

IRON ORE

GOLD

URANIUM

COPPER

M

MINDAX  
LIMITED



ANNUAL  
REPORT **2014**



## CORPORATE DIRECTORY

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### AUSTRALIAN COMPANY NUMBER

106 866 442

### DIRECTORS

**Benjamin Chow**  
(Executive Chairman) – Appointed 1 June 2014

**Andrew Tsang**  
(Non-Executive Director)

**Kgai Mun Loh**  
(Non-Executive Director)

**Yonggang Li**  
(Non-Executive Director)

**Gilbert George**  
(Non-Executive Chairman) – Retired 31 May 2014

**Stephen Ward**  
(Managing Director And Chief Executive Officer) –  
left on 31 May 2014

### COMPANY SECRETARY

**Dennis Wilkins**  
Appointed 26 May 2014

**Christopher Pognault**  
Resigned 26 May 2014

### DOMICILE AND COUNTRY OF INCORPORATION

Australia

### PRINCIPAL AND REGISTERED OFFICE

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West Perth WA 6005

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West Perth WA 6872

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Website: [www.mindax.com.au](http://www.mindax.com.au)

### AUDITORS

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

### SHARE REGISTRY

Advanced Share Registry Services  
150 Stirling Highway  
Nedlands WA 6009  
Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

### BANKERS

Commonwealth Bank  
1254 Hay Street  
West Perth WA 6005

Westpac Banking Corporation  
465 Scarborough Beach Road  
Osborne Park WA 6017

### 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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## CHAIRMAN'S REPORT

Dear Shareholder

2013 to 2014 year has seen some very significant changes to Mindax Limited.

At the end of May 2014 Mr Gilbert George retired as Chairman of Mindax Limited. Mr George was a founding director and chairman of Mindax since its formation. On behalf of fellow directors and shareholders I wish to thank Mr George for his enormous contribution and leadership to the Company since its inception.

I also wish to take this opportunity to thank our previous Managing Director Dr Steve Ward and all the Mindax staff members who have left the employment of Mindax at the end of May 2014. I wish to acknowledge the positive contribution made by them to our four projects. It is worth noting that two of our key staff members remain as consultants to our company. This is to ensure there is continuity in the management of our company's valuable assets and attendance to ongoing compliance issues.

In last year's annual report Dr Ward mentioned that we live in a period when financial markets are very challenging for junior explorers. This situation has not changed over the last twelve months. We continue to operate in a financial climate such that the market has not shown any appetite for exploration companies with the exception of those who can or are close to production. Our directors worked hard for Mindax to complete capital raisings of \$1.6M in a very difficult market.

Mindax directors have always focused on creating value for shareholders. With the imminent commencement of our Joint Venture development of the Mt Forest Iron Project the Board took the advice from Dr Ward in April 2014 to restructure the Company.

From June 2014 the number of directors has been reduced to four. It is intended for the management of projects other than Mt Forrest to be outsourced. We will also outsource the corporate secretarial and accounting function.

The Mt Forest Iron Project remains the most advanced and important asset of the Company. In October 2013 our Company entered into a binding

Shareholders and Development Agreement relating to our fully owned subsidiary Yilgiron Pty Ltd with Perpetual Mining Holding Limited (PMHL). The detail of the Agreement was announced in October through the ASX and can be found on our Company's website.

There were a number of preconditions to the operation of the Agreement. One of the key conditions was not approved by the ASX. This caused significant delay and required renegotiation between the parties. I am pleased to advise that subsequent to June 2014 the outstanding issues have been resolved and we are progressing towards shareholders' approval to the Agreement at the next General Meeting of Shareholders.

One of the key issues relating to Mt Forest Iron Project production is port access at Esperance. The Western Australian government through the Esperance Port Authority announced in June 2014 that they have reached Phase 3 of their Port Expansion Plan. According to their program the Port Authority will finalise an agreement with the selected consortium to expand port facilities from the current 11.5 million tonnes to 20 million tonnes. Based on the current announced program we will commence negotiations with the selected consortium early next year.

I would like to thank our departed staff members for their cooperation during the period of restructuring. I would like to thank my fellow directors for their support for the new structure.

Finally I would like to thank our shareholders for their continuing support for the transformation of our Company from explorer to producer.

Kind regards.



Benjamin Chow AO

**Chairman**



THE MT FOREST IRON PROJECT REMAINS THE MOST ADVANCED  
AND IMPORTANT ASSET OF THE COMPANY.



Mt Forest camp and bag farm

## 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 (Commonwealth) (the Corporations Act), 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 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.



## BOARD MEMBERS POSSESS COMPLIMENTARY BUSINESS DISCIPLINES AND EXPERIENCE ALIGNED WITH THE COMPANY OBJECTIVES.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Executive Chairman (formally the responsibility of the Managing Director and Chief Executive Officer (CEO)). These delegations are reviewed by the Board 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. The Charter details the Board's composition and responsibilities.

The Company currently has a four (previously six) member Board comprising two executive directors, including the executive Chairman, and two non-executive directors. The role of Managing Director was abolished in May 2014. Two of the four directors reside in Australia, with two directors (Messrs Loh and Li) residing outside Australia. Mr Loh resides in Singapore and Mr Li in China.

The Group's former Managing Director & CEO, Dr Ward was not considered independent by virtue of his executive role in the Group, neither were Messrs George, Chow and Loh by virtue of financial remuneration received as consultants during the previous four financial years or post financial year end. Mr Tsang is a substantial shareholder of the Company and is therefore not considered independent. Mr Li is not considered independent by virtue of the nature of his appointment, being nominated to the Board by three Mindax shareholders acting in association who control circa 19% of Mindax's issued capital. The Board has considered its materiality threshold in light of the Company's size and simplicity of the business 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 Executive Chairman/Managing Director/CEO's report, financial reports, strategic matters, governance, compliance and sustainability including 'Environment, Health and Safety' (EH&S).

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 acted as Chairman of the Company from 1 July 2013 to 31 May 2014 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 was in the best interests of the Company and is without conflict given its size.

Mr Chow was appointed Chairman on 1 June 2014 and continues in this role as at the date of this report.

The Board has formed the following sub-committees, membership of which consists of executive directors:

- a) Audit Committee - currently comprising Messrs Loh and Chow (Mr George retired on 31 May 2014); and
- b) Remuneration/Nomination Committee - comprises Messrs Tsang and Chow (Mr George retired on 31 May 2014).

The objective and purpose of each committee is to support and advise the Board in fulfilling

## CORPORATE GOVERNANCE STATEMENT

its responsibilities to shareholders, corporate governance, and oversight responsibilities in relation to the company's financial reporting, internal control structure, external audit functions, recruitment of key management personnel (including directors) and monitoring levels of remuneration.

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 an induction programme 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 Annual General Meeting (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 also conduct an evaluation of its performance. The Chairman is responsible for administering such evaluation; with the last evaluation undertaken during the period May - June 2014.

### 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 is regularly reviewed 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 the utmost integrity, objectivity and in compliance with the letter and spirit of the law and company policies.

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 programme. 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 programme.

#### Anti-bribery and Commissions Policy

Mindax has in place a formal policy on "Anti-bribery and Commissions Policy" which applies to all directors and employees.

Mindax believes that integrity and fair dealing are essential assets of the Group and this should be reflected in all activities. Each director and employee has a responsibility to ensure that the Group will not get involved in corruption or dealing with unsanctioned commissions.

Under the policy, no director or employee nor any other person representing the Group such as agents, suppliers, joint venture partners or others, may on any occasion, neither directly or indirectly, offer anything of value to any person that directly or indirectly represents a client or a supplier in order to gain an advantage or as a reward for a favour.

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

Mindax 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.



## THE CODE OF CONDUCT IS REGULARLY REVIEWED AND UPDATED AS NECESSARY TO ENSURE IT REFLECTS THE HIGHEST STANDARDS OF BEHAVIOUR AND PROFESSIONALISM.

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 information before the other Company officers and personnel are, or the Managing Director has knowledge that certain sensitive information (for example: 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.

Directors must advise the Company of any transactions conducted by them in the securities of the Company, in accordance with the Corporations Act 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 at 30 June 2013, 21% of Mindax's employees were 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.

## CORPORATE GOVERNANCE STATEMENT

In accordance with this policy and ASX Corporate Governance Principles, the Board will in due course establish measurable objectives in relation to diversity to monitor performance under the policy. At the present point in the Company's corporate development, given current the size and simplicity of the business, establishing such objectives will be implemented in stages as the Company evolves; particularly when director and senior executive positions become vacant and appropriately skilled candidates are available. Currently, engagement of employees (including in senior roles) is based on an applicant's skills, experience and ability to contribute to the Company in accordance with this policy.

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The audit committee consists of the following directors:

K.M Low (Chair)

B. Chow

G. George (retired 31 May 2014)

Details of these directors' qualifications and attendance at audit committee meetings are set out in the directors' report commencing on page 13.

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 CEO, 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 CEO, and Chief Financial Officer also 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. The Chairman will provide both certifications to the Board.

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

As outlined above under Principle 2, the membership of the Audit Committee comprises Messrs Loh (Chair), Chow and George (retired 31 May 2014).

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 was appointed as auditor in December 2003 and the Audit Partner in charge of the audit of the Group's financial reports is rotated regularly



## THE COMPANY VALUES DIVERSITY AND RECOGNISES THE BENEFITS IT CAN BRING TO THE ORGANISATION'S ABILITY TO ACHIEVE ITS GOALS.

in accordance with BDO Audit's quality control standards.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### **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.

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 / CEO 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 and is also available for download from the Company's website.

### **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).

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.

## CORPORATE GOVERNANCE STATEMENT

### PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit committee and reviewed by the full board.

The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the committee:

- ✦ reviews the framework and methodology for risk identification, the degree of risk the company is willing to accept, the management of risk and the processes for auditing and evaluating the company's risk management system;
- ✦ reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- ✦ reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the company's exposure to risk;
- ✦ reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- ✦ reviews compliance with agreed policies.

The committee recommends any actions it deems appropriate to the board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the company's risk management and internal control system and has to report to the audit committee on the effectiveness of:

- ✦ the risk management and internal control system during the year, and

- ✦ the company's management of its material business risks.

Any identified material business risks associated with the Group's day-to-day operations and their possible impact as a consequence are recorded in the Group's internal register. These are continuously developed and updated. The Group aims to review its' risk management policies on a regular basis to mitigate material risks identified from eventuating and to ensure a sound internal control system is in place. The Chairman (previously the Managing Director and CEO and Company Secretary) is 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 2014.

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 Chairman (previously the Managing Director and CEO and the Chief Financial Officer) has 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

As outlined under Principle 2 above, the membership of the Remuneration-Nominations Committee comprises of Messrs Chow (Chair), Tsang and George (retired 31 May 2014).

Details of these directors' attendance at Remuneration-Nominations Committee meetings are set out in the Directors' Report. The Remuneration-Nominations 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 remuneration 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.

The Remuneration-Nominations Committee also 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.



## CORPORATE GOVERNANCE STATEMENT

### ACCESS TO PROFESSIONAL ADVICE BY THE BOARD AND COMMITTEES

Issues of substance are considered by the appropriate Board sub-committee and the Board with external advice from its professional advisers as required. The Board's individual members can also 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;
- Anti-bribery and Commissions Policy;
- Securities Trading Policy;
- Diversity Policy; Continuous Disclosure Policy;
- Shareholder Communication Policy;
- Audit Committee Charter;
- Remuneration Committee Charter; and a
- Nominations Committee Charter.

The Company is non-compliant with the ASX Corporate Governance Principles and Recommendations with respect to the following:

- the majority of directors of the Board are not considered independent - for reasons stated under Principle 2: 'Structure The Board To Add Value'; and
- the establishment of measurable objectives in relation to diversity – for the reasons stated under 'Workplace Diversity' under Principle 3: 'Promote Ethical And Responsible Decision Making'.

Other corporate practices are compliant with the ASX Corporate Governance Principles and Recommendations and are subject to regular review.

## DIRECTORS' REPORT

Your directors present their report for the financial year ended 30 June 2014 on the consolidated entity consisting of Mindax Limited and the entities it controlled at the end of, or during the year ended 30 June 2014. Throughout the report the consolidated entity is referred to as the Group.

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               |
|----------------|-----------------------------------------------|----------------------------------|
| Benjamin Chow  | Executive Chairman and Non-executive Director | (appointed Chairman 1 June 2014) |
| Gilbert George | Non executive Chairman                        | (retired 31 May 2014)            |
| Stephen Ward   | Managing Director and Chief Executive Officer | (left on 31 May 2014)            |
| Andrew Tsang   | Non executive Director                        |                                  |
| Kgai Mun Loh   | Non executive Director                        |                                  |
| Yonggang Li    | Non-executive Director                        |                                  |

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

| NAME                 | POSITION          | APPOINTED/RESIGNED      |
|----------------------|-------------------|-------------------------|
| Dennis Wilkins       | Company Secretary | (appointed 26 May 2014) |
| Christopher Pognault | Company Secretary | (resigned 26 May 2014)  |

### PRINCIPAL ACTIVITIES

During the year, the Group's principal activity was mineral exploration, which included project development studies.

#### 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.

### 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 and in the Operations and Financial Review, commencing on page 22.

### EVENTS SUBSEQUENT TO REPORTING DATE

No events occurred subsequent to the reporting date.

## DIRECTORS' REPORT

### TENEMENT RELINQUISHMENTS

#### Mortlock Copper Project

All partners of the YAJV, including Sipa Exploration NL, determined that the following tenements associated with the Mortlock Project were no longer prospective and were relinquished by the Company on 17 July 2013 and the second round on 9 September 2013. The capitalised exploration expenditure associated with these tenements has also been written off by the Company for financial year end purposes:

- E70/3662, E70/4062 and E70/3040.
- E70/3480, E70/3481, E70/2518, E70/2519 and E70/2521.

#### Uranium Quairading and Kellerberrin Projects

All partners of the YAJV, determined that the following tenements associated with the Quairading and Kellerberrin Projects were no longer prospective and were relinquished by the Company on 13 February 2014. The capitalised exploration expenditure associated with these tenements has also been written off by the Company for financial year end purposes:

- E70/3039, E70/3165, E70/3168, E70/3178 and E70/3641.

#### Mt Forrest Iron Project

The board determined that the following miscellaneous tenements associated with the Mt Forrest Iron Project were no longer prospective and were relinquished by the Company on 19 May 2014.

- L57/38, L57/39, L37/208, L29/103, L29/107, L29/108, L29/89, L29/90, L30/45 L30/46, L29/86 and L29/87.

Other than disclosed above there are no other matters or circumstances that 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.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than disclosed above there are no other matters or circumstances that 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.

### ENVIRONMENTAL REGULATION

Other than disclosed above there are no other matters or circumstances that 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.



