1 July, 2005

AUSTRALIAN STOCK EXCHANGE LIMITED ("ASX")

Dear Sirs,

Special Release

MIDAS SIGNS LANDMARK MEMORANDUM OF UNDERSTANDING WITH CHINA'S LARGEST GOLD PRODUCER

The Board of Midas Resources Limited (Midas: ASX-"MDS")) is pleased to advise that the Company, together with its 85% owned subsidiary Midas Mining China Limited (MMCL), has entered into a Memorandum of Understanding (MOU) with Zhonglin Geological Corporation (ZGC), a wholly owned subsidiary of China National Gold Corporation (CNGC) of the Peoples Republic of China.

KEY POINTS

- The MOU sets out the terms of an exclusive co-operative alliance with ZGC in Kuan City County, Hebei province, with respect to exploration and the mining of gold and other minerals.
- MMCL has the exclusive right to acquire a 55% controlling interest in the Dongliang mining licence, an advanced gold project currently being developed by ZGC.
- MMCL also has the exclusive right to acquire a majority interest in various other granted mining and exploration licences, and to participate up to 80% in future licence applications, in Kuan City County.
- The opportunity to form an exclusive alliance with such a high profile Chinese mining company as CNGC has the potential to deliver a stream of advanced gold and base metal projects to Midas as CNGC seeks to lessen its risk profile. The MOU is believed to be the first such arrangement entered into by CNGC with a foreign owned resource company in China

Midas' evaluation of the opportunities presented by the signing of the MOU is still at an early stage, and deal completion is conditional on a number of factors including satisfactory completion of due diligence by MMCL into all commercial aspects of the advanced Dongliang project within a two month period, the execution of a formal Sale and Purchase agreement, and Midas shareholder approval to the acquisition.

BACKGROUND INFORMATION

ZGC is a wholly owned subsidiary of CNGC, the largest single gold producer in China. In 2004 CNGC was responsible for around 20% of China's annual gold production of 6.8 million ounces (212 tons) and ZGC is the exploration and mining vehicle for CNGC. China is the fourth largest gold producer in the world after South Africa, Australia and the USA.

In June 2005 Midas completed the formation of Midas Mining China Limited (MMCL), a Wholly Foreign Owned Enterprise (WFOE) in China, giving it the capacity to apply for mineral tenements and hold mineral assets throughout China. MMCL was registered within the remarkably short period of three months. This structure gives Midas significant operational flexibility and offers a number of commercial advantages compared to the more common Sino joint venture structure.

During the 60 day due diligence period MMCL will focus on evaluating all aspects of past and current activities on the Dongliang mining licence. ZGC recently commenced a modest scale open pit mine and heap leach operation on the mining licence. MMCL has the right to acquire a contributing interest of up to 55% in the mining licence and to take its share of any production according to the terms set out in the MOU and which are to be more fully documented in a Sale and Purchase agreement if Midas decides to acquire the property.

The key objectives of the due diligence period are four fold:

1. To evaluate the currently non JORC standard resources and reserves at Dongliang and to determine what additional drilling and sampling is necessary to bring them to JORC standard and to increase the resource base.

2. To critically review current mining practices, processing facilities, environment and OH&S at Dongliang to determine if changes should be implemented in order to optimise production and gold recovery, particularly through application of improved technology.

3. To develop financial models for the mine that will guide an investment decision based on current operations and possible future improvements to resources and mining.

4. To evaluate other exploration and mining acquisition opportunities in the Alliance area of Kuan City County that are presented by ZGC.

DONGLIANG MINING LICENCE

This mining licence is one of several highly prospective gold properties held by ZGC in the Alliance area. Gold mineralisation in the area is typically porphyry related and controlled by the intersection of major NW and NE regional scale structures. At Dongliang gold mineralisation occurs around the contact of a 700m diameter porphyry intrusive body and is hosted by highly fractured rock that is oxidised to 30m and has favourable leach characteristics.

Gold mineralisation in the Dongliang mining licence is exposed in four main lenses over 0.8 km of strike and is up to 22 metres wide at surface. ZGC has used extensive trenching and adit sampling in order to define the mineralisation but only a few diamond drill holes have been drilled. Current drilling is considered by Midas and ZGC to be inadequate to define the full potential of what is considered to be a substantial gold mineralised system and ZGC plans additional drilling during 2005. Subject to Midas' involvement in this drilling programme, the objective would be to reclassify resources according to JORC standard.

