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 2007

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 2007 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 (“AuDAX”) submit herewith the financial report for the half-year ended 31 December 2007. 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 or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	**Position**
Mr Gary Roper	Executive Chairman
Dr Wolfgang Zimmer	Executive-Managing Director – appointed 10 December 2007
Mr Leith Beal	Non-Executive Director – resigned 25 February 2008
Dr Peter Barber	Non-Executive Director – resigned 25 February 2008
Mr Paul Fink	Technical Director – appointed 25 February 2008
Ms Gillian Evans	Non-Executive Director – appointed 25 February 2008

Review and Results of Operations

The review of the Company's operations during the half-year ended 31 December 2007 is as follows:

The net loss for the half-year ended 31 December 2007 was $1,692,974.

AuDAX acquires Alpine Oil & Gas Pty Ltd

In November 2007, AuDAX acquired Alpine Oil & Gas Pty Ltd (“Alpine”) for the consideration of 16m ordinary fully paid shares in the capital of AuDAX Resources Ltd.

Alpine has assets which include a 33 1/3% free carried interest in a 1 million Euro (A$1.6m) Joint Study and Bidding Agreement (“JSBA”) between it, Nexus Energy Services Pty Ltd (a wholly owned subsidiary of Nexus Energy Ltd) and Orion Energy Pty Ltd (a wholly owned subsidiary of Kairiki Energy Limited) to investigate and apply for projects in Romania, a 33 1/3% participating interest in an Area of Mutual Interest (“AMI”) with Orion/Kairiki to investigate and acquire oil and gas projects in Romania and a 25% participating interest in an AMI with Orion/Kairiki to investigate and acquire oil and gas projects in Tunisia.

The JSBA and the AMI in Romania enable AuDAX and the other participants to pool their respective resources in the search, evaluation and acquisition of high value oil and gas projects while the parties to the AMI agreements in Tunisia will pursue a variety of projects including production, rejuvenation development, near field exploration and frontier exploration.

AuDAX enters Romania and Tunisia

In November 2007, AuDAX’s wholly owned subsidiary, Alpine Oil & Gas Pty Ltd and its joint venture partner, Kairiki Energy Limited, signed conditional purchase agreements with Stratic Energy Limited (“Stratic”), a UK listed company to acquire the following:

- Stratic’s 40% interest (held through a wholly owned subsidiary company - Grove Energy (Romania) Limited) in the South Craiova permit, onshore Romania for US$1m; and
- Stratic’s 100% interest in the Chorbane permit located onshore southeast Tunisia for US$1m.

AuDAX and Kariki have a 50% interest in each of these acquisitions. The acquisitions are expected to be completed in the first quarter of 2008.

Whilst previous exploration on the South Craiova permit in Romania has concentrated on deeper Mesozoic structural targets, a number of potential shallow (sub-1500m), sand-rich channel targets have been identified on the permit as drill-ready likely gas charged targets. This asset provides the capability for both near-term multiple drilling at low cost and exposure to rapidly monetisable oil or gas revenue.

The Chorbane permit in Tunisia has three main prospects, each sufficiently well defined by comprehensive seismic coverage to be mature for drilling. Prospect-specific 2D seismic has recently been acquired to better define the three main prospects on the permit and the joint venture will complete evaluation of this new coverage integrated with the widespread existing legacy seismic coverage and well database ahead of electing which of the prospects to drill. The license requires one well to be drilled in the next three years.

Cooper Basin
Jasmine-1 was spudded on 19 December 2007 and drilled to its target depth of 2,461 metres. No significant hydrocarbons were encountered and the well was plugged and abandoned as announced on 4 January 2008.

Mineral Interests - Australia
During the half-year the Company continued to maintain its various hard rock exploration projects while seeking farmout and joint venture opportunities. Marymia and Millrose have created the most interest and it is likely that these projects will be joint ventured during the coming months.

Corporate Activities
In July 2007 the Company issued 17,350,000 shares at an issue price of 7 cents per share raising $1,214,500. In December 2007 the Company issued 16,000,000 shares for the acquisition of Alpine Oil & Gas Pty Ltd and 600,000 employee options were exercised at 15 cents.

In December 2007, Dr Wolfgang Zimmer was appointed Managing Director of AuDAX. Wolfgang has over 27 years experience in the oil and gas industry having worked for Mobil for 11 years primarily in central Europe and OMV, the Austrian oil company, for over 14 years fulfilling a variety of management roles. He was also formerly the CEO of Grove Energy, a Canadian and UK listed oil and gas company. Wolfgang has significant experience in Tunisia having been a director of OMV's operations in Tunis and Sfax for over three years. Grove Energy also had significant operations in that country.

Changes in State Of Affairs
There was no other significant change in the entity's state of affairs other than that referred to in this Directors' Report, the half-year financial statements or notes thereto.

Subsequent Events
Subsequent to the half-year ended 31 December 2007, the following events have occurred:

In January 2008, the Company entered into a conditional purchase agreement with Stratic to acquire Stratic's 100% interest in the Kerkouane permit located offshore northeast Tunisia for US$1m. The transaction is subject to certain conditions precedent and is expected to be completed in the second quarter of 2008. The permit has a two year exploration period from 22 February 2008. Acquisition of 400km 2D seismic and the drilling of one well is required in the two year period.

