



21 April 2006

**AUSTRALIAN STOCK EXCHANGE LIMITED**

Dear Sirs

**THIRD QUARTER ACTIVITIES STATEMENT**

**EXPLORATION HIGHLIGHTS**

**Strong Positive Cash Flows Indicated By an Updated Fortitude Pit Optimisation Study**

- Significant potential cash flows (\$21M at \$750/oz) indicated for higher gold prices
- Cash positive in all cases, from a gold price of AUD\$500/oz and upwards, indicating low risk to gold price fluctuations

**Drilling Starts at the Uncle Sam Alaska Gold Project**

- Drilling commenced on the Company's Uncle Sam gold project in Alaska on March 19 following the execution of formal Joint Venture documentation.
- The drilling was planned to test up to 6 targets identified from previous soil sampling and drilling programs, including follow-up drilling of a previous intersection of 6.1m at 10.61 g/t gold that is closely related to a granitic intrusion.
- Seven drill holes were completed for a total of 813m, one additional hole was abandoned due to drilling problems and five holes have intersected significant quartz stockwork vein systems and granite hosted stockworks with sulphide mineralization.

### **Fortitude Resource Studies**

During the quarter Midas Resources received updated results from an independent pit optimisation study for the Fortitude Resource at a 1.0gpt Au cut off grade. The work was carried out by Minecomp Pty Ltd. The previous study was carried out in December 2004.

The Mineral Resource has previously been reported as both a “Global Mineral Resource” and as a “Core Area Mineral Resource”. The Global Mineral Resource entails the full mineralised strike length of the Fortitude shear zone while the “Core Area” is a more restricted 600m strike length part of that structure which contains the best developed lode formations and it includes the area of the previous pit designs.

The completed study is a scoping level assessment intended as a guide to the selection of an optimum case for more detailed mining studies including pit designs for potential inclusion in a future feasibility level assessment.

Tables showing JORC compliant Total Mineral Resources and Core Area Mineral Resources at a 1.0 gpt cut off grade are presented below:

#### “GLOBAL” MINERAL RESOURCE SUMMARY

	Tonnes	Grade	Ounces
Measured	974,000	2.0	62,724
Indicated	3,215,000	2.0	210,140
Inferred	2,453,000	2.1	164,199
Total	6,643,000	2.0	437,193

#### “CORE AREA” MINERAL RESOURCES

	Tonnes	Grade	Ounces
Measured	913,000	2.0	58,472
Indicated	2,883,000	2.0	188,069
Inferred	2,133,000	2.0	140,515
Total	5,930,000	2.0	387,027

### ***Pit Optimisation Results***

The following table shows the potential cash flows for the project before capital for a range of Whittle 3D optimum pit shells from \$500/oz to \$800/oz:

PIT	RESOURCE		OUNCES	OPERATING	OPERATING	OPERATING	OPERATING
SHELL	TONNAGE	GRADE	RECOVERED	PROFIT	PROFIT @	PROFIT @	PROFIT @
(\$/oz)	(t)	(g/t)	(oz)	(\$)	\$700/oz	\$750/oz	\$800/oz
					(\$)	(\$)	(\$)
500	369,896	3.08	34,484	4,847,216	11,571,666	13,252,778	14,933,890
525	432,802	2.94	38,445	5,741,453	12,301,191	14,175,402	16,049,613
550	571,121	2.76	47,578	6,851,007	13,809,287	16,128,714	18,448,141
575	698,577	2.67	56,397	8,140,451	15,013,895	17,763,272	20,512,650
600	811,100	2.62	64,335	9,652,420	15,925,113	19,061,460	22,197,806
625	903,275	2.62	71,508	11,299,912	16,528,917	20,014,920	23,500,923
650	993,326	2.62	78,751	13,121,536	16,960,656	20,799,776	24,638,896
675	1,018,460	2.60	79,875	15,045,541	16,992,502	20,886,422	24,780,342
700	1,072,211	2.57	83,289	17,022,203	17,022,203	21,082,545	25,142,887
725	1,165,666	2.56	90,136	19,104,357	16,907,282	21,301,431	25,695,581
750	1,222,254	2.56	94,583	21,368,009	16,757,102	21,368,009	25,978,916
775	1,294,167	2.56	100,219	23,745,172	16,416,660	21,302,335	26,188,010
800	1,340,459	2.56	103,869	26,229,203	16,101,955	21,165,579	26,229,203

Note : Assumes 10% Mining Dilution at 0.3gpt Au, 100% Mining Recovery and 94% Metallurgical Recovery; Utilising 44° overall pit slope, 1.0M tpa throughput.

