



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

CORPORATE DIRECTORY

Directors

Gilbert George	(Non-executive, Chairman)
Stephen Ward	(Managing Director and Chief Executive Officer)
Andrew Tsang	(Non-executive Director)
Benjamin Chow	(Non-executive Director)
Kgai Mun (Eric) Loh	(Non-executive Director)

Principal and Registered Office

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West Perth WA 6872

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Email info@mindax.com.au

Website

www.mindax.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Company Secretary

Christopher Pougnault

Bankers

Commonwealth Bank
1254 Hay Street
West Perth WA 6005

Westpac Banking Corporation
465 Scarborough Beach Road
Osborne Park WA 6017

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

Stock Exchange Listing

Shares in Mindax Limited
are quoted on the
Australian Securities Exchange:
ASX code: MDX (fully paid ordinary shares)

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CORPORATE GOVERNANCE STATEMENT

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances.

Mindax Limited (“**the Company**” or, including its subsidiaries, “**the Group**”) is a junior exploration company now transitioning to be a project developer and eventual producer. Its’ Board and management are committed to a high standard of corporate governance practices, ensuring that the Company and its’ subsidiaries comply with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

At the present point in the Company’s corporate development, the ASX Corporate Governance Principles and Recommendations are likely to be implemented in stages as the Company evolves, given the size and simplicity of the business. The principles, recommendations and details of the current and evolving governance practices are identified in the following pages.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The relationship between the Board and senior management is critical to the group’s long-term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term; and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of all shareholders and other key stakeholders and to ensure the group is properly managed. To fulfil this role, the Board is ultimately responsible for:

- providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
 - organisational performance and the achievement of the Group’s strategic goals and objectives;
 - compliance with the Group’s codes of conduct;
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors;
- appointment, performance assessment and, if necessary, removal of the Managing Director;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Chief Financial Officer and the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group’s system for compliance and risk management reporting to shareholders;
- ensuring appropriate resources are available to senior management.

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are the responsibility of the Managing Director. The Managing Director's performance is reviewed annually by the other non-executive Board members. Further, the Chairman is responsible for administering an evaluation of Board performance on an annual basis.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board operates in accordance with the broad principles set out in its **Board Charter** (which was formally adopted on 16 August 2010). The charter details, amongst other things, the Board's composition, roles, responsibilities and Board evaluation processes.

The Company has a five member Board comprising one executive director and four non-executive directors, including the Chairman. The roles of Chairman and Managing Director are not combined. Four of the five directors reside in Australia with one director (Mr Loh) residing in Singapore.

The Group's Managing Director, Dr Ward is not considered independent by virtue of his executive role in the Group, neither are Messrs George, Chow or Loh by virtue of financial remuneration received as consultants during the previous three financial years or post financial year end. Mr Tsang is a substantial shareholder of the Company and is therefore not considered independent. The Board has considered its materiality threshold and deemed it too small to have a majority of independent directors on the Board.

The full Board currently hold a number of scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address significant matters as they arise.

Standing Board meeting agenda items include the Managing Director's report, financial reports, strategic matters, governance and compliance.

Board members possess complimentary business disciplines and experience aligned with the Company objectives. The experience and qualifications of directors are noted in the Directors' Report.

Where any director has a personal interest in a matter, the director is not permitted to be present during discussions or to vote on the matter. The enforcement of this requirement ensures that the interest of shareholders, as a whole, are pursued and not jeopardised by a lack of a majority of independent directors.

Where appropriate the Company will engage Board members as consultants to provide specialist input into Company matters.

Mr George acts as Chairman of the Company and while not satisfying the 'independence test' set out in the ASX's Corporate Governance Principles and Recommendations, it is considered Mr George's appointment is in the best interests of the Company and is without conflict given its size.

The Board formed an Audit committee (commenced December 2004) currently comprising Messrs Loh, Chow and George; as well as a Remuneration committee (commenced December 2004) which currently comprises Messrs Tsang, Chow and George.

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Company has also formed a Nominations Committee (formalised September 2010) comprised of the non-executive directors of the Company. The Nominations Committee and the Board give consideration to the appointment of specialist and independent directors when the activities and scale of operations of the Group warrant such appointments.

Details of the directors' qualifications and attendance at such committee meetings are set out in the Directors' Report.

New directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a comprehensive formal induction program which covers the operation of the Board and its committees and financial, strategic, operations and risk management issues.

The Constitution of the Company notes that non-executive directors cannot hold office for a period longer than three years without submitting themselves for re-election at the next relevant AGM. One third of the non-executive directors must retire by rotation at each AGM together with any new directors appointed by the Board during the period since the last general meeting. Retiring directors are eligible to stand for re-election.

Each year the Board will conduct an evaluation of its performance. The Chairman is responsible for administering such evaluation.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of conduct

The Company has developed a statement of values and a **Code of Conduct ("the Code")** which has been endorsed by the Board and applies to all directors and employees. The Code was formally adopted in 2010 and updated in September 2012. The Code will be reviewed at least once every two years and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all company personnel act with integrity, objectivity and in compliance with the letter and spirit of any applicable law, rule or regulation; together with the protocols, policies and procedures of the Group.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Group's policies to promptly report these using the Group's whistle-blower program. This can be done anonymously.

The Audit Committee reports directly to the Board on the compliance with the Code and has responsibility for the initial investigations for significant issues raised under the whistle-blower program.

Dealing in Company Securities, Misuse of Price Sensitive Information and Insider Trading

Mindax Limited has in place a formal policy on "**Dealing in Company Securities, Misuse of Price Sensitive Information and Insider Trading**" which applies to all directors and employees.

Any proposed trading in the Company's securities by directors (other than the Managing Director), staff and other company officers is to be firstly advised to the Managing Director. The Managing Director must himself/herself advise the Chairman of any trade proposed by him/her. Once the Managing Director or Chairman (as applicable) has given approval, the relevant trade may be executed. Such policy clearly mitigates the risk of breaching the insider trading provisions and gives the Managing Director control to restrict trading if the Managing Director may be privy to sensitive

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

information before the other Company officers and personnel are, or the Managing Director has knowledge that certain sensitive information (e.g.: exploration results) are due for receipt within a short term timeframe.

The Board may also impose trading bans at any time if it considers that as a consequence of any circumstances that have not been disclosed to the market, there is a risk that they or the Group's employees or other company officers may trade inappropriately.

Group directors, staff and other company officers are prohibited from trading during the following 'closed periods':

- a) during the two week period immediately before the release of Mindax's quarterly reports;
- b) two weeks immediately before the Company's Annual General Meeting when it is customary for the Chairman and Managing Director to provide further information about the Group's current business activities; and
- c) not until after a reasonable amount of time has passed in respect of a market announcement that released what was price sensitive information, which was not previously available to the market, is released (generally two trading days, unless another period is considered appropriate by the Board).

Directors, officers and employees with any non-public sensitive information are prohibited from purchasing or disposing of Company securities, in accordance with the Corporations Act 2001.

Directors must advise the Company of any transactions conducted by them in the securities of the Company, in accordance with the Corporations Act 2001 and ASX Listing Rules.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

Workplace Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Group has developed and adopted a **Diversity Policy**. This policy outlines the Group's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity and for the Board to assess annually both the objectives, and the Group's progress in achieving them.

The Diversity Policy provides a framework for the Group to achieve:

- a) diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- b) workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- c) improved employment and career development opportunities for women (noting that 25% of Mindax's current employees are women);
- d) work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

In accordance with this policy and ASX Corporate Governance Principles, the Board will establish objectives in relation to diversity. The aim is to achieve such objectives over the coming 1 to 2 years as director and senior executive positions become vacant and appropriately skilled candidates are available.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Audit Committee is responsible for reviewing and reporting to the Board on the Group's financial reports and external audit processes.

The Managing Director and Chief Financial Officer ordinarily provide a certification to the Board on the integrity of the Company's external financial reports. The Managing Director and Chief Financial Officer also normally provide additional certification that the financial statements are founded on sound risk management systems and that compliance and control systems are operating efficiently and effectively in respect to financial reporting risks. However, as the Company did not have a Managing Director as at 30 June 2012 (Dr Ward was not appointed until 30 July 2012), the Chair of the Audit Committee, Mr Loh, and the Chief Financial Officer provided such certifications.

The Board considers that risk management and internal compliance and control systems are sufficiently robust for the Board to place reliance on the integrity of the financial statements.

Audit processes and policies

The Audit Committee consists of the following non-executive directors:

E Loh (Chair)

G George

B Chow

Details of the directors' attendance at Audit Committee meetings are set out in the Directors' Report. The Board is also ultimately responsible for the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The responsibilities include:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- monitoring the effective operation of the risk management and compliance framework;
- reviewing the effectiveness of the Group's internal control environment including compliance with applicable laws and regulations;
- the nomination of the external auditors and the review of the adequacy of the existing external audit arrangements;
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence; and
- review and monitor related party transactions and assess their propriety.

The minutes of all committee meetings are circulated to all directors.

The external auditor, BDO Audit (WA) Pty Ltd ("**BDO Audit**") has engagement terms refreshed annually and has indicated its independence to the Board. BDO Audit were appointed as auditors in December 2003.

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 5 & 6: MAKE TIMELY AND BALANCED DISCLOSURES AND RESPECT THE RIGHTS OF SHAREHOLDERS

The Board adopts communications strategies and practices to promote communication with shareholders, in language capable of interpretation, and to encourage effective participation at General Meetings. The external auditor will attend the annual general meeting to respond to specific questions from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

As set out in the Company's Continuous Disclosure Policy, the Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules. The Managing Director and Chairman are responsible for communication with analysts, brokers, shareholders, the media and the public.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- electronic communication via the ASX website and the Company's website; and
- notices of all meetings to shareholders.

The Board encourages full participation of shareholders at the General Meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to shareholders as single resolutions.

Shareholders are requested to vote on the appointment of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder upon request.

Timely and balanced disclosure

The Board supports the Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community". The Board endorses a culture in favour of continuous disclosure and recognises the benefits of consistency to be achieved through a dedicated authorised spokesperson(s).

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market. Notably, continuous disclosure is discussed at all regular Board meetings and on an ongoing basis to support compliance.

The Group's website also enables users to provide feedback and has an option for shareholders to register their email address for direct email updates on company matters.

The Group seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making all Company announcements, media briefings, details of Company meetings, press releases for the last three years and financial reports for the last five years available on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Group has identified material business risks associated with its day-to-day operations and the possible impacts on the Group as a consequence. This is recorded in the Group's internal register and is continuously being developed and updated. The Group aims to review its' risk management policies on a six monthly basis to mitigate material risks identified from eventuating and to ensure a sound internal control system is in place. The Managing Director and

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Company Secretary are required to report to the Board if any material business risks that significantly impact on the business have arisen since the last Board meeting and if an effective internal control policy is in place and has been followed (as applicable). The Board declares that a sound and effective risk management and internal control system had been adhered to and operated during the financial year ended 30 June 2012.

In summary, the Group's internal risk management policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

The Chair of the Audit Committee and the Chief Financial Officer have provided additional certification that the financial statements are founded on sound risk management systems and that compliance and control systems are operating efficiently and effectively in respect to financial reporting risks.

Considerable importance is placed on maintaining a strong control environment. The organisation has been structured in a way to clearly draw lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration Committee consists of the following non-executive directors:

B Chow

A Tsang

G George

Details of these directors' attendance at Remuneration Committee meetings are set out in the Directors' Report. The Remuneration Committee advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for executive and non-executive directors and in respect of all equity based remuneration plans. Ultimate responsibility for the Company's remuneration policy rests with the full Board.

The remuneration policy states that executive directors may participate in share option schemes with the prior approval of shareholders. Other executives may also participate in employee share option schemes, with any option issues normally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in appropriate circumstances.

Information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the 'Remuneration Report'. In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

Each member of the senior executive team signs a formal employment agreement at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard agreement refers to a specific formal job description.

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Nominations Committee presently assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for senior positions.

ACCESS TO PROFESSIONAL ADVICE BY THE BOARD AND COMMITTEES

Issues of substance are considered by the Remuneration Committee and Board with external advice from its professional advisers as required. The Board's individual members can seek independent professional advice at the Company's expense in carrying out their duties, subject to the Chairman approving the terms of such external advice.

SUMMARY

Mindax Limited has adopted the following policies and charters:

- Board Charter;
- Code of Conduct;
- Securities Trading Policy;
- Diversity Policy;
- Audit Committee Charter;
- Continuous Disclosure Policy;
- Shareholder Communication Policy;
- Remuneration Committee Charter; and a
- Nominations Committee Charter.

The Company is non-compliant with respect to the majority of directors being considered independent for reasons stated. Other corporate practices are compliant and subject to regular review.

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MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT

Your directors present their report for the financial year ended 30 June 2012.

The names of the directors in office at any time during, or since the end of, the year are set out in the table below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME	POSITION	APPOINTED/RESIGNED
G. George	Non-executive Chairman	
S. Ward	Managing Director and Chief Executive Officer	(appointed 30 July 2012)
A. Tsang	Non-executive Director	
B. Chow	Non-executive Director	
Kgai Mun (Eric Loh)	Non-executive Director	(appointed 29 March 2012)
J. Stacpoole	Non-executive Director	(appointed 27 April 2012 and resigned 20 August 2012)
G. Bromley	Managing Director	(resigned 27 April 2012)
K. Pettit	Non-executive Director	(resigned 14 May 2012)

The names of the company secretaries in office at any time during, or since the end of, the year are:

NAME	POSITION	APPOINTED/RESIGNED
A Francesca	Company Secretary	(resigned 5 April 2012)
C Pougnault	Company Secretary and Chief Financial Officer	(appointed 5 April 2012)

PRINCIPAL ACTIVITIES

During the year, the Group's principal activity was mineral exploration.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$2,299,213 (2011: \$2,412,051). The loss was largely a result of write off of exploration expenditure previously capitalised and general costs and overheads associated with running the Group for the 12 months to 30 June 2012.

REVIEW OF OPERATIONS - CORPORATE

Completion of entitlements issue in August 2011

On 15 August 2011 the Company completed a Renounceable Entitlements Issue offered pursuant to a Prospectus dated 1 July 2011.

