

28 October 2005

AUSTRALIAN STOCK EXCHANGE LIMITED ("ASX")

Dear Sirs,



FIRST QUARTER ACTIVITIES REPORT

Midas Resources Limited ("MIDAS") is pleased to provide the following exploration report on activities for the three-month period ending 30 June 2005.

EXPLORATION HIGHLIGHTS

Midas Moving Forward on Dong Liang Gold Project, P.R. China

- Midas completes Due Diligence on the Dong Liang Gold Project and identifies significant potential for a large porphyry related skarn-gold system
- Midas Mining China Limited (MMCL) has the exclusive right to acquire a 55% controlling interest in the Dong Liang mining licence, an advanced gold project currently being developed by ZGC, plus the right to take up equity (under the terms of the MOU) in any new tenements applied for or purchased.
- At Connors Range in Queensland Midas has completed a comprehensive review of the significant legacy geochemical database and has identified six gold and copper-gold targets for follow-up.
- The Fortitude Gold Project in Western Australia is considered to have significant potential for future production if the gold price continues to firm and as the existing major producers in the district experience excess milling capacity. Midas has the Project under review in order to take advantage of any opportunity for development.

EXPLORATION ACTIVITIES

1.1 CHINA

Dong Liang Gold Project Due Diligence

Due Diligence has focused on the geology and mineralisation, resource estimation, and mining and metallurgy. Subsequent to the end of the Quarter Midas has given Notice to CNGC that it intends to exercise its right to acquire a 55% interest in the Dong Liang Project. Midas has commissioned specialist consultants for the Due Diligence and the following notes are paraphrased from the various consultants' reports:

Geology and Mineralisation

A major diatreme breccia complex several kilometres in diameter intruded by diorite and monzonite porphyries. Alteration includes two main stages:

- Silica, muscovite and potash around the margin of the porphyry
- Calc-silicate (skarn), carbonate, haematite and magnetite (+/- massive sulphides)

The breccia complex intrudes a metasedimentary sequence containing limestones and siltstones. Major structures trend N-W, N-S and E-W and are considered to be important controls on gold mineralisation.

There are two main styles of gold mineralisation:

- Skarn and massive sulphide
- Quartz-sulphide veins

Oxidised sulphides (gossan) have been the basis of all dump leach operations on the property. This mineralisation is developed in the altered sediments marginal to the porphyry. Quartz-sulphide veins are well developed in the altered porphyry and have been the target of high-grade artisanal mining over time. Stockworks of quartz-sulphide veins and disseminated copper-gold mineralisation have also been noted by Midas but have not previously been explored.

MMCL Sampling

Midas has carried out comprehensive chip-channel sampling of the accessible working faces in the currently operating Dong Shan pit and other mineralised outcrops. The results reported here are confined to the Mining Lease, which is the acquisition target. Summary diagrams with Midas' results are shown as figs 1 and 2 and results given in Table 1 below. Midas considers that the results indicate significant potential to extend the oxidised resource beyond the current pit limits and at depth. The results of previous sampling by CNGC of a horizontal adit under the north end of the Dong Shan pit included 50 @ 2.3 gpt Au. Individual 1.0 metre sample results up to 21gpt Au highlight the potential for discrete high-grade structures.

| Table 1 -- Midas Channel Sample Traverses | | | | | |
|--|-----------------|-------------|-----------|--------------|------------------|
| Pit | Traverse | From | To | Width | Grade g/t |
| Main | T1 | 0 | 72 | 72 | 1.14 |
| Main | T1 | 0 | 35 | 35 | 1.65 |
| Main | T2 | 0 | 55 | 55 | 0.82 |
| Main | T2 | 40 | 50 | 10 | 1.20 |
| Main | T3 | 0 | 58 | 58 | 0.70 |
| Main | T3 | 30 | 58 | 28 | 1.26 |
| Main | T4 | 0 | 60 | 60 | 0.96 |
| Main | T4 | 5 | 25 | 20 | 2.18 |
| North | T5 | 0 | 37.5 | 37.5 | 2.09 |
| North | T5 | 0 | 30 | 30 | 2.45 |
| North | T11 | 0 | 11 | 11 | 1.76 |
| North | T11 | 6 | 11 | 5 | 2.78 |
| North | T12 | 0 | 32 | 32 | 0.99 |
| North | T12 | 0 | 13 | 13 | 1.61 |
| South | T10 | 0 | 28.3 | 28.3 | 0.50 |
| South | T10 | 17.7 | 23.1 | 5.4 | 1.00 |
| Traverses have a continuous sequence of samples, except: there is a 2.5m gap in Traverse 5 Traverse 10 has several minor gaps in the most easterly 4 samples | | | | | |