In January 2008, the Company entered into a conditional purchase agreement with Stratic to acquire Stratic's 100% interest in the Italian permit GR.15.PU, located offshore the island of Pantelleria southwest of Siclity for US$1m. The transaction is subject to certain conditions precedent and is expected to be completed in the second quarter of 2008.

Also in January 2008, the Company issued 12,939,930 shares at an issue price of 30 cents per share to fund the acquisitions listed above, to fund Cooper Basin activities and for general working capital purposes.

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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 2007, 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
Chairman
PERTH, this 14th day of March 2008

ROTHSAY

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Independent Review Report to the Members of AuDAX Resources Ltd

The financial report and directors' responsibility
The interim financial report comprises the balance sheet, income statement, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for AuDAX Resources Ltd for the half-year ended 31 December 2007.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and 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 our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of AuDAX Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of AuDAX Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2007 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Frank Vrachas
Partner
Dated this 14th day of March 2008

Chartered Accountants

AuDAX Resources Ltd

ACN 009 058 646

Directors' Declaration

For The Half-Year Ended 31 December 2007

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
Chairman

PERTH, 14th day of March 2008

AuDAX Resources Ltd

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Condensed Consolidated Income Statement

For The Half-Year Ended 31 December 2007

	Note	Half-year ended 31 Dec 2007 $	Half-year ended 31 Dec 2006 $
Revenue			
Interest revenue		11,249	30,327
Other revenue		5,920	3,280
Unrealised gain on sale of investments		207,543	235,109
Gain on sale of tenements		-	250,000
Gain on sale of land and buildings	9	945,104	-
Total revenue		1,169,816	518,716
Expenses	2	(2,862,790)	(1,649,039)
Loss before income tax		(1,692,974)	(1,130,323)
Income tax expense		-	-
Loss for the half-year attributable to members of AuDAX Resources Ltd		(1,692,974)	(1,130,323)
Basic loss per share	6	(0.012)	(0.011)

AuDAX Resources Ltd

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Condensed Consolidated Balance Sheet

As at 31 December 2007

	Note	As at 31 Dec 2007 $	As at 30 June 2007 $
Current Assets			
Cash and cash equivalents	3	693,734	398,634
Other financial assets at fair value through profit and loss		76,381	215,447
Trade and other receivables		27,792	99,758
Deferred expenditure		436,668	-
Total Current Assets		1,234,575	713,839
Non-Current Assets			
Property, plant & equipment		26,382	83,859
Exploration and evaluation expenditures		3,376,244	1,997,071
Intangible assets	10	2,360,000	-
Total Non-Current Assets		5,762,626	2,080,930
Total Assets		6,997,201	2,794,769
Current Liabilities			
Payables		1,786,698	69,812
Interest-bearing liabilities		22,001	22,001
Provisions		25,935	24,205
Total Current Liabilities		1,834,634	116,018
Non-Current Liabilities			
Interest-bearing liabilities		44,091	51,201
Total Non-Current Liabilities		44,091	51,201
Total Liabilities		1,878,725	167,219
Net Assets		5,118,476	2,627,550
Equity			
Contributed equity	5	33,584,707	29,400,807
Reserves		3,205,262	3,205,262
Accumulated losses	4	(31,671,493)	(29,978,519)
Total Equity		5,118,476	2,627,550

Condensed Consolidated Statement of Changes in Equity

For the Half-Year ended 31 December 2007

	Half-year ended 31 Dec 2007 $	Half-year ended 31 Dec 2006 $
Total equity at the beginning of the half-year	2,627,550	6,133,270
Loss for the half-year	(1,692,974)	(1,130,323)
Total recognised income and expenses for the half-year attributable to members of AuDAX Resources Ltd	(1,692,974)	(1,130,323)
Contributions of equity net of transaction costs	4,183,900	-
Total equity at the end of the half-year	5,118,476	5,002,947

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

Consolidated Cash Flow Statement
For The Half-Year Ended 31 December 2007

	Half-year ended 31 Dec 2007 $	Half-year ended 31 Dec 2006 $
Cash Flows from Operating Activities		
Payments to suppliers	(544,907)	(845,325)
Receipts from suppliers	503,195	-
Interest and other items of a similar nature received	17,452	33,607
Sale of tenement option	-	250,000
Net Operating Cash Flows	(24,260)	(561,718)
Cash Flows from Investing Activities		
Payments for exploration & evaluation	(2,405,178)	-
Cash received from sale of land and buildings	1,100,328	-
Cash proceeds from sale of equity investments	320,310	346,394
Net Investing Cash Flows	(984,540)	346,394
Cash Flows from Financing Activities		
Proceeds from issue of shares	1,303,900	-
Net Financing Cash Flows	1,303,900	-
Net Increase/(Decrease) In Cash and Cash Equivalents	295,100	(215,324)
Cash and Cash Equivalents at beginning of half-year	398,634	1,280,659
Cash and Cash Equivalents at End of Half-Year	693,734	1,065,335

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

Notes to the Consolidated Financial Statements
For the Half-Year ended 31 December 2007

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

This general purpose financial report for the half-year ended 31 December 2007 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134.