Eligible Shareholders subscribed for 5,353,674 new shares (together with 5,353,674 free attaching new options on a 1 for 1 basis) at an issue price of \$0.25 (twenty five cents) per new share. The balance not subscribed for of 13,646,326 new shares (together with free attaching new options on a 1 for 1 basis) reverted to Patersons Securities Limited ("Patersons") as partial underwriter to the Entitlements Issue. Patersons partially underwrote the offer to the extent of \$4.75 million, representing the minimum subscription under the offer.

The Entitlements Issue raised gross proceeds of \$4.75 million; with the final number of securities issued totalling 19,000,000 new ordinary shares and 19,000,000 new options.

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DIRECTORS' REPORT (CONTINUED)

The new ordinary shares ranked equally with existing ordinary shares on issue while the new options formed a new class of quoted securities (ASX: MDXOA – now expired).

Placement in February 2012

On 21 February 2012, the Company completed a placement of 17,500,000 ordinary fully paid shares at \$0.10 (ten cents) per share and raised gross proceeds of \$1.75 million (before associated issue costs). The placement was finalised on 28 February 2012. The funds were used to advance Mt Forrest prefeasibility studies, further drilling & exploration, and working capital.

The placement was made to a number of sophisticated and professional investors, and the securities issued under the Company's 15% placement capacity. The investors included one of the Company's largest shareholders, LAP Exploration Pte Ltd, who subscribed for 10,000,000 ordinary fully paid shares (representing \$1,000,000).

The placement funds cleared and shares issued on 28 February 2012.

Placement in September 2012

On 6 September 2012 the Company completed a placement of 8,000,000 ordinary fully paid shares at \$0.085 (eight and a half cents) per share to raise gross proceeds of \$680,000 (before associated issue costs). The funds raised are to be applied to the commencement of the Mt Forrest Iron project feasibility studies, further exploration of the Company's uranium project and to provide working capital.

The placement was made to a number of sophisticated and professional investors, and the securities issued under the Company's 15% placement capacity.

The placement funds cleared and shares issued on 7 September 2012.

Exercise of Listed and Unlisted Options

On 13 July 2011 and 18 July 2011 respectively the Company issued 2 ordinary shares and 7 ordinary shares from the exercise of a total of 9 listed options (MDXO) with an exercise price of \$0.75 each expiring on date of 1 December 2011. On 1 May 2012, 2,000 ordinary fully paid shares and 2,000 attaching unlisted options (with a \$0.35 exercise price, expiring 31 May 2015) were issued as a result of the exercise of listed options (MDXOA) with an exercise price of \$0.30 each expiring on 30 April 2012.

Subsequent to the above, a further 330 ordinary fully paid shares and 330 attaching unlisted options (with a \$0.35 exercise price, expiring 31 May 2015) were issued on 8 May 2012 as a result of funds received from the exercise of 330 MDXOA options having cleared. The applications to exercise the options together with the relevant exercise monies were received by the Company prior to 5:00pm (WST) 30 April 2012 (being the expiry date of the MDXOA series of options).

On 1 June 2012, 5 ordinary fully paid shares were issued as a result of the exercise of unlisted options (MDX7751) expiring on 31 May 2015, with an exercise price of \$0.35 each.

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DIRECTORS' REPORT (CONTINUED)

Expiry of Listed and Unlisted Options

The following options issued by the Company expired during the year without exercise:

1. 64,938,800 listed options (MDXO) with an exercise price of \$0.75 each expired on 1 December 2011.
2. 3,000,000 unlisted options (MDX7747) with an exercise price of \$0.75 each expired on 1 December 2011.
3. 1,800,000 unlisted options (MDX7746) with an exercise price of \$0.60 each expired on 31 March 2012.
4. 18,998,000 listed options (being 19,000,000 listed options (MDXOA) less the 2,000 options exercised on 1 May 2012) with an exercise price of \$0.30 each expired on 30 April 2012.
5. 250,000 unlisted employee options (MDX7742) with an exercise price of \$0.53 each expired on 1 August 2012.

Issue of Employee Shares and Options

On 11 October 2011 the Company issued to unrelated, arm's length employees of the Company 600,000 ordinary shares and 3,500,000 unlisted options. The shares were issued pursuant to the Company's Employee Share Plan, the terms of which were approved at its 2010 Annual General Meeting ("**AGM**"). The unlisted options were issued pursuant to the Company's Employee Option Scheme, the terms of which were approved at its 2008 AGM and refreshed at its 2011 AGM.

The Shares were valued at \$0.15 per share as per their market price on the date of issue.

The Unlisted Options were issued in two tranches.

- 1) The first tranche of 1,750,000 Unlisted Options was issued with an exercise price of \$0.45 expiring on 30 September 2013. The Options were valued at \$0.014 each using the Black-Scholes option valuation model (refer Note (25): Share-based Payments).
- 2) The second tranche of 1,750,000 Unlisted Options were issued with an exercise price of \$0.60 expiring on 30 September 2014. The Options were valued at \$0.018 each using the Black-Scholes option valuation model (refer Note 25).

First Section 249 Notice of Requisition of Meeting

On 5 March 2012, the Company received a notice pursuant to section 249D of the Corporations Act ("**249D Notice**") from Mr Andrew Tsang, a non-executive director of the Company who held 22.83% of the shares in the capital of the Company, requesting that the Company convene a meeting of shareholders to remove Managing Director, Mr Gregory Bromley, and non-executive director, Mr Kenneth Pettit, as directors of the Company and to appoint Mr John Stacpoole as a director of the Company.

The 249D Notice was subsequently withdrawn by Mr Tsang on 27 April 2012 upon the resignation of Mr Bromley as Managing Director of the Company and the general meeting convened by the Company was consequently cancelled.

Second Section 249D Notice of Requisition of Meeting

On 10 April 2012, the Company received a 249D Notice from Shareholders holding more than 5% of the Company's shares, requesting the Company call and arrange a general meeting to remove of two of the Company's non-executive directors, namely Mr Andrew Tsang and Mr Benjamin Chow.

The Company convened a general meeting in compliance with the Corporations Act which was held on 8 June 2012. All resolutions put to the general meeting lapsed due to a lack of support to propose the motions by shareholders present at the meeting. Having regard to this and the valid proxy votes received for the meeting, the Chairman of the meeting determined that such resolutions could not be supported and did not force the resolutions to a vote or poll.

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DIRECTORS' REPORT (CONTINUED)

Heads of Agreement with Sumitomo Corporation

On 1 March 2012, the Company announced it had entered into a Heads of Agreement (“**HoA**”) to form a strategic partnership with Japan’s Sumitomo Corporation, to fast track feasibility and development of the direct shipping ore (“**DSO**”) component of Mindax’s Mt Forrest Iron Project. It was proposed that Sumitomo would have the right to acquire up to a 70% interest in the Project by way of farm-in, spending up to \$115 million in stages. Sumitomo were granted exclusivity for two months to undertake due diligence in consideration for the payment of an exclusive information fee to Mindax of \$1M, payable in two equal non-refundable instalments.

On 27 March 2012, the Company announced an amendment to the HoA, as a result of the aforementioned Section 249D Notice lodged by Mr Tsang and the potential for a significant change in the Company's board and management, the Company and Sumitomo agreed to defer payment of the exclusive information fee until 18 May 2012. Payment of the fee would be subject to Sumitomo receiving written confirmation from Mindax after a general meeting of shareholders on 27 April 2012, but by 14 May 2012 at the latest, that the Company continues to support the HoA. Upon payment of the fee, the aforementioned exclusivity provisions of the HoA would commence.

On 15 May 2012, the Company terminated the Heads of Agreement with Sumitomo Corporation following a majority decision of the Board not to issue the written confirmation required by the Amended of Heads of Agreement.

REVIEW OF OPERATIONS - EXPLORATION

Uranium (Comprising the Yilgarn Avon Joint Venture – Palaeochannel Project)

A maiden uranium resource for the Yilgarn-Avon Joint Venture (“YAJV”) was announced in November 2011. This is the first time a uranium resource has been estimated on a prospect in the Wheatbelt region of Western Australia and is an excellent starting point for the YAJV to begin building a significant inventory of uranium pounds. Independent Geological Consultants, Optiro Pty Ltd (“Optiro”) estimated the mineral resource for the uranium mineralisation at the YAJV’s Mukinbudin Project to be 3.2Mlbs at 0.02% U₃O₈ using a 100ppm (0.01%) U₃O₈ cut-off. This resource is classified as Inferred and was reported in accordance with the JORC Code 2004 and consists of 1.1Mlbs at 0.03% U₃O₈ at the Jindarra Prospect and 2.1Mlbs at 0.02% U₃O₈ at the Yandegin Prospect. Table 1 below shows the mineral resource as estimated by Optiro.

Table 1 – YAJV Resource Tabulation by Prospect at 100ppm U₃O₈ cut-off

Prospect	Category	Tonnes [Mt]	Metal [t]	Grade [%]	Grade [ppm]	U ₃ O ₈ [Mlbs]
Jindarra	Inferred	1.86	500	0.03	273	1.12
Yandegin	Inferred	4.36	950	0.02	221	2.12
Total	Inferred	6.22	1,450	0.02	237	3.24

Note: Some inconsistencies due to rounding may occur

Copper, Gold (Comprising the Yilgarn Avon Joint venture – Mortlock Project)

- A detailed review of the project has been conducted during the year. All datasets were reinterrogated and the exploration targeting register updated.
- Recommendations for partial relinquishment and full surrender of some exploration tenements have been made; and as a result, a significant program of tenement rationalisation has occurred. However all priority targets have been retained.

Gold (Comprising the Meekatharra Project)

- No significant fieldwork was undertaken during the year and discussions are underway with a potential Joint Venture partner for this project.

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DIRECTORS' REPORT (CONTINUED)

Iron Ore (Comprising the Mt Forrest Project)

Scoping Study

In April 2012 a Scoping Study was completed on the Mt Forrest Iron Project ("the Project") covering a modest beneficiated DSO option and a major magnetite concentrate option as the key end members of a range of iron products contemplated in any mining scenario at Mt Forrest. The study was carried out to normal industry standards and aimed to achieve an accuracy of +/-30 per cent and was based on resources of both Inferred and Indicated JORC categories. Its purpose is the ongoing development of a business case for mining at Mt Forrest and the process will continue through the feasibility stages of the project development. The key points are:

- Both a beneficiated magnetite product option and a beneficiated DSO product indicate potentially robust projects.
- The DSO Regolith option is based on production of 1.3 Mtpa of beneficiated hematite-goethite product over approximately a 7 year mine life.
- The Magnetite option is based on concentrate production of 10 Mtpa over approximately an 18 year mine life.

The path to production will require a series of permits to mine to be attained, encompassing environmental and heritage clearances and the establishment of a clear transportation pathway from the mine to the port. These aspects will continue to be negotiated in parallel with the feasibility process.

Mineral Resource Update

Updated resource modeling was carried out during the year by independent geological consultants Optiro for the regolith iron mineralisation and the underlying magnetite mineralisation.

The revised mineral resource of regolith iron mineralisation, above a 40% cut-off, was estimated to be 14.7 million tonnes at 45.4% Fe (Indicated and Inferred Mineral Resource classification). Table 2 summarises the regolith iron resource at a 40% Fe cut-off, as reported by Optiro.

Table 2 – July 2012 Mt Forrest Iron Mineral Resource Regolith Mineralisation at a 40% Fe Cut-Off

Resource Category	Thousand Tonnes	Mean Fe%	Mean SiO ₂ %	Mean Al ₂ O ₃ %	Mean P%	Mean S%	Mean LOI%
Indicated	12,338	45.5	23.0	5.1	0.06	0.07	6.1
Inferred	2,367	44.8	26.4	4.5	0.05	0.06	4.6
Total	14,705	45.4	23.5	5.0	0.06	0.07	5.8

Note: Some inconsistencies due to rounding may occur

Regolith iron metallurgical work was conducted by Ammtec Ltd under the management of Vulcan Technologies Pty Ltd. Results from this metallurgical testwork program on three representative Mt Forrest regolith iron samples above a 40% Fe cut-off returned product grades of up to 63% Fe with mass recoveries greater than 70%, along with low levels of gangue mineralogy. These results have provided confidence that the lower grade material (the abovementioned 14.7Mt @ 45.3% Fe) can generate a marketable product significantly adding value to the project overall.

Three representative Regolith composites were generated for testing comprising:

- Sample 1 – 40 - 50% Fe range.
- Sample 2 – 50 - 60% Fe range.
- Sample 3 – 50 - 60% Fe range with internal dilution.

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DIRECTORS' REPORT (CONTINUED)

The testwork included gravity, magnetic and density separation processes with density separation at -3mm (no grinding is necessary) showing the best upgrade and mass recovery. Key points from the testwork are:

- Up to 28% Fe upgrade for sample 1 where the average head grade at 45% Fe increased to 58% Fe with a mass recovery of 63%.
- Up to 73% reduction in silica and 79% reduction in alumina levels were achieved in sample 1.
- Samples 2 and 3 saw modest upgrades in iron by up to 14% from average grade >55% Fe to 63% Fe with low impurity levels reporting to 2.2% alumina and 4.8% silica and low levels of phosphorous at 0.07%. The mass recoveries for both samples exceeded 70% and sample B2 up to an outstanding 82%.

Further test work will be carried out during the feasibility studies.

With the positive metallurgical testwork results, there is a considerable amount of untested strike potential as well as additional new strike potential of previously drilled lower grade mineralisation that can potentially add further tonnage to the mineral resource inventory. Further drilling is proposed to ensure the ongoing growth of the Mt Forrest resource base.

Regolith Detrital Materials

Nine preliminary surface samples were taken at Cassowary North for size classification and assay to determine the potential upgrade of detrital material to a saleable product by dry-screening and washing out the finer fractions, including the high alumina clay fractions.

Of the nine samples, five returned saleable grades higher than 57% Fe with acceptable silica and aluminium levels. Further bulk sampling will be undertaken and a protocol for drilling and sampling developed prior to further drilling to quantify the detrital material.

Mt Forrest Magnetite Mineral Resource Consolidation

The magnetite mineral resource was also upgraded during the year to 1.7 billion tonnes of a head Fe grade of 31.8% (JORC Indicated and Inferred Mineral Resource classification, see Table 3 below).

