested immediately on the date of issue. The fair value of the unlisted options granted during the half-year was 1.4 cents per option for a total expense of \$355,000. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2023
Exercise price (cents)	7.0
Life of the options (years)	1.0
Underlying share price (cents)	4.9
Expected share price volatility	100.0%
Risk-free interest rate	4.2%

During the 2023 half-year, 10,000,000 unlisted options with an exercise price of 7 cents and expiring 25 October 2024 were issued to an employee and consultants. The options vested immediately on the date of issue. The fair value of the unlisted options granted during the half-year was 1.5 cents per option for a total expense of \$153,000. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2023
Exercise price (cents)	7.0
Life of the options (years)	1.0
Underlying share price (cents)	5.1
Expected share price volatility	100.0%
Risk-free interest rate	4.3%

NOTE 7: CONTINGENCIES

There are no material contingent assets or liabilities as at the reporting date.

MINDAX LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 9: COMMITMENTS

The Group has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the Company to avoid forfeiture of any tenement.

These exploration commitments are not provided for in the financial statements and are payable as follows:

	31 December 2023	30 June 2023
	\$	\$
Within one year	617,300	-
After one year but not more than five years	2,279,200	-
	2,896,500	-

NOTE 10: FAIR VALUE MEASUREMENT

There were no financial assets or liabilities at 31 December 2023 or 30 June 2023 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case of short term assets and liabilities, their carrying values approximate fair value.

NOTE 11: RELATED PARTY TRANSACTIONS

There has been no material change to related party transactions in the half-year ended 31 December 2023, other than the issue of options to key management personnel as shown in the table below. Refer to note 6 for details of the options granted.

Key Management Personnel	No of Options
Benjamin Chow	8,000,000
Qinglong Zeng	5,000,000
Biaozhun Zhu	5,000,000

NOTE 12: EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the end of the reporting period Mindax has refreshed an agreement with Mr Huang Yueguang to assist with Mindax's capital-raising efforts. It has also extended the scope of the engagement to include the identification of partners to join Mindax with Mt Forrest's development.

The Company will pay Mr Yueguang fees upon successful completion of the introduction of development partners and for the capital raising. The amount payable to Mr. Yueguang will be commensurate with fees paid for transactions of a similar structure and value. The fees may be paid in cash or MDX shares (subject to any required regulatory approval) at the Company's election.

No other matter or circumstance has arisen since 31 December 2023, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

MINDAX LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13: ASSET ACQUISITION

(a) Asset acquisition

On 7 July 2023, Mindax obtained control of Yilgiron Pty Ltd, refer to further detail at note 3. At the time of acquisition, the concentration test stipulated in AASB 3 *Business Combinations* has been met resulting in the acquisition being classified as an asset acquisition rather than a business combination.

Details of the acquisition consideration are:

	2023
	\$
Acquisition date fair value of Mindax's equity interest in Yilgiron	<u>13,157,567</u>
Total Acquisition consideration	<u><u>13,157,567</u></u>

The fair values of the assets and liabilities of Yilgiron Pty Ltd as at the date of acquisition are as follows:

	Fair Value
	2023
	\$
Cash and cash equivalents	174,806
Trade and other receivables	35,316
Inventory	10,952
Plant and equipment	157,383
Exploration and evaluation assets	22,077,833
Trade and other payables	(1,620,611)
Deferred tax liabilities	(586,184)
Net identifiable assets acquired	<u>20,249,495</u>
Less: non-controlling interests	<u>(7,091,928)</u>
Net assets acquired	<u><u>13,157,567</u></u>

The Group recognised the non-controlling interest in Yilgiron at its proportionate share of the acquired net identifiable assets.

The acquired business contributed revenue and other income of \$11,475 and a net loss of \$159,042 to the Group for the period from 7 July 2023 to 31 December 2023. If the acquisition had occurred on 1 July 2023, consolidated revenue and consolidated loss after tax for the half-year ended 31 December 2023 would have been unchanged.

(b) Critical accounting estimates and judgements

Accounting for this transaction has required management to exercise a high degree of judgement over the following areas:

Asset acquisition not constituting a business

In determining when an acquisition is an asset acquisition and not a business combination, the Group used significant judgement to assess that the assets acquired did not constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of inputs and processes, which when applied to those inputs has the ability to create outputs. Management determined that the Acquisition was an asset acquisition.

MINDAX LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13: ASSET ACQUISITION (continued)

Fair value at acquisition

On initial recognition, the assets and liabilities of Yilgiron were included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of the fair value of the exploration and evaluation assets acquired.

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DIRECTORS' DECLARATION

In the opinion of the directors of Mindax Limited:

1. the financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
2. 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.

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



Benjamin Chow AO
Executive Chair
Perth, 11 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mindax Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mindax Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Neil Smith
Director

Perth, 11 March 2024