Resource Estimation

The property has been subject to small scale mining and dump leaching of oxidized gold mineralization by previous owners for at least the last 20 years. CNGC identified gold resources and commenced small scale heap leach production in 2005. Exploration to date has focused on the surficial oxidized material which CNGC has defined by systematic trenching every 40m along the strike of the mineralized trend, plus two exploration adits and several shallow drill holes. Although there are extensive old leach dumps there is no overall quantification of the tonnes of material mined or the amount of gold recovered. Midas has resampled the exposed working faces in the Dong Shan open cut mine and has generally confirmed the sample results obtained by CNGC where access to sample faces is still possible.

Midas has reviewed the information supporting the CNGC resource estimation and has identified a JORC Code compliant pre-mining Inferred Resource estimate in three separate lenses:

Dong Liang Inferred Resource Estimate

| Lens | Tonnes | Grade (g/t gold) | Contained Ounces Gold |
|--------------|------------------|-------------------------|------------------------------|
| 1 | 483,000 | 2.2 | 34,000 |
| 2 | 1,938,000 | 1.6 | 98,000 |
| 3 | 221,000 | 1.7 | 12,000 |
| TOTAL | 2,642,000 | 1.7 | 143,000 |

This estimation is based on the polygonal method using longitudinal sections and includes sample data sourced from systematic surface trench sampling on 40m intervals, percussion drilling, and two horizontal adits. Mineralisation has not been extrapolated more than 80m below surface. A bulk density of 2.2g/cc has been used instead of 2.45g/cc used by CNGC.

Additional drilling and sampling will be required to elevate the resource classification to the Indicated and Measured Resource categories, which are the categories required to sustain an Ore Reserve estimation. The details of a Resource definition drilling programme are yet to be finalized between Midas and CNGC but it is expected that it will be based on a grid of 100m deep angle diamond core holes supplemented by additional surface trenching and then infilled by RC drilling.

Mining and Processing

The current mining method is drill and blast with run-of-mine material uncrushed and laid out in a leach pad. Grade control and process monitoring is rudimentary so that reconciliation is not possible. Midas' Due Diligence has identified a range of technical improvements that can be made to the mining and processing operation that are expected to be cash positive. Estimates of leach recovery are based solely on CNGC test work and this indicates a current leach recovery of only 51%. Key upgrades to the operation to be proposed by Midas include:

- Test work to determine the benefits to recovery by installation of a captive power plant and a crushing and/or conventional leach circuit.
- Establishment of a more rigorous grade control and process monitoring protocol.
- Optimisation of the leach cycle as a result of closer monitoring.
- Investigation into the benefits of agglomerating the crushed ore (so as to increase the permeability of the leach pads).
- Investigation into the retreatment of the extensive old leach dumps
- Other changes to include the layout of roads and leach pads so as to increase throughput and efficiency in line with the future scope of production.

It is the objective of CNGC to increase mine production from the current 150,000 tonnes per annum to 1.0 million tonnes per annum in 2006/2007, and a new leach pad has already been prepared and permitted for this level of production (fig 1). Midas intends to work with CNGC to achieve this goal, subject to the successful outcome of the resource definition drilling and implementation of the improved mining and processing practices outlined above.

Tenements

The acquisition involves a granted mining lease of 0.6km² (fig 1) and an adjacent 8km² exploration licence application that will be included in the project tenement package once granted.

Exploration Programme

Following completion of the acquisition the first objective of an exploration programme will be to systematically drill-out the resource along strike and to drill several step-out exploration holes testing for extensions to the mineralisation. The full scope and cost of the resource definition and exploration drilling is yet to be determined, but the Programme and Budget for this work will be formally agreed between the parties when the Sale and Purchase agreement is executed. The companies have provisionally allocated US\$1.0M for working capital which is intended to cover technical improvements to the mining and processing and the ongoing resource definition and exploration drilling in the first year of operation.