A decision was made during the year to consolidate the resource models for the magnetite mineralisation for future modelling. Optiro had undertaken recent resource estimates for the Company for the regolith and magnetite mineralisation, as detailed in announcements lodged on 22 November 2011 and 2 December 2011. The 22 November 2011 mineral resource announcement also included data from the magnetite mineralisation model prepared by CSA Global Ltd ("CSA"). A review of this model by Optiro against resource drilling has found that the model performs appropriately at its Inferred resource classification and the estimated grades are considered to be extrapolated.

The consolidation of the resource models undertaken by Optiro allows for more streamlined reporting of the magnetite resource going forward. As part of the consolidation of the CSA magnetite resource model the following changes were made to the model by Optiro, so as to bring it into line the methodology adopted by Optiro in their current magnetite resource model:

- density changed to 3.5 from 3.3; and
- reported the magnetite mineralisation down to the 300m RL. Previously this had been reported over a range of depths.

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DIRECTORS' REPORT (CONTINUED)

Table 3 summarises the reported consolidated magnetite resource at a 25% Fe cut-off, noting that approximately 75% of the Inferred Resource should be considered as extrapolated.

Table 3 - July 2012 Mt Forrest Iron Consolidated Mineral Resource Magnetite Mineralisation at a 25% Fe Cut-Off

Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %	S %
Indicated	248.2	32.6	47.0	1.7	1.1	0.06	0.12
Inferred	1,462.4	31.6	47.9	1.8	2.2	0.04	0.10
Total	1,710.6	31.8	47.7	1.8	2.0	0.05	0.10

Note: Some inconsistencies due to rounding may occur

Davis Tube Recovery Results at 40 Micron including High Tenor Magnetite.

Extensive Davis Tube Recoveries (“DTR”) testwork was carried out through the Mt Forrest project area. Some 930 analyses have been completed to establish the variation within the magnetite resource. This allows differentiation of prospects as far as likely concentrates are concerned. It also contributes significantly to the geological knowledge of what is a significant mineralised system.

Drill hole MFC0303 intersected several high-grade zones, with primary grades up to 49% Fe and weight recoveries up to 60%, averaging 70.8% Fe over 100 metres and presenting an ultraclean concentrate with very low contaminants. A best weight recovery of 62.3% with a concentrate grade of 71.1% Fe indicates an ultra-clean magnetite specification. Analysis of selected DTR tails confirmed certain mineralisation includes a hematite component potentially enhancing overall Fe recoveries.

An average head grade of 37.5% Fe returns an average weight recovery of 35.6% and a concentrate of 68.8% Fe and 4.8% SiO₂. Phosphorus, Alumina and Sulphur are all very low and indicate a high quality product can be achieved.

Mt Forrest Gold Update

Significant gold anomalism has been confirmed along the western limb of the Mt Richardson syncline, especially at the Toucan and Jason's Find/Macaw prospects. This work has been carried out on the principle that the area is known to include significant gold mineralisation at Paradise Bore and that there is wider gold prospectivity. It is important to further quantify that knowledge to ensure full value is achieved from earthmoving activities when iron mining commences.

First pass gold assays from bulk composite samples have been returned and the assays have extended gold mineralisation along strike in areas previously tested for gold. This additional new mineralisation confirms the significance of potentially economic gold at these prospects at Mt Forrest. Composites (10 metres) were generated from pulp material used from the iron ore RC drilling undertaken from December 2009 to February 2011.

A total of 2,727 samples were submitted and 134 samples returned a gold value >0.1g/t Au. A total of 28 samples returned values >0.5g/t Au including a best intercept from hole MFC220 returning 10m @ 2.18g/t from 30m.

Gold mineralisation was first discovered in the early 1990's as small narrow discontinuous concentrations located near surface and at depth in narrow quartz veins hosted within quartz magnetite banded iron formations. In places significant quantities of higher grade gold mineralisation makes up sub-economic quantities. Sipa NL has previously released a JORC mineral resource (inferred) for the Paradise Bore prospect of 400,000t @ 2.8g/t Au for 36,000 ounces. Desktop studies identified the potential for gold to be mined along with the iron within the potential footprint of a

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DIRECTORS' REPORT (CONTINUED)

conceptual iron pit. The oxidised gold resides within the iron contacts and mafic waste material. This prompted the exercise of assaying all iron drilling that was previously assayed for iron.

These latest gold assays continue to support surface geochemical gold anomalies and drill intercepts previously identified by Sipa NL. This gold mineralisation is primarily concentrated along the western limb at Jason's Find, Paradise Bore and Toucan. Gold assays have been extended to drill holes on both fold limbs. A significant anomaly has now been identified on the western side.

RC and Diamond Drilling at Toucan have recognised stringy quartz veins hosted by mafic saprolite and oxidised cherty BIF. The higher grade gold assays are generally associated with 1-5 metre thick quartz veins caused by hydrothermal alteration and fluid remobilisation along lithological contacts and fractures.

Gold assays from Jason's Find and Macaw confirmed the mineralisation is hosted at surface within laterised gravels, as supergene enrichment in the oxide zone and the primary mafic and banded iron units at depth. Four recent magnetite holes (MFC0333 – MFC0336) were assayed for gold and returned anomalous values >500ppb as deep as 250 metres downhole. A previous Sipa hole BNC2 returned gold values up to 3.0 g/t. MFC0335 and MFC0336 returned anomalous gold beneath BNC2 indicating that mineralisation continues at depth. The latest results indicate there may be potential for high grade gold lodes >10g/t at depth based upon previous drilling in this area.

One metre composites have been collected and sample prepared awaiting assay. The gold assays will be interpreted and additional drilling and resource modeling will then be undertaken to generate a new gold resource.

COMPETENT PERSONS STATEMENT

In relation to the YAJV, Dr Katrin Kärner is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which she is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Katrin Kärner is a full-time employee of Optiro Pty Ltd, and consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

In relation to the Mt Forrest Iron Project, the information in this report that relates to Mineralisation, Exploration and Drilling Results is based on information compiled by Mr John Vinar who is a member of the Australasian Institute of Mining and Metallurgy, with more than 5 years' experience in the field of activity being reported on. Mr John Vinar is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Vinar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Also in relation to the Mt Forrest Iron Project, the mineral estimates have been completed by Mr Michael Andrew is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michael Andrew is a full-time employee of Optiro Pty Ltd, and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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DIRECTORS' REPORT (CONTINUED)

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

FINANCIAL POSITION

The net assets of the Group have increased from 30 June 2011 by \$3,876,495 to \$22,883,146 at 30 June 2012. This is largely due to the following factors:

- Three capital raisings that raised \$6.03 million net of transaction costs;
- Continued exploration for and evaluation of mineral resource projects;
- Research and Development (R & D) tax concession received for fiscal year 2011 of \$702,768; and
- A small write off in exploration expenditure of \$153,720 (2011: \$1,252,382).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Group's state of affairs occurred during the financial year other than as noted above under principal activities.

EVENTS SUBSEQUENT TO REPORTING DATE

On 30 July 2012 the Board of Directors appointed Dr Stephen Ward as Managing Director and Chief Executive Officer of Mindax Limited.

On 6 September 2012 the Company announced a placement of 8,000,000 ordinary fully paid shares at \$0.085 (eight and a half cents) per to raise gross proceeds of \$680,000 (before associated issue costs). The funds raised are to be applied to the commencement of the Mt Forrest Iron project feasibility studies, further exploration of the Company's uranium project and to provide working capital. The placement was made to a number of sophisticated and professional investors, and the securities issued under the Company's 15% placement capacity.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental regulations and is not aware of a breach of those environmental requirements as they apply to the Group.

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DIRECTORS' REPORT (CONTINUED)

INFORMATION ON DIRECTORS

G. George	Non-executive Chairman
Experience	Gilbert, aged 62 years, has an honours degree in Agricultural Science, as well as a Masters Degree in Economics from a prestigious Japanese university. After working in Australia and Japan in Government positions, Gilbert established his own business development consultancy in 1988. He is the principal of Gilbert George & Associates Pty Ltd which has provided strategic advice to companies in Australia, Africa, Japan, the US and Europe and been involved in over \$950 million of new investment in Australia, in the resource, IT, food processing and service sectors. Resource experience includes gold, manganese, oil and heavy mineral sands. He holds directorships in the following unlisted companies: Bedley Holdings Pty Ltd, Ocean Power Technologies (Australasia) Pty Ltd and Governor Holdings Pty Ltd. Gilbert has also been a member of a number of charities and state government and international advisory committees, including Anglicare and the Asian Round Table.
Interest in Shares and Options as at 19 September 2012	4,311,413 ordinary shares in Mindax Limited.
Special Responsibilities	Gilbert joined the Board in 2004 in a non-executive capacity and is the Chairman of the Board. Gilbert is also a member of the Remuneration, Audit and Nomination Committees.
Directorships held in other listed entities during the three years prior to the current year	None.
S. Ward	Managing Director and Chief Executive Officer - appointed 30 July 2012
Experience	Stephen (Steve), aged 57 years, is a graduate from the University of Nottingham; BSc Chemistry (1976); PhD in Physical Chemistry (1979) and is a graduate of the Australian Institute of Company Directors (GAICD). Steve gained 20 years broad experience with Titanium pigment producer Tioxide Group Ltd (formerly a subsidiary of ICI and now Huntsman Pigments) where he worked in production, operational, engineering and technical roles at the Australian production facility. He became the inaugural General Manager responsible for the development and start-up of Tioxide's manufacturing facilities in Malaysia in the early 1990's. He subsequently moved to business management roles based in the United Kingdom and became an executive director of the global company with general management responsibility for the European, Middle East and Southern Africa business unit. He then spent 7 years with Australian publicly listed minerals sands producer Iluka

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DIRECTORS' REPORT (CONTINUED)

S. Ward	Managing Director and Chief Executive Officer - appointed 30 July 2012
	Resources Limited where he was President of the USA mining and processing operations and global Executive General Manager responsible for sales, marketing and business development.
	He then formed his own consulting business providing services to the resources and chemicals industries.
	Steve subsequently joined Cristal, a Saudi Arabian based global titanium pigment producer as senior Vice-President Strategy and Development for a 3 year period.
	Steve was appointed a non-executive director of Arafura Resources Limited in 2007 and was Chairman of the Remuneration and Nomination Committee before he became Managing Director and Chief Executive Officer at the beginning of 2010. He left Arafura earlier in 2012 as part of a restructuring program to pursue other opportunities.
Interest in Shares and options as at 19 September 2012	Nil.
Special Responsibilities	None.
Directorships held in other listed entities during the three years prior to the current year	Managing Director of Arafura Resources Limited (resigned 16 February 2012).
A. Tsang	Non-executive Director
Experience	Andrew, aged 56 years, is a naturalised Australian citizen who was born and educated in China and who has successfully established and run construction, engineering and property development businesses both in China and Australia as well as establishing successful import agencies for Australian manufactured goods into China.
Interest in Shares and options as at 19 September 2012	43,070,425 ordinary shares in Mindax Limited.
Special Responsibilities	Andrew joined the Board in 2008 in a non-executive capacity and is a member of the Remuneration and Nomination Committees.
Directorships held in other listed entities during the three years prior to the current year	Andrew is also a director of the listed company Diatreme Resources Limited (since 23 January 2009).

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DIRECTORS' REPORT (CONTINUED)

B. Chow	Non-executive Director
Experience	Benjamin, aged 66 years, is a distinguished Australian citizen who was born and educated in China, emigrating to Australia in 1962. He has a business background in engineering, property development and leadership in the Chinese and Australian financial sectors. He chaired the Council for Multicultural Australia which assists the Australian Government implement its multicultural policies. He has previously served as President of Australian Chinese Community Association of NSW, President of Chinese Australian Forum of NSW and Vice-president of the Ethnic Communities Council of NSW. He is a past member of the Council of National Museum of Australia, a member of the Bond University Council, President of Sydney University Nerve Research Foundation, a Trustee and immediate past Chairman of Australian Chinese Charity Foundation and a Director of Chain Reaction Foundation Ltd.
Interest in Shares and options as at 19 September 2012	196,000 ordinary shares in Mindax Limited.
Special Responsibilities	Benjamin joined the Board in 2009 in a non-executive capacity and is a member of the Audit, Remuneration and Nomination Committees.
Directorships held in other listed entities during the three years prior to the current year	Benjamin is also a Non-executive Director of the listed company Invocare Limited (since 22 February 2007).

K. M. Loh	Non-executive Director – appointed 29 March 2012
Experience	Kgai Mun Loh (known as Eric Loh), is the Executive Director of Lion Asiapac Limited, a company listed on the Singapore Exchange, since August 2008. Lion Asiapac is a substantial shareholder of the Company. He has a wealth of management experience including listed companies with multi-national operations. He has also been involved in strategic planning and has spearheaded numerous merger and acquisition projects. Prior to 2008, he was the Group General Manager of Lion Asiapac Limited and oversaw operational, financial and management matters of the Lion Asiapac Group. In 1998, Mr Loh joined the Lion Group as the Financial Controller of the Group's telecommunications business unit. Concurrently, he also headed their internal audit and group information systems divisions in Singapore. Mr Loh holds a Master's Degree in Business Administration from the Edinburgh University Management School and is an Associate Member of the Institute of Chartered Accountant's in England and Wales.

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DIRECTORS' REPORT (CONTINUED)

K. M. Loh	
Non-executive Director – appointed 29 March 2012	
Interest in Shares and options as at 19 September 2012	Nil.
Special Responsibilities	Eric joined the Board on the 29 th March 2012 in a non-executive capacity and is Chairman of the Audit Committee.
Directorships held in other listed entities during the three years prior to the current year	Executive Director since August 2008 of Lion Asiapac Limited, listed on the Singapore Stock Exchange.
J. Stacpoole	
Former Non-executive Director – appointed 27 April 2012. Resigned 20 August 2012	
Experience	John, aged 37, holds a number of mining and geology qualifications with operational experience in both Australia and PNG. John was appointed as a director of Mindax on 27 April 2012 and resigned on 20 August 2012 to take up a new full time executive role with a major contractor involved in the Iron Ore sector. His resignation was tendered to enable him to focus fully on his new role and ensure no personal conflict of interest arose.
Interest in Shares and options as at 20 August 2012	Nil.
Special Responsibilities	N/a
Directorships held in other listed entities during the three years prior to the current year	None.
G. Bromley	
Former Managing Director – resigned 27 April 2012	
Experience	Greg, aged 62 years, a geologist, has more than forty years of experience in the mining and exploration industry as an exploration geologist, a consultant and company executive. His business experience is both local and international. Greg resigned as Managing Director of Mindax and its subsidiaries on 27 April 2012.
Interest in Shares and options as at 27 April 2012	5,795,001 ordinary shares in Mindax Limited.
Special Responsibilities	N/a.
Directorships held in other listed entities during the three years prior to the current year	None.

