# 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 2006

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 2006 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 2006. 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 – resigned 12 February 2007, |
| Peter Barber | Non-Executive Director – commenced 12 February 2007. |

**Review of Operations**

The review of the Company's operations during the half year ended 31 December 2006 is as follows:

**Cooper Basin**

Century Drilling has agreed to the drilling of two wells with an option for a further two wells in PEL182 located in the Cooper Basin.

The Joint Venture proposes initially to drill "Sarah-Lyn No.1" a Jurassic oil play and "Vanessa No. 1" a Permian gas play. The drilling option shall apply to the stratigraphic oil plays to be tested by Jasmine No.1 and Michelle No.1 and/or to development drilling in the case of a discovery at Sarah-Lyn or Vanessa.

A commitment to commence the drilling is pending the subsidence of flood waters in the permit area.

The "Farm-in and Drilling Deed" between AuDAX, Eagle Bay Resources NL, Australian Oil Company Ltd and White Sands Petroleum Ltd was terminated as of 21 December 2006.

**West Yandal**

View Resources exercised its option to purchase the Venus deposit by paying AuDAX $250,000 cash.

Upon View recommissioning the Bronzewing Project, View is to issue to AuDAX a further 1,000,000 fully paid VRE shares. These shares will be issued within 30 days of the Bronzewing plant restarting full gold production.

Upon commencement of mining at Venus, View will pay AuDAX $375,000 cash within 30 days.

A royalty of 5% of the amount of the gold price per ounce over A$700/oz at time of mint receipt is payable.

**Marymia Project**

Falcon withdrew from the Joint Venture Agreement with AuDAX Resources Ltd over the Marymia project which lies in the northern continuation of the Wiluna belt.

Under the terms of the agreement, Falcon spent $200,000 on soil and rock chip sampling before withdrawing.

AuDAX is seeking a further joint venture partner to continue the evaluation of this project.

**Financial**

| | **Segment Revenue** | **Segment result** |
|---|---|---|
| | **$** | **$** |
| Mining and exploration | 250,000 | (1,062,164) |
| Interest and sale of investments | 17,787 | 17,787 |
| | 267,787 | (1,044,377) |
| Unallocated expenses | | (85,946) |
| Operating profit (loss) | | (1,130,323) |
| Income Tax | | - |
| Operating profit (loss) for half-year | | (1,130,323) |

**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 2006 the Company wrote–off its receivable from White Sands Petroleum Ltd as that company was placed into admistration. There was no other 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 2006, 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.
>
> Frank Vrachas
> 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 2007

ROTHSAY

Level 1, 2 Barrack Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001
Phone 9299 0091 Facsimile 9299 2595 E-mail swan2000@bigpond.com

# INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUDAX RESOURCES LIMITED

**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 AuDAX Resources Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the company at 31 December 2006 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

**Scope**

**The financial report and directors' responsibility**

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for AuDAX Resources Limited, for the half-year ended 31 December 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

**Review approach**

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures 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 does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information with the financial report to determine whether it contains any material inconsistencies with the financial report.

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUDAX RESOURCES LIMITED (continued)

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**Rothsay**

**Frank Vrachas**
Partner
Dated this 15th day of March 2007

# AuDAX Resources Ltd

ACN 092 832 892

## Directors' Declaration

**For The Half-Year Ended 31 December 2006**

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 2007

# AuDAX Resources Ltd

ACN 092 832 892

## Condensed Income Statement

**For The Half-Year Ended 31 December 2006**

| | Note | Half-year ended 31 Dec 2006 $ | Half-year ended 31 Dec 2005 $ |
|---|---|---|---|
| Revenue from continuing operations | | **267,787** | **80,838** |
| Expenses from continuing operations | | **(1,398,110)** | **(315,589)** |
| **Profit/(Loss) before income tax** | | **(1,130,323)** | **(234,751)** |
| Income tax expense | | **-** | **-** |
| Profit/(Loss) from continuing operations | | **(1,130,323)** | **(234,751)** |
| **Profit/(Loss) for the half-year attributable to members of AuDAX Resources Limited** | | **(1,130,323)** | **(234,751)** |
| | | | |
| **Earnings per share for loss attributable to the ordinary equity holders of the Company** | | | |
| Basic earnings per share | **5** | **$(0.011)** | **$(0.001)** |