EXPLORATION ALLIANCE

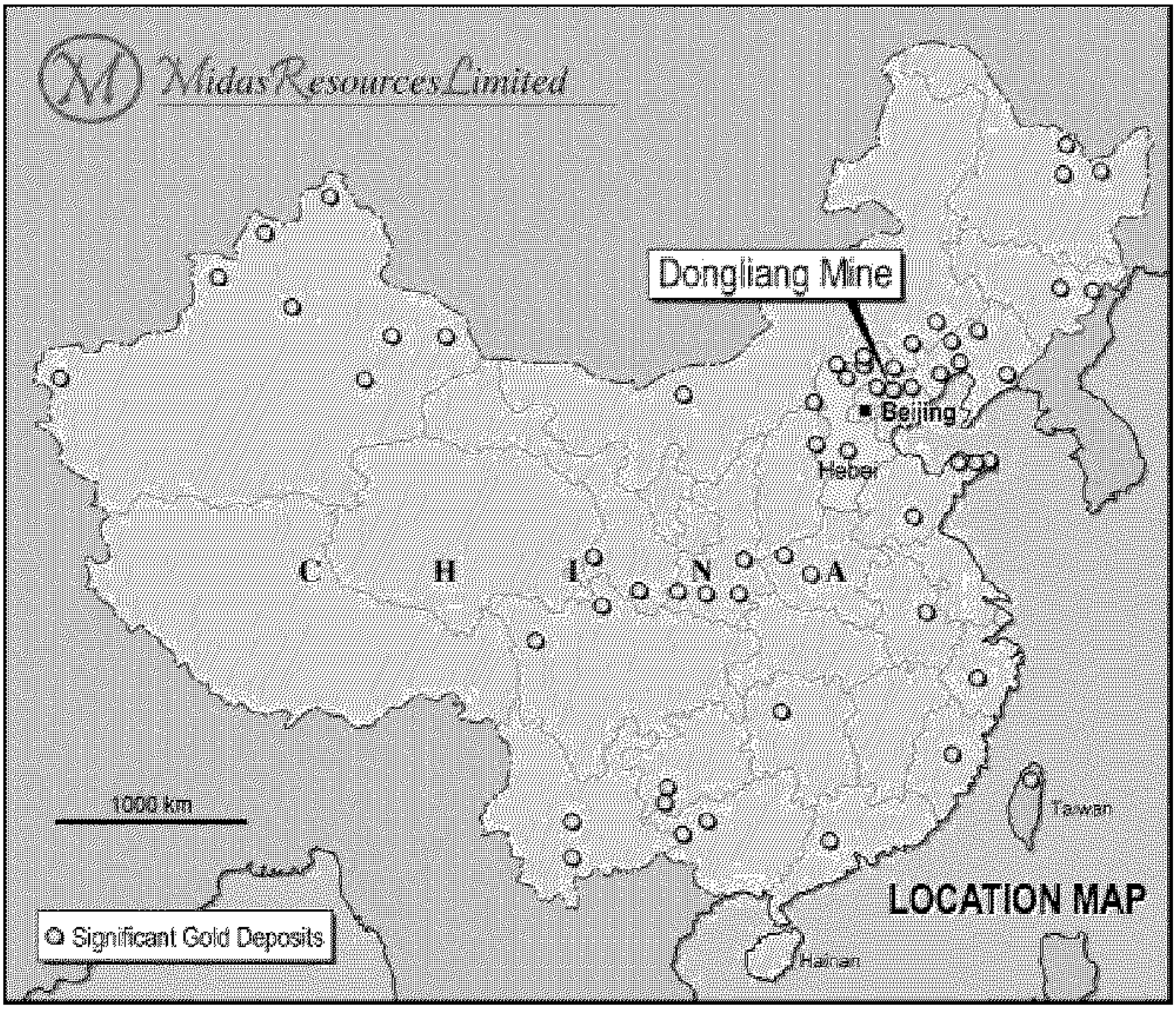
The Midas Board is highly enthusiastic about the opportunities created by an Alliance with ZGC in Kuan City County, Hebei Province, which is the fourth largest gold producing district in China with annual production believed to be around one million ounces.

The Alliance agreement will generate a stream of advanced gold and base metal projects for evaluation by Midas. The MOU outlines the terms for Midas' involvement in several other gold exploration projects, which are also subject to due diligence.

Midas is very pleased to have secured such a significant and unique agreement with China's pre-eminent gold producer, and looks forward to developing this relationship over time and building a successful gold and minerals business in China.

A successful conclusion to the deal will see Midas become a gold producer in the December quarter 2005 and having exclusive rights to other gold exploration projects held by ZGC.

Geoff Balfe
Managing Director



Location Map