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DIRECTORS' REPORT (CONTINUED)

K. Pettit	Former Non-executive Director – resigned 14 May 2012
Experience	Mr Ken Pettit is a senior barrister practising from Francis Burt Chambers in Perth Western Australia. Mr Pettit is also a Board member of the Diabetes Research Foundation, the Keogh Institute for Medical Research and the Chairman of the Port Hedland Port Authority. Ken resigned as Director of Mindax and its subsidiaries on 14 May 2012.
Interest in Shares and options as at 14 May 2012	612,247 ordinary shares in Mindax Limited.
Special Responsibilities	N/a.
Directorships held in other listed entities during the three years prior to the current year	None.

INFORMATION ON THE COMPANY SECRETARY

C. Pougault	Company Secretary (Appointed 5 April 2012)
Experience	Mr Christopher Pougault is a Chartered Accountant with over 20 years' experience, working in areas including organisational strategy & operations, banking & finance, as well as corporate reconstruction of ASX listed companies. Mr Pougault's broad range of professional and industry experience, including the mining and exploration sector, has provided him with an extensive understanding of business operations, financial management, commercial analysis and operational excellence. Previous positions include senior appointments at Deloitte and Pitcher Partners. Mr Pougault holds a Bachelor of Commerce, Accounting and Corporate Administration from Curtin University of Technology. He was appointed Company Secretary on 5 April 2012 and replaces Mr Angelo Francesca who resigned on the same date due to increased business commitments. Mr Pougault is also the Chief Financial Officer, appointed to the role on 21 February 2011.
Interest in Shares and options as at 19 September 2012	200,000 ordinary shares in Mindax Limited. 500,000 options exercisable at \$0.45 each, expiring 30 September 2013. 500,000 options exercisable at \$0.60 each, expiring 30 September 2014.

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DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	BOARD MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATIONS COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
G George	12	12	1	1	1	1	-	-
G Bromley	8	8	-	-	-	-	-	-
A Tsang	11	8	-	-	1	-	-	-
B Chow	12	12	1	1	1	1	-	-
K Pettit	10	8	1	1	1	1	-	-
E Loh	6	6	-	-	-	-	-	-
J Stacpoole	3	3	-	-	-	-	-	-

Note: Dr Ward is not included in the above table as he was appointed post year end (ie: on 30 July 2012).

There were also ten (10) circular resolutions passed by the Board of Directors during the financial year.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr George retires by rotation in accordance with clause 13.2 of the Company's Constitution, and being eligible, offers himself for re-election.

Mr Loh, who was appointed to the Board on 29 March 2012, and being eligible, offers himself for re-election pursuant to clause 13.4 of the Company's Constitution.

Dr Ward, who was appointed to the Board on 30 July 2012, and being eligible, offers himself for re-election pursuant to clause 13.4 of the Company's Constitution.

INDEMNIFYING OFFICERS OR AUDITORS

The Group has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

OPTIONS

At the date of this report, the unissued ordinary shares of Mindax Limited under option, including those options issued during the year and since 30 June 2012 to the date of this report, are as follows:

Table 4 - unissued ordinary shares of Mindax Limited under option

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE \$	NUMBER UNDER OPTION
12 October 2009	12 October 2012	0.48	300,000
11 October 2011	30 September 2013	0.45	1,750,000
11 October 2011	30 September 2014	0.60	1,750,000
1 May 2012	31 May 2015	0.35	2,325
Total			3,802,325

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DIRECTORS' REPORT (CONTINUED)

During the year ended 30 June 2012, 2,344 ordinary shares of Mindax Limited were issued on the exercise of options granted.

During the year ended 30 June 2012, the following options over ordinary shares in Mindax Limited expired without exercise:

Table 5 –Options which have expired during 2011-2012

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE \$	NUMBER UNDER OPTION
4 August 2008	1 August 2012	0.53	250,000
15 December 2009	31 March 2012	0.60	1,800,000
15 February 2010	1 December 2011	0.75	64,938,800
25 May 2010	1 December 2011	0.75	3,000,000
15 August 2011	30 April 2012	0.30	18,998,000
Total			88,986,800

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

During the fiscal year, specialist taxation advice was provided to the Group by partners of BDO Corporate Tax (WA) Pty Ltd (a company associated with BDO Audit (WA) Pty Ltd) in relation to Mineral Resources Rent Tax matters.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

	2012 (\$)	2011 (\$)
Other assurance services		
Audit of regulatory returns	35,150	39,242
Mineral Resources Rent Taxation advice	6,064	-

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 31 of the financial report.

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REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The Group's remuneration policy for executive directors, officers and senior management is designed to promote superior performance and long term commitment. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates:
- Individual rewards can be linked to performance criteria (at this stage no formal performance criteria have been set by the remuneration committee); and
- Executives should be rewarded for both financial and non-financial performance.

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so. Within this framework, the Remuneration Committee considers remuneration policies and practices generally, and recommends specific remuneration packages and other terms of employment for executive directors and senior management. The Corporate Governance Statement provides further information on the role of this committee. Ultimate responsibility for the Group's remuneration policies rests with the full Board.

Non-executive Directors

Fees and payments to non-executive directors reflect the demands which are made on and the responsibilities of them individually. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration; and he currently receives a fixed fee for his services as a director.

The current base remuneration for the non-executive directors and the Chairman was last reviewed in September 2008.

The Group's non-executive directors' remuneration package contains only one component, being a primary benefit of quarterly director's fees, plus compulsory superannuation.

Non-executive director fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$400,000 per annum and was approved by shareholders at the 2010 Annual General Meeting.

No retirement benefits are provided to directors.

Executive Directors

Generally, the Group's executive director's remuneration package contains the following components:

- Base pay and benefits, including superannuation;
- Short-term performance incentives (see comments below); and
- Long-term performance incentive, being equity – share options granted under the employee and consultant share option scheme or approved by shareholders of the Company.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

The combination of these comprises the executive's total remuneration.

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. External remuneration information provides benchmark information to ensure the base pay is set to reflect the market for a comparable role. Base fees are reviewed annually to ensure the level is competitive with the market. There is no guaranteed base fee increases included in any executive director contracts. A vehicle and car parking bay is also provided as an additional benefit to executive directors.

In relation to Dr Ward, his remuneration is to be reviewed after a six month initial employment period with the introduction of a short-term incentive scheme to be considered as part of this review process.

PERFORMANCE-BASED REMUNERATION

Performance based remuneration for key management personnel is currently limited to the granting of shares and options.

RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives, including the occasional issue of options to directors and executives which is to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth.

The following table shows the Group's net profit/(loss), loss per share and share price of the Group at the end of the respective financial years.

	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$
Net Profit/(Loss)	(554,987)	(2,256,691)	(2,339,546)	(2,412,051)	(2,299,213)
Loss per share	0.0076	0.0175	0.0178	0.0164	0.0132
Share Price at Year-end	0.340	0.490	0.410	0.275	0.073

PERFORMANCE CONDITIONS LINKED TO REMUNERATION

At this stage, the Group's remuneration of key management personnel does not include any performance conditions. The Board believes that at this stage of the Group's development, linking remuneration to financial performance indicators such as share price, revenue or profit is inappropriate. This may change once the Group commences production.

EMPLOYMENT DETAILS OF KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES

The following table provides details of persons who were, during the financial year, members of key management personnel of the Group. All components of remuneration were non-performance based for the 2011 and 2012 fiscal years.

Key Management Personnel	Position Held	Fixed Salary / Fees 2012 (%)	Shares / Options issued 2012 (%)	Total 2012 (%)	Fixed Salary / Fees 2011 (%)	Total 2011 (%)
G George	Non-executive Chairman	100	-	100	100	100
A Tsang	Non-executive Director	100	-	100	100	100
B Chow	Non-executive Director	100	-	100	100	100
E Loh	Non-executive Director	100	-	100	-	-

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Key Management Personnel	Position Held	Fixed Salary / Fees 2012 (%)	Shares / Options issued 2012 (%)	Total 2012 (%)	Fixed Salary / Fees 2011 (%)	Total 2011 (%)
C Pougnault*	Chief Financial Officer & Company Secretary	83	17	100	100	100
J Vinar*	General Manager Mt Forrest	84	16	100	100	100
S Lane*	Exploration Manager	84	16	100	100	100

Note: * These Key management personnel were issued listed fully paid ordinary shares and unlisted options on 11 October 2011 under the Company's Employee Share Plan and Employee Option Scheme. The listed fully paid ordinary shares and unlisted options are non-performance based. Refer to note (17): Interests of Key Management Personnel for details.

The following table provides details of persons who were key management personnel during the financial year but left the Company prior to either 30 June 2012 or the signing of this Annual Report. All components of remuneration were non-performance based for the 2011 and 2012 fiscal years.

Key Management Personnel	Former Position Held	Fixed Salary / Fees 2012 (%)	Shares / Options issued 2012 (%)	Total 2012 (%)	Fixed Salary / Fees 2011 (%)	Total 2011 (%)
A Francesca (resigned 5 April 2012)	Company Secretary	100	-	100	100	100
G Bromley (resigned 27 April 2012)	Managing Director	100	-	100	100	100
K Pettit (resigned 14 May 2012)	Non-executive Director	100	-	100	100	100
J Stacpoole (resigned 20 August 2012)	Non-executive Director	100	-	100	-	-

SERVICE AGREEMENTS

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer is also formalised in service agreements.

By way of a Service Agreement dated 30 July 2012, the Company appointed Dr Stephen Ward as Managing Director and Chief Executive Officer of Mindax Limited. Dr Ward's annual salary inclusive of superannuation and a motor vehicle allowance is \$487,000. Dr Ward is to be reimbursed for all reasonable expenses incurred in carrying out the services of a Managing Director/Chief Executive Officer. Notice period is three calendar months by either party. Six calendar months base salary is payable to Dr Ward in the event of a genuine redundancy.

The former Managing Director Greg Bromley was also employed by way of a Service Agreement extended by the Board on 20 September 2011 for twelve months to 30 September 2012. Mr Bromley was paid \$295,000 in annual salary inclusive of superannuation and reimbursed for all reasonable expenses incurred in carrying out the services of a Managing Director. Mr Bromley was also provided a serviced and maintained vehicle with agreement that private use be an infrequent and incidental component of total usage. He purchased the car from the Company on 15 August 2011 on commercial terms. On 27 April 2012 Mr Bromley resigned from his role as Managing Director. A negotiated termination payment was made in line with his service agreement and the provisions of part 2D.2 of the Corporations Act.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Finally, by a Consultancy Agreement, effective 1 July 2011, the Company extended its engagement of FJH Solutions of which Mr Angelo Francesca is a director, to support the Company secretarial function. Mr Francesca resigned as Company Secretary on 5 April 2012 due to his increasing business commitments with FJH Solutions. He continues to provide advisory services to the Company on an as required basis.

REMUNERATION DETAILS

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group:

Key Management Personnel	Year	Salary, fees and leave - Paid and Payable \$	Consulting Fees Paid \$	Superannuation - Paid and Payable \$	Other \$	Shares \$	Options \$	Total \$	Options as a % of remuneration
G George	2012	55,000	14,650	4,950	-	-	-	74,600	
	2011	55,000	-	4,950	-	-	-	59,950	
A Tsang	2012	50,000	-	4,500	-	-	-	54,500	
	2011	50,000	-	4,500	-	-	-	54,500	
B Chow	2012	50,000	-	4,500	-	-	-	54,500	
	2011	50,000	-	4,500	-	-	-	54,500	
E Loh	2012	12,877	6,000	-	-	-	-	18,877	
J Stacpoole	2012	8,904	34,284	-	-	-	-	43,189	
J Vinar	2012	191,558	-	20,120	32,000	30,000	16,000	289,678	5.52%
	2011	149,350	-	16,321	32,000	-	-	197,671	
S Lane	2012	190,728	-	20,120	32,000	30,000	16,000	288,848	5.54%
	2011	149,350	-	16,321	32,000	-	-	197,671	
C Pougnauld	2012	210,456	-	19,024	-	30,000	16,000	275,480	5.81%
	2011	62,196	-	5,597	-	-	-	67,793	
G Bromley	2012	290,362	-	48,785	253,999	-	-	593,146	
	2011	270,642	-	24,357	-	-	-	294,999	
K Pettit	2012	43,544	-	4,488	-	-	-	48,032	
	2011	6,319	-	569	-	-	-	6,888	
N Smith	2012	-	-	-	-	-	-	-	
	2011	29,076	-	2,616	-	-	-	31,692	
Total Key Management Personnel	2012	1,103,430	54,934	126,487	317,999	90,000	48,000	1,740,850	
	2011	821,933	-	79,731	64,000	-	-	965,664	
Other Executives									
A Francesca	2012	-	84,691	-	-	-	-	84,691	
	2011	-	175,128	-	-	-	-	175,128	
Total Other Executives	2012	-	84,691	-	-	-	-	84,691	
	2011	-	175,128	-	-	-	-	175,128	

- 1) Of Mr Francesca's fees \$64,116 (2011: \$69,600) relates to the Company Secretarial function with the balance for additional taxation, accounting and corporate services, paid to FJH Solutions Pty Ltd, (of which Mr Francesca is a director).

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

- 2) Of Mr Bromley's salary an amount of \$250,000 related to a termination payment negotiated in accordance with his service agreement and the Corporations Act and \$3,999 relates to non-monetary benefits (motor vehicle expenses).
- 3) Although Dr Ward is considered key management personnel, he was not appointed until 30 July 2012. As such, his details are not applicable to the above table.
- 4) For details of shares and options issued to KMP refer to Note (25): Share-based Payments.
- 5) Messrs Vinar and Lane receive a motor vehicle or a motor vehicle allowance valued at \$32,000 per annum as part of their remuneration.
- 6) Consulting fees paid to Messrs George, Loh and Stacpoole relate to capital raisings and the interim working committee (refer Note (17): Interests of Key Management Personnel).