## INFORMATION ON DIRECTORS

| Gilbert George                                                                               | Non executive Chairman – retired 31 May 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience                                                                                   | <p>Gilbert joined the Board in 2004 in a non executive capacity and was the Chairman of the Board.</p> <p>Gilbert, aged 64 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.</p> <p>He is the principal of Gilbert George &amp; Associates Pty Ltd which has provided strategic advice to companies in Australia, Africa, Japan, the US and Europe. Resource experience includes gold, manganese, oil and heavy mineral sands.</p> <p>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.</p> |
| Interest in Shares and Options as at 30 September 2014                                       | <p>4,311,413 ordinary shares in Mindax Limited.</p> <p>1,000,000 options exercisable at \$0.11 each, expiring 10 December 2015.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Special Responsibilities                                                                     | <p>Gilbert was a member of the Audit and Remuneration-Nominations Committees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Directorships held in other listed entities during the three years prior to the current year | <p>Non-executive Chairman of Metals of Africa Limited (appointed 1 August 2012).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## DIRECTORS' REPORT

| Stephen Ward                                                                                 | Managing Director and Chief Executive Officer – left on 31 May 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience                                                                                   | <p>Stephen (Steve) joined the Board as its Managing Director on 30 July 2012 and was also the Company's CEO.</p> <p>Steve, aged 59 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).</p> <p>Steve gained 20 years broad experience with Titanium pigment producer Tioxide Group Ltd (formerly a subsidiary of ICI and now Huntsman Pigments).</p> <p>He then spent 7 years with Australian publicly listed minerals sands producer Iluka Resources Limited where he was President of the USA mining and processing operations and global Executive General Manager.</p> <p>He then formed his own consulting business providing services to the resources and chemicals industries.</p> <p>Steve subsequently joined Cristal, a Saudi Arabian based global titanium pigment producer as senior Vice-President Strategy and Development for a 3 year period.</p> <p>Steve was appointed a non-executive director of Arafura Resources Limited in 2007 before he became Managing Director and CEO at the beginning of 2010. He left Arafura earlier in 2012 as part of a restructuring programme to pursue other opportunities.</p> |
| Interest in Shares and options as at 30 September 2014                                       | 4,000,000 options exercisable at \$0.108 each, expiring 9 November 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



| Andrew Tsang                                                                                 | Non executive Director                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience                                                                                   | <p>Andrew joined the Board in 2008 in a non executive capacity.</p> <p>Andrew, aged 58 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.</p> |
| Interest in Shares and options as at 30 September 2014                                       | <p>52,535,410 ordinary shares in Mindax Limited.</p> <p>500,000 options exercisable at \$0.11 each, expiring 10 December 2015.</p>                                                                                                                                                                                                                                                                               |
| Special Responsibilities                                                                     | Andrew is a member of the Remuneration-Nominations Committee.                                                                                                                                                                                                                                                                                                                                                    |
| Directorships held in other listed entities during the three years prior to the current year | Andrew is also a non-executive director of the listed company Diatreme Resources Limited (since 23 January 2009).                                                                                                                                                                                                                                                                                                |

| Benjamin Chow                                                                                | Executive Chairman                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience                                                                                   | <p>Benjamin joined the Board in 2009 in a non executive capacity.</p> <p>Benjamin, aged 68 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.</p> <p>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.</p> |
| Interest in Shares and options as at 30 September 2014                                       | 500,000 options exercisable at \$0.11 each, expiring 10 December 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Special Responsibilities                                                                     | Benjamin is a member of the Audit Committee and Chair of the Remuneration-Nominations Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Directorships held in other listed entities during the three years prior to the current year | Benjamin was a Non-executive Director of the listed company Invocare Limited for the period 22 February 2007 to 16 August 2013.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## DIRECTORS' REPORT

| Kgai Loh                                                                                            | Non executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Experience</b>                                                                                   | <p>Kgai (known as Eric) joined the Board in 2012 in a non-executive capacity.</p> <p>Eric 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.</p> <p>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.</p> <p>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.</p> <p>In 1998, Eric 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.</p> <p>Eric 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.</p> |
| <b>Interest in Shares and options as at 30 September 2014</b>                                       | 500,000 options exercisable at \$0.11 each, expiring 10 December 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Special Responsibilities</b>                                                                     | Eric is the Chairman of the Audit Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Directorships held in other listed entities during the three years prior to the current year</b> | Executive Director since August 2008 of Lion Asiapac Limited, listed on the Singapore Stock Exchange.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



| Yonggang Li                                                                                  | Non-executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Experience</b></p>                                                                     | <p>Yonggang was appointed to the Board on 18 April 2013 in a non-executive capacity.</p> <p>Yonggang, aged 38 years, graduated in Electronic Accounting from Hebei Economic and Trade University in 1999.</p> <p>From 1999 to 2001 he was the accountant and auditor for Zheng Xiang Accounting Firm Hebei province.</p> <p>In 2001 he jointly established the Hebei Zhuxin Construction Company and was previously the Chairman.</p> <p>In 2003 he jointly established the Shijiazhuang Zhengqian Construction Installation Engineering Company Ltd and the Hebei Jiangtai Construction Installation Engineering Company Ltd. He was previously the Chairman of both boards of directors.</p> <p>In 2005 he joined with others to acquire Luanping Jinhuifeng Mining Company Ltd and was previously the Chairman.</p> <p>In 2010 Yonggang jointly established Huihua Huimei Investment (Beijing) Company Ltd and is the current Chairman.</p> <p>In 2011 he acquired a private mining company for dolomite iron ore in Xiaoying Village Luanping County. The company currently extracts 500,000 tonnes of 63% vanadium and titanium ore concentrate.</p> |
| Interest in Shares and options as at 30 September 2014                                       | Nil.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Special Responsibilities                                                                     | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Directorships held in other listed entities during the three years prior to the current year | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## DIRECTORS' REPORT

### INFORMATION ON THE COMPANY SECRETARY

| Christopher Pougault                                                                         | Company Secretary – resigned 26 May 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Experience                                                                                   | <p>Christopher was appointed as the Company Secretary on 5 April 2012 and was also the Company's Chief Financial Officer.</p> <p>He is a Chartered Accountant with over 20 years experience, working in areas including organisational strategy &amp; operations, banking &amp; finance, as well as corporate reconstruction of ASX listed companies.</p> <p>Christopher holds a Bachelor of Commerce, Accounting and Corporate Administration from Curtin University of Technology. He is also a member of Chartered Secretaries Australia (CSA) and has completed the CSA's Certificate in Governance Practice.</p>                                                                                                                                                                                                                                                                                                                      |
| Interest in Shares and options as at 30 September 2014                                       | <p>200,000 ordinary shares in Mindax Limited.</p> <p>500,000 options exercisable at \$0.60 each, expiring 30 September 2014.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Special Responsibilities                                                                     | Nil.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Directorships held in other listed entities during the three years prior to the current year | None.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Dennis Wilkins                                                                               | Company Secretary – appointed 26 May 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Experience                                                                                   | <p>Dennis is the founder and principal of DWCorporate Pty Ltd, a leading privately held corporate advisory firm servicing the natural resources industry.</p> <p>Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.</p> <p>Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.</p> <p>Mr Wilkins is currently a director of Key Petroleum Limited and Duketon Mining Limited.</p> |
| Interest in Shares and options as at 30 September 2014                                       | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## MEETINGS OF DIRECTORS

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

|                | BOARD MEETINGS            |                 | AUDIT COMMITTEE           |                 | REMUNERATION AND NOMINATION COMMITTEE |                 |
|----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------------------|-----------------|
|                | Number eligible to attend | number attended | number eligible to attend | number attended | number eligible to attend             | number attended |
| Gilbert George | 13                        | 13              | 2                         | 2               | -                                     | -               |
| Stephen Ward   | 13                        | 13              | n/a                       | n/a             | n/a                                   | n/a             |
| Andrew Tsang   | 13                        | 12              | n/a                       | n/a             | -                                     | -               |
| Benjamin Chow  | 13                        | 12              | 2                         | 2               | -                                     | -               |
| Kgai Mun Loh   | 13                        | 13              | 2                         | 2               | n/a                                   | n/a             |
| Yonggang Li    | 13                        | 9               | n/a                       | n/a             | n/a                                   | n/a             |

There were also six (6) circular resolutions passed by the Board of Directors during the financial year.

## RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

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

## 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.

## 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

No non-audit advice was received during the 2013 – 2014 and 2012 -2013 financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 52 of the financial report.

## OPERATIONS AND FINANCIAL REVIEW

### REVIEW OF OPERATIONS - CORPORATE

#### Meetings of Shareholders

2013 Annual General Meeting - the Company convened the 2013 Annual General Meeting of shareholders (AGM) on 14 November 2013 to consider the Company's financial accounts, the directors' remuneration report, the re-election of directors, the allotment and issue of shares and options and the conversion of a Convertible Note. All resolutions put to the meeting were passed on the requisite show of hands.

**2014 Annual General Meeting** – the Company's 2014 AGM will be held on Friday, 31 October 2014 at 10.00am (WST) in Perth, Western Australia. Notice of the AGM will be distributed to shareholders in due course in accordance with the Corporations Act.

#### Fund Raisings - Equity

During the financial year the Company undertook the following placements to new and existing sophisticated and professional investors:

| Date Of Placement | Number Of Shares | Price Per Share | Gross Settlement Value |
|-------------------|------------------|-----------------|------------------------|
| 27 June 2014      | 2,500,000        | \$0.08          | \$200,000              |
| <b>Totals</b>     | <b>2,500,000</b> | <b>\$0.08</b>   | <b>\$200,000</b>       |

The placement was issued under the Company's 15% placement capacity. Monies raised from the placements were used to fund the Company's exploration programmes (which included project development studies) and for working capital.

#### Fund Raisings – Convertible Note

On 22 August 2013 the Company issued a Convertible Note for \$600,000 to Ms Lai You, an existing shareholder of the Company and related party to non-executive director, Mr Andrew Tsang. Following shareholder approval received at the Company's 2013 AGM, the Company converted the Note into 5,000,000 fully paid ordinary shares at \$0.12 per share.

On 31 December 2013 the Company issued a second Convertible Note for \$300,000 to Ms Lai You. The funds will convert to shares at \$0.10 per share. The funds were applied to the Company's project activities and to provide additional working capital. A 5% commission is payable to Mr Andrew Tsang.

#### Fund Raisings – Non-Recourse Loans

On 7 February 2014 the Company secured short term funding by way of an Unsecured Non-Recourse Loan for \$250,000 from Ms Lai You, an existing shareholder of the Company and related party to non-executive director, Mr Andrew Tsang.

On 18 March 2014 the Company secured further short term funding by way of a second Unsecured Non-Recourse Loan for an additional \$250,000 from Ms Lai You.

Key terms of the loans are as follows:

- ✧ The Loans are unsecured.
- ✧ The Loans are to be repaid in cash on or before 31 January 2015.
- ✧ The Company may elect to repay the Loans through conversion of the Loans into shares.
- ✧ No interest is payable unless the Company elects to convert the Loans into shares and shareholder approval is not obtained. Interest will then accrue at 9.0% per annum.
- ✧ When the Company elects to convert the Loans into shares the issue price will be:
  - (a) subject to (b) below, equal to the issue price of Shares issued under the first capital raising undertaken by the Company after the date of execution of the Unsecured Non-Recourse Loan Agreements; or
  - (b) in the event that the Company does not conduct a capital raising prior to the date of the Company's 2014 Annual General Meeting, will be the lower of:

- the ninety (90) day Volume Weighted Average Price (VWAP) of the Company's Shares; or
- the last traded share price for the Company's Shares quoted by the ASX, on the trading day immediately prior to the date the Election Notice is given.

The Company conducted a capital raising on 27 June 2014 via a share placement. As a result term (a) above applies when the company elects to convert the loans to shares. The issue price of the shares will be at \$0.08 per share (the same issue price as the share placement).

(c) All fractional entitlements to Shares will be rounded to nearest whole number.

- ✦ A commission of 5% is payable to Mr Andrew Tsang, a non-executive director of the Company, who arranged the loans.

### Exercise of Unlisted Options

During the financial year no options were exercised by shareholders.

### Unlisted Options – Expired

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

1. 1,100,000 unlisted employee options with an exercise price of \$0.45 per option, expired on 30 September 2013.

There are currently no listed options issued by the Company.

### Executive and Board Movements

As a result of a reorganisation of company activities announced to the market on 1 May 2014 the following executive and board movements took place:

- ✦ Founding Chairman Mr Gilbert George retired from the Board on 31 May 2014.
- ✦ Current director Mr Benjamin Chow was appointed Chairman on 1 June 2014.

- ✦ As a result of redundancy Managing Director and Chief Executive Officer Dr Steve Ward stepped down from the Board on 31 May 2014.
- ✦ Chief Financial Officer and Company Secretary Mr Christopher Pognault was made redundant on 30 May 2014 and stepped down as Company Secretary on 26 May 2014.
- ✦ Mr Dennis Wilkins was appointed Company Secretary on 26 May 2014.
- ✦ General Manager Exploration Mr John Vinar was made redundant on 30 May 2014. Mr Vinar has agreed to act as a consultant providing ongoing technical and project services to the Company.

### Strategic Partnership - Mt Forrest Iron Project

On 26 March 2013 the Company announced that it and its wholly owned subsidiary, Yilgiron Pty Ltd, proposed to form a strategic partnership with Hong Kong's Perpetual Mining Holding Limited (PMHL) for the Mt Forrest Iron Project.

A non-binding Memorandum of Understanding (MOU) was signed by the parties to cover the terms in which PMHL will acquire up to 51% interest in the Project's Direct Shipping Ore (DSO) rights and up to 49% in the Project's Magnetite rights by a consideration of up to circa \$52M to fast track the development of the Mt Forrest Iron Project.

On 21 July 2014 the Company announced that it and Yilgiron Pty Ltd had concluded a Shareholders and Development Agreement (SDA) with PMHL to form a strategic partnership for Yilgiron's Mount Forrest Iron Project.

Mindax is currently arranging an Extraordinary General Meeting of shareholders to enable them to consider and vote on the agreement. An Independent Experts Report for shareholders has been commissioned to determine the value of Yilgiron's Mount Forrest Iron Project.

A stamp duty liability will come into effect on the approval of the SDA by Mindax shareholders. The Company cannot determine the extent of the liability until the valuation has been completed.

## OPERATIONS AND FINANCIAL REVIEW

### Strategic Partnership – Meekatharra North Gold Project

On 10 October 2012, the Company entered into a Deferred Farm-in/Farm-out Agreement with Mr Chenfei Zhuang and Mr Zhensheng Zhuang. At the time of the agreement, Mr Chenfei Zhuang was an existing shareholder (of circa 1.2%) in the Company.

The arrangement will allow Messrs' Zhuang to earn 51% of the Meekatharra North Gold Project by expending a minimum of \$2.5M over 3 years from October 2012. Messrs' Zhuang have spent \$800,000 by August 2014. At the date of this report planning is underway for the next phase of exploration on the project.

Mindax will continue to manage the tenement and provide technical expertise during the earn-in period. Please refer to section below for a review of the exploration programme undertaken for the Meekatharra North Gold Project.

### REVIEW OF OPERATIONS – STRATEGY

Mindax's strategy is to build a mining house for key commodities to reward shareholders well.

During the financial year, the Company continued to build on previous exploration successes with further exploration drilling and project development activities. This work was focused exclusively on existing projects with the objective to progressively move these along the development pathway towards full production and in doing so increase shareholder value. Details are given in the Project Review section, commencing on page 25. The current status for each is graphically demonstrated below:

A key focus is to secure appropriate strategic partners for each project. Funding contributions from partners are then used for project development. Consistent with this approach, there have been two significant moves forward – as set out on this page a farm-in joint venture for the Meekatharra North Gold Project is progressing since October 2012 and progress with the Shareholders Development Agreement for a joint venture for the Mt Forrest Iron Project are well advanced.

