AuDAX Resources Ltd

125 Edward Street Perth Western Australia 6000

ACN 009 058 646

ABN 50 009 058 646

Interim Financial Report

for the

Half-Year ended 31 December 2005

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 2005 and any public announcements made by AuDAX Resources Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

AuDAX Resources Ltd

ACN 009 058 646

Directors' Report

The Directors of AuDAX Resources Ltd submit herewith the financial report for the half-year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of Directors of the Company during the whole of the half-year and up to the date of this report are:

Name	**Position**
Gary James Roper	Executive Managing Director.
Leith Beal	Non-Executive Director.
David Ian Chalmers	Non-Executive Director,
Glen Warren Edwards	Executive Director

Review and Results of Operations

The review of the Company's operations during the half year ended 31 December 2005 is as follows.

Financial

	Segment Revenue $	Segment result $
Mining and exploration	-	-
Interest and sale of investments	80,838	80,838
	80,838	80,838
Unallocated expenses		(315,589)
Operating profit (loss)		(234,751)
Income Tax		-
Operating profit (loss) for half-year		(234,751)

Exploration activities

The economic entity continues to be actively involved in exploration, focussing primarily on oil and gas in the Cooper Basin and gold and base metals in Western Australia.

Changes In State Of Affairs

During the half year ended 31 December 2005 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

Auditor's Independence Declaration

The following is a copy of a letter received from the Company's auditors:

> **"Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**
>
> To: The Directors of AuDAX Resources Ltd
>
> I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2005, there have been:
>
> - no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit review; and
> - no contraventions of any applicable code of professional conduct in relation to the review.
>
> Graham Swan
> Lead Auditor
> Rothsay Chartered Accountants"

This report is made in accordance with a resolution of the directors.

Gary J Roper
Managing Director
PERTH, this 15th day of March 2006

Independent Auditor's Report To The Members of AuDAX Resources Ltd

Scope
We have reviewed the financial report of AuDAX Resources Ltd for the half-year ended 31 December 2005 as set out on pages 3 to 10. The company's directors are responsible for the preparation and presentation of the financial report and information contained therein.

We have performed an independent review of the half-year financial report in order for the company to lodge the half-year report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the half-year financial report is free of material misstatement. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB134: Interim Financial Reporting, and other mandatory professional reporting requirements and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

Review Statement
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the company is not in accordance with:

(a) the Corporations Act 2001, including
    (i) giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
    (ii) comply with Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Rothsay
Chartered Accountants

Graham R Swan
Partner
PERTH
Dated this 13th day of March 2006

The liability of Rothsay Chartered Accountants is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

AuDAX Resources Ltd

ACN 092 832 892

Directors' Declaration

For The Half-Year Ended 31 December 2005

The Directors declare that:

(a) The attached financial statements and notes thereto comply with Accounting Standards;

(b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the entity;

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act, 2001; and

(d) In the Directors' opinion there are reasonable grounds to believe that AuDAX Resources Ltd 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 pursuant to s 303(5) of the Corporations Act, 2001.

On behalf of the Directors

Gary J Roper
Managing Director

PERTH, 15th day of March 2006

AuDAX Resources Ltd

ACN 092 832 892

Condensed Income Statement

For The Half-Year Ended 31 December 2005

	Note	Half-year ended 31 Dec 2005 $	Half-year ended 31 Dec 2004 $
Revenue from continuing operations		80,838	148,499
Expenses from continuing operations		(315,589)	(407,017)
Loss before income tax		(234,751)	(258,528)
Income tax expense		-	-
Loss from continuing operations		(234,751)	(258,528)
Loss from discontinued operations		-	-
Loss for the half-year attributable to members of AuDAX Resources Limited		(234,751)	(258,528)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings per share	5	$(0.001)	$(0.001)

Condensed Balance Sheet

	Note	As at 31 Dec 2005	As at 30 June 2005
		$	$
Current Assets			
Cash and cash equivalents	3	687,461	2,640,732
Investments (available-for-sale)		421,027	310,118
Receivables		1,408,143	1,522,448
Total Current Assets		2,516,631	4,473,298
Non-Current Assets			
Property, plant & equipment		163,406	191,488
Other - exploration tenements		5,021,591	3,250,768
Total Non-Current Assets		5,184,997	3,442,256
Total Assets		7,701,628	7,915,554
Current Liabilities			
Payables		102,765	76,499
Interest-bearing liabilities		79,641	22,001
Provisions		36,773	35,104
Total Current Liabilities		219,179	133,604
Non-Current Liabilities			
Interest-bearing liabilities		14,891	79,641
Total Non-Current Liabilities		14,891	79,641
Total Liabilities		234,070	213,245
Net Assets		7,467,558	7,702,309
Equity			
Contributed equity	4	27,302,805	27,302,805
Reserves		3,165,542	3,165,542
Accumulated losses	2	(23,000,789)	(22,766,038)
Total Equity		7,467,558	7,702,309

The above statement should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity

As at 31 December 2005

	Note	Half-year ended 31 Dec 2005	Half-year ended 31 Dec 2004
		$	$
Total equity at the beginning of the half-year		7,702,309	7,265,268
Loss for the half-year		(234,751)	(258,528)
Total equity at the end of the half-year		7,467,558	7,006,740
Total recognised income and expenses for the half-year attributable to members of AuDAX Resources Ltd		(234,751)	(258,528)