SHARE BASED COMPENSATION

For each grant of options included in remuneration above, the percentage of the grant that was paid, or that was vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

Name	Bonus		Share-based compensation benefits (options)					
	Paid %	Forfeited %	Year Granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
J Vinar	-	-	2011	100	-	-	-	-
S Lane	-	-	2011	100	-	-	-	-
C Pougnauld	-	-	2011	100	-	-	-	-

Note: the options issued in 2010 have now expired without exercise.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise Price	Value per option at grant date	Performance achieved	% Vested
11 October 2011	11 October 2011	30 September 2013	\$0.45	\$0.014	-	100%
11 October 2011	11 October 2011	30 September 2014	\$0.60	\$0.018	-	100%

Options granted under the plan carry no dividend or voting rights.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the week up to and including the date of grant.

Details of options over ordinary shares in the Company provided as remuneration to each of the key management personnel of the group are set out below. When exercisable, each option is convertible into one ordinary share of Mindax Limited. Further information on the options is set out in Notes (17) and (25) to the financial statements.

Name	Number of options granted during the year	Value of options at grant date	Number of options vested during the year	Number of options lapsed during the year	Value at lapse date	% Vested
J Vinar	1,000,000	\$16,000	1,000,000	-	-	100%
S Lane	1,000,000	\$16,000	1,000,000	-	-	100%
C Pougnauld	1,000,000	\$16,000	1,000,000	-	-	100%

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Details of fully paid ordinary shares in the Company provided as remuneration to each of the key management personnel are set out below.

Name	Number of shares issued during the year	Grant Date of shares	Value at grant date
J Vinar	200,000	11 October 2011	\$30,000
S Lane	200,000	11 October 2011	\$30,000
C Pougault	200,000	11 October 2011	\$30,000

There were no ordinary shares, or options over ordinary shares, provided as remuneration to directors during the current reporting period.

There were no shares issued from the exercise of options provided as remuneration provided to Key Management Personnel during the current reporting period.

SECURITIES RECEIVED THAT ARE PERFORMANCE RELATED

No members of key management personnel received securities during the period which were dependent upon the performance of the Group's share price as part of their remuneration package.

USE OF REMUNERATION CONSULTANTS

The company did not engage any remuneration consultants during the 2012 financial year.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2011 ANNUAL GENERAL MEETING

Mindax Limited received more than 27% of "yes" votes and 72% "abstain votes" on its remuneration report for the 2011 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the Board of Directors:

On behalf of the Directors



Eric Loh

Non-executive Director and
Chairman of the Audit Committee
Mindax Limited

Dated this 19th day of September 2012

19 September 2012

Board of Directors
Mindax Limited
Level 2, 25 Richardson St
West Perth WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor of Mindax Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mindax Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 35 to 69, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards, the Corporations Regulations and other mandatory reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;
2. The directors have been given the declarations by the Chair of the Audit Committee and the Chief Financial Officer required by section 295A of the Corporations Act 2001.
3. Note (1) to the Consolidated Financial Statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
4. In the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.

On behalf of the Directors



Eric Loh

Non-executive Director and
Chairman of the Audit Committee

Dated this 19th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINDAX LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mindax Limited, which comprises the consolidated balance sheet as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mindax Limited, would be the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Mindax Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1.29 in the financial report, which indicates that the consolidated entity incurred a net loss of \$2,299,213 during the year ended 30 June 2012 and incurred net cash outflows from operating and investing activities of \$5,793,996. These conditions, along with other matters as set forth in Note 1.29, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Mindax Limited for the year ended 30 June 2012 complies with Section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO


PHILLIP MURDOCH
Director

Perth, Western Australia
Dated the 19th day of September 2012

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 \$	2011 \$
Revenue from continuing operations	(2)	900,679	461,673
Exploration expenditure written off	(8)	(153,720)	(1,252,382)
Compliance and regulatory expenses		(55,451)	(40,052)
Legal and professional expenses		(1,159,097)	(395,792)
Depreciation and amortisation expense		(25,033)	(33,709)
Directors fees		(214,006)	(184,076)
Remuneration and employee expenses		(842,948)	(520,119)
Share based payments - employee options	(25)	(146,000)	-
Other expenses		(603,637)	(447,594)
LOSS BEFORE INCOME TAXES		(2,299,213)	(2,412,051)
Income tax expense	(3)	-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,299,213)	(2,412,051)
LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY		(2,299,213)	(2,412,051)

Earnings per share		2012	2011
Basic earnings (loss) per share (cents)	(13)	(1.32)	(1.64)
Diluted earnings (loss) per share (cents)	(13)	N/A	N/A

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MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

	NOTE	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(4)	2,201,405	1,974,376
Trade and other receivables	(5)	162,842	1,925,832
Prepayments	(6)	42,210	133,977
TOTAL CURRENT ASSETS		2,406,457	4,034,185
NON-CURRENT ASSETS			
Plant and equipment	(7)	278,931	363,504
Other assets		2,885	2,885
Exploration and evaluation assets	(8)	20,718,976	15,572,909
TOTAL NON-CURRENT ASSETS		21,000,792	15,939,298
TOTAL ASSETS		23,407,249	19,973,483
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(9)	423,466	817,465
Provisions	(10)	100,637	119,858
TOTAL CURRENT LIABILITIES		524,103	937,323
NON-CURRENT LIABILITIES			
Provisions	(10)	-	29,509
TOTAL NON-CURRENT LIABILITIES		-	29,509
TOTAL LIABILITIES		524,103	966,832
NET ASSETS		22,883,146	19,006,651
EQUITY			
Issued capital	(11)	33,875,906	27,752,473
Reserves	(12)	680,151	624,151
Accumulated losses	(12)	(11,672,911)	(9,369,973)
TOTAL EQUITY		22,883,146	19,006,651

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	ORDINARY SHARES	ACCUMULATED LOSSES	SHARE BASED PAYMENT RESERVE	TOTAL
2011	\$	\$	\$	\$
Balance at 1 July 2010	25,896,134	(6,957,922)	624,151	19,562,363
Profit (loss) attributable to owners of the parent entity	-	(2,412,051)	-	(2,412,051)
Other comprehensive income	-	-	-	-
Total other comprehensive income for the year	-	(2,412,051)	-	(2,412,051)
Shares issued during the year	2,036,584	-	-	2,036,584
Transaction costs	(180,245)	-	-	(180,245)
Sub-total	1,856,339	(2,412,051)	-	(555,712)
Balance at 30 June 2011	27,752,473	(9,369,973)	624,151	19,006,651

	ORDINARY SHARES	ACCUMULATED LOSSES	SHARE BASED PAYMENT RESERVE	TOTAL
2012	\$	\$	\$	\$
Balance at 1 July 2011	27,752,473	(9,369,973)	624,151	19,006,651
Profit (loss) attributable to owners of the parent entity	-	(2,299,213)	-	(2,299,213)
Adjustment to prior year accumulated losses	-	(3,725)	-	(3,725)
Other comprehensive income	-	-	-	-
Total other comprehensive income for the year	-	(2,302,938)	-	(2,302,938)
Shares issued during the year	6,500,708	-	-	6,500,708
Shares issued during the year under the Company employee share scheme	90,000	-	-	90,000
Options issued during the year under the Company employee option scheme	-	-	56,000	56,000
Transaction costs	(467,275)	-	-	(467,275)
Sub-total	6,123,433	(2,302,938)	56,000	3,876,495
Balance at 30 June 2012	33,875,906	(11,672,911)	680,151	22,883,146

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

Statement of Cash Flows	NOTE	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		-	16,589
Payments to suppliers and employees		(3,765,587)	(1,310,570)
Interest received		180,820	383,077
Research and development tax concession		702,768	79,304
Interest paid		-	(358)
Net cash used in operating activities	(23)	(2,881,999)	(831,958)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for security deposit		-	(2,185)
Purchase of property, plant and equipment		(39,706)	(106,625)
Proceeds from sale of property, plant and equipment		55,000	-
Payment for exploration expenditure		(2,927,291)	(9,902,882)
Net cash used in investing activities		(2,911,997)	(10,011,692)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		6,500,708	2,036,584
Repayment of borrowings		-	(3,664)
Payment of share issue costs		(479,683)	(170,797)
Net cash from financing activities		6,021,025	1,862,123
Net (decrease) increase in cash and cash equivalents held		227,029	(8,981,527)
Cash and cash equivalents at beginning of financial year		1,974,376	10,955,903
Cash and cash equivalents at end of financial year	(4)	2,201,405	1,974,376

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

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This financial report includes the consolidated financial statements and notes of Mindax Limited and controlled entities (the Group).

1) Summary of Significant Accounting Policies

Mindax Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

These financial statements are presented in Australian dollars, rounded to the nearest dollar.

1.1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mindax Limited at the end of the reporting period. A controlled entity is any entity over which Mindax Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note (19) to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and consolidated statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

1.2 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

1.3 GOVERNMENT GRANTS (RESEARCH AND DEVELOPMENT)

Grants from the government are recognised as revenue at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

All grant revenue is stated net of the amount of goods and services tax (GST).

The Group has recognised research and development tax concession rebates received from the Australian Tax Office as revenue. No GST applies to these rebates.

1.4 INCOME TAX

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company and all its wholly owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Mindax Limited is the head entity in the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the separate taxpayer within group approach.

1.5 EMPLOYEE BENEFITS

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

1.6 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1.7 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. All other companies within the Group have Australian dollars as their functional currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the year; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated balance sheet. These differences are recognised in the consolidated statement of comprehensive income in the period in which the operation is disposed.

1.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

1.9 FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or at cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1.10 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

1.11 FINANCIAL LIABILITIES

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

DERECOGNITION

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

1.12 PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

1.13 DEPRECIATION

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

CLASS OF FIXED ASSET	USEFUL LIFE
Plant and Equipment	3 - 15 years
Mr Forrest Iron Project - Camp site	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of comprehensive income.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

Property, plant and equipment is derecognised and removed from the consolidated balance sheet on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

Subsequent costs are included in the property, plant and equipment's carrying value or recognised as a separate asset when it is probable that future economic benefits associated with the item will be realised and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss.

1.14 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditures are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated expenditures in respect of that area are written off in the financial period the decision is made.

1.15 CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

1.16 IMPAIRMENT OF ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non-financial assets, other than inventories, deferred tax assets, assets from employee benefits, and deferred acquisition costs, are assessed for any indication of impairment at the end of each reporting period. Any indication of impairment requires formal testing of impairment by comparing the carrying amount of the asset to an estimate of the recoverable amount of the asset. An impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. The asset's value in use is calculated as the estimated future cash flows discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. Assets that cannot be tested individually for impairment are grouped together into the smallest group of assets that generates cash inflows (the asset's cash generating unit).

Impairment losses are recognised in profit or loss. Impairment losses are allocated first, to reduce the carrying amount of any goodwill allocated to cash generating units, and then to other assets of the group on a pro rata basis.

Assets other than goodwill are assessed at the end of each reporting period to determine whether previously recognised impairment losses may no longer exist or may have decreased. Impairment losses recognised in prior periods for assets other than goodwill are reversed up to the carrying amounts that would have been determined had no impairment loss been recognised in prior periods.

1.17 INTERESTS IN JOINT VENTURES

The Group's shares of the assets, liabilities, revenue and expenses of joint controlled entities or assets have been included in the appropriate items of the consolidated financial statements. Details of the Group's interests are shown in Note (20): Joint Ventures.

The Group's interest in joint venture entities are brought to account in the consolidated statements at cost (refer to Note (20) for details).

1.18 TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1.19 GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated balance sheet are shown inclusive of GST.

1.20 LEASES

Leasing of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year. Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1.21 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to ready for its intended use are capitalised as part of the cost of the asset.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

Other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of finance charges and interest expenses calculated using the effective interest method, and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as interest cost adjustments.

1.22 EARNINGS PER SHARE

Basic loss per share is calculated as net loss attributable to owners of the Company divided by the weighted average number of ordinary shares. Diluted loss per share is calculated by adjusting the net loss attributable to owners of the Company and the number of shares outstanding for the effects of all dilutive potential ordinary shares, which include shares options.

1.23 SHARE-BASED PAYMENT TRANSACTIONS

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity-settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services are received during the vesting period with a corresponding increase in equity.

1.24 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

1.25 SHARE BASED PAYMENTS

The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes formula taking into account the terms, conditions and probability upon which the instruments were granted.

1.26 KEY JUDGMENTS - EXPLORATION AND EVALUATION EXPENDITURE

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

1.27 KEY ESTIMATES - IMPAIRMENT

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

1.28 MINERAL RESOURCES RENT TAX

On 19 March 2012, the Australian Government passed through the Senate, the Minerals Resource Rent Tax Act 2012, with application to certain profits arising from the iron ore and coal extracted in Australia. In broad terms, the tax is imposed on a project-by-project basis.

This tax applies to upstream mining operations only, and the effective rate of Minerals Resource Rent Tax is 22.5%.

This tax is considered to be an “income tax” for the purposes of AASB 112.

Certain transition measures are contained in the legislation which can give rise to deductions in future years, for Minerals Resource Rent Tax purposes.

Any modelling and/or valuations performed on behalf of the Group may give rise to an increase in the balance of deferred tax assets at 30 June 2012. However, given the nature of the Group’s operations (i.e.: primarily exploration) and the infancy of the Group’s Iron Ore project the Group has not recognised such amounts as at 30 June 2012 under Deferred Tax Assets (refer to Note (3): Income Tax Expense).

1.29 GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the consolidated entity incurred a net loss of (\$2,299,213) and incurred net cash outflows from operating and investing activities of (\$5,793,996).