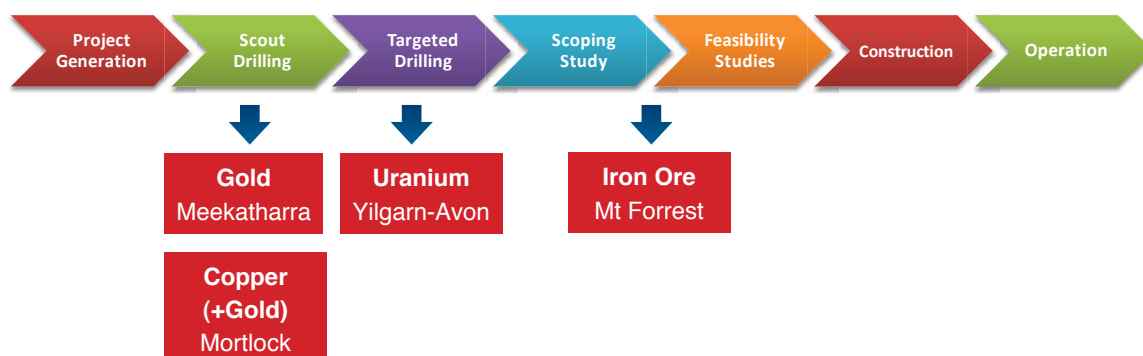
Despite challenging financial markets, it was also possible to raise funds via equity issues and convertible notes to support the Company's activities, with the Company raising circa \$1.6M during the financial year.

### REVIEW OF OPERATIONS – SUSTAINABILITY

The company's Sustainability system is a matter of the utmost importance. It is essential for the Company to develop in a Sustainable way, underpinned with good corporate governance, effective risk management and sound financial controls to ensure enduring success.

The Sustainability Framework covers the key activities of Safety, Health, Environment, Use of Resources, Product Stewardship, Communities and Heritage.

The Company two years post the launch of the Sustainability Framework remains compliant. The previous compliance rating of 74% has been





THERE WERE NO LOST TIME OR MEDICAL TREATMENT INJURIES TO STAFF OR CONTRACTORS. NO ENVIRONMENTAL BREACHES OF LICENSE CONDITIONS OR OTHER ENVIRONMENTAL REGULATIONS HAVE OCCURRED.



maintained and falls within the category: "(64% to 85%) Systems and procedures are satisfactorily developed, implemented and effective". There is scope to achieve a higher category rating when there is demonstrable evidence that some of the new procedures have routinely been used over a satisfactory period of time.

There were no lost time or medical treatment injuries to staff or contractors. The Company has developed

procedures to meet our regulatory requirements for present and future activities. No environmental breaches of license conditions or other environmental regulations have occurred.

## REVIEW OF OPERATIONS – PROJECTS

### Overview

Mindax maintains its portfolio of key commodity projects for iron ore, uranium, gold and copper. All projects are located in Western Australia (Please refer to Figure 1).

The primary focus for the company is to continue its development pathways for each of its projects and generate best shareholder value. The commercial and technical work completed in the past 12 months enables the advancement for each project.

Mindax has reduced its tenement holding considerably but still continues to hold an extensive tenement portfolio comprising 26 tenements for 2,241 km<sup>2</sup> and project expenditure has allowed priority tenements to remain in good standing. Several tenements were assessed as having low/nil prospectivity and were surrendered. This is further outlined in the "Land Tenure Section", page 38.



## OPERATIONS AND FINANCIAL REVIEW





## PROJECT SUMMARY

### 1) Mt Forrest Project (Iron Ore)

The Mt Forrest Project (Figure 2), wholly owned by Mindax through its subsidiary Yilgiron Pty Ltd, is situated 165 km from line of rail at Menzies and some 645 km from Esperance port. On this project the company has built up a significant iron ore inventory, with the JORC mineral resource currently standing at 1.71 billion tonnes of primary magnetite ore grading 31.8% Fe and 27.1 Mt of regolith (haematite/goethite) mineralisation. Additional information can be reviewed in the "Mineral Resource Summary", pages 38–40. Results of an Updated Scoping Study were released in November 2013.

Technical work focussed on producing a new iron resource for the detrital iron mineralisation and completing an Optimised Scoping Study for potentially Direct Shipping Ore (DSO). The outcome of the study indicates there is a potentially viable economic project. The additional mineral resource permits extended mine life, reduced operating costs and staged capital requirements to improve project financial returns. A key outcome of this work is based on a 2Mtpa production of 60% iron concentrate for 5 years. The Updated Scoping Study will provide a strong basis and starting point for the Mt Forrest Joint Venture with PMHL to undertake a detailed Feasibility Study. A summary of the work undertaken is given below.

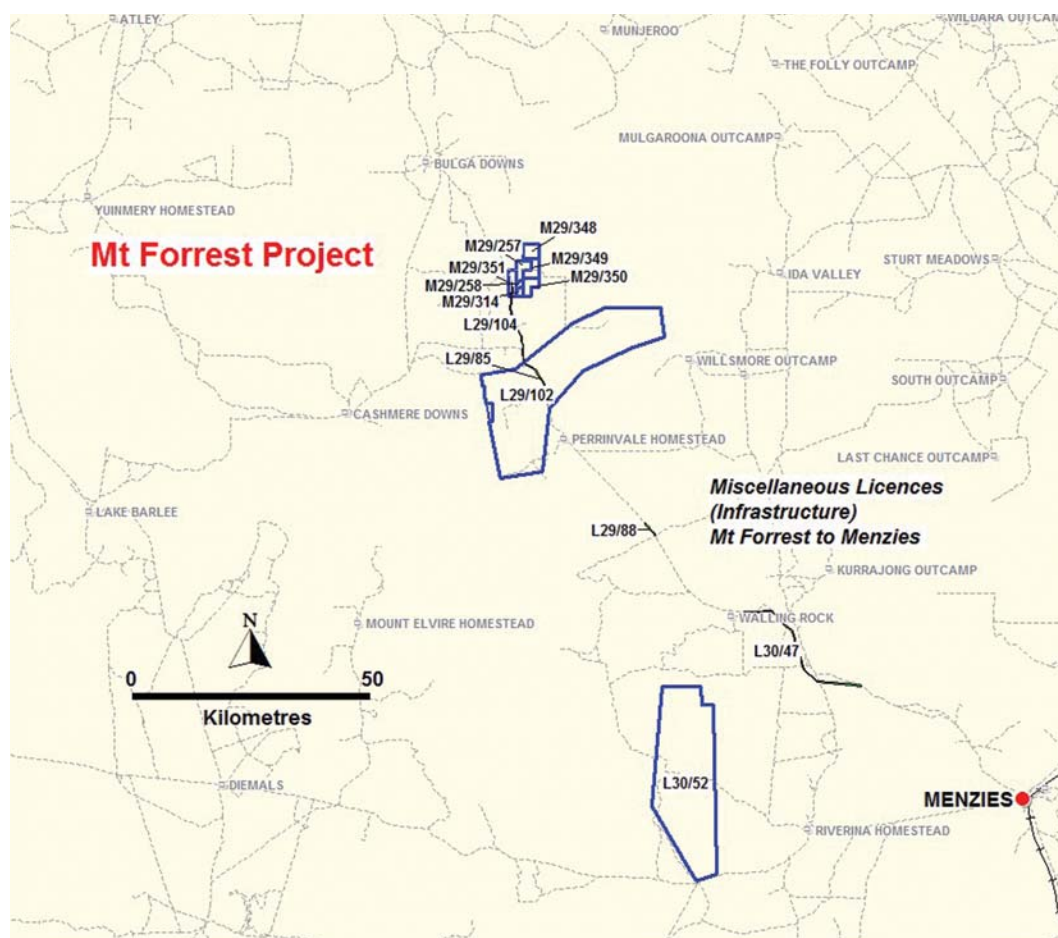


Figure 2: Mt Forrest project and associated infrastructure location map

## OPERATIONS AND FINANCIAL REVIEW

### Iron Resource

A new Mineral Resource for the detrital iron mineralisation was announced on 27 September 2013; reporting above a 40% Fe cut-off grade is 12.4 Mt at 42.3% Fe (Table 1). This iron mineralisation represents detrital iron areas that host a continuous bed of iron mineralisation (Figure 3). The iron rich material is embedded in clay and requires beneficiation to generate the iron product. Preliminary metallurgical test work completed to date indicates a marketable product of 58% to 60% Fe can be produced.

Mindax requested Optiro Pty Ltd of West Perth to generate a Mineral Resource estimate for the detrital iron. The Mineral Resource has been reported and classified using the guidelines of the 2004 JORC Code. Further information can be obtained from the previous ASX announcement of 27 September 2013. No material changes to the mineral resource have taken place since the previous announcement.

Table 1: Iron Resource at Mt Forrest (Reported 27 September 2013 above a 40% cut-off).

| JORC 2004                               | Tonnes Kt     | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | LOI %      | P %         | S %         |
|-----------------------------------------|---------------|-------------|--------------------|----------------------------------|------------|-------------|-------------|
| November 2011<br>Regolith Indicated     | 12,340        | 45.5        | 23.0               | 5.2                              | 6.1        | 0.06        | 0.07        |
| November 2011<br>Regolith Inferred      | 2,370         | 44.8        | 26.4               | 4.5                              | 4.6        | 0.05        | 0.06        |
| September 2013<br>Detrital Inferred     | 12,440        | 42.3        | 19.9               | 11.4                             | 6.3        | 0.02        | 0.04        |
| <b>Total Indicated and<br/>Inferred</b> | <b>27,150</b> | <b>44.0</b> | <b>18.0</b>        | <b>11.8</b>                      | <b>6.0</b> | <b>0.04</b> | <b>0.06</b> |

*Some inconsistencies due to rounding may occur*

### Future Infill Drilling

#### Regolith and Detrital Mineralisation

Extensive infill drill hole programs have been proposed for the various Regolith Mineral Resources. The infill drilling is designed to increase the confidence of both the iron grade and resource classification. The additional drilling in the areas are for increasing resource confidence and will assist in the Feasibility Study. A total of 550 holes for 23,000 metres are proposed, figure 3 and there

will be several drill applications lodged to cater for the drilling. These proposed drilling is subject to final review. Drilling is anticipated to commence once the proposed Joint Venture for the Mt Forrest project is in place.

#### Water Exploration

Four holes were completed exploring for groundwater and intersected reasonable volumes of relatively fresh, near potable ground water.



PRELIMINARY METALLURGICAL TEST WORK COMPLETED TO DATE INDICATES A MARKETABLE PRODUCT OF 58% TO 60% FE CAN BE PRODUCED.

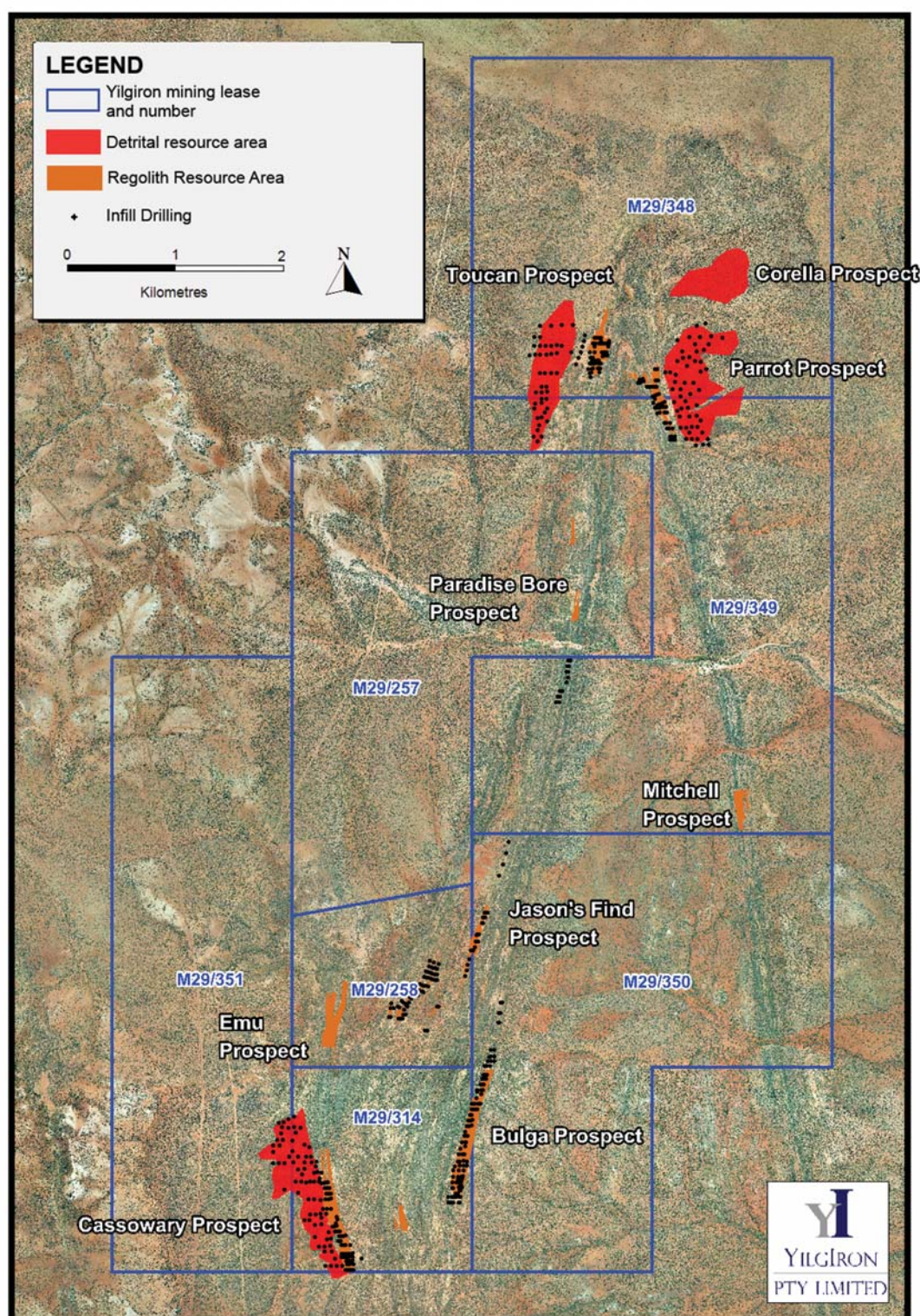


Figure 3: Proposed Infill drill location Plan with regolith and detrital Mineral Resources

## OPERATIONS AND FINANCIAL REVIEW



### *Mining Rehabilitation Fund (MRF)*

This year the Mines Department required all lease holders to submit a compulsory on line application that takes into consideration and accounts for any ground disturbance that remains un-rehabilitated at the end of financial year, June 30 for each individual lease held by the company. The company completed and submitted a total of thirteen applications including all seven Mining Leases and six Miscellaneous Licences. The MRF submission takes into account and estimates the amount of ground disturbance for each lease. One must estimate the surface area of ground disturbance made by the lease holder and report that amount. The on line calculator estimates a cash amount owing for the remaining non rehabilitated disturbance. On completion of the lodgement, if a lease holder exceeds 50Ha of ground disturbance, then a levy is imposed. The company has undertaken extensive rehabilitation on almost all of its ground disturbance and has managed to stay well under the threshold and has therefore avoided paying any levy this time.





THE COMPANY HAS UNDERTAKEN EXTENSIVE REHABILITATION ON ALMOST ALL OF ITS GROUND DISTURBANCE.

### Drill Rehabilitation

Extensive field work involving mechanized mining for the purpose of exploration rehabilitation. Figure 4 shows a map of all rehabilitation completed. All drill track rehabilitation undertaken (Green lines) over the past three years have essentially been completely rehabilitated. No safety incidents were recorded.

The access tracks still required to be rehabilitated (Pink Lines) will have a Program of Works (PoW) submitted to the Mines Department requesting these tracks remain open for future exploration. This will be completed in the second half of the year.