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 2007 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 are 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. **Expenses**

	Half-year ended 31 Dec 2007 $	**Half-year ended 31 Dec 2006 $**
Administration expenses	**350,781**	**1,633,219**
Write off of exploration expenses capitalised	**2,485,709**	**-**
Loss on sale of investments	**26,300**	**15,820**
	2,862,790	**1,649,039**

Notes to the Consolidated Financial Statements
For the Half-Year ended 31 December 2007

3. Reconciliation of cash
For the purposes of the statement of cash flows, cash includes

	31 Dec 2007 $	31 Dec 2006 $
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	**656,734**	**618,851**
Deposits at call	**37,000**	**446,484**
	693,734	**1,065,335**

4. Accumulated losses

	Half-year ended 31 Dec 2007 $	Annual Report 30 June 2007 $
Loss from ordinary activities after related income tax expense	**(1,692,974)**	**(4,560,442)**
Accumulated losses, beginning of period	**(29,978,519)**	**(25,418,077)**
Accumulated losses, end of period	**(31,671,493)**	**(29,978,519)**

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

Category of Securities	Number Issued	Number Quoted
Ordinary Shares		
Listed	**154,628,060**	**154,628,060**
Of which issued during half-year ended 31 December 2007:		
Placement of shares in July at $0.07	**17,350,000**	**17,350,000**
Issue of shares on acquisition of Alpine Oil & Gas Ltd (Note 10)	**16,000,000**	**16,000,000**
Issued on exercise of options at $0.15	**600,000**	**600,000**
	33,950,000	**33,950,000**

Category of Securities			Exercise Price	Expiry Date
Options:			$	
Listed	**27,630,047**	**27,630,047**	**0.20**	**31/12/08**
Of which issued during half-year ended 31 December 2007	-	-		
Unlisted	**1,000,000**		**0.12**	**31/12/08**
	2,000,000		**0.15**	**31/12/08**
	1,000,000		**0.10**	**29/3/09**
	1,000,000		**0.15**	**29/3/10**
	1,000,000		**0.20**	**29/3/10**
	1,250,000		**0.15**	**31/12/10**
	7,250,000			
Of which exercised during half-year ended 31 December 2007	**600,000**		**0.15**	**31/12/07**

6. Loss per share

	Half-year ended 31 Dec 2007 $	Half-year ended 31 Dec 2006 $
Basic loss per share	**(0.012)**	**(0.011)**
Diluted loss per share is not materially different from Basic loss per share		
The weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic loss per share	**138,628,060**	**104,937,919**

7. Segmental information

The Company is involved in oil and gas and mineral exploration. During the half-year ended 31 December 2007, the Company operated predominately in Australia.

8. Commitments for expenditure

In order to maintain current rights of tenure to exploration tenements and permits, 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 2007/08 amounts of approximately $2,500,000 to meet these minimum expenditure requirements. These obligations will be fulfilled in the normal course of operations, which may include farm-out, sale or direct exploration expenditure.

9. Revenue

During the half-year the Company sold its land and building for net proceeds of $1,110,328 resulting in a gain of $945,104.

Notes to the Consolidated Financial Statements
For the Half-Year ended 31 December 2007

10. Business combinations

In November 2007, AuDAX acquired 100% of the shares of Alpine Oil & Gas Pty Ltd (“Alpine”), an unlisted company. Alpine has assets which include a 33 1/3% free carried interest in a 1 million Euro (A$1.6m) Joint Study and Bidding Agreement (“JSBA”) in Romania, a 33 1/3% participating interest in an Area of Mutual Interest (“AMI”) to investigate and acquire oil and gas projects in Romania and a 25% participating interest in an AMI to investigate and acquire oil and gas projects in Tunisia.

The fair value of the identifiable assets of Alpine is as follows:

	$
Assets acquired	
Deferred expenditure - JSBA	520,000
Intangible asset – AMI	2,360,000
Total Value	2,880,000
Consideration	
16,000,000 shares of AuDAX issued	2,880,000

11. Subsequent Events

Subsequent to the half-year ended 31 December 2007, the following events have occurred:

In January 2008, the Company entered into a conditional purchase agreement with Stratic Energy Limited (“Stratic”) to acquire Stratic’s 100% interest in the Kerkouane permit located offshore northeast Tunisia for US$1million. The transaction is subject to certain conditions precedent and is expected to be completed in the second quarter of 2008. The permit has a two year exploration period from 22 February 2008. Acquisition of 400km 2D seismic and the drilling of one well is required in the two year period.

In January 2008, the Company entered into a conditional purchase agreement with Stratic to acquire Stratic’s 100% interest in the Italian permit GR.15.PU, located offshore the island of Pantelleria southwest of Sicily for US$1m. The transaction is subject to certain conditions precedent and is expected to be completed in the second quarter of 2008.

Also in January 2008, the Company issued 12,939,930 shares at an issue price of 30 cents per share to fund the acquisitions listed above, to fund Cooper Basin activities and for general working capital purposes.