Midas sees significant exploration potential in the tenements and plans to carry out an airborne magnetic survey in order to help define major structures, the porphyry intrusions and magnetite-sulphide alteration zones.

Exploration Alliance

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.

Completion of the Sale Process

Conditions precedent to completion of the sale includes:

- Execution of the Sale and Purchase agreement, which will include a revised Mine Plan and an Exploration Programme and Budget that is acceptable to both companies, and
- Midas completing a successful fundraising within 60 days of execution of the Sale and Purchase Agreement.

The future cash payments to CNGC and initial working capital will comprise:

1. US\$2.0M on signing the Sale and Purchase Agreement in order to acquire a 36% Project interest, and
2. US\$1.0M for exploration and working capital over the first 12 months.
3. Within 18 months of execution of the Sale Agreement a further US\$1.0M to acquire a further 19% Project interest (bringing the total to 55%)

1.2 CONNORS RANGE PROJECT

The Connors Range project is situated about 100km west of Mackay and comprises five exploration permits for a total area of 604km². Midas has a registered 51% interest in the tenements under a joint venture letter agreement with Smarttrans Holding Limited and Marlborough Resources NL and Midas is continuing to increase its interest in the property.

Connors Range

Consultant Geochemist Stan Harrison was engaged by Midas to evaluate the extensive Connors Range legacy geochemical database. His final report was returned during the month indicating several prospects that require further exploration:

Mystery – 4 Mahalla Creek Anomaly (EPM14490) – Midas 100%

A strong, cohesive BLEG Au anomaly with coincident As and with a near- contiguous base metal anomaly has been identified that may reflect zonation within a large mineralised system (refer to Figure 1). If the Au and base metal anomalies have a common origin, then the restriction of the base metal anomalism to one vector suggests a tilted, vertically-zoned system rather than a system with a central auriferous core and a horizontal halo of distal base metals.

The occurrence of a BLEG Au anomaly with a fringing base metal anomaly to the north is in Stan's view very similar to Wirralie. Stan Harrison believes that the northern base metal anomalism may be caused by an epithermal system dipping to the north and exposing a lower base metal zone.

Mystery – Cu – 1 Anomaly (EPM10133)

Stan Harrison recognised a strong Cu-Mo sediment anomaly with no anomalous Au results. Very detailed infill sediment sampling has been done previously: peak values by company are given in the table below.

Sediments

| Company | Peak -80# Cu ppm | Peak -80# Mo ppm |
|----------------|-----------------------------|---------------------------------|
| CRA | 120 | 10 |
| PENZ | 85 | 10 |
| WMC | 305 | 24 |

This prospect is considered anomalous in Cu and Mo and warrants further follow-up.

Mystery – 6 Anomaly (EPM10133)

This anomaly represents a two sample ACM BLEG Au anomaly with Au values of 1.43ppb and 1.13 ppb. Although these values are low, anomalies of similar tenor around Wirralie have emanated from mineralisation such as Police Creek where epithermal gold mineralisation was located and drilled. The original anomaly that was followed up to locate the Police Creek prospect was only 1.19 ppb. There are only 2 rock samples from this anomaly area, and one sample reported 328 ppb Au with background As.

Mystery – 4 Anomaly (EPM12355)

This anomaly represents a 2 sample ACM BLEG Au anomaly with values of 6.69 ppb Au downstream and 15.4 ppb upstream. These values are very strongly anomalous for this part of Queensland. **Anomaly Mystery-5** (Six Mile Creek epithermal prospect) 2km to the southeast with an ACM BLEG of 3.03 ppb Au and anomalous -80# As could be considered to be an extension of this anomaly. A compulsory reduction has also been made to this tenement.