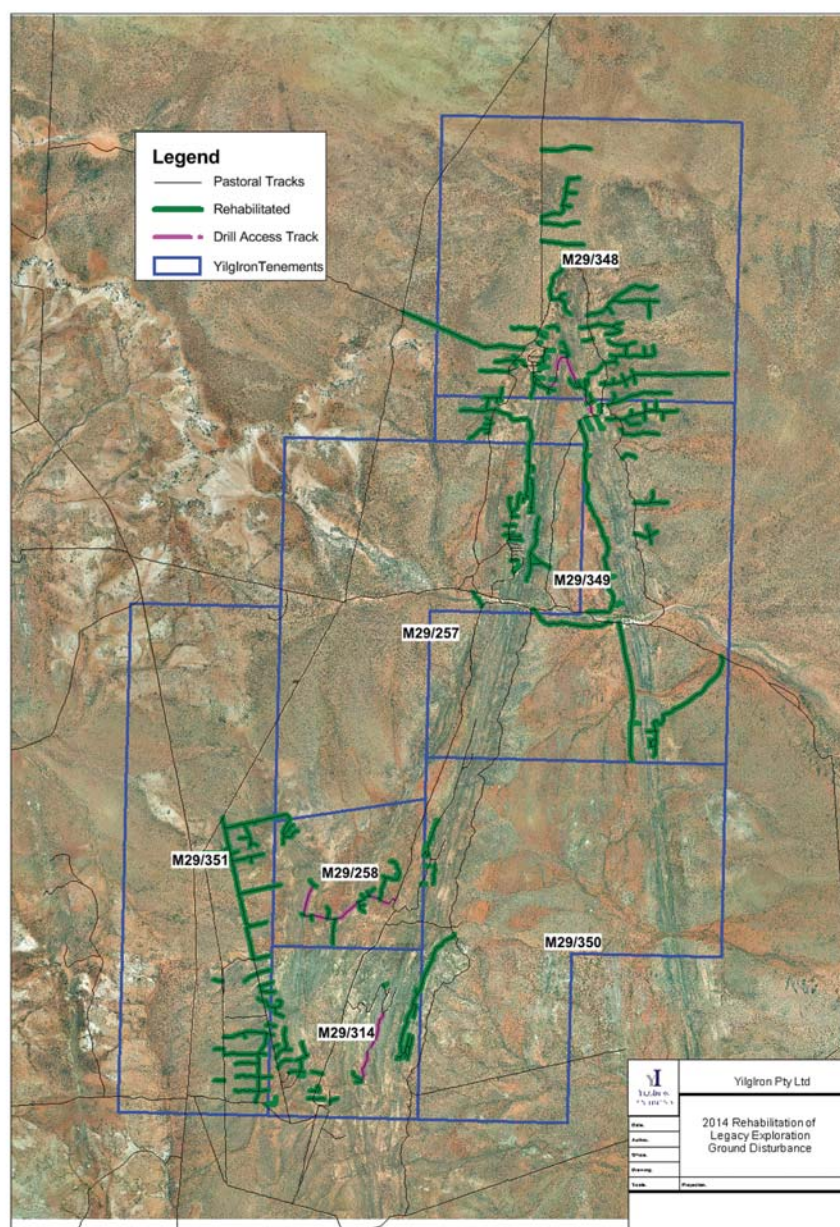


Figure 4: Map of Mt Forrest Drill tracks and rehabilitation completed

## OPERATIONS AND FINANCIAL REVIEW

Mindax has adapted to and utilized mechanized methods for its rehabilitation of exploration ground disturbance. A loader is fitted with a comb like rake and this method reinstates both vegetation and rock to help return the land to its previous state as well as ensuring any seed pods are captured thereby promoting new growth of vegetation. A rake method was also incorporated to line clear and in doing so helps retain plant root stock.

### *Metallurgical Testwork*

Drill core samples representing the detrital iron mineralisation ranging between 36% - 49% Fe, were chosen for the initial assessment. These samples were characterised using Heavy Liquid Separation (HLS) at P100 1mm. This preliminary test work indicated that a 58% to 60% Fe product could be produced. Initial mass recoveries ranged from 18% to 54%. Initial testing of diamond core material was also completed. The beneficiation route for the detrital material will be optimised during the Feasibility Study.

### *Heritage*

One of the stakeholders, the Koara Peoples conducted a ground clearance programme for the detrital drill program to ensure the protection of aboriginal heritage.

A letter was received from the Department of Aboriginal Affairs (DAA) following the site inspection and acknowledge the company has demonstrated stakeholder engagement and compliance in avoiding and protecting all the sites visited for the 3 day audit. The letter also acknowledges the engaging of stakeholders for the site Aboriginal Heritage Management Plan which is endorsed by the DAA. No Annual meeting with stakeholders had been undertaken and will take place in the second half of 2014.

### *Engineering*

Engineering studies were advanced to enable the Updated Scoping Study to be completed.

The layout for site infrastructure required for production was refined and updated based upon a high level mining study that included the increased

resource. Areas of disturbance were identified based upon the updated site layout and mine pit shells generated from the mining study. This included the siting of the tailings facility, mine operations facility, the power station, fuel storage and the accommodation camp.

Process design to scoping study level was undertaken based on the updated regolith resource. Mining is based upon the utilisation of surface mining techniques and in-pit crushing. The material is further crushed at the process plant prior to standard gravity beneficiation techniques to produce a marketable product in the range 58-60% Fe.

A desktop water resource study was undertaken to advise on the most prospective areas for a water exploration drilling program within the existing mining leases (please see comments on water exploration above). Pipeline and services pathways were mapped from the potential bore field area to the accommodation camp and process plant.

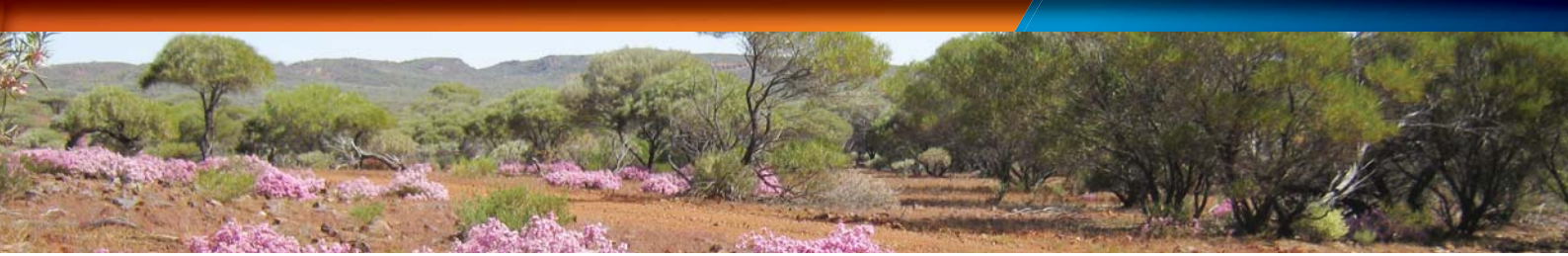
Site layout, mine plan, mining methods and haul paths to the process plant which were considered for the Regolith and Detrital ore bodies also took into account future mining requirements associated with the magnetite ore bodies.

A site reconnaissance field trip was undertaken to visit the proposed infrastructure sites including the tailings facility, mine operations facility, the power station, fuel storage and the accommodation camp.

Detailed discussions were undertaken with two leading international providers of mine plant equipment and infrastructure. Both provide full engineering services but specialise in Build Own Operate (BOO) solutions to remote mining operations. These discussions will need to be continued during the feasibility work.

### *Logistics*

Plans for the proposed haul road route from site to the rail at Menzies have been progressed. Survey work has been completed to enable optimal routing for the road to be selected.



A detailed workshop session was undertaken with a leading logistics provider to optimise the logistics chain between the mine site and the port. This included leveraging scale with neighbouring operations to bring down the overall cost of product transport.

The Company continues to be engaged fully in the Esperance Port expansion process. The West Australian Government announced the successful proponent for the Esperance Port expansion to be the YES Consortia. A brief preliminary meeting was held with one of the YES consortia members ASCIANO.

The Company continues to engage with other Yilgarn miners and government agencies as the project schedule progresses to ensure alignment with the proposed completion date for the Esperance port capacity expansion. Mindax also continues to be very active with the Yilgarn Iron Producers Association (YIPA) on matters of common interest.

#### *Environmental*

A number of environmental and stakeholder consultations were completed in support of the Environmental Impact Assessment (EIA) for the project with much of this work in excess of the requirements for a Scoping Study. This work was a priority in order to ensure the approvals timeline for the project will meet the Esperance port availability schedule.

Surveys already completed include Level 2 vegetation survey across the entire site, Level 2 terrestrial vertebrate fauna survey, a dedicated Malleefowl survey and subterranean fauna survey.

Preparatory work for regulatory approval submissions is well advanced and is expected to be completed

by the second half of 2014. Field surveys across the proposed private haul road corridor were completed.

#### *Stakeholder Engagement*

Mindax's approach is to be open and transparent regarding its activities with all stakeholders. There have been a number of discussions with a wide range of interested parties including the Environmental Protection Authority, the Department of Mines and Petroleum, the Department of Environment Conservation, the Department of Aboriginal Affairs and the Conservation Council in Perth to provide a project update and to discuss the required regulatory approvals.

Regular communications were undertaken with the Shire of Menzies regarding the potential impact on the town of the mine development and potential government support for additional infrastructure required with this increased activity.

The Company presented an overview of all the company's projects to a number of interested parties at the Goldfields/Esperance 'Down the Track Forum' held in Kalgoorlie-Boulder.

#### *Proposed Mt Forrest Joint Venture*

Significant progress has been made towards the formation of a joint venture for the Mt Forrest iron ore project. The Shareholders and Development Agreement with Perpetual Mining Holding Limited has been successfully completed.

Please refer to Review of Operations - Corporate (page 24 "Strategic Partnership - Mt Forrest Iron Project") for details of the proposed joint venture.

## OPERATIONS AND FINANCIAL REVIEW

### 2) Yilgarn-Avon Joint Venture (Uranium)

The joint venture (Mindax 80.77%, Quasar Resources Pty Ltd 19.23% as at 31 July 2014) covers 10 exploration leases making up the Mukinbudin project. (Figure 5). Previous scout drilling in 2011 at Mukinbudin had identified a maiden 3.2 million pound resource at the Yandegin and Jindarra prospects, please refer to the "Mineral Resource Summary", pages 38–40.

A meeting with Joint Venture partner Quasar was held in August to review the 2013 exploration programme. The meeting provided the opportunity for Quasar to evaluate the 2013 drilling results and to provide feedback to Mindax regarding the direction of future exploration programmes and supply advice about the key inputs required for a desktop study into developing a theoretical mine model.

A formal response has been received from Quasar advising their intention not to provide funds for the 2014 exploration program.

Early in the reporting year, land holdings in the Kellerberrin and Quairading Projects (red outline, figure 5) were relinquished. All relinquishments involved ground considered not to be prospective for uranium mineralisation. The planned rationalisation has been discussed with Quasar and the planned changes to focus on the Mukinbudin Project area and reduce the tenement holding were agreed.

The changes will reduce Mindax's expenditure commitments in terms of rents and exploration programmes for the uranium project and enable funds to be focussed on the highly prospective Mukinbudin project area.

All legacy drill rehabilitation for Quairading and Kellerberrin has been completed and all pastoralists have been officially notified of our decision.

Extensive field work involving drill rehabilitation was undertaken on the Mukinbudin project late in the financial year. All capped drill holes were completely rehabilitated. Background readings were collated and this information will be submitted to the Mines Department for the Annual Report.

An Information Memorandum (IM) and data pack was prepared and the IM was sent to several companies interested in Uranium.

The MRF on line lodgement was completed for all 10 Exploration Licences. No levy is required to be paid.

Exemptions for expenditure for tenements E77/1337, E77/1405 and E70/2986 were lodged.

A desktop concept study into developing a theoretical project model from exploration through to uranium production was completed. The concept study findings indicate that the production scenarios could provide satisfactory financial returns and be

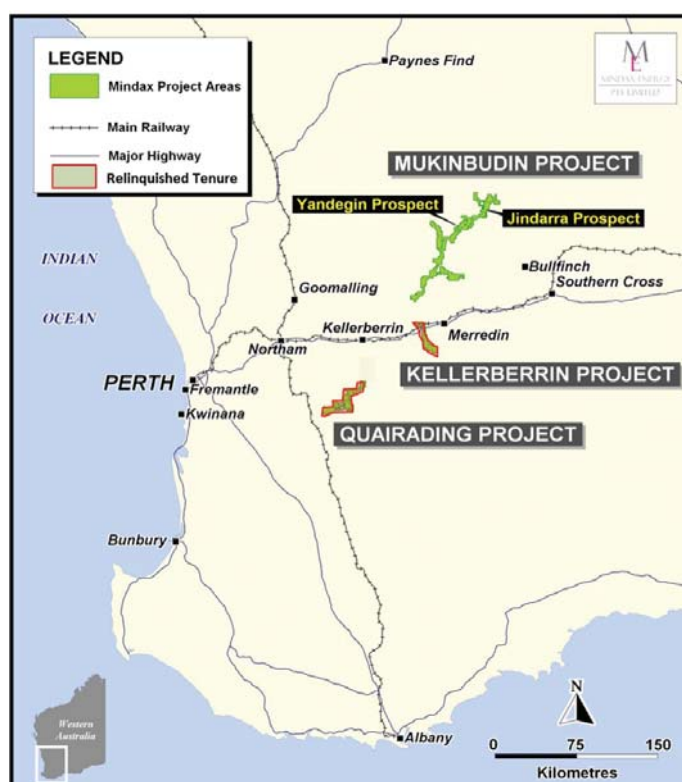


Figure 5: Yilgarn Joint Venture project location map



THE CONCEPT STUDY FINDINGS INDICATE THAT THE PRODUCTION SCENARIOS COULD PROVIDE SATISFACTORY FINANCIAL RETURNS AND BE IMPLEMENTED WITHIN INDUSTRY ACCEPTABLE TIMELINES.

implemented within industry acceptable timelines, if a higher uranium price and further drilling programs can continue to grow the resource and eventually establish the necessary reserves.

Planning of future exploration drilling was completed, with some of the proposed drill programs already submitted to the Mines Department for approval.

### 3) Mortlock Project (Copper, Gold)

The prospectivity of the remaining tenure of the Mortlock Project was reviewed and it was determined that tenement E70/3266 (green), figure 6 has the greatest likelihood to host a significant copper-gold ore body. The remaining eight tenements (grey) were ranked lower and with a poor standing with the Mines Department, were recommended for surrender to the JV partners. Two tranches of relinquishments were completed, the first round on July 16 and the second on the 9th of September 2013 effectively ending the JV entity involving Sipa Resources Limited.

An Information Memorandum (IM) and data pack was prepared and the IM was sent to several companies interested in Copper-Gold mineralisation.

The MRF on line lodgement was completed for the Exploration Licence. No levy is required to be paid.