The ability of the consolidated entity to continue as a going concern is dependent on the consolidated entity being able to raise additional funds as required to conduct a bankable feasibility study on its projects, fund ongoing exploration commitments and for working capital. The directors believe that they will be able to raise additional capital as required and are in the process of evaluating the consolidated entity’s cash requirements. The directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional raisings the consolidated entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

1.30 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New and amended standards adopted by the Group for 30 June 2012

There are no changes to the standards impacting measurement or recognition requirements for the reporting period 30 June 2012, with only some minor refinements to specific disclosure requirements which generally simplify specific disclosures.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 10 Consolidated Financial Statements (effective for the annual reporting periods commencing on or after 1 January 2013). AASB 10 introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. The Group will assess the impact of the standard at the time of implementation.
- AASB 11 Joint Arrangements (effective for the annual reporting periods commencing on or after 1 January 2013). AASB 11 introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method.

The Group is continuing to assess the impact of the standard particularly in relation to its Yilgarn-Avon Joint Venture with Quasar Resources Pty Ltd.

- AASB 12 Disclosure of Interests in Other Entities (effective for the annual reporting periods commencing on or after 1 January 2013). AASB 12 combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.
- AASB 13 Fair Value Measurement (effective for annual reporting periods commencing on or after 1 January 2013). AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the balance sheet or disclosed in the notes to the financial statements.
- AASB 2011-4 Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporations Act 2011 (effective for annual periods commencing on or after 1 July 2013). When the standard is first adopted, the entity will show reduced disclosures under KMP notes to the financial statements.
- AASB 2011-9 Presentation of Financial Statements (effective for annual reporting periods commencing on or after 1 July 2013). AASB 101, amended in June 2011, introduces amendments to align the presentation items of other comprehensive income with US GAAP. The Group will apply the amended standard from 1 July 2013. When the standard is first adopted, there will be changes to the presentation of the statement of comprehensive income. However, there will be no impact on any of the amounts recognised in the financial statements.
- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015). AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is continuing to assess its full impact, however it is unlikely to impact the entity.
- AASB 119 - Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans, actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods, subtle amendments to timing for recognition of liabilities

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (continued)

for termination benefits, and employee benefits expected to be settled (as opposed to due to settled under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability. This standard has no impact as there are no annual leave provision amounts that are non-current. The Group will apply this from 1 July 2013.

- Interpretation 20 Stripping Costs in the production phase of a surface mine (effective for annual periods commencing on or after 1 January 2013). Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met. This standard has no effect as at 30 June 2012.
- IFRS Mandatory Effective Date of IFRS 9 and Transition Disclosures (effective for annual periods commencing on or after 1 January 2015). Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required. This standard has no effect as at 30 June 2012.

The Group does not anticipate early adoption of any of the above accounting standards.

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MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2) Revenue and Other Income

	2012	2011
	\$	\$
From continuing operations		
Interest revenue	166,974	365,780
Other revenue	30,937	16,589
	<u>197,911</u>	<u>382,369</u>
Other revenue		
Research and development tax concession	688,359	79,304
Interest income on research and development tax concession	14,409	-
	<u>702,768</u>	<u>79,304</u>
	<u>900,679</u>	<u>461,673</u>

3) Income Tax Expense

(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:

	2012	2011
	\$	\$
Current tax	-	-
Deferred tax	-	-
R & D tax concession	-	-

(B) THE PRIMA FACIE TAX ON LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX AS FOLLOWS:

Loss from continuing operations before income tax expense	(2,299,213)	(2,412,051)
Income tax (benefit) at 30% (2011:30%)	<u>(689,764)</u>	<u>(723,615)</u>
Add /(less):		
Tax effect of amounts which are (deductible)/taxable:		
- Share based payments	43,800	-
- Tenement expenditure write-off	46,116	375,715
- ITRAA 1997 s40-730 Exploration Expenditure	(1,589,936)	(2,571,669)
- Write-off for business related capital costs	(96,746)	(66,908)
- Sundry non-deductable items	103,821	68,112
- Sundry non-assessable items	<u>(73,975)</u>	<u>(27,472)</u>
	(2,256,684)	(2,945,837)
R & D tax concession	(206,508)	211,478
Income tax expense/(benefit) not recognised	<u>2,463,192</u>	<u>2,734,359</u>
Total income tax expense/(benefit)	<u>-</u>	<u>-</u>

(C) TAX LOSSES:

Unused tax losses for which no deferred tax assets has been recognised	29,946,294	23,571,282
Potential tax benefit at 30%	<u>8,983,888</u>	<u>7,071,385</u>

(D) UNRECOGNISED TEMPORARY DIFFERENCES:

Deferred tax assets

- Tax losses	8,983,888	7,071,384
- Capital raising costs	218,156	171,182
- Blackhole expenditure	14,150	-
- Other temporary differences	<u>90,424</u>	<u>70,501</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Deferred tax liabilities

- Capitalised exploration expenditure	(6,215,693)	(5,047,587)
- Other temporary differences	754	7,442

Net deferred tax assets

3,091,679	2,272,922
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The net deferred tax assets arising from these balances have not been recognised as an asset because recovery is not probable at the point in time. The recoupment of available tax losses as at the 30 June 2012 is contingent upon the following:

- (i) the Group deriving future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) there being no changes in tax legislation, adversely affect which adversely affect the Group from realising the benefit.

4) Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash on hand	2,201,405	1,974,376

5) Trade and Other Receivables

	2012	2011
	\$	\$
CURRENT		
Sundry Debtors	15,129	80,533
Joint venture receivable	-	1,683,412
Term deposits	147,713	161,887
	162,842	1,925,832

Details of the Group's exposure to risks arising from current trade and other receivables are set out in Note (15): Financial Risk Management.

Details on the Group's joint venture are set out in Note (20): Joint Ventures.

Details on the Group's term deposits are set out in Note (21): Contingent Liabilities.

6) Other assets (current)

	2012	2011
	\$	\$
CURRENT		
Prepayments	42,210	124,872
Other	-	9,105
	42,210	133,977

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7) Plant and Equipment

	2012	2011
	\$	\$
Plant and equipment		
At cost	568,783	685,660
Accumulated depreciation	(342,608)	(372,728)
	<u>226,175</u>	<u>312,932</u>
Campsite		
At cost	70,566	57,962
Accumulated depreciation	(17,810)	(7,390)
	<u>52,756</u>	<u>50,572</u>
Total plant and equipment	<u><u>278,931</u></u>	<u><u>363,504</u></u>

MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	PLANT AND EQUIPMENT	CAMPSITE	TOTAL
	\$	\$	\$
At 30 June 2011			
Opening net book value	377,843	-	377,843
Additions	43,935	57,962	101,897
Accumulated depreciation	(26,319)	(7,390)	(33,709)
Depreciation capitalised to exploration and evaluation assets	(82,527)	-	(82,527)
Net book value	<u>312,932</u>	<u>50,572</u>	<u>363,504</u>
At 30 June 2012			
Opening net book value	312,932	50,572	363,504
Additions	26,457	12,604	39,061
Disposals	(50,000)	-	(50,000)
Profit/(loss) on disposal of asset	14,272	-	14,272
Accumulated depreciation	(14,616)	(10,420)	(25,036)
Depreciation capitalised to exploration and evaluation assets	(62,870)	-	(62,870)
Net book value	<u><u>226,175</u></u>	<u><u>52,756</u></u>	<u><u>278,931</u></u>

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8) Exploration and evaluation assets

	2012	2011
	\$	\$
Exploration expenditure	20,718,976	15,572,909
	<u>20,718,976</u>	<u>15,572,909</u>
	2012	2011
	\$	\$
EXPLORATION AND EVALUATION ASSETS		
Balance at the beginning of the year	15,572,909	8,253,063
Expenditure incurred	5,236,917	8,489,701
Depreciation capitalised	62,870	82,527
Impairment (write off)	(153,720)	(1,252,382)
	<u>(153,720)</u>	<u>(1,252,382)</u>
Balance at end of the year	20,718,976	15,572,909
	<u>20,718,976</u>	<u>15,572,909</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9) Trade and Other Payables

	2012	2011
	\$	\$
CURRENT		
Trade payables	56,849	463,825
Accruals and other payables	366,617	353,640
	<u>423,466</u>	<u>817,465</u>

10) Provisions

	2012	2011
	\$	\$
CURRENT		
Employee entitlements	94,787	119,858
Other	5,850	-
	<u>100,637</u>	<u>119,858</u>
NON-CURRENT		
Employee entitlements	-	29,509
	<u>-</u>	<u>29,509</u>

The non-current component of provisions relates to long service leave that is expected to be paid out later than 12 months from the reporting date.

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MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11) Issued Capital

	2012 \$	2011 \$
SHARES ON ISSUE		
188,616,911 fully paid ordinary shares (2011: 151,514,567)	35,782,061	29,191,353
Share issue costs written off against issued capital	(1,906,155)	(1,438,880)
	33,875,906	27,752,473

MOVEMENT IN ORDINARY SHARES	No.	\$
Balance at 1 July 2010	145,695,756	27,154,769
Shares issued for working capital at \$0.35 on 19 April 2011	5,818,811	2,036,584
Balance at 30 June 2011	151,514,567	29,191,353
Options converted at \$0.75 each to shares on 13 July 2011	2	2
Options converted at \$0.75 each to shares on 18 July 2011	7	5
Shares issued for working capital at \$0.25 on 15 August 2011	19,000,000	4,750,000
Shares issued to company employees on 11 October 2011	600,000	90,000
Shares issued for working capital at \$0.10 on 28 February 2012	17,500,000	1,750,000
Options converted at \$0.30 each to shares on 1 May 2012	2,000	600
Options converted at \$0.30 each to shares on 8 May 2012	330	99
Options converted at \$0.35 each to shares on 1 June 2012	5	2
Balance at 30 June 2012	188,616,911	35,782,061

OPTIONS

For information relating to share options issued to key management personnel (under the employee option scheme) during the financial year refer to Note (25): Share-based Payments.

The current Mindax Limited Employee Option Scheme (“EOS”) was approved by shareholders at the 2011 AGM. The purpose of the EOS is to provide a means by which employees (including directors of the Company), upon whom the responsibilities for the successful growth of the Company rest, can share in such growth and recognise the ability and efforts of those who have contributed to the success of the Company.

The key terms of the EOS include:

- Options are issued to selected Eligible Employees for free;
- The allotment of options with any attaching conditions is at the discretion of the Board of Directors;
- Shares allotted on the exercise of the options are to be issued at an exercise price which is the greater of:
 - 120% of the market value of the shares on the day the option is issued;
 - 25 cents; or
 - any greater exercise price determined by the Board and advised to the Employee or Consultant when Options are offered to the Employee or Consultant;

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Options are unlisted and not transferable except with prior written approval of the Board; and
- Options carry no dividend rights or voting rights.

The Company had a total of 4,050,000 employee and consultant options over ordinary shares in the Company as at 30 June 2012 (2011: 2,350,000). The movement for the year was:

- On 11 October 2011 the Company issued 1,750,000 Unlisted Options with an exercise price of \$0.45 each, expiring on 30 September 2013 to unrelated, arm's length employees.
- On 11 October 2011 the Company issued 1,750,000 Unlisted Options with an exercise price of \$0.60 each, expiring on 30 September 2014 to unrelated, arm's length employees.
- On 31 March 2012 1,800,000 Unlisted Options with an exercise price of \$0.60 each expired without exercise.

CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard their ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders and to maintain capital structure to reduce the cost of capital.

The net assets of the Group are equivalent to capital. Net capital is obtained through raising capital on the Australian Securities Exchange.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for a return on capital, or for gearing ratios, as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

12) *Other reserves and accumulated losses*

SHARE BASED PAYMENT RESERVE

The option reserve records items recognised as expenses on valuation of employee share options.

RESERVES	2012 \$	2011 \$
Employee equity-settled benefits	680,151	624,151
Employee equity-settled benefits reserve		
Balance at beginning of financial year (1 July 2011)	624,151	624,151
Share-based payment	56,000	-
Balance at 30 June 2012	680,151	624,151

The employee equity settled benefits reserve arises on the grant of share options to parties under the EOS. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Note (25): Share-based Payments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ACCUMULATED LOSSES

Movement in accumulated losses were as follows:

	2012	2011
	\$	\$
Balance 1 July	(9,369,973)	(6,957,922)
Net loss for the year	(2,299,213)	(2,412,051)
Prior year adjustment	(3,725)	-
Balance at 30 June	(11,672,911)	(9,369,973)

13) Earnings per Share (EPS)

	2012	2011
	\$	\$
Earnings used to calculate basic and diluted EPS	(2,299,213)	(2,412,051)

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS:

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	174,603,726	146,859,518
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	174,603,726	146,859,518

Diluted earnings per share are the same as basic earnings per share as the Group incurred a loss for the year and therefore is not considered dilutive.

14) Capital and Leasing Commitments

	2012	2011
	\$	\$
(A) LEASE COMMITMENTS - NON CANCELLABLE		
Payable		
- not later than 12 months	309,829	95,781
- between 12 months and 5 years	361,134	53,539
	<u>670,963</u>	<u>149,320</u>
(B) LEASE COMMITMENTS – CANCELLABLE		
Payable		
- not later than 12 months	222	534
- between 12 months and 5 years	-	175
	<u>222</u>	<u>709</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(c) EXPLORATION EXPENDITURE COMMITMENTS

Payable

- not later than 12 months	1,962,100	1,735,325
- between 12 months and 5 years	10,032,400	8,686,655
- greater than 5 years	2,618,100	2,635,570
	<u>14,612,600</u>	<u>13,057,550</u>

The above commitments include exploration commitments of 100% relating to the Yilgarn - Avon Joint Venture.

During the reporting period Quasar Resources Pty Ltd, the joint partner in the Yilgarn-Avon Joint Venture (YAJV) with Mindax, opted not to pay its capital expenditure commitments for the year ended 30 June 2011. Management subsequently diluted Quasar's share of the joint venture resulting in an increase in the Group's interest in the YAJV from 53% to 75%. Refer to Note (20): Joint Ventures for details. Management is of the opinion that the Group's interest in the YAJV may increase in the future and has therefore assessed its exploration commitment at 100% of total exploration expenditure commitments.

15) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	(4)	2,201,405	1,974,376
Trade and other receivables	(5)	162,842	1,925,832
Total Financial Assets		<u>2,364,247</u>	<u>3,900,208</u>
Financial Liabilities			
Trade and other payables	(9)	423,466	817,465
Total Financial Liabilities		<u>423,466</u>	<u>817,465</u>

Due to their short term nature, the carrying amounts of these financial instruments approximate their fair values.