The results indicate potential for financial robustness at all the above gold prices and the generation of significant cash flows at the higher gold prices. Cost data used in the study is based on updated cost estimates for current and planned mining operations in the Laverton area as provided to Midas by its consultants.

### ***Mining and Treatment Options***

The Company is pursuing various mining and treatment options for Fortitude. However, before any development mining/decision can be made it is necessary to complete a range of technical programmes including geotechnical and hydrological drilling and environmental monitoring. This work is essential to completing a full feasibility study and for preparing a Notice of Intent. The scope of this work is currently being finalized and budgeted.

### ***Exploration and Resource Drilling***

A review of exploration targets within and close to the Fortitude pit area has been carried out and drilling programmes have been designed with two objectives:

- Testing of potential high-grade shoot type targets
- Conversion of some remaining Inferred Resources to Indicated Resources.

### **Uncle Sam Alaska Drill Programme**

Drilling commenced during the quarter on the Uncle Sam gold project in Alaska. The drill program was expected to involve up to 16 Reverse Circulation percussion drill holes for a total of 2,000m testing a range of gold and multi-element anomalies and following up around some significant drill intersections obtained in a previous drilling programme. However, the drilling program was cut short due to an early spring thaw and only seven holes for a total of 813m were completed.

Uncle Sam is a joint venture between wholly owned subsidiaries of Midas Resources Limited (ASX:MDS) and Geoinformatics Exploration Inc (“GEX”) (CDNX:GXL.V). Midas has the right to earn up to a 75% interest subject to GEX’s right to contribute after Midas earns a 51% interest. Kennecott retains a 2%NSR but may exercise a back-in right under certain conditions. There are no state royalties applicable.

***Exploration for a high-grade “Pogo” Style Gold Deposit***

Uncle Sam is located in central Alaska within the prolific Tintina Gold Belt, which has a substantial endowment in excess of 200 million ounces (>600t) of gold, more than double the endowment of Western Australia’s Golden Mile. The property is in the same belt as several world-class (>100t) gold deposits such as the Pogo gold deposit of Teck Cominco and Kinross’ Fort Knox gold deposit. Each of these mines produces in excess of 400,000oz of gold per year. Kennecott targeted the Uncle Sam project area while conducting regional exploration in the Tintina Belt, and exploration on the property by Kennecott has involved 23 diamond drill holes and 50 shallow (max depth 73m) vertical RC holes. This drilling resulted in the identification of widespread gold mineralization. Highlights of the previous drill intersections are tabulated below.

PREVIOUS DRILL RESULTS (0.5gpt cut off grade)				
Hole ID	From	To	Interval Width (m)	Au (gpt)
USC001	28.0	34.0	6.0	0.64
USC001	194.0	197.3	<b>3.3</b>	<b>4.38</b>
USC002	1.2	7.0	5.8	1.25
USC002	17.0	23.77	6.8	0.88
USC002	86.0	92.77	6.8	1.29
USC005	86.25	89.65	3.4	1.45
USC007	70.0	73.0	3.0	1.60
USC011	87.78	99.0	<b>11.2</b>	<b>2.38</b>
USC011	103.0	107.0	<b>4.0</b>	<b>3.03</b>
USC013	32.0	38.0	6.0	1.56
USC013	79.35	88.0	<b>8.6</b>	<b>2.08</b>
USC013	125.0	128.5	3.5	0.86
USC018	106.98	119.79	<b>12.8</b>	<b>1.00</b>
USC021	18.9	30.78	<b>11.9</b>	<b>1.61</b>
USC021	35.05	40.54	5.5	1.19
USRC_03	28.96	32.0	3.0	0.60
USRC_04	10.67	13.72	3.1	0.85
USRC_06	28.96	38.1	9.1	1.09
USRC_07	24.38	29.87	<b>5.5</b>	<b>4.94</b>
USRC_22	24.38	30.48	<b>6.1</b>	<b>10.61</b>
USRC_38	9.14	12.19	3.1	0.60
USRC_39	57.91	60.96	3.1	0.76
USRC_40	6.1	9.14	3.0	0.95
USRC_40	48.77	51.82	3.1	1.05

Midas’ drill program was designed to follow-up on those targets that are considered indicative of large mineralised gold systems like Pogo and Fort Knox. These targets are

characterised by an association between gold, bismuth and tellurium; proximity to granitic intrusions, and the presence of major faults and structures that are potentially favourable hosts for mineralisation.