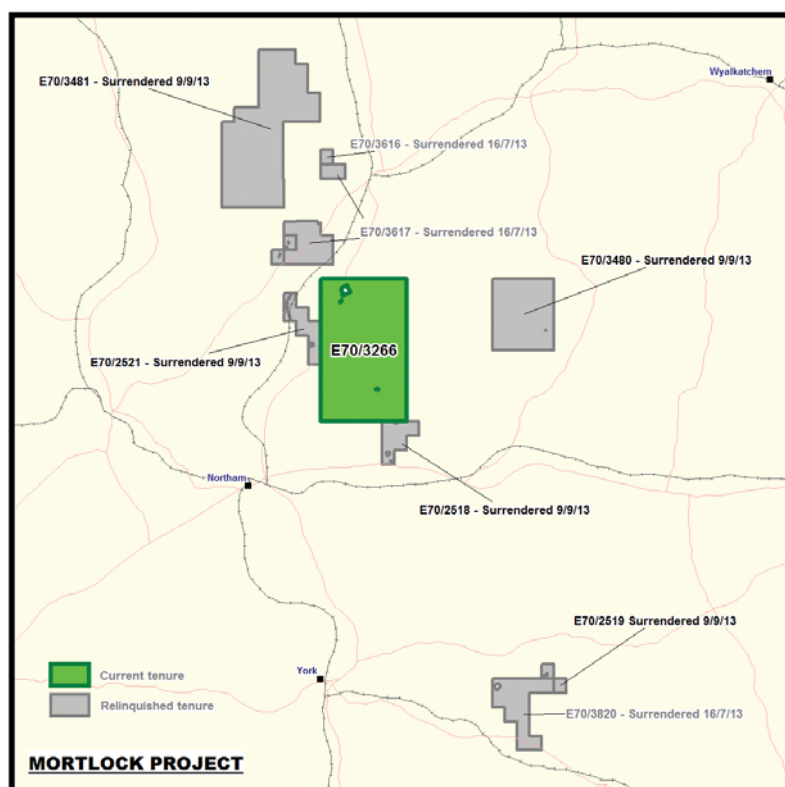


Figure 6: Mortlock project location map

### 4) Meekatharra North Project (Gold)

A scout drill program completed on 15 August 2013 successfully intersected gold mineralised targets generated by the January 2013 sub-audio magnetic (SAM) survey. Assay results confirmed that high grade gold has been intersected in two locations at Meekatharra North (see figure 8 over page). Best results are 5 metres at 5.05 g/t Au (including maximum 1 metre at 13.10g/t Au) and 3 metres at 9.75g/t Au (including maximum 1 metre at 13.50 g/t Au). All drilling results and collar information can be reviewed in the ASX announcement dated 4 October 2013.

## OPERATIONS AND FINANCIAL REVIEW

The drill results also confirm that high grade gold has been successfully intersected for two of four SAM targets. The gold is interpreted to be contained in both vein quartz and a mineralised shear hosted within strongly altered basalt, hole MNC001 intersected one metre at 13.50 g/t Au from a quartz vein (see figure 9 next page). Multiple mineralised structures have been intersected at both of the SAM targets and the continuity of these structures are open along strike and will form part of future exploration programmes together with the remaining two untested targets.

Very limited drilling has been completed on the newly discovered mineralised structures and therefore limits the mineralisation to be accurately interpreted.

The current geological interpretation is based on a compilation of regional structural and geophysical interpretations and this is working extremely well for Mindax.

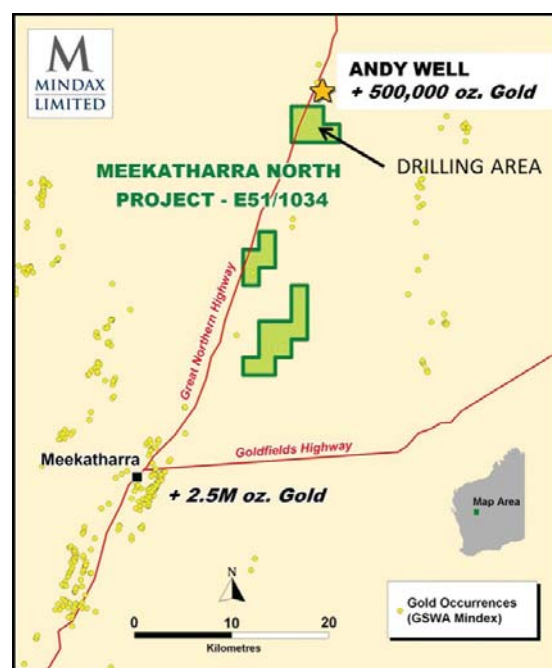


Figure 7: Meekatharra North project location map

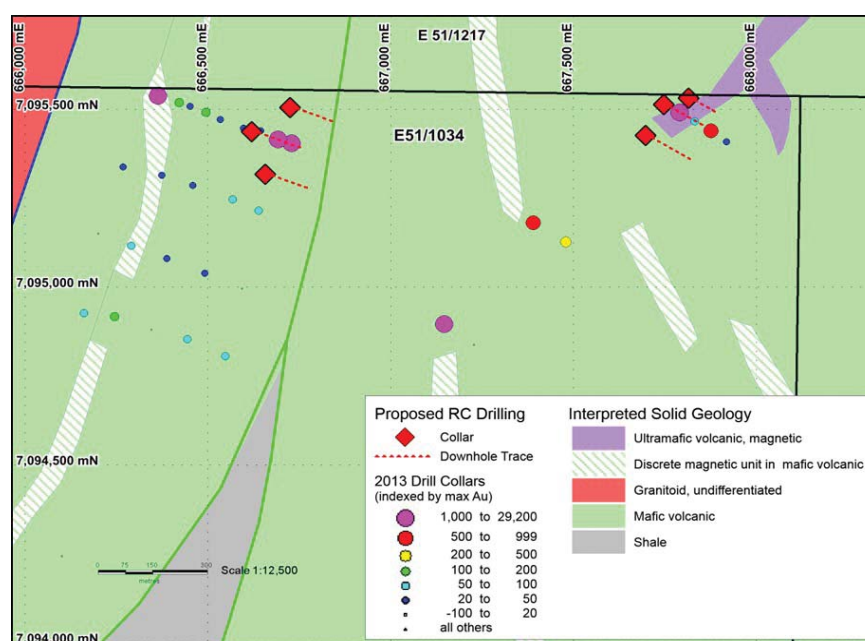


Figure 8: 2014 RC drilling targets with 2013 drilling.



Following discussions with our JV partners, a new drill program was developed to target along-strike and down-dip extensions of the successful high grade gold intersections from the August 2013 scout exploration program. The proposed drilling focussed on the two main locations where high grade gold was intersected from drilling at Meekatharra North (see figure 10 below). During February 2014, a small drill programme of 6 holes for 1,545 was completed.

All holes were initially sampled as 4m composites and assayed for gold by aqua regia methodology. Upon receipt of these assay results, all composites which returned a gold grade of higher than 100ppb Au were re-sampled in the field and assayed on a 1m basis by fire assay method.

The results were generally disappointing however some encouraging gold grades greater than 2,000 ppb Au were returned from each of the target areas as defined by the 2013 aircore drilling campaign. The highest assay value received was 1m @ 3,820 ppb Au in hole MNC012 following up an original composite grade of 4m @ 3,150 ppb Au. Another notable result is 1m @ 2,460 ppb Au in hole MNC014 following up a composite grade of 4m @ 134 ppb Au, indicating the effects of the highly nuggetty nature of the mineralisation.

Additional shallow orientation drilling is recommended before continuing with deeper drilling.

The project area is still considered highly prospective and located adjacent to Doray's new Andy Well Gold mine.

## 5) Other Projects - Fred's Bore (Iron Ore, Gold)

No work has been undertaken on this tenement and has been subsequently surrendered.

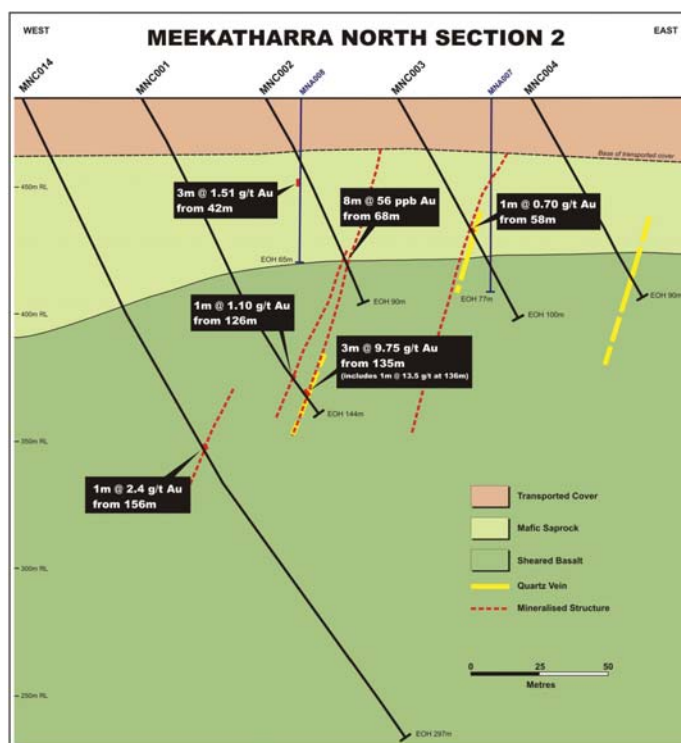


Figure 9: Stylised Drill Section with 2013 drilling.

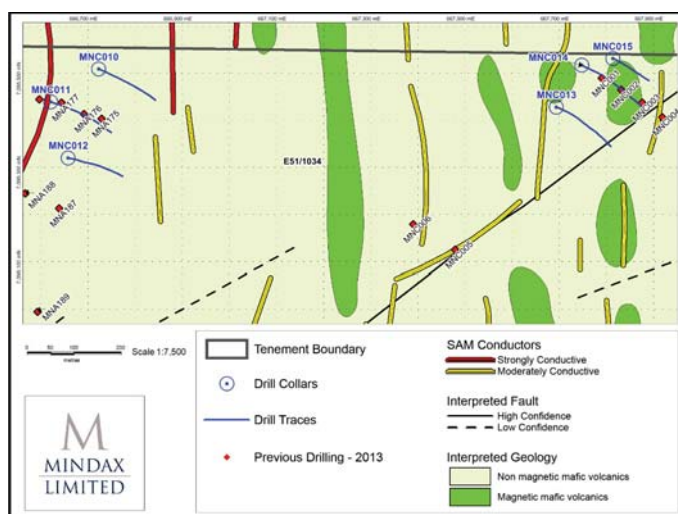


Figure 10: 2014 Interpreted Geology Plan with drilling

## OPERATIONS AND FINANCIAL REVIEW

### LAND TENURE

Mindax continues to hold an extensive tenement portfolio comprising 26 tenements for 2,241 km<sup>2</sup>, summarised as follows:

| Project                     | Number of Tenements Held | Area (Km <sup>2</sup> ) | Number of Tenements Relinquished During the Year |
|-----------------------------|--------------------------|-------------------------|--------------------------------------------------|
| Mt Forrest                  | 7                        | 54                      | -                                                |
| Mt Forrest (water)          | 2                        | 953                     | 3                                                |
| Mt Forrest (infrastructure) | 4                        | 12                      | 9                                                |
| YAJV Uranium                | 10                       | 912                     | 5                                                |
| YAJV Mortlock               | 1                        | 204                     | 8                                                |
| Meekatharra North JV        | 1                        | 55                      | -                                                |
| Fred's Bore                 | 1                        | 51                      | -                                                |
| <b>Totals (rounded)</b>     | <b>26</b>                | <b>2,241</b>            | <b>25</b>                                        |

### Mineral Resource Summary

There has been only one change made to the regolith iron mineral resource inventory this financial year. No changes have been made to any other mineral resources this financial year. The regolith iron resource now includes the detrital iron mineralisation and has increased to 27.1Mt @ 44.0% Fe.

#### 1) Iron

##### Regolith Iron

The current near surface goethite-hematite-martite-magnetite resource stands at 27.1 Mt @ 44.0% Fe (12.3 Mt JORC 2004 Indicated @ 45.5% Fe and 14.8 Mt JORC 2004 Inferred @ 42.7% Fe- above 40% Fe cut-off) and is presented in the table below:

Mt Forrest Iron Project – JORC 2004 Mineral Resource Regolith Mineralisation above a 40% Fe cut-off grade

| Resource Category                                 | Thousand Tonnes | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P %        | S %         | LOI %       |
|---------------------------------------------------|-----------------|-------------|--------------------|----------------------------------|------------|-------------|-------------|
| November 2011<br>Regolith JORC 2004<br>Indicated  | 12,340          | 45.5        | 23.0               | 5.2                              | 6.1        | 0.06        | 0.07        |
| November 2011<br>Regolith JORC 2004<br>Inferred   | 2,370           | 44.8        | 26.4               | 4.5                              | 4.6        | 0.05        | 0.06        |
| September 2013 Detrital<br>JORC 2004 Inferred     | 12,440          | 42.3        | 19.9               | 11.4                             | 6.3        | 0.02        | 0.04        |
| <b>Total JORC 2004<br/>Indicated and Inferred</b> | <b>27,150</b>   | <b>44.0</b> | <b>18.0</b>        | <b>11.8</b>                      | <b>6.0</b> | <b>0.04</b> | <b>0.06</b> |

Note: Totals are subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code.

### Magnetite Iron

The current primary magnetite resource stands at 1.71 billion tonnes @ 31.8% Fe (248.2 Mt @ 32.6% Fe JORC Indicated and 1,462.4 Mt @ 31.6% Fe JORC Inferred) and is presented as follows:

Mt Forrest Iron Project – JORC 2004 Consolidated Mineral Resource Magnetite Mineralisation above a 25% Fe cut-off grade

| Classification         | Tonnes<br>[Mt] | Fe<br>[%]   | SiO <sub>2</sub><br>[%] | Al <sub>2</sub> O <sub>3</sub><br>[%] | P<br>[%]    | S<br>[%]    | LOI<br>[%] |
|------------------------|----------------|-------------|-------------------------|---------------------------------------|-------------|-------------|------------|
| JORC 2004<br>Indicated | 248.2          | 32.6        | 47.0                    | 1.7                                   | 0.06        | 0.12        | 1.1        |
| JORC 2004<br>Inferred  | 1,462.4        | 31.6        | 47.9                    | 1.8                                   | 0.04        | 0.10        | 2.2        |
| <b>Total</b>           | <b>1,710.6</b> | <b>31.8</b> | <b>47.7</b>             | <b>1.8</b>                            | <b>0.05</b> | <b>0.10</b> | <b>2.0</b> |

Note: Totals are subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code. This table 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.

### 2) Uranium

The mineral resource for the uranium mineralisation at the Mukinbudin Project is 3.2Mlbs at 0.02% U<sub>3</sub>O<sub>8</sub> (JORC 2004 Inferred) using a 100ppm (0.01%) U<sub>3</sub>O<sub>8</sub> cut-off. The resource estimate currently consists of 1.1Mlbs at 0.03% U<sub>3</sub>O<sub>8</sub> at the Jindarra Prospect and 2.1Mlbs at 0.02% U<sub>3</sub>O<sub>8</sub> at the Yandegin Prospect.

The tables below show the Mineral Resource as estimated by Optiro.

#### Resource Tabulation by Prospect at 100ppm U3O8 cut-off

| Prospect     | Category                  | Tonnes<br>[Mt] | Grade<br>[%] | Grade<br>[ppm] | U <sub>3</sub> O <sub>8</sub><br>[Mlbs] |
|--------------|---------------------------|----------------|--------------|----------------|-----------------------------------------|
| Jindarra     | JORC 2004 Inferred        | 1.86           | 0.03         | 273            | 1.12                                    |
| Yandegin     | JORC 2004 Inferred        | 4.36           | 0.02         | 221            | 2.12                                    |
| <b>Total</b> | <b>JORC 2004 Inferred</b> | <b>6.22</b>    | <b>0.02</b>  | <b>237</b>     | <b>3.24</b>                             |

Note: Totals subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code.

## OPERATIONS AND FINANCIAL REVIEW

The following two Tables provide a breakdown of the resources at Jindarra and Yandegin at a variety of cut-off grades.