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Group's risk management policy with the objective to ensure that the financial risks inherent in exploration activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business are market risk (primarily interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments for exploration expenditure. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensures capital can be raised in advance of shortages. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit exposure to price risk.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Primary responsibility for identification and control of financial risks rests with the Managing Director and Chief Financial Officer, under the authority of the Board. The Board is apprised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note (1) to the financial statements. The carrying values less the impairment allowance for receivables and payables are assumed to approximate fair values due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

The Group trades only with recognised, creditworthy third parties.

The Group has no customers and consequently no significant exposure to bad debts or other credit risks. During the period ended 30 June 2011 however, Mindax invoiced its Joint Venture partner, Quasar Resources Pty Ltd, for capital expenditures incurred in the Yilgarn Avon area of interest. These costs amounted to \$1,683,412 which were outstanding at 30 June 2011 and recorded as receivables. During the current reporting period Quasar has opted not to pay these costs. Management subsequently diluted Quasar's share of the joint venture resulting in an increase in the Group's interest in the Yilgarn-Avon Joint Venture from circa 53% to circa 75%.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At reporting date cash and deposits were held with Commonwealth Bank of Australia and Westpac Banking Corporation.

The credit quality of the financial assets that are either past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All cash balances are deposits with financial institutions with 'AA' S&P ratings. The term deposits disclosed in Trade and other receivables (Note 5) are also deposits with financial institutions with 'AA' S&P ratings. The remaining trade and other receivables balance is to customers or institutions with no credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Group monitors its ongoing exploration cash requirements and raises

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

equity funding as and when appropriate to meet such planned requirements. The Group has no undrawn financing facilities. Trade and other payables, the only financial liability of the Group, are due within 3 months.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	423,466	817,465	-	-	423,466	817,465
Total contractual outflows	423,466	817,465	-	-	423,466	817,465
Financial assets - cash flows realisable						
Trade and other receivables	162,842	1,925,832	-	-	162,842	1,925,832
Total anticipated inflows	162,842	1,925,832	-	-	162,842	1,925,832

The financial assets and liabilities noted above are interest free.

(c) MARKET RISK – INTEREST RATE RISK

The Group's cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. At reporting date, the Group does not have any borrowings. The Group does not enter into hedges. An increase/(decrease) in interest rates by 1% during the whole of the respective periods would have led to an increase/(decrease) in both equity and losses of less than \$10,000. 1% was thought to be appropriate because it represents four 0.25 basis point rate rises/falls, which is appropriate in the present economic climate. The majority of cash held in a Term Deposit earns interest income at a rate of 4.54% p.a.

16) Operating Segments

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes.

This has resulted in the segment being disaggregated into four reportable segments based on the minerals present in the Projects detailed in the Quarterly Activities Report released to the Australian Securities Exchange each quarter, prepared by the Managing Director. Based on the contents of this report, the four reportable segments identified are:

1. Uranium (Comprising the Yilgarn Avon Joint Venture (JV) – Palaeochannel Project and other non JV projects)
2. Gold (Comprising the Meekatharra North Project)
3. Copper and Gold (Comprising the Yilgarn Avon Joint venture – Mortlock Project)
4. Iron Ore (Comprising the Mt Forrest and Fred's Bore Project)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Segment information provided to the executive management committee for the year ended 30 June 2012 is as follows:

Consolidated	Uranium	Gold	Copper & Gold	Iron Ore	Total
Year ended 30 June 2012	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	-	12,938	140,782	-	153,720
Year ended 30 June 2011					
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	581	809,426	-	442,375	1,252,382
Total segment assets					
30 June 2012	4,463,608	815,927	932,183	14,507,258	20,718,976
30 June 2011	2,407,053	784,878	920,761	11,460,217	15,572,909

Reportable segment liabilities are reconciled to total liabilities as follows:

	2012 \$	2011 \$
Segment liabilities	-	-
Intersegment eliminations	-	-
Unallocated		
Trade and other payables	423,466	817,465
Provisions	100,637	149,367
Total liabilities as per the balance sheet	524,103	966,832

Reportable segment assets are reconciled to total assets as follows:

	2012 \$	2011 \$
Segment assets	20,718,976	15,572,909
Intersegment eliminations	-	-
Unallocated		
Cash and cash equivalents	2,201,405	1,974,376
Trade and other receivables	162,842	1,925,832
Prepayments	42,210	-
Other current assets	-	133,977
Property, plant and equipment	278,931	363,504
Other non-current assets	2,885	2,885
Total assets as per the balance sheet	23,407,249	19,973,483

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2012 \$	2011 \$
Total profit or loss for reportable segments		
Intersegment eliminations		
<u>Allocated Segment Amounts</u>		
Uranium	-	(581)
Gold	(12,938)	(809,426)
Copper & Gold	(140,782)	-
Iron Ore	-	(442,375)
Total: Allocated Segment Amounts	(153,720)	(1,252,382)
<u>Unallocated amounts</u>		
Finance costs	(2,160)	(358)
Interest revenue	166,974	365,780
Other revenue	30,937	16,589
Other revenue – R & D tax concession	702,768	79,304
Depreciation and amortisation	(25,033)	(33,709)
Share-based payments	(146,000)	-
Other expenses	(2,872,979)	(1,587,275)
Total: Allocated Segment Amounts	(2,145,493)	(1,159,669)
Loss before income tax from continuing operations	(2,299,213)	(2,412,051)

17) *Interests of Key Management Personnel*

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2012 \$	2011 \$
Short-term employee benefits	1,348,851	821,933
Post-employment benefits	253,999	79,731
Share-based payments	138,000	-
Totals	1,740,850	901,664

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

The number of options over ordinary shares held by each key management person of the Group during the financial year is as follows:

30 JUNE 2012	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE
G George	1,698,312	-	-	(1,698,312)	-	-	-
G Bromley	3,297,500	-	-	(3,297,500)	-	-	-
A Tsang	16,325,055	-	-	(16,325,055)	-	-	-
B Chow	320,000	-	-	(320,000)	-	-	-
K Pettit	115,000	-	-	(115,000)	-	-	-
E Loh	-	-	-	-	-	-	-
J Stacpoole	-	-	-	-	-	-	-
C Pougault	-	1,000,000	-	-	1,000,000	-	1,000,000
J Vinar	-	1,000,000	-	-	1,000,000	-	1,000,000
S Lane	50,000	1,000,000	-	-	1,050,000	-	1,050,000
Totals	21,805,867	3,000,000	-	(21,755,867)	3,050,000	-	3,050,000

Note: "Other changes during the year" in the above table reflects options which expired during the financial year, without exercise.

30 JUNE 2011	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE YEAR	VESTED AND EXERCISABLE
G George	1,698,312	-	-	-	1,698,312	-	1,698,312
G Bromley	3,297,500	-	-	-	3,297,500	-	3,297,500
A Tsang	16,325,055	-	-	-	16,325,055	-	16,325,055
B Chow	320,000	-	-	-	320,000	-	320,000
K Pettit	-	-	-	115,000	115,000	-	115,000
N Smith	1,831,550	-	-	(1,831,550)	-	-	1,831,550
C Pougault	-	-	-	-	-	-	-
J Vinar	-	-	-	-	-	-	-
S Lane	50,000	-	-	-	50,000	-	50,000
Totals	23,522,417	-	-	(1,716,550)	21,805,867	-	23,637,417

Note: "Other changes during the year" reflects options and rights holdings at the time of an appointment or resignation of directors.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares in Mindax Limited held by each key management person of the Group during the financial year is as follows:

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2012					
G George	2,896,625	-	-	1,414,788	4,311,413
A Tsang	32,230,112	-	-	10,840,313	43,070,425
B Chow	140,000	-	-	56,000	196,000
E Loh	-	-	-	-	-
J Stacpoole	-	-	-	-	-
C Pougault	-	200,000	-	-	200,000
J Vinar	-	200,000	-	-	200,000
S Lane	100,000	200,000	-	5,000	305,000
G Bromley	5,595,001	-	-	200,000	5,795,001
K Pettit	510,206	-	-	102,041	612,247
Totals	41,471,944	600,000	-	12,618,142	54,690,086

Note: "Other changes during the year" reflects changes in shareholdings as a result of a rights issue allocation plus on-market transactions.

	BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2011					
G George	2,896,625	-	-	-	2,896,625
G Bromley	5,595,001	-	-	-	5,595,001
A Tsang	32,230,112	-	-	-	32,230,112
B Chow	140,000	-	-	-	140,000
K Pettit	-	-	-	510,206	510,206
C Pougault	-	-	-	-	-
J Vinar	-	-	-	-	-
S Lane	100,000	-	-	-	100,000
N Smith	3,163,100	-	-	(3,163,100)	-
Totals	44,124,838	-	-	(2,652,894)	41,471,944

There have been no other transactions involving equity instruments other than those described in the tables above.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

On the resignation of G Bromley as Managing Director the Board formed a temporary working committee from its members to oversee the operations of the Company until a replacement Managing Director was appointed. For the period ended 30 June 2012, Messrs Loh and Stacpoole were paid consulting fees of \$6,000 and \$34,284 respectively for the additional time requirements for their role on the working committee.

In addition, during the financial year G George was paid \$14,650 in consulting fees for advisory services in facilitating capital raisings.

The above specific consultancy services to the Company were on reasonable arm's length, commercial terms.

For details of other transactions with key management personnel, refer to Note (22): Related Party Transactions.

18) Auditors' Remuneration

	2012	2011
	\$	\$
Audit and other assurance services		
Audit and review of financial statements (BDO Audit (WA) Pty Ltd)	35,150	39,242
Other services		
Mineral Resources Rent Taxation advice (BDO (WA) Pty Ltd)	6,064	-

19) Controlled Entities

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)*	PERCENTAGE OWNED (%)*
		2012	2011
Parent Entity:			
Mindax Limited	Australia		
Subsidiaries of legal parent entity:			
Mindax Energy Pty Ltd	Australia	100	100
Yilgiron Pty Ltd	Australia	100	100
Yilgiron Infrastructure Pty Ltd	Australia	100	100

Note: * Percentage of voting power is in proportion to ownership

ACQUISITIONS/DISPOSALS OF CONTROLLED ENTITIES

Nil.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20) Joint Ventures

At 30 June 2011 the Yilgarn-Avon Joint Venture ("YAJV") was a Mindax operated 53% / 47% joint venture with Quasar Resources Pty Ltd ("Quasar"). YAJV has a land area of in excess of 4,500 square kilometres in the South West of Western Australia with exploration having commenced on granted licences. The YAJV is an unincorporated joint venture with the Group having reported its share of assets employed, liabilities incurred and expenses incurred in their respective categories of the financial statements.

During the period ended 30 June 2012 Quasar opted not to pay its capital expenditure commitments of \$1,683,412 incurred for the year ended 30 June 2011 as invoiced by Mindax. Management subsequently diluted Quasar's share of the joint venture resulting in an increase in the Group's interest in the Yilgarn-Avon Joint Venture from 53% to circa 75%.

Share of joint venture entity's net results and net financial position	2012 \$	2011 \$
Current assets	25,475	49,526
Non-current assets	5,363,152	3,501,545
Total assets	5,388,627	3,551,071
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Revenue	-	-
Expenses	-	-
Profit before income tax	-	-
Income tax expense	-	-
Profit after income tax	-	-

21) Contingent Liabilities

A term deposit of \$20,000 has been secured by the Company's bankers to provide a bank guarantee in favour of the Minister for State Development as an unconditional performance bond on E57/555.

A term deposit of \$13,000 secured by the Company's bankers to provide a bank guarantee in favour of the Minister for State Development as an unconditional performance bond on E57/555 was released by the bank during the reporting period. The funds were deposited in the Company's bank trading account.

A term deposit of \$124,042 has also been secured by the Company's bankers to provide a bank guarantee in support of the lease agreement for the Company's business premises.

Mindax and a contract driller are involved in a dispute for 'standby charges' applied to invoices rendered to Mindax in early 2011. The matter was lodged with the District Court in March 2012, with Mindax as the defendant. Based on legal advice received the directors believe that the Company is not liable under service contract with the driller. However, should the dispute proceed to Court and the Company fails in the matter then the value of the award against Mindax may be the value of dispute (\$98,725) plus costs and interest.

Since the last annual reporting date, there has been no other material change of any contingent liabilities or contingent assets.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

DETAILS OF TRANSACTIONS WITH RELATED PARTIES FOR THE FISCAL YEAR:

Greg Bromley

On 15 August 2011 Mindax sold a motor vehicle surplus to its requirements to the then Managing Director, Greg Bromley. The vehicle was independently valued and the transaction completed at arm's length. The Company recognised a profit of \$7,206 on the sale of the motor vehicle.

Gilbert George and Andrew Tsang

On 15 August 2011 the Company completed a Renounceable Entitlements Issue offered pursuant to a Prospectus dated 1 July 2011.

Eligible Shareholders subscribed for 5,353,674 new shares (together with 5,353,674 free attaching new options on a 1 for 1 basis) at an issue price of \$0.25 per new share. Of the balance not subscribed for 13,646,326 new shares (together with free attaching new options on a 1 for 1 basis), reverted to Patersons as partial underwriter to the Entitlements Issue. Patersons agreed to partially underwrite the offer to the extent of \$4.75 million, representing the minimum subscription under the offer. The Entitlements Issue raised gross proceeds of \$4.75 million; with the final number of securities issued totalling 19,000,000 new ordinary shares ("Shares") and 19,000,000 new options ("Primary Options").

Gilbert George, a Director of the Company, agreed to sub-underwrite up to 1,000,000 Shares and Primary Options of the shortfall pursuant to a sub-underwriting arrangement entered into with Patersons. Mr George was paid a fee equal to 3% of the sub-underwritten amount. The sub-underwriting fees were paid by Patersons as per an Underwriting Agreement between Patersons and the sub-underwriter. Mr George subsequently subscribed for 715,463 Shares and Primary Options to the value of \$178,865..

