Midas Resources Limited

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19 December 2006

Vickrem Naiker
Companies Advisor
Australian Stock Exchange Limited
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

By facsimile: (08) 9221 2020

Dear Vickrem

Company Announcement dated 12 December 2006

I refer to your letter dated 18 December 2006 received today regarding the change in the Company's share price and trading volumes before the announcement of 12 December 2006 ("Announcement") and advise as follows:

1&2 The Company became aware of drill assay results contained in the Announcement as follows:

Holes FTRC154 to FTRC160(part)-(lab. Ref. U92474) received by facsimile and email, 5th December, 1.34pm western summer time;

Holes FTRC173(part) to FTRC175-(lab. Ref. u92478) received by facsimile and email 7th December, 1.09pm western summer time;

Holes FTRC166(part) to FTRC173(part)-(lab. Ref. u92477) received by facsimile and email 8 December, 2.02pm western summer time - i.e. approximately 2 hours after the Company lodged its response to ASX query on 8th December and after market close;

Holes FTRC160(part) to FTRC166(part)-(lab. Ref. u92476) received by facsimile and email 8 December, 2.21pm western summer time - i.e. approximately 2 hours after the Company's response to ASX query on 8th December and after market close

3. The Company received no preliminary results for any of the drillholes mentioned in the Announcement. All assay results received by the Company were in final form.

4. A trading halt was not requested on 8 December because the results received prior to the Company's response to the ASX query of 8 December sent at 12.47pm western summer time("Response"):

- represented the first results from a substantial drilling program still in progress;
- represented only 8% of the samples submitted from the planned program at the time;
- were part of an incomplete database in the process of being compiled and evaluated;
- including the results from 3 holes infill drilling part of a known JORC compliant Mineral Resource (best result 1m @ 2.18 g/t) and 7 extensional drillholes (best result 5m @ 4.53 g/t gold), including 4 holes that returned no intersections above 1 g/t gold.

The results received were therefore not considered significant or likely to have a material effect on the price of the Company's securities.

Early on the morning of the Announcement, members of the Company's Board and management reviewed the assay results received to that time, including the results received after market close on Friday 8th December (incl. 9m intersection @ 14.6 g/t gold in extensional hole FTRC164), together with the news received from China over the weekend that negotiations regarding the Dali nickel project had been terminated, and determined that the Company apply for a trading halt pending the release of an announcement to the market. The application for a Trading halt was lodged with ASX at 8.32am western summer time.

5. Personnel within the Company privy to the information contained in the Announcement were as follows:
Chairman Don Boyer, Managing Director Geoff Balfe, Exploration Manager Peter Ruzika, and Senior Geologist John Downing.

6. After making due enquiry the Company believes that, while Ultra Trace Pty Ltd completed the sample analyses on which the drill results in the Announcement were compiled, no-one external to the Company was privy to the information relating to hole numbers and drillhole locations in the Announcement.

Yours sincerely

Phillip MacLeod
Company Secretary

ASX
AUSTRALIAN SECURITIES EXCHANGE

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FAXED

18 December 2006

Phil Macleod
Company Secretary
Midas Resources Limited
Level 1
282 Rokeby Road
SUBIACO WA
6005

By Facsimile: (08) 9388 2600

Dear Sir

Midas Resources Limited (the "Company")

RE: Company announcement dated 12 December 2006.

We refer the following documents lodged with Australian Securities Exchange Limited ("ASX").

1. ASX Price Query dated 8 December 2006 (the "Query").
2. Company's response to Query dated 8 December 2006 (the "Response").
3. Company's request for trading halt, dated 11 December 2006 (the "Request").
4. Company's announcement titled "Exploration Update", dated 12 December 2006 (the "Announcement").

In light of movements observed in the Company's share price and trading volumes before the Announcement (the "Price Movements"), ASX requests the Company please respond to each of the following, in a form suitable for release to the market.

1. ASX requests that the Company advise the date on which it became aware of the drill results contained in the Announcement (the "Drill Results").

2. ASX requests that the Company advise how and when the Company became aware of the Drill Results contained in the Announcement.

3. ASX requests that the Company advise as to whether the Company was provided with any preliminary results for any of the drill holes mentioned in the Announcement, prior to the lodgement of the Announcement. If yes, when were these provided ?

4. If the answer to question 3 is yes and in light of the Price Movements, please advise why a trading halt was not requested on the 8 December 2006.

5. ASX requests that the Company advise whom (within the Company) were privy to the information contained in the Announcement, prior to its lodgement.

6. ASX requests that the Company advise whom (external to the Company) were privy to the information contained in the Announcemnt, prior to its lodgement.

Your response should be sent to me by facsimile on facsimile number 08 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, by not later than prior to commencement of trade (8.00am WDST on Wednesday, 20 December 2006).

If you have any queries regarding any of the above, please contact me on 9224 0032.

Yours sincerely,

Vickrem Naicker
Senior Adviser, Issuers
(08) 9224 0032