**Jindarra Resource Tabulation at a variety of cut-off grades**

| U <sub>3</sub> O <sub>8</sub> cut-off<br>[ppm] | Tonnes<br>[Mt] | Grade<br>[%] | Grade<br>[ppm] | U <sub>3</sub> O <sub>8</sub><br>[Mlbs] |
|------------------------------------------------|----------------|--------------|----------------|-----------------------------------------|
| 100                                            | 1.86           | 0.03         | 273            | 1.12                                    |
| 200                                            | 0.77           | 0.05         | 454            | 0.77                                    |
| 300                                            | 0.31           | 0.08         | 765            | 0.52                                    |

Note: Totals subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code.

**Yandegin Resource Tabulation at a variety of cut-off grades**

| U <sub>3</sub> O <sub>8</sub> cut-off<br>[ppm] | Tonnes<br>[Mt] | Grade [%] | Grade [ppm] | U <sub>3</sub> O <sub>8</sub> [Mlbs] |
|------------------------------------------------|----------------|-----------|-------------|--------------------------------------|
| 100                                            | 4.36           | 0.02      | 221         | 2.12                                 |
| 200                                            | 1.88           | 0.03      | 321         | 1.33                                 |
| 300                                            | 0.96           | 0.04      | 402         | 0.85                                 |

Note: Totals subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code.

### Competent Person Statements

The Mineral Resource information contained in this announcement was prepared and first disclosed under the 2004 edition of the JORC Code. The information has not been updated since to comply with the 2012 edition of the JORC Code (JORC Code 2012) on the basis that the information has not changed since it was last reported. Any updated mineral resources will be declared in compliance with the JORC Code 2012.

#### 3) Iron

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". Mr Andrew was a full-time employee of Optiro Pty Ltd and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

#### 4) Uranium

These Mineral Resources have been compiled by Ian Glacken, who is a Fellow of the Australasian Institute of Mining and Metallurgy and who 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 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ian Glacken is a full-time employee of Optiro and consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.



## REVIEW OF FINANCIAL

### Financial Results

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$4,636,341 (2013: \$2,992,131). The loss was largely a result of a different accounting treatment of research and development grants. In prior year's research and development grants were treated as income. New accounting standards require that research and development grants now be offset against capitalised exploration and expenditure assets. For the current financial year \$1,112,073 (2013: \$1,177,998) were restated from income to capitalised exploration and evaluation assets.

Other contributing factors were exploration expenditure previously capitalised, staff redundancies and general costs and overheads associated with running the Group for the 12 months to 30 June 2014.

### Financial position

The net assets of the Group have decreased from 30 June 2013 by \$3,750,459 to \$21,733,999 at 30 June 2014. This is largely due to the following factors:

- ✦ Research and development grants of \$1,112,073 (2013: \$1,177,998) restated from income to capitalised exploration and evaluation expenditure;
- ✦ Exploration costs written off during the reporting period of \$1,868,904 (2013: \$952,530);
- ✦ Employee benefits (including redundancies) of \$1,544,417 (2013: \$1,032,180); and
- ✦ Lower income received of \$75,352 (2013: \$398,429).



## REMUNERATION REPORT (AUDITED)

### REMUNERATION POLICY

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

The Company'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; 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-Nominations 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.

### USE OF REMUNERATION CONSULTANTS

The Company did not engage any remuneration consultants during the 2014 financial year.

#### Non executive Directors

Fees and payments to non executive directors reflect the demands which are made on them and their individual responsibilities. 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 February 2013. No increase was awarded to non-executive directors other than the Chairman (now \$90,000 per annum [including statutory superannuation] to recognise the additional level of work commitments required for this role.

The Board also adopted a recommendation of the Remuneration-Nominations Committee in February 2013 to introduce Committee Fees, payable to members of the Audit and Remuneration-Nominations Committees. The Board agreed to fees of \$5,000 per annum for each member of a committee, and \$10,000 per annum for the Chairman of each committee. Such fees are paid to applicable members on a quarterly basis.



## THE COMPANY'S REMUNERATION POLICY FOR EXECUTIVE DIRECTORS, OFFICERS AND SENIOR MANAGEMENT IS DESIGNED TO PROMOTE SUPERIOR PERFORMANCE AND LONG TERM COMMITMENT.

To this end, the Company's non executive directors' standard remuneration package contains only two components, being a primary benefit of quarterly director's fees and committee fees (where applicable), plus compulsory superannuation. In addition, on occasion, some form of performance based remuneration (through the issue of unlisted options) are approved by shareholders which forms part of a non-executive director's overall remuneration. Such remuneration is discussed further this page, under "Performance based Remuneration".

Non executive director fees (including committee 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.

Remuneration details for non-executive directors (including any short-term and long-term incentives) are set out in the sections below.

### Executive Directors

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

- base pay and benefits, including superannuation (**Total Fixed Remuneration**);
- short-term performance incentives; and
- long-term performance incentives, being equity – share options granted under the employee option scheme or approved by shareholders of the Company.

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

Total Fixed Remuneration 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 data provides benchmark information to ensure the base pay is set to reflect the market for a comparable role. Total Fixed Remuneration is reviewed periodically (usually annually) to ensure the level is competitive with the market. There is no guaranteed Total Fixed Remuneration increases included in any executive director contracts. A vehicle (or vehicle allowance) and car parking bay is also provided as part of the Total Fixed Remuneration as an additional benefit to executive directors.

Mindax previously had only one executive director, being the former Managing Director and CEO, Dr Steve Ward who left the company on 31 May 2014. Details of Dr Ward's remuneration (including short-term and long-term incentives) are set out in the sections below.

### PERFORMANCE BASED REMUNERATION

Performance based (incentive) remuneration were in the form of Short Term Incentives (**STIs**) and Long Term Incentives (**LTIs**).

The executive director had the opportunity to earn an STI if predefined performance targets were achieved. Performance based (incentive) remuneration for the executive director were limited to cash bonuses for STIs and the granting options over unissued shares as an LTI. Performance based remuneration for other key management personnel are currently limited to the granting of shares and options.

Details of STIs and LTIs issued by the Company for the 2013-2014 and 2014-2015 financial years are summarised on page 45.

## REMUNERATION REPORT (AUDITED)

### 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 Company believes this policy will be effective in increasing shareholder wealth.

The following table shows the Group's net losses, its' allocation per share and share price of the Company at the end of the respective financial years.

|                         | 2010 \$     | 2011 \$     | 2012 \$     | 2013 \$     | 2014 \$     |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Net Profit/(Loss)       | (2,339,546) | (2,412,051) | (2,299,213) | (2,992,131) | (4,636,341) |
| Loss per share          | 0.0178      | 0.0164      | 0.0132      | 0.01341     | 0.01815     |
| Share Price at Year end | 0.410       | 0.275       | 0.073       | 0.12        | 0.061       |

### PERFORMANCE CONDITIONS LINKED TO REMUNERATION

At this stage, the Company's remuneration of key management personnel (excluding directors) 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 for these personnel is inappropriate. This may change once the Group commences production.

In relation to non-executive directors, the Board believes that a portion of the remuneration package for the non-executive directors should be linked to some form of financial performance indicator, such as share price, from time to time, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for non-executive directors to motivate and reward their performance. Details of options issued to directors during the 2013-2014 financial year are set out below.

In relation to the executive director (again, being the former Managing Director and CEO, Dr Steve Ward) the Board believed that a portion of the total remuneration package for the executive director should also be linked to financial performance indicators such as share price, as well as achieving key targets set by the Board on an annual basis. In this regard, a number of STIs were approved by the Board for Dr Ward which apply to the 2013-2014 financial year. They are summarised in the sections below. Dr Ward also received incentive options issued during the 2012 – 2013 financial year. Details of options issued are set out below.



THE REMUNERATION POLICY HAS BEEN TAILORED TO INCREASE GOAL CONGRUENCE BETWEEN SHAREHOLDERS, DIRECTORS AND EXECUTIVES.

#### 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 Company.

| Key Management Personnel          | Position Held          | Fixed Salary/ Fees 2014 (%) | Sti 2014 (%) | Shares/ Options Issued 2014 (%) | Total 2014 (%) | Fixed Salary/ Fees 2013 (%) | Shares/ Options Issued 2013 (%) | Total 2013 (%) |
|-----------------------------------|------------------------|-----------------------------|--------------|---------------------------------|----------------|-----------------------------|---------------------------------|----------------|
| A Tsang                           | Non executive Director | 88                          | –            | 12                              | 100            | 88                          | 12                              | 100            |
| B Chow – appointed 1 June 2014    | Executive Chairman     | 90                          | –            | 10                              | 100            | 90                          | 10                              | 100            |
| E Loh                             | Non executive Director | 89                          | –            | 11                              | 100            | 89                          | 11                              | 100            |
| Y Li                              | Non executive Director | 100                         | –            | –                               | 100            | 100                         | –                               | 100            |
| D Wilkins – appointed 26 May 2014 | Company Secretary      | 100                         | –            | –                               | 100            | –                           | –                               | –              |

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 2014 or prior to the signing of this Annual Report.

| Key Management Personnel         | Former Position Held                          | Fixed Salary/ Sti/Fees 2014 (%) | Sti 2014 (%) | Shares/ Options Issued 2014 (%) | Total 2014 (%) | Fixed Salary/ Fees 2013 (%) | Shares/ Options Issued 2013 (%) | Total 2013 (%) |
|----------------------------------|-----------------------------------------------|---------------------------------|--------------|---------------------------------|----------------|-----------------------------|---------------------------------|----------------|
| G George – retired 31 May 2014   | Non executive Chairman                        | 87                              | –            | 13                              | 100            | 83                          | 17                              | 100            |
| S Ward – left on 31 May 2014     | Managing Director & CEO                       | 90                              | 3            | 7                               | 100            | 84                          | 16                              | 100            |
| C Pougault – left on 30 May 2014 | Chief Financial Officer and Company Secretary | 100                             | –            | –                               | 100            | 100                         | –                               | 100            |
| J Vinar – left on 30 May 2014    | General Manager Mt Forrest                    | 100                             | –            | –                               | 100            | 100                         | –                               | 100            |

## REMUNERATION REPORT (AUDITED)

### DETAILS OF SHORT-TERM AND LONG-TERM INCENTIVES FOR THE 2014 – 2015 FINANCIAL YEAR

No short term and long term incentives apply in the 2014-2015 financial year due to corporate restructuring in May 2014 that resulted in the abolishment of the Managing Director and CEO role.

### DETAILS OF SHORT-TERM AND LONG-TERM INCENTIVES FOR THE 2013 – 2014 FINANCIAL YEAR

The Managing Director and CEO had a target STI opportunity of circa 20% of his total remuneration for the 2013-2014 financial year. It was anticipated that 50% of the actual STIs (if achieved) would be paid in cash prior to the end of the first half of the financial year; and the remaining 50% paid in cash prior to the end of the second half of the financial year, if such STIs are achieved.

The former Managing Director and CEO received a short term incentive of \$25,000 during the financial year upon signing of the Mount Forrest Joint Venture.

STI awards for the Managing Director and CEO in the 2013-2014 financial year were based on the following:

| Performance Category    | Metrics                                                           | Weighing |
|-------------------------|-------------------------------------------------------------------|----------|
| JV Funding – Mt Forrest | Securing a binding joint venture arrangement.                     | 25%      |
| JV Funding – Mt Forrest | Progressing a joint venture arrangement to an operational status. | 25%      |
| Market Capitalisation   | Improvement in Company's share price by a predefined percentage.  | 50%      |

Details of options issued to Key Management Personnel during the 2013 – 2014 financial year are set out below and further information is also set out in Note (24) to the financial statements.

### SERVICE AGREEMENTS

Remuneration and other terms of employment for the chief executive officer and managing director were formalised in a service agreement. The service agreement specifies the components of remuneration, benefits and notice period.

The contract may be terminated early by either party with three months notice, subject to termination payments as detailed below.

| Name                                                       | Term Of Agreement                   | Base Salary Including Superannuation | Termination Benefit  |
|------------------------------------------------------------|-------------------------------------|--------------------------------------|----------------------|
| S Ward<br>Chief Executive Officer<br>and Managing Director | On-going commencing 30<br>July 2012 | \$487,000                            | 6 months base salary |



## 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 Company:

| 2014                                                 | Short-Term<br>Employee Benefits  |                                   | Post-<br>Employment<br>Benefits | Share-Based Payments      |                               |              |               |             |
|------------------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|---------------------------|-------------------------------|--------------|---------------|-------------|
| Name                                                 | Cash<br>Salary<br>and Fees<br>\$ | Non<br>Monetary<br>Benefits<br>\$ | Other<br>\$                     | Super-<br>annuation<br>\$ | Termination<br>Benefits<br>\$ | Shares<br>\$ | Options<br>\$ | Total<br>\$ |
| G George                                             | 94,124                           | –                                 | –                               | 7,849                     | –                             | –            | 15,452        | 117,425     |
| S Ward                                               | 450,000                          | –                                 | 25,000                          | 43,938                    | 206,500                       | –            | 50,052        | 775,490     |
| A Tsang                                              | 55,000                           | –                                 | –                               | 5,088                     | –                             | –            | 7,726         | 67,814      |
| B Chow                                               | 67,917                           | –                                 | –                               | 6,282                     | –                             | –            | 7,726         | 81,925      |
| E Loh                                                | 60,000                           | –                                 | –                               | 5,550                     | –                             | –            | 7,726         | 73,276      |
| Y Li                                                 | 50,000                           | –                                 | –                               | 4,625                     | –                             | –            | –             | 54,625      |
| J Vinar                                              | 223,826                          | 29,333                            | –                               | 20,636                    | 32,518                        | –            | –             | 306,313     |
| C Pougnauld                                          | 277,937                          | –                                 | –                               | 23,284                    | 137,300                       | –            | –             | 438,521     |
| Total Key<br>Management<br>Personnel<br>Compensation | 1,278,804                        | 29,333                            | 25,000                          | 117,252                   | 376,318                       | –            | 88,682        | 1,915,389   |
| <i>Other Executives</i>                              |                                  |                                   |                                 |                           |                               |              |               |             |
| D Wilkins                                            | 8,887                            | –                                 | –                               | –                         | –                             | –            | –             | 8,887       |
| Total Other<br>Executives                            | 8,887                            | –                                 | –                               | –                         | –                             | –            | –             | 8,887       |

- 1) For details of shares and options issued to KMP refer to Note (24) "Share based Payments".
- 2) Mr Vinar received a motor vehicle as part of his remuneration package, with a deemed value of \$32,000 per annum. He left the company on 30 May 2014.
- 3) Dr Ward received a motor vehicle allowance as part of his cash remuneration valued at \$37,000 per annum. He left the company on 31 May 2014. Dr Ward also received \$25,000 in a short term incentive on the signing of the Mt Forrest Joint Venture.
- 4) Mr Pougnauld left the company on 30 May 2014. He resigned as Company Secretary on 26 May 2014.
- 5) Mr Wilkins fees of \$8,887 relates to the Company Secretarial functions paid to DWCorporate Pty Ltd, (of which Mr Wilkins is a director). Mr Wilkins was appointed Company Secretary on 26 May 2014.