Ms Leai You, the mother of Andrew Tsang, who is a Director of the Company and/or her nominee, agreed to sub-underwrite up to a maximum of 15,151,456 Shares and Primary Options if there were no subscribers to the Rights Offer (i.e. 100% Shortfall). If the Rights Offer was partially subscribed, Ms You agreed to sub-underwrite a proportion of the Shares and Primary Options on a pro-rata basis, pursuant to a sub-underwriting agreement entered into with Patersons. Ms You was paid a fee equal to 4.3% of the sub-underwritten amount. The fee was paid by Patersons as per an Underwriting Agreement between Patersons and the sub-underwriter. Ms You subsequently subscribed for 10,840,313 Shares and Primary Options to the value of \$2,710,078.

There were no other loans or transactions with related parties during the year.

23) Cash Flow Information

	2012	2011
	\$	\$
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
Net loss for the year	(2,299,213)	(2,412,051)
Non-cash flows in Statement of Comprehensive Income		
Depreciation and amortisation	25,033	33,709
Exploration written off	153,720	1,252,382

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share based payments (Shares/Options issued under the Company's employee equity schemes)	146,000	-
(Gain)/loss on sale of fixed assets	(14,518)	4,728

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries

(Increase)/decrease in trade and other receivables	1,762,989	(1,563,185)
(Increase)/decrease in exploration assets	(2,305,048)	1,404,818
(Increase)/decrease in prepayments	91,768	(133,977)
Increase/(decrease) in trade and other payables	(393,999)	504,733
Increase/(decrease) in provisions	(48,731)	76,885
	(2,881,999)	(831,958)

24) Non-cash investing and financing activities

On 15 August 2011 the Company issued 19,000,000 shares and 19,000,000 free attaching listed options pursuant to a Renounceable Pro-rata Entitlement Offer dated 1 July 2011. The 19,000,000 options were issued for nil consideration. The options were exercisable at \$0.30 each with an expiry date of 30 April 2012. Option holders converted 2,000 options into ordinary shares prior to the expiry date. The balance of 18,998,000 options expired on 30 April 2012.

On 11 October 2011 the company issued 600,000 shares and 3,500,000 unlisted options for nil consideration to unrelated, arm's length employees of the company. The shares were issued pursuant to the company's Employee Share Plan and the unlisted options issued pursuant to the company's Employee Option Scheme. Refer to Note (11): Issued Capital, Note (17): Interests of Key Management Personnel and Note (25): Share-based Payments for details.

25) Share-based Payments

The Company operates an Employee Options Scheme ("EOS"), from which Share based payments are undertaken. A summary of the scheme is set out in Note (11): Issued Capital.

The following options from share based payments under the EOS were outstanding at 30 June 2012

Grant date	Expiry date	Exercise price \$	Balance at start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Cancelled during the year (number)	Balance at end of the year (number)	Vested and Exercisable at end of year (number)
4 Aug 2008	1 Aug 2012	0.53	250,000	-	-	-	250,000	250,000
12 Oct 2009	12 Oct 2012	0.48	300,000	-	-	-	300,000	300,000
11 Oct 2011	30 Sept 2013	0.45	-	1,750,000	-	-	1,750,000	1,750,000
11 Oct 2011	30 Sept 2013	0.60	-	1,750,000	-	-	1,750,000	1,750,000
Totals			550,000	3,500,000	-	-	4,050,000	4,050,000
Weighted average exercise price			\$0.58	\$0.53	-	-	\$0.52	\$0.52

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.97 years

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following options from share based payments were outstanding at 30 June 2011:

Grant date	Expiry date	Exercise price \$	Balance at start of the year (number)	Granted during the year (number)	Exercised during the year (number)	Cancelled during the year (number)	Balance at end of the year (number)	Vested and Exercisable at end of year (number)
10 Jan 2008	10 Jan 2011	0.25	100,000	-	-	(100,000)	-	-
4 Aug 2008	1 Aug 2012	0.53	250,000	-	-	-	250,000	250,000
12 Oct 2009	12 Oct 2012	0.48	300,000	-	-	-	300,000	300,000
16 Dec 2009	31 Mar 2012	0.60	1,800,000	-	-	-	1,800,000	1,800,000
Totals			2,450,000	-	-	(100,000)	2,350,000	2,350,000
Weighted average exercise price			\$0.56	-	-	\$0.25	\$0.57	\$0.57

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.86 years

EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS	2012 \$	2011 \$
Shares issued under EOS	90,000	-
Options issued to Key Management Personnel under EOS	48,000	-
Options issued to other employees under EOS	8,000	-
Totals	146,000	-

FAIR VALUE OF SHARES GRANTED

During the financial year 600,000 shares at a price of \$0.15 per share were issued to key management personnel. The expense arising from the transaction at grant date is \$90,000.

FAIR VALUE OF OPTIONS GRANTED

During the financial year 3,500,000 options were granted to employees of the Company. The expense arising from the transaction at grant date is \$56,000. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the option term, the share price at grant date and expected price volatility of the underlying share and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2012 included:

	1,750,000 Employee options issued 11 October 2011	1,750,000 Employee options issued 11 October 2011
Exercise price	\$0.45	\$0.60
Grant date	11 October 2011	11 October 2011
Expiry date	30 September 2013	30 September 2014
Share price at grant date	\$0.15	\$0.15
Expected price volatility of the Company's shares	65%	65%
Expected dividend yield	0%	0%
Risk-free interest rate	3.73%	3.76%
Fair Value	\$0.014	\$0.018

Note: As no options were granted during the prior year (ended 30 June 2011) no assessment of fair value is required.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26) Events after the End of the Reporting Period

On 30 July 2012 the Board of Directors appointed Dr Stephen Ward as Chief Executive Officer and Managing Director of Mindax Limited. Refer to page 27 for details of the Service Agreement entered in to with Dr Ward.

On 1 August 2012, 250,000 unlisted employee options with an exercise price of \$0.53 each expired without exercise.

On 6 September 2012 the Company completed a placement of 8,000,000 ordinary fully paid shares at \$0.085 (eight and a half cents) per share to raise gross proceeds of \$680,000 (before associated issue costs). The funds raised are to be applied to the commencement of the Mt Forrest Iron project feasibility studies, further exploration of the Company's uranium project and to provide working capital.

27) Parent entity

The following information has been extracted from the books and records of the parent, Mindax Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Mindax Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Mindax Limited	2012 \$	2011 \$
Assets		
Current assets	2,402,909	4,008,709
Non-current assets	22,160,907	16,997,048
Total Assets	24,563,816	21,005,757
Liabilities		
Current liabilities	(550,083)	(980,471)
Non-current liabilities	-	(29,509)
Total Liabilities	(550,083)	(1,009,980)
Equity		
Issued capital	33,875,906	27,778,273
Accumulated losses	(10,542,324)	(8,406,647)
Share based payment reserve	680,151	624,151
Total Equity	24,013,734	19,995,777
Total loss for the year	(2,157,752)	(2,039,142)
Total comprehensive income	(2,157,752)	(2,039,142)

CONTINGENT LIABILITIES

The parent entity has contingent liabilities as at 30 June 2012 that are disclosed in Note (21): Contingent Liabilities.

CONTRACTUAL COMMITMENTS

The parent entity has commitments as at 30 June 2012 that are disclosed in Note (14): Capital and Leasing Commitments.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The additional information, dated 18 September 2012, is required by ASX Limited Listing Rules and not disclosed elsewhere in this report.

DISTRIBUTION OF SHAREHOLDERS (ASX CODE 'MDX'):

Spread of holdings	Number
1 - 1,000	56
1,001 - 5,000	71
5,001 - 10,000	91
10,001 - 100,000	231
100,001 – and over	117
TOTAL	566

Number of shareholders holding less than a marketable parcel: 155.

SUBSTANTIAL SHAREHOLDERS (ASX CODE 'MDX'):

Shareholder Name	Number of shares	%
Andrew Tsang*	43,070,425	21.906
LAP Exploration Pte Ltd	32,034,616	16.293
HSBC Custody Nominees (Aus) Ltd	24,256,122	12.337
Jupiter Mines Limited	13,213,579	6.720
TOTAL	112,574,742	57.256

Note: * The interest held with respect to 10,840,313, 1,355,979 and 80,000 of these shares is held by Lei You (mother of Andrew Tsang); Chunxiang Zeng (wife of Andrew Tsang) and Xiang Rong (Australia) Construction Group Pty Ltd (an entity controlled by Andrew Tsang) respectively.

VOTING RIGHTS:

Ordinary shares: on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options: no voting rights.

QUOTED SECURITIES:

Mindax Limited is listed on the Australian Securities Exchange.

Shares (ASX Code: MDX) – all 196,616,911 ordinary fully paid shares on issue are quoted securities.

RESTRICTED SECURITIES:

There are no restricted securities.

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

UNLISTED OPTIONS:

The Company has on issue the following unlisted options over unissued shares:

- a) 300,000 employee and consultant options with an exercise price of \$0.48 and an expiry date of 12 October 2012^A
- b) 1,750,000 employee options with an exercise price of \$0.45 and an expiry date of 30 September 2013^A
- c) 1,750,000 employee options with an exercise price of \$0.60 and an expiry date of 30 September 2014^A
- d) 2,325 options with an exercise price of \$0.35 and an expiry date of 31 May 2015.

Note: A - The options were issued pursuant to the Company's Employee Option Scheme.

TWENTY LARGEST SHAREHOLDERS (ASX CODE 'MDX'):

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE (%)
LAP Exploration Pte Ltd	32,034,616	16.293
Mr Andrew Tsang	30,794,133	15.662
HSBC Custody Nominees (Aus) Ltd	24,256,122	12.337
Jupiter Mines Limited	13,213,579	6.720
Ms Lei You	10,840,313	5.513
Mr Guo Xiong Zeng	6,148,971	3.127
Ms Lici Zeng	5,097,151	2.592
Chipingi Pty Ltd <Bromley Family A/C>	4,840,000	2.462
Sherryland Investments Pty Ltd	4,714,089	2.398
Mr Gilbert Charles George	3,639,413	1.851
Mr Yuanwen Zhu	3,139,706	1.597
Mr Chenfei Zhuang	3,047,941	1.550
McNeil Nominees Pty Limited	2,500,000	1.272
The Xin Rong Family Trust	1,764,706	0.898
Portcullis Corporate Advisory Pty Ltd	1,731,942	0.881
Mr Chaohui Zhang	1,499,000	0.762
Phillip Securities (Hong Kong) Ltd <Client A/C>	1,370,607	0.697
Ms Chunxiang Zeng	1,355,979	0.690
Mr Nengyan Zhang	1,262,677	0.642
Mr Heming He	1,153,877	0.587
TOTAL	154,404,822	78.531

MINDAX LIMITED – ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

INTEREST IN MINING TENEMENTS:

Tenement Number	Project	Locality	Status	Interest %
M29/257	Bulga Downs	Mount Forrest - Bulga Downs	Granted	100
M29/258	Bulga Downs	Mount Forrest - Bulga Downs	Granted	100
M29/314	Bulga Downs	Mount Forrest	Granted	100
M29/348	Bulga Downs	Toucan - Bulga Downs	Granted	100
M29/349	Bulga Downs	Macaw North - Bulga Downs	Granted	100
M29/350	Bulga Downs	Macaw - Bulga Downs	Granted	100
M29/351	Bulga Downs	Bulga Downs	Granted	100
E70/2518	Yilgarn-Avon MORTLOCK	Meenar	Granted	75
E70/2519	Yilgarn-Avon MORTLOCK	Goomalling	Granted	75
E70/2521	Yilgarn-Avon MORTLOCK	Jurakine	Granted	75
E70/3266	Yilgarn-Avon MORTLOCK	Canternatting Pool	Granted	75
E70/3480	Yilgarn-Avon MORTLOCK	Cunderdin	Granted	75
E70/3481	Yilgarn-Avon MORTLOCK	Goomalling	Granted	75
E70/3616	Yilgarn-Avon MORTLOCK	Hulongine	Granted	75
E70/3617	Yilgarn-Avon MORTLOCK	Youloning	Granted	75
E70/3820	Yilgarn-Avon MORTLOCK	Grass Valley/Avon	Granted	75
E77/1336	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E70/2986	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E70/2920	Yilgarn-Avon MUKINBUDIN	Bonnie Rock	Granted	75
E77/1337	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E77/1405	Yilgarn-Avon MUKINBUDIN	Jinadarra	Granted	75
E70/3661	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E70/3662	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E77/1709	Yilgarn-Avon MUKINBUDIN	Nierguine	Granted	75
E77/1710	Yilgarn-Avon MUKINBUDIN	Geeranning	Granted	75
E70/3887	Yilgarn-Avon MUKINBUDIN	Mukinbudin	Granted	75
E77/1918	Yilgarn-Avon MUKINBUDIN	Jinadarra	Application	N/A
E70/4062	Yilgarn-Avon MUKINBUDIN	Donnington Hill	Application	N/A
E70/3039	Yilgarn-Avon QUAIRADING	Brookton	Granted	75
E70/3040	Yilgarn-Avon QUAIRADING	South Kellerberrin	Granted	75

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONTINUED)

Tenement Number	Project	Locality	Status	Interest %
E70/3168	Yilgarn-Avon QUAIRADING	Quairading	Granted	75
E70/3165	Yilgarn-Avon QUAIRADING	Yenyenning Lakes	Granted	75
E70/3171	Yilgarn-Avon KELLERBERRIN	Doodlakine	Granted	75
E70/3178	Yilgarn-Avon KELLERBERRIN	Belka North	Granted	75
E70/3641	Yilgarn-Avon KELLERBERRIN	Kellerberrin	Granted	75
E51/1034	Meekatharra North	Sherwood	Granted	75
E29/809	Fred's Bore	Panhandle Bore	Granted	100
L57/38	Mt Forrest Water Licence	Bulga Downs	Application	N/A
L57/39	Mt Forrest Water Licence	Yuinmery	Application	N/A
L29/102	Mt Forrest Water Licence	Menzies Sandstone Road(Perrinvale)	Application	N/A
L30/52	Mt Forrest Water Licence	Evanstone Menzies Road (Riverina)	Application	N/A
L29/85	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/86	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/87	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/88	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/89	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/90	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L30/45	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L30/46	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L30/47	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/107	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/103	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/104	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A
L29/108	Mt Forrest to Menzies Corridor	Menzies Sandstone Road	Application	N/A