Anomaly 366 – 3 (EPM11134)

This anomaly lies to the north of the Waitara Porphyry Prospect and is an ill-defined anomaly formed by one BCL value of 5.45 ppb Au and with panned concentrate values to 180 ppb. There are no base metal analyses for these samples.

| Company | Peak BCL Au | Peak PC Au |
|----------------|--------------------|-------------------|
| Ross | 5.45 ppb | 180 ppb |
| Aber | 0.7 ppb | N/A |

Further Work

The five exploration targets detailed above have been identified as the most prospective of a large range of anomalies identified by Stan Harrison. Follow-up surface sampling is planned for these prospects during October and November. All necessary access permits have now been obtained.

1.3 UKALUNDA

Access agreements have been concluded with the indigenous owners thus permitting exploration to proceed in key areas.

1.4 LAKE CAREY PROJECT - FORTITUDE

To date the Company has not been able to negotiate acquisition of additional prospective tenements on reasonable terms. However, the Company remains pro-active in the region and considers that a rising gold price together with the possibility of excess milling capacity at several of the larger mining operations in the area augers positively for future development of Fortitude. Midas is currently in talks with one of the major operators in the district who is

evaluating the options for development of Fortitude and an exploration joint venture.

1.5 PHANTOM WELL PROJECT E39/462 (100% Midas, Barrenco Pty Ltd Has Right To Earn Back Up To 15%)

An assessment of the potential for nickel sulphides has involved interpretation of the detailed magnetics for the Phantom Well property and this has identified two prominent thickenings in the ultramafic stratigraphy that could be high MgO ultramafics and therefore favourable sites for nickel sulphides. A programme of reconnaissance aircore drilling has been designed to test these targets and grid lines have been cleared for drill access. Drilling will be carried out in November.

1.6 SUNSET PROJECT

No work was completed on the Sunset Project. Midas is continuing to review divestment opportunities for this project. The Braemore tenements P 37/5148 – 5151 have been sold to Hannans Reward Limited for \$75,000.

1.7 ALASKA – Uncle Sam

The details of the Kennecott Back-in agreement have been under review and it is expected that final agreement will be reached shortly. Meetings were held with Kennecott and Geoinformatics Exploration Inc executives during October in order to advance the negotiations. Midas is confident that the Back-in Agreement will be satisfactorily concluded in the next Quarter so that the planned drilling programme can be implemented in the northern hemisphere spring of 2006.

Midas considers that the Uncle Sam Project has potential for a large high-grade gold system and the Company plans to aggressively explore and drill test the property next year.

2.0 GROWTH OPPORTUNITIES AND PLANS

The Company has refocussed its exploration effort to the search for large “world class” gold systems in Alaska, China and Australia. The Board believes that the Company is in an important growth phase and now has several exciting advanced exploration projects. In the remainder of 2006 and in 2007 the Company will be focussing on the exploration and advancement of these projects.