## REMUNERATION REPORT (AUDITED)

| 2013                                               | Short-Term Employee Benefits |                             | Post-Employment Benefits | Share-Based Payments       |              |                |                  |
|----------------------------------------------------|------------------------------|-----------------------------|--------------------------|----------------------------|--------------|----------------|------------------|
| Name                                               | Cash Salary And Fees<br>\$   | Non-Monetary Benefits<br>\$ | Super-annuation<br>\$    | Termination Benefits<br>\$ | Shares<br>\$ | Options<br>\$  | Total<br>\$      |
| G George                                           | 87,568                       | –                           | 7,431                    | –                          | –            | 19,149         | 114,148          |
| S Ward                                             | 415,962                      | –                           | 37,437                   | –                          | –            | 88,348         | 541,747          |
| A Tsang                                            | 65,000                       | –                           | 5,850                    | –                          | –            | 9,574          | 80,424           |
| B Chow                                             | 78,500                       | –                           | 8,100                    | –                          | –            | 9,574          | 96,174           |
| E Loh                                              | 67,911                       | –                           | 6,112                    | –                          | –            | 9,574          | 83,597           |
| Y Li                                               | 10,139                       | –                           | 913                      | –                          | –            | –              | 11,052           |
| J Vinar                                            | 200,000                      | 32,000                      | 31,509                   | –                          | –            | –              | 263,509          |
| C Pougnault                                        | 261,835                      | –                           | 23,565                   | –                          | –            | –              | 285,400          |
| J Stacpoole                                        | 37,489                       | –                           | 1,367                    | –                          | –            | –              | 38,856           |
| S Lane                                             | 148,913                      | –                           | 13,402                   | –                          | –            | –              | 162,315          |
| <b>Total Key Management Personnel Compensation</b> | <b>1,373,317</b>             | <b>32,000</b>               | <b>135,686</b>           | <b>–</b>                   | <b>–</b>     | <b>136,219</b> | <b>1,677,222</b> |

- 1) For details of shares and options issued to KMP refer to Note (24) "Share based Payments".
- 2) Mr Vinar received a motor vehicle as part of his remuneration package, with a deemed value of \$32,000 per annum.
- 3) Dr Ward and Mr Lane received a motor vehicle allowance paid as part of their cash remuneration, valued at \$37,000 and \$32,000 per annum respectively. Mr Lane resigned on 31 January 2013.
- 4) Dr Ward commenced duties on 30 July 2012.

## 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      | Year Of Grant | Number Of Options Granted | Value Of Options At Grant Date | Number Of Options Vested During The Year | Number Of Options Forfeited During The Year | Value At Lapse Date | % Vested |
|-----------|---------------|---------------------------|--------------------------------|------------------------------------------|---------------------------------------------|---------------------|----------|
| G George* | 2012          | 1,000,000                 | \$34,600                       | 1,000,000                                | –                                           | –                   | 100      |
| S Ward**  | 2012          | 4,000,000                 | \$138,400                      | 4,000,000                                | –                                           | –                   | 100      |
| A Tsang*  | 2012          | 500,000                   | \$17,300                       | 500,000                                  | –                                           | –                   | 100      |
| B Chow*   | 2012          | 500,000                   | \$17,300                       | 500,000                                  | –                                           | –                   | 100      |
| E Loh*    | 2012          | 500,000                   | \$17,300                       | 500,000                                  | –                                           | –                   | 100      |

Note: \* These key management personnel were issued unlisted options on 10 December 2012 as approved by shareholders at the Company's 2012 Annual General Meeting. The unlisted options are deemed performance based as they are exercisable at a price higher than the prevailing share price at the time of approval by shareholders. The options vested on 10 December 2013.

\*\* Dr Steve Ward was issued four million unlisted options on 9 November 2012 pursuant to his employment agreement. The unlisted options are deemed performance based as they are exercisable at a price higher than the prevailing share price at the time of approval by shareholders. The options vested on 9 November 2013.

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

Details of options over ordinary shares issued by the Company during the financial year as remuneration to each of key management personnel of the Company 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 Note (24) to the financial statements.

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

| Grant Date       | Vesting And Exercise Date | Expiry Date      | Exercise Price | Value Per Option At Grant Date | % Vested |
|------------------|---------------------------|------------------|----------------|--------------------------------|----------|
| 9 November 2012  | 9 November 2013           | 9 November 2015  | \$0.108        | \$0.035                        | 100%     |
| 10 December 2012 | 10 December 2013          | 10 December 2015 | \$0.11         | \$0.035                        | 100%     |

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

## REMUNERATION REPORT (AUDITED)

### 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 2014  | 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*     | 1,000,000                    | –                                       | –                         | (1,000,000)                   | –                      | 1,000,000              | 1,000,000              |
| S Ward*       | 4,000,000                    | –                                       | –                         | (4,000,000)                   | –                      | 4,000,000              | 4,000,000              |
| A Tsang       | 500,000                      | –                                       | –                         | –                             | 500,000                | 500,000                | 500,000                |
| B Chow        | 500,000                      | –                                       | –                         | –                             | 500,000                | 500,000                | 500,000                |
| E Loh         | 500,000                      | –                                       | –                         | –                             | 500,000                | 500,000                | 500,000                |
| C Pougnauli*  | 1,000,000                    | –                                       | –                         | (1,000,000)                   | –                      | –                      | 500,000                |
| J Vinar       | 1,000,000                    | –                                       | –                         | (500,000)                     | 500,000                | –                      | 500,000                |
| <b>Totals</b> | <b>8,500,000</b>             | <b>–</b>                                | <b>–</b>                  | <b>(6,500,000)</b>            | <b>2,000,000</b>       | <b>6,500,000</b>       | <b>7,500,000</b>       |

Note: "Other changes during the year" in the above table reflects options which expired or lapsed during the financial year, without exercise. \*KMP who retired or were made redundant during the period. Options are still held by former KMP's and vested prior to their departure date.

### KEY MANAGEMENT PERSONNEL SHAREHOLDING

The number of ordinary shares in Mindax 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 2014  |                              |                                         |                                               |                               |                        |
| G George*     | 4,311,413                    | –                                       | –                                             | (4,311,413)                   | –                      |
| S Ward*       | –                            | –                                       | –                                             | –                             | –                      |
| A Tsang       | 47,764,543                   | –                                       | –                                             | 5,375,000                     | 53,139,543             |
| B Chow        | 196,000                      | –                                       | –                                             | –                             | 196,000                |
| E Loh         | –                            | –                                       | –                                             | –                             | –                      |
| Y Li          | –                            | –                                       | –                                             | –                             | –                      |
| C Pougnauli*  | 200,000                      | –                                       | –                                             | (200,000)                     | –                      |
| J Vinar       | 200,000                      | –                                       | –                                             | –                             | 200,000                |
| <b>Totals</b> | <b>52,671,956</b>            | <b>–</b>                                | <b>–</b>                                      | <b>863,587</b>                | <b>53,535,543</b>      |

Note: "Other changes during the year" for Andrew Tsang reflects changes in shareholdings as a result of the conversion of a Convertible Note issued to Mr Tsang's mother, Ms Lai You plus on market acquisition of shares.

\*KMP who resigned/retired during the period. Shares are still held by former KMP's.

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



### LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel during the reporting year.

### OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

On 1 May 2014 the Company announced to the market plans to reorganise its activities. The changes were designed to streamline activities and minimise costs whilst preserving key projects. The reorganisation included reducing the size of the Board from six to four. The reorganisation was completed on 31 May 2014.

On 31 May 2014 Mr Gilbert George retired after ten years as Founding Chairman. Current director Mr Benjamin Chow agreed to accept the role of Chairman effective from 1 June 2014.

Managing Director and Chief Executive Officer Dr Steve Ward was made redundant on 31 May 2014.

Chief Financial Officer and Company Secretary Mr Christopher Pougault resigned as Company Secretary on 26 May 2014 and was made redundant on 30 May 2014.

Mr Dennis Wilkins of DWCorporate Pty Ltd was appointed Company Secretary on 26 May 2014.

General Manager of Exploration Mr John Vinar was made redundant on 30 May 2014. John agreed to act as a consultant to Mindax to provide technical and project services. He is the Company's technical and project representative in Western Australia and reports to the Board.

### VOTING AND COMMENTS MADE AT THE COMPANY'S 2013 ANNUAL GENERAL MEETING

Of the eligible shareholders able to vote on the resolution, Mindax received unanimous approval on its remuneration report for the 2013 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 AND END OF DIRECTORS' REPORT

The Directors' Report, including the Operations and Financial Review and Remuneration Report, is signed in accordance with a resolution of the Board of Directors:

On behalf of the Directors

Mr Benjamin Chow

Chairman



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 Fax: +61 8 6382 4601  
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 PO Box 700 West Perth WA 6872  
 Australia

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

As lead auditor of Mindax Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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, 30 September 2014

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

## DIRECTORS' DECLARATION

Dated this 30th day of September 2014

In the directors' opinion:

1. The financial statements and notes set out on pages 56 to 89 are in accordance with the Corporations Act 2001 (Commonwealth), including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. Note (1) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
4. The directors have been given the declarations by the Executive Chairman as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



**Mr Benjamin Chow**

Chairman

Dated this 30th day of September 2014



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## 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 2014, the consolidated statement of profit or loss and other 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### 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

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has been given to the directors of Mindax Limited, would be in 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 2014 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 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, 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 pages 42 to 51 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**

BDO

**Phillip Murdoch**

**Director**

Perth, 30 September 2014

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

|                                                                                    | NOTE | 2014<br>\$         | 2013<br>\$         |
|------------------------------------------------------------------------------------|------|--------------------|--------------------|
| Revenue from continuing operations                                                 | (2)  | 75,352             | 398,429            |
| Advertising                                                                        |      | (50,586)           | (73,193)           |
| Exploration expenditure written off                                                | (8)  | (1,868,904)        | (952,530)          |
| Compliance and regulatory expenses                                                 |      | (34,439)           | (48,215)           |
| Legal and professional expenses                                                    |      | (534,875)          | (435,757)          |
| Depreciation and amortisation expense                                              |      | (13,885)           | (17,653)           |
| Directors fees                                                                     |      | (344,569)          | (289,388)          |
| Remuneration and employee expenses                                                 |      | (1,544,417)        | (1,032,180)        |
| Share based payments – director & employee options                                 | (24) | (75,882)           | (115,419)          |
| Travel expenses                                                                    |      | (116,893)          | (192,962)          |
| Other expenses                                                                     |      | (127,243)          | (233,263)          |
| <b>LOSS BEFORE INCOME TAXES</b>                                                    |      | <b>(4,636,341)</b> | <b>(2,992,131)</b> |
| Income tax expense                                                                 | (3)  | -                  | -                  |
| Other comprehensive income                                                         |      | -                  | -                  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                                       |      | <b>(4,636,341)</b> | <b>(2,992,131)</b> |
| <b>LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY</b> |      | <b>(4,636,341)</b> | <b>(2,992,131)</b> |
| <b>EARNINGS PER SHARE</b>                                                          |      | <b>2014</b>        | <b>2013</b>        |
| Basic earnings (loss) per share (cents)                                            | (14) | (1.815)            | (1.341)            |
| Diluted earnings (loss) per share (cents)                                          | (14) | N/A                | N/A                |

The above consolidated statement of Profit or Loss and Other Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014

|                                   | NOTE | 2014<br>\$        | 2013<br>\$        |
|-----------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                     |      |                   |                   |
| <b>CURRENT ASSETS</b>             |      |                   |                   |
| Cash and cash equivalents         | (4)  | 243,420           | 3,459,634         |
| Trade and other receivables       | (5)  | 147,720           | 234,475           |
| Prepayments                       | (6)  | 40,094            | 58,893            |
| <b>TOTAL CURRENT ASSETS</b>       |      | <b>431,234</b>    | <b>3,753,002</b>  |
| <b>NON CURRENT ASSETS</b>         |      |                   |                   |
| Prepayments                       | (6)  | 60,000            | 60,000            |
| Plant and equipment               | (7)  | 145,545           | 244,070           |
| Other assets                      |      | 2,885             | 2,885             |
| Exploration and evaluation assets | (8)  | 22,136,011        | 22,982,255        |
| <b>TOTAL NON CURRENT ASSETS</b>   |      | <b>22,344,441</b> | <b>23,289,210</b> |
| <b>TOTAL ASSETS</b>               |      | <b>22,775,675</b> | <b>27,042,212</b> |
| <b>LIABILITIES</b>                |      |                   |                   |
| <b>CURRENT LIABILITIES</b>        |      |                   |                   |
| Trade and other payables          | (9)  | 234,713           | 1,431,315         |
| Borrowings                        | (10) | 800,000           | -                 |
| Provisions                        | (11) | 6,963             | 126,439           |
| <b>TOTAL CURRENT LIABILITIES</b>  |      | <b>1,041,676</b>  | <b>1,557,754</b>  |
| <b>TOTAL LIABILITIES</b>          |      | <b>1,041,676</b>  | <b>1,557,754</b>  |
| <b>NET ASSETS</b>                 |      | <b>21,733,999</b> | <b>25,484,458</b> |
| <b>EQUITY</b>                     |      |                   |                   |
| Issued capital                    | (12) | 40,163,930        | 39,353,930        |
| Reserves                          | (13) | 871,452           | 795,570           |
| Accumulated losses                | (13) | (19,301,383)      | (14,665,042)      |
| <b>TOTAL EQUITY</b>               |      | <b>21,733,999</b> | <b>25,484,458</b> |

The above consolidated statement of Profit or Loss and Other Income should be read in conjunction with the accompanying notes.

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

| 2013                                                                       | ORDINARY<br>SHARES \$ | ACCUMULATED<br>LOSSES \$ | SHARE BASED<br>PAYMENT<br>RESERVE \$ | TOTAL \$           |
|----------------------------------------------------------------------------|-----------------------|--------------------------|--------------------------------------|--------------------|
| Balance at 1 July 2012                                                     | 33,875,906            | (11,672,911)             | 680,151                              | 22,883,146         |
| Profit (loss) attributable to owners of the parent entity                  | -                     | (2,992,131)              | -                                    | (2,992,131)        |
| Total comprehensive income for the year                                    | -                     | (2,992,131)              | -                                    | (2,992,131)        |
| <b>Transactions with owners in their capacity as equity holders</b>        |                       |                          |                                      |                    |
| Shares issued during the year                                              | 5,735,868             | -                        | -                                    | 5,735,868          |
| Options issued during the year under the Company employee option scheme    | -                     | -                        | 136,219                              | 136,219            |
| Options cancelled during the year under the Company employee option scheme | -                     | -                        | (20,800)                             | (20,800)           |
| Transaction costs                                                          | (257,844)             | -                        | -                                    | (257,844)          |
| <b>Sub-total</b>                                                           | <b>5,478,024</b>      | <b>(2,992,131)</b>       | <b>115,419</b>                       | <b>2,601,312</b>   |
| <b>Balance at 30 June 2013</b>                                             | <b>39,353,930</b>     | <b>(14,665,042)</b>      | <b>795,570</b>                       | <b>25,484,458</b>  |
|                                                                            |                       |                          |                                      |                    |
| 2014                                                                       | ORDINARY<br>SHARES \$ | ACCUMULATED<br>LOSSES \$ | SHARE BASED<br>PAYMENT<br>RESERVE \$ | TOTAL \$           |
| Balance at 1 July 2013                                                     | 39,353,930            | (14,665,042)             | 795,570                              | 25,484,458         |
| Profit (loss) attributable to owners of the parent entity                  | -                     | (4,636,341)              | -                                    | (4,636,341)        |
| Total comprehensive income for the year                                    | -                     | (4,636,341)              | -                                    | (4,636,341)        |
| <b>Transactions with owners in their capacity as equity holders</b>        |                       |                          |                                      |                    |
| Shares issued during the year                                              | 800,000               | -                        | -                                    | 800,000            |
| Options expensed during the year under the Company employee option scheme  | -                     | -                        | 88,682                               | 88,682             |
| Options expired during the year under the Company employee option scheme   | -                     | -                        | (12,800)                             | (12,800)           |
| Transaction costs                                                          | (15,000)              | -                        | -                                    | (15,000)           |
| Transaction costs reversed                                                 | 25,000                | -                        | -                                    | 25,000             |
| <b>Sub total</b>                                                           | <b>810,000</b>        | <b>(4,636,341)</b>       | <b>75,882</b>                        | <b>(3,750,459)</b> |
| <b>Balance at 30 June 2014</b>                                             | <b>40,163,930</b>     | <b>(19,301,383)</b>      | <b>871,452</b>                       | <b>21,733,999</b>  |

The above consolidated statement of Profit or Loss and Other Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

| STATEMENT OF CASH FLOWS                                    | NOTE        | 2014<br>\$         | 2013<br>\$         |
|------------------------------------------------------------|-------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>               |             |                    |                    |
| Payments to suppliers and employees                        |             | (4,522,152)        | (2,269,721)        |
| Interest received                                          |             | 45,543             | 121,186            |
| Due diligence exclusivity fee                              |             | -                  | 250,000            |
| <b>Net cash used in operating activities</b>               | <b>(22)</b> | <b>(4,476,609)</b> | <b>(1,898,535)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>               |             |                    |                    |
| Purchase of property, plant and equipment                  |             | (4,885)            | (26,012)           |
| Proceeds from sale of property, plant and equipment        |             | 51,173             | -                  |
| Meekatharra North Joint Venture Funding                    |             | 300,000            | 500,000            |
| Payment for exploration expenditure                        |             | (685,893)          | (2,795,248)        |
| Net cash used in investing activities                      |             | (339,605)          | (2,321,260)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>               |             |                    |                    |
| Proceeds from issue of shares                              |             | 200,000            | 5,735,868          |
| Proceeds from issue of convertible notes                   |             | 900,000            | -                  |
| Non-recourse loans                                         |             | 500,000            | -                  |
| Payment of share issue costs                               |             | -                  | (257,844)          |
| <b>Net cash from financing activities</b>                  |             | <b>1,600,000</b>   | <b>5,478,024</b>   |
| Net (decrease) increase in cash and cash equivalents held  |             | (3,216,214)        | 1,258,229          |
| Cash and cash equivalents at beginning of financial year   |             | 3,459,634          | 2,201,405          |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR:</b> | <b>(4)</b>  | <b>243,420</b>     | <b>3,459,634</b>   |

The above consolidated statement of Profit or Loss and Other Income should be read in conjunction with the accompanying notes.