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement
For The Half-Year Ended 31 December 2005

	Half-year ended 31 Dec 2005 $	Half-year ended 31 Dec 2004 $
Cash Flows from Operating Activities		
Payments to suppliers	(2,198,471)	(969,373)
Interest and other items of a similar nature received	57,821	80,666
Net Operating Cash Flows	(2,140,650)	(888,707)
Cash Flows from Investing Activities		
Payments for plant & equipment	-	-
Cash received from sale of plant & equipment	-	(7,110)
Cash proceeds from sale of equity investments	187,379	165,366
Net Investing Cash Flows	187,379	158,256
Cash Flows from Financing Activities		
Proceeds from issue of shares and options	-	-
Loans to other entities	-	(1,312,164)
Net Financing Cash Flows	-	(1,312,164)
Net (Decrease) In Cash and Cash Equivalents	(1,953,271)	(2,042,615)
Cash and Cash Equivalents at beginning of half year	2,640,732	3,490,498
Cash and Cash Equivalents at End of Half Year	687,461	1,447,883

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

Notes to the Financial Statements
For the Half-Year ended 31 December 2005

1. **Basis of Preparation of Half-Year Financial Statements**

This general purpose financial report for the half-year ended 31 December 2005 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134 : *Interim Financial Reporting*. This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2005 and public announcements made by AuDAX Resources Ltd during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The principle accounting policies have been consistently applied to all the periods presented, unless otherwise stated. This interim financial report is the first AuDAX Resources Ltd interim financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRSs'). AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of the Company until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ('AGAAP'). The Company has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and 139.

The conversion of the balance sheet at 30 June 2005 from AGAAP to AIFRS has not resulted in any material financial impact on balance sheet carrying values or any alteration to the income statement or cashflow.

Investments

The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Available-for-sale financial assets principally comprise marketable equity securities.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use.
Property plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of property plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

The Company uses the 'area of interest' principle which is in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 continues to allow an area of interest approach to impairment and the standard effectively permits the grandfathering of existing accounting treatments of exploration and evaluation expenditure. Impairment tests of exploration and evaluation assets will be required once technical feasibility and commercial viability is determinable.

2. **Accumulated Losses**

	Half-year ended 31 Dec 2005 $	**Annual Report 30 June 2005 $**
Loss from ordinary activities after related income tax expense	**(234,751)**	**(4,980,752)**
Accumulated profits (losses) brought forward	**(22,766,038)**	**(17,785,286)**
Accumulated profits (losses) at end of half-year	**(23,000,789)**	**(22,766,038)**

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

3. Reconciliation of cash

For the purposes of this statement of cash flows, cash includes

	Half-year ended 31 Dec 2005 $	Half-year ended 31 Dec 2004 $
Cash at the end of the half-year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:		
Cash on hand and at bank	61,993	93,393
Deposits at call	625,468	2,547,339
	687,461	2,640,732

4. Issued and quoted securities at end of current half-year

Category of Securities	Number Issued	Number Quoted		
Ordinary Shares:				
Listed	98,037,919	98,037,919		
Of which issued during half-year ended 31 December 2005	-			
			Exercise Price	**Expiry Date**
Options:				
Listed	20,230,047	20,230,047	0.20	31/12/08
Of which issued during half-year ended 31 December 2005	-			
Unlisted	600,000	-	0.12	31/12/08
	600,000		0.15	31/12/07
Of which issued during half-year ended 31 December 2005	600,000	-	0.12	31/12/08

5. Earnings per share

	Half-year ended 31 Dec 2005	Half-year ended 31 Dec 2004
Basic earnings per share - dollars	$(0.001)	$(0.001)
Diluted earnings per shares is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	98,037,919	77,807,872

Notes to the Financial Statements
For the Half-Year ended 31 December 2005

6. **Explanation of transition to Australian equivalents to IFRSs**

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	1 July 2004
	$
Total equity under AGAAP	7,265,268
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	7,265,268

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	31 December 2004
	$
Total equity under AGAAP	9,506,740
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	9,506,740

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

	30 June 2005
	$
Total equity under AGAAP	7,702,309
Adjustments for effect of transition to AIFRSs	-
Total equity under AIFRS	7,702,309

(2) Reconciliation of loss reported under previous AGAAP to loss AIFRS

(a) Reconciliation of loss for the half-year ended 31 December 2004

	31 December 2004
	$
Net loss as reported under AGAAP	258,528
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	258,528

(b) Reconciliation of loss for the year ended 30 June 2005

	30 June 2005
	$
Net loss as reported under AGAAP	4,980,752
Adjustments for effect of transition to AIFRSs	-
Net loss under AIFRS	4,980,752

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.

Notes to the Financial Statements

For the Half-Year ended 31 December 2005

7. **Segmental information**

   The Company operates only in Australia and predominantly in the area of mineral, oil and gas exploration.

8. **Subsequent Events**

   No matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported for the half-year ended 31 December 2005.

9. **Commitments for Expenditure (Contingent Liability)**

   Mineral Tenement Leases

   In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum expenditure requirements specified by various authorities and pay tenement lease rents. The company will be required to outlay in 2005/06 amounts of approximately $1,000,000 to meet these minimum expenditure requirements. These obligations will be fulfilled in the normal course of operations, which may include farm-out, joint venture and direct exploration expenditure.