# AuDAX Resources Ltd

ACN 092 832 892

## Condensed Balance Sheet

| | Note | As at 31 Dec 2006 $ | As at 30 June 2006 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 3 | 1,065,335 | 1,280,659 |
| Other financial assets at fair value through profit and loss | | 272,500 | 399,034 |
| Trade and other receivables | | 106,225 | 1,440,645 |
| **Total Current Assets** | | 1,444,060 | 3,120,338 |
| **Non-Current Assets** | | | |
| Property, plant & equipment | | 107,244 | 135,326 |
| Other - exploration tenements | | 3,623,867 | 3,071,518 |
| **Total Non-Current Assets** | | 3,731,111 | 3,206,844 |
| **Total Assets** | | 5,175,171 | 6,327,182 |
| **Current Liabilities** | | | |
| Payables | | 59,688 | 63,375 |
| Interest-bearing liabilities | | 19,709 | 22,001 |
| Provisions | | 32,224 | 43,115 |
| **Total Current Liabilities** | | 111,621 | 128,491 |
| **Non-Current Liabilities** | | | |
| Interest-bearing liabilities | | 60,603 | 65,421 |
| **Total Non-Current Liabilities** | | 60,603 | 65,421 |
| **Total Liabilities** | | 172,224 | 193,912 |
| **Net Assets** | | 5,002,947 | 6,133,270 |
| **Equity** | | | |
| Contributed equity | 4 | 28,346,085 | 28,346,085 |
| Reserves | | 3,205,262 | 3,205,262 |
| Accumulated losses | 2 | (26,548,400) | (25,418,077) |
| **Total Equity** | | 5,002,947 | 6,133,270 |

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

## Condensed Statement of Changes in Equity

**As at 31 December 2006**

| | Note | Half-year ended 31 Dec 2006 $ | Half-year ended 31 Dec 2005 $ |
|---|---|---|---|
| Total equity at the beginning of the half-year | | 6,133,270 | 7,702,309 |
| Profit/(Loss) for the half-year | | (1,130,323) | (234,751) |
| Total recognised income and expenses for the half-year attributable to members of AuDAX Resources Ltd | | (1,130,323) | (234,751) |
| Total equity at the end of the half-year | | 5,002,947 | 7,467,558 |

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

## Cash Flow Statement
**For The Half-Year Ended 31 December 2006**

| | Half-year ended 31 Dec 2006 $ | Half-year ended 31 Dec 2005 $ |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Payments to suppliers | (845,325) | (2,198,471) |
| Interest and other items of a similar nature received | 33,607 | 57,821 |
| Tenement option exercised | 250,000 | |
| **Net Operating Cash Flows** | (561,718) | (2,140,650) |
| **Cash Flows from Investing Activities** | | |
| Payments for plant & equipment | - | - |
| Cash received from sale of plant & equipment | - | - |
| Cash proceeds from sale of equity investments | 346,394 | 187,379 |
| **Net Investing Cash Flows** | 346,394 | 187,379 |
| **Cash Flows from Financing Activities** | | |
| Proceeds from issue of shares and options | - | - |
| Loans to other entities | - | - |
| **Net Financing Cash Flows** | - | - |
| **Net (Decrease) In Cash and Cash Equivalents** | (215,324) | (1,953,271) |
| Cash and Cash Equivalents at beginning of half year | 1,280,659 | 2,640,732 |
| **Cash and Cash Equivalents at End of Half Year** | 1,065,335 | 687,461 |

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 2006**

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 2006 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 accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

*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 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.*

2. **Accumulated Losses**

| | **Half-year ended 31 Dec 2006 $** | **Annual Report 30 June 2006 $** |
|---|---|---|
| Profit/(Loss) from ordinary activities after related income tax expense | **(1,130,323)** | **(2,652,039)** |
| Accumulated profits (losses) brought forward | **(25,418,077)** | **(22,766,038)** |
| Accumulated profits (losses) carried forward | **(26,548,400)** | **(25,418,077)** |

## Notes to the Financial Statements
**For the Half-Year ended 31 December 2006**

**3. Reconciliation of cash**

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

| | Half-year ended 31 Dec 2006 $ | Half-year ended 31 Dec 2005 $ |
|---|---|---|
| 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 | 618,851 | 61,993 |
| Deposits at call | 446,484 | 625,468 |
| | 1,065,335 | 687,461 |

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

| Category of Securities | Number Issued | Number Quoted | Exercise Price | Expiry Date |
|---|---|---|---|---|
| Ordinary Shares: | | | | |
| Listed | 104,937,919 | 104,937,919 | | |
| Of which issued during half-year ended 31 December 2006 | - | | | |
| Options: | | | | |
| Listed | 27,130,047 | 27,130,047 | 0.20 | 31/12/08 |
| Of which issued during half-year ended 31 December 2006 | - | | | |
| Unlisted | 600,000 | - | 0.15 | 31/12/07 |
| | 600,000 | | 0.12 | 31/12/08 |
| | 400,000 | | 0.12 | 31/12/08 |
| Of which issued during half-year ended 31 December 2006 | - | | | |

**5. Earnings per share**

| | Half-year ended 31 Dec 2006 | Half-year ended 31 Dec 2005 |
|---|---|---|
| Basic earnings per share - dollars | $0.002 | $(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 | 104,937,919 | 98,037,919 |

# Notes to the Financial Statements

**For the Half-Year ended 31 December 2006**

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 2006.

On the 22 February 2007 the company issed 15,740,141 shares at an issue price of 7 cents per share raising $1,041,210 after issue costs.

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 2006/07 amounts of approximately $2,000,000 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.