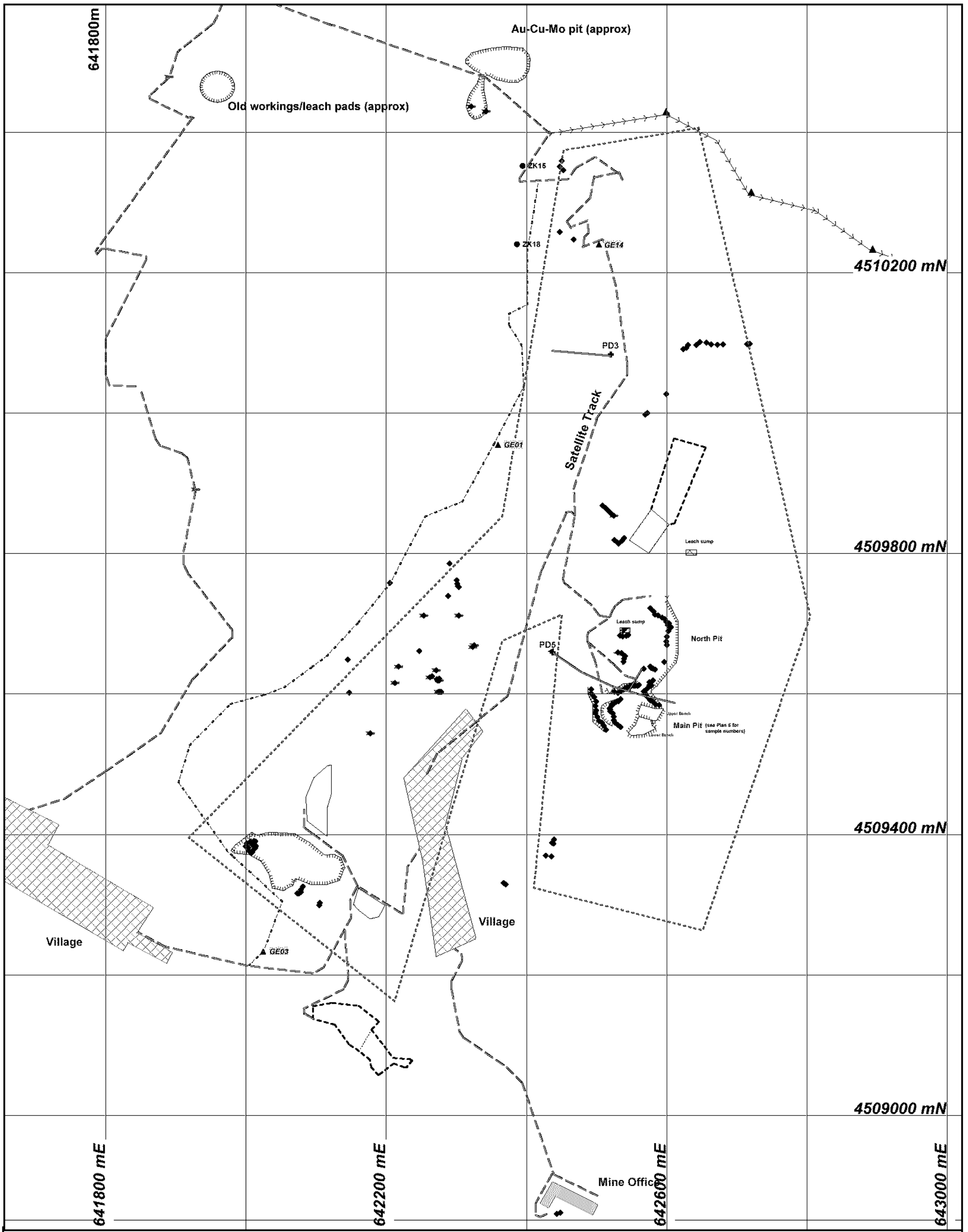
Yours faithfully



Geoff Balfe
Managing Director

MIDAS RESOURCES LIMITED

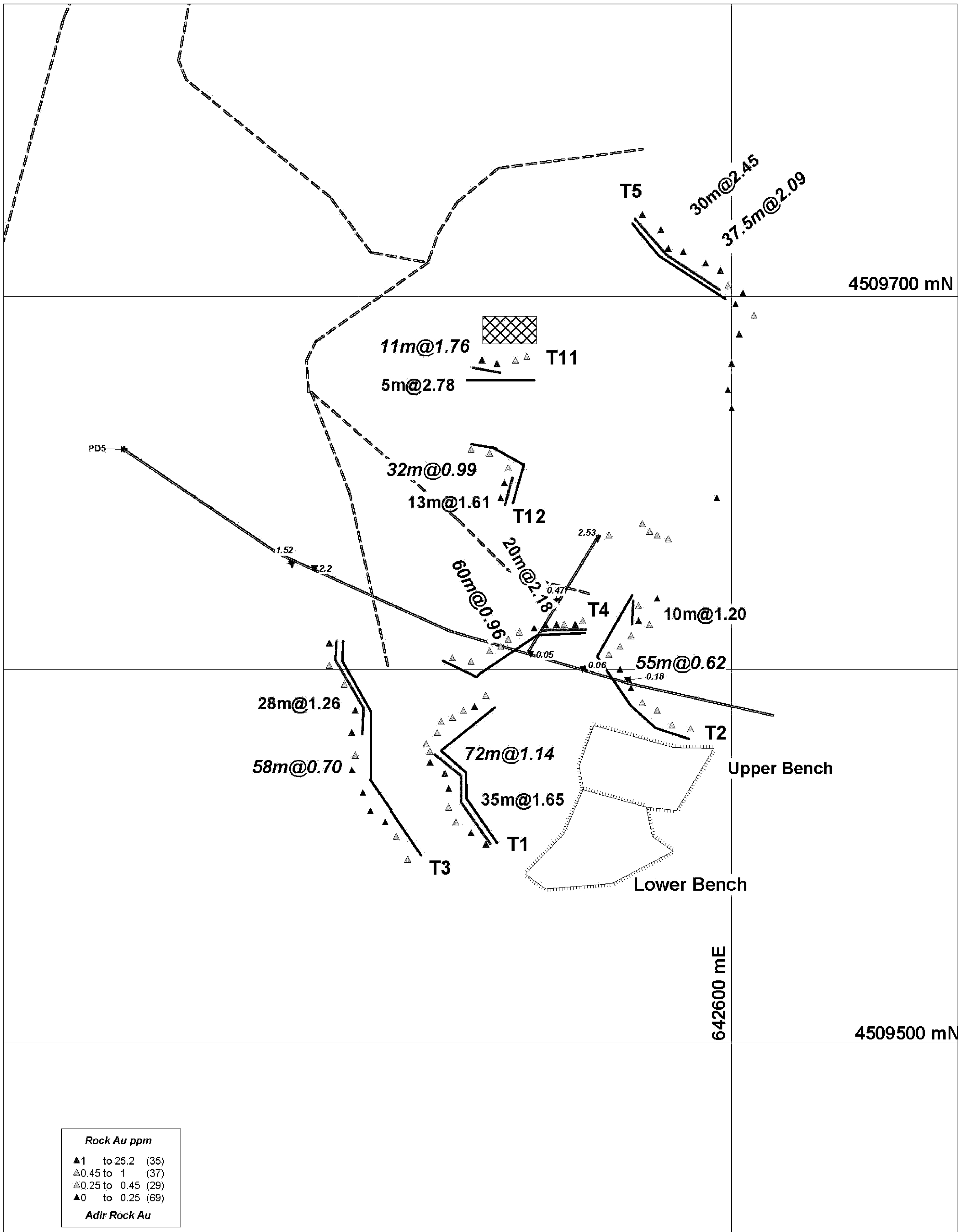
Attached: Figs 1 - 3



| | | | | | |
|---|--|--|--|--|---------------|
| MIDAS RESOURCES Ltd Dongliang Mine Area - NE China Overview & Sample Locations 1:5,000 <i>SJH Aug 2005</i> | | Active Leach Pad Old Leach Pad Drill Holes (collars not located accurately) | New Leach Pad New Survey Benchmarks Open adits | Artisanal adits County Boundary track Ridge Line North of Mine Peaks of ridge shown China Gold Mine Lease Area (approx - needs more accurate positioning) | WGS84 Zone50T |
|---|--|--|--|--|---------------|

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Fig 1