### ***The Drill Program***

Up to 16 drill holes to a depth of 150m were planned, mainly in the southeast of the property, where Pogo type geochemical anomalies are present and shallow granite intrusions are indicated by magnetic imagery and previous company drilling.

The permitting, logistics and overall conduct of the drilling program were managed by highly experienced Alaskan exploration consultants: Avalon Development Corporation under the supervision of Midas' recently appointed Exploration Manager Peter Ruzicka.

The drilling program was conducted in late winter so that the tracked drill rig and equipment could move over the snow-pack with minimal or no impact on the soil and vegetation. While some Alaskan exploration projects suffer from poor access, the Uncle Sam property is readily accessible all year round as it is located 90km southeast of Fairbanks and only 10km off a major highway.

### ***Drill Results Received Subsequent to the March Quarter***

Initial Uncle Sam drill results were released to the ASX on 13 April 2006 and the reader is referred to "Midas ASX Release 13 April" for more information.

### **Ukalunda Project, Queensland**

A programme of orientation geochemical sampling was carried out at the Ukalunda project during the Quarter. Evaluation of the large legacy geochemical dataset for Ukalunda found that there were significant unexplained geochemical anomalies and therefore the bulk of the work conducted was aimed at testing the quality of the previous sampling and verifying the anomalies. Selected soil sampling traverses were carried out over the strongest geochemical anomalies and results are pending.

A total of 91 soil samples were collected, sieved to -80# and submitted to ALS Townsville for low level aqua regia for Au, Cu, Pb, Zn, Ag, As, Bi, Mo, W and Sb. Results are expected early next quarter.

As well as re-sampling certain soil anomalies, the various gold and basemetal prospects were investigated. The highest concentration of old workings occurs in the southwest of the tenements hosted in the Walhalla Granodiorite. Previous workers have identified the mineralisation as porphyry style vein hosted Lower Carboniferous mineralisation. Work focussed on structurally mapping the old workings with six grab samples taken from several surrounding mullock dumps.

### **Mt Celia Tenements, Western Australia**

The tenements E39/866 and E39/865 covering the Mt Celia prospect were dropped during the quarter. The tenements totalled 5 graticular blocks. Recent field

reconnaissance downgraded the potential for a significant mineral discovery. Expressions of interest were sort from other parties prior to the relinquishment without response.

**Connors Range Project, Queensland**

No field work was carried out during the Quarter.

**P.R. CHINA**

***Shimian Exploration Joint Venture, Sichuan Province***

Formal joint venture documentation was executed with Geological Brigade 405 concerning the Shimian area in Western Sichuan Province. The Joint Venture area has been increased to 700km<sup>2</sup> and the agreement provides for Midas to contribute the first RMB1,008,000 (approx AUD\$169,000) and the brigade will contribute its extensive exploration database, technical staff and vehicles for the sampling programme. Geochemical sampling was already underway at the end of the Quarter and the first pass programme is expected to be completed in two months.

***Dali Nickel Sulphide Joint Venture***

Finalisation of joint venture documentation with Geological Brigade 310 in Yunnan Province is expected in June.

**COMMENT**

The Company remains proactive on acquiring worthwhile exploration ground in the Laverton area to compliment its existing tenement holdings. The Company is also continuing its efforts to secure suitable access to milling facilities for the Fortitude Project.

Drilling on the Uncle Sam gold project in Alaska was cut short due to an early spring thaw however seven holes were completed in the southeast project area testing a key target and final assay results are expected in early May. The company is proactive in Alaska due to its recognized world class gold potential and favourable outlook towards minerals exploration and mining.

Yours faithfully

**MIDAS RESOURCES LIMITED**



**GEOFF BALFE**  
**Managing Director**

*The information within this report as it relates to geology and mineral resources was compiled by Mr. Geoff Balfe. Mr. Balfe is a member of the Australian Institute of Mining and Metallurgy. Mr. Balfe is competent in the field of activity being reported on and consents to the inclusion of this information in the form and context in which it appears in this report.*