Rock Au ppm
▲1 to 25.2 (35)
△0.45 to 1 (37)
△0.25 to 0.45 (29)
▲0 to 0.25 (69)
Adir Rock Au

MIDAS RESOURCES Ltd
Dongliang Mine Area
Main & North Pits
Sample Traverses - Au Grades
1:10,000 SJH Sep 2005

T4 Traverse - label at start of traverse
/ 75m@1.11 Grade over whole traverse
/ 13m@1.22 Grade over selected intervals

▲ Surface Rock samples
▼^{2.53} Surface Rock samples - Au ppm

WGS84 Zone 50N

Fig 2

MIDAS RESOURCES CONNORS RANGE EXPLORATION TARGETS

8,654
Anomaly 366 - 3

**Mahalla Creek
Mystery - 4**

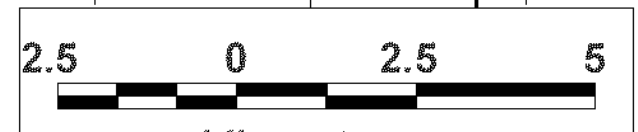
Mystery - 4

Mystery - 6

Mystery Cu - 1

CONNORS RANGE
TARGETED ANOMALIES

- Strong Copper Anomaly
- Strong Arsenic Anomaly
- Strong Gold Anomaly



8,753

Fig 3