This financial report includes the consolidated financial statements and notes of Mindax Limited and controlled entities (the Group) for the year ended 30 June 2014. The financial statements were authorised for issue by the board on 30th September 2014.

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act. Mindax Limited is a for-profit entity for the purpose of preparing the financial statements.

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.

#### 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 (\$4,636,341) and incurred net cash outflows from operating activities of (\$4,476,609). The consolidated entity had a net working capital deficiency of \$610,442 during the year (2013: \$2,195,248 net working capital surplus).

The ability of the consolidated entity to continue as a going concern is dependent on the continued support

of its strategic JV partner PMHL and the consolidated entity being able to raise additional funds as required to fund ongoing exploration commitments, conduct feasibility studies on the Company's projects 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, or continue with funding from joint venture partnerships, 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.

#### Principles of Consolidation

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

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 profit or loss and other comprehensive income and consolidated balance

sheet. 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.

### 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.

### Government grants (Research and Development)

Grants from the government are offset against the area where the costs were initially incurred 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).

For research and development relating to exploration and evaluation expenditure, any claim will be offset against this balance.

### 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.

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.

### 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.

### 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.

### 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 profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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 profit or loss and other 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 profit or loss and other comprehensive income in the period in which the operation is disposed.

### 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 consolidated balance sheet.

### 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 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.

### 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.

### Financial liabilities

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

### 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.

### 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.

### 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                 | 2–15 years  |
| Mr Forrest Iron Project - Camp site | 2–10 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 profit or loss and other comprehensive income.

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.

### 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.

### 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.

### 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

profit or loss and other 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.

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.

### Segment reporting

Operating segments are reported in a manner consistent

with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who was responsible for allocating resources and assessing performance of the operating segments, was the Chief Executive Officer and Managing Director, Dr Steve Ward. The Board have taken on the role of chief decision makers on the departure of Dr Ward.

#### 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.

#### 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.

#### 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.

#### 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.

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.

#### 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.

#### 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.

#### 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.

#### 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.

### 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.

### 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.

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.

### New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not effective for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- ✦ AASB 9 Financial Instruments 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. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are

designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

- ✦ In August 2011, the AASB issued a suite of new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The standards described below are effective during the reporting year but have no material effect on the Group.

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.
- AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The Group's investment in any new formal joint venture partnerships will be classified as joint ventures under the new rules. As the Group already applies the equity method in accounting for such investments, AASB 11 will not have any impact on the amounts recognised in its future financial statements.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group hasn't affected any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's Investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

Note however, that the Group's Yilgarn-Avon Joint Venture and the Meekatharra North Joint Venture are considered to be a 'strategic partnership' and a 'deferred farm-in/farm-out arrangement' respectively; and as they don't meet the definition of a Jointly Controlled Asset (Joint Operation) or Joint Venture Entity their separate disclosure is not required in this report.

- AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures.

This new standard impacts the type of information disclosed in the notes to the financial statements.

- AASB 119 (Revised) Employee Benefits - In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan

assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

#### New standards and interpretation not yet adopted

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2014. They have not been adopted in preparing the financial statements for the year ended 30 June 2014 and are expected to impact the entity in the period of initial application.

AASB 9 (issued December 2009 and amended December 2010) "Financial Instruments" amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The entity has not yet made an assessment of the impact of these amendments.

The entity has financial assets classified as available-for-sale. When AASB 9 is first adopted, the entity will reclassify these into the fair value through profit or loss category. On 1 July 2017, the cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes will be recognised in profit or loss. These changes apply prospectively so comparatives do not need to be restated.

The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively from 1 July 2017.

AASB 2013-9 (issued December 2013) "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments" makes three amendments to AASB 9:

- Adding the new hedge accounting requirements into AASB 9
- Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and

Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.

Under the new hedge accounting requirements:

- The 80-125% highly effective threshold has been removed
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value and recognised in OCI.

The application date of AASB 9 has been deferred to 1 January 2017. The entity has not yet made an assessment of the impact of these amendments. The entity does not currently have any hedging arrangements in place.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

### Parent entity financial information

The financial information for the parent entity, Mindax Limited, disclosed in Note (26) "Parent entity" has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Mindax. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

#### (ii) Tax consolidation legislation

Mindax Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation and are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Mindax Limited.

#### (iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

#### (iv) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

**2) REVENUE AND OTHER INCOME**

|                                                            | 2014<br>\$           | 2013<br>\$            |
|------------------------------------------------------------|----------------------|-----------------------|
| <b>Revenue from continuing operations</b>                  |                      |                       |
| Interest revenue                                           | 39,411               | 125,001               |
| Other revenue                                              | 35,941               | 3,914                 |
|                                                            | <u>75,352</u>        | <u>128,915</u>        |
| <b>Other income</b>                                        |                      |                       |
| Interest income on research and development tax concession | -                    | 18,518                |
| TFN credits                                                | -                    | 996                   |
| Due diligence fee on Mt Forrest Project                    | -                    | 250,000               |
|                                                            | <u>-</u>             | <u>269,514</u>        |
|                                                            | <b><u>75,352</u></b> | <b><u>398,429</u></b> |

**3) INCOME TAX EXPENSE**

|                                                                                                                               | 2014<br>\$         | 2013<br>\$         |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:</b>                                                                            |                    |                    |
| Current tax                                                                                                                   | -                  | -                  |
| Deferred tax                                                                                                                  | -                  | -                  |
| -                                                                                                                             | -                  | -                  |
| <b>(B) THE PRIMA FACIE TAX ON LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX AS FOLLOWS:</b> |                    |                    |
| Loss from continuing operations before income tax expense                                                                     | (4,636,341)        | (2,992,131)        |
| Income tax (benefit) at 30% (2013:30%)                                                                                        | <u>(1,390,902)</u> | <u>(897,639)</u>   |
| Add /(less):                                                                                                                  |                    |                    |
| Tax effect of amounts which are (deductible)/taxable:                                                                         |                    |                    |
| Share based payments                                                                                                          | 22,765             | 34,626             |
| Tenement expenditure write-off                                                                                                | 560,671            | 285,759            |
| ITRAA 1997 s40 730 Exploration Expenditure                                                                                    | (640,420)          | (1,318,142)        |
| Write off for business related capital costs                                                                                  | (101,720)          | (97,908)           |
| Sundry non deductible items                                                                                                   | 36,950             | 29,766             |
| Sundry non assessable items                                                                                                   | <u>(50,701)</u>    | <u>(61,527)</u>    |
|                                                                                                                               | <u>(1,563,358)</u> | <u>(2,025,065)</u> |
| R & D tax concession                                                                                                          | -                  | -                  |
| Income tax expense/(benefit) not recognised                                                                                   | <u>1,563,358</u>   | <u>2,025,065</u>   |
| Total income tax expense/(benefit)                                                                                            | <u>-</u>           | <u>-</u>           |

**3) INCOME TAX EXPENSE CONT.**

|                                                                        | 2014<br>\$ | 2013<br>\$ |
|------------------------------------------------------------------------|------------|------------|
| <b>(C) TAX LOSSES:</b>                                                 |            |            |
| Unused tax losses for which no deferred tax assets has been recognised | 36,818,657 | 34,078,739 |
| Potential tax benefit at 30%                                           | 11,045,597 | 10,223,622 |

|                                                | 2014<br>\$       | 2013<br>\$       |
|------------------------------------------------|------------------|------------------|
| <b>(D) UNRECOGNISED TEMPORARY DIFFERENCES:</b> |                  |                  |
| <b>Deferred tax assets</b>                     |                  |                  |
| Tax losses                                     | 11,045,597       | 10,223,622       |
| Capital raising costs                          | 115,699          | 204,075          |
| Blackhole expenditure                          | 33,770           | 10,613           |
| Other temporary differences                    | 5,105            | 54,238           |
| <b>Deferred tax liabilities</b>                |                  |                  |
| Capitalised exploration expenditure            | (6,640,803)      | (7,248,076)      |
| Other temporary differences                    | 776              | 1,178            |
| <b>Net deferred tax assets</b>                 | <b>4,560,144</b> | <b>3,245,650</b> |

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 2014 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**

|                     | 2014<br>\$     | 2013<br>\$       |
|---------------------|----------------|------------------|
| <b>Cash on hand</b> | <b>243,420</b> | <b>3,459,634</b> |

**5) TRADE AND OTHER RECEIVABLES**

|                | 2014<br>\$     | 2013<br>\$     |
|----------------|----------------|----------------|
| <b>CURRENT</b> |                |                |
| Sundry Debtors | 23,678         | 85,025         |
| Term deposits  | 124,042        | 149,450        |
|                | <b>147,720</b> | <b>234,475</b> |

Details of the Group's exposure to risks arising from current trade and other receivables are set out in Note (16) "Financial Risk Management".

Details on the Group's term deposits, provided as security for bank guarantees, are set out in Note (20) "Contingent Asset & Liabilities".

**6) OTHER ASSETS (CURRENT)**

|                    | 2014<br>\$    | 2013<br>\$    |
|--------------------|---------------|---------------|
| <b>CURRENT</b>     |               |               |
| Prepayments        | 40,094        | 58,893        |
|                    | <b>40,094</b> | <b>58,893</b> |
| <b>NON-CURRENT</b> |               |               |
| Prepayments        | 60,000        | 60,000        |
|                    | <b>60,000</b> | <b>60,000</b> |

**7) PLANT AND EQUIPMENT**

|                                  | 2014<br>\$     | 2013<br>\$     |
|----------------------------------|----------------|----------------|
| At cost                          | 411,513        | 582,378        |
| Accumulated depreciation         | (312,453)      | (393,473)      |
|                                  | 99,060         | 188,905        |
| Campsite                         |                |                |
| At cost                          | 82,931         | 82,931         |
| Accumulated depreciation         | (36,446)       | (27,766)       |
|                                  | 46,485         | 55,165         |
| <b>Total plant and equipment</b> | <b>145,545</b> | <b>244,070</b> |

**7) PLANT AND EQUIPMENT CONT.***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<br>EQUIPMENT<br>\$ | CAMPSITE<br>\$ | TOTAL<br>\$    |
|------------------------------------------------------------------|------------------------------|----------------|----------------|
| <b>At 30 June 2013</b>                                           |                              |                |                |
| Opening net book value                                           | 226,175                      | 52,756         | 278,931        |
| Additions                                                        | 13,809                       | 12,365         | 26,174         |
| Disposals                                                        | (45)                         | -              | (45)           |
| Profit/(loss) on disposal of asset                               | (117)                        | -              | (117)          |
| Accumulated depreciation                                         | (7,697)                      | (9,956)        | (17,653)       |
| Depreciation capitalised to exploration<br>and evaluation assets | (43,220)                     | -              | (43,220)       |
| <b>Net book value</b>                                            | <b>188,905</b>               | <b>55,165</b>  | <b>244,070</b> |
|                                                                  |                              |                |                |
|                                                                  | PLANT AND<br>EQUIPMENT<br>\$ | CAMPSITE<br>\$ | TOTAL<br>\$    |
| <b>At 30 June 2014</b>                                           |                              |                |                |
| Opening net book value                                           | 188,905                      | 55,165         | 244,070        |
| Additions                                                        | 6,072                        | -              | 6,072          |
| Disposals                                                        | (54,164)                     | -              | (54,164)       |
| Profit on disposal of asset                                      | 1,983                        | -              | 1,983          |
| Accumulated depreciation                                         | (2,478)                      | (8,680)        | (11,158)       |
| Depreciation capitalised to exploration<br>and evaluation assets | (41,258)                     | -              | (41,258)       |
| <b>Net book value</b>                                            | <b>99,060</b>                | <b>46,485</b>  | <b>145,545</b> |

**8) EXPLORATION AND EVALUATION ASSETS**

|                                | 2014<br>\$        | 2013<br>\$        |
|--------------------------------|-------------------|-------------------|
| <b>Exploration expenditure</b> | <b>22,136,011</b> | <b>22,981,259</b> |

**8) EXPLORATION AND EVALUATION ASSETS CONT.**

|                                         | 2014<br>\$        | 2013<br>\$        |
|-----------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year    | 22,982,255        | 20,718,976        |
| Expenditure incurred                    | 2,093,475         | 4,350,587         |
| Depreciation capitalised                | 41,258            | 43,220            |
| Impairment (write off)                  | (1,868,904)       | (952,530)         |
| Research and development grant restated | (1,112,073)       | (1,177,998)       |
| <b>Balance at end of the year</b>       | <b>22,136,011</b> | <b>22,982,255</b> |

During the year the company reviewed its policy with respect to the classification of research and development and has offset claims received with respect to exploration expenditure against the carrying value. The comparative period has been adjusted.

**9) TRADE AND OTHER PAYABLES**

|                             | 2014<br>\$     | 2013<br>\$       |
|-----------------------------|----------------|------------------|
| CURRENT                     |                |                  |
| Trade payables              | 54,178         | 536,226          |
| Accruals and other payables | 180,535        | 895,089          |
|                             | <b>234,713</b> | <b>1,431,315</b> |

In relation to Accruals and Other Payments, an amount of \$7,210 is held for the Meekatharra North Gold Project (deferred farm-in/farm-out arrangement), which is being drawn down over a period of time as exploration activities are undertaken. Payment was received in accordance with the terms of the arrangement and is being drawn down pursuant to a budget approved by the joint arrangement parties.

**10) BORROWINGS**

|                              | 2014<br>\$     | 2013<br>\$ |
|------------------------------|----------------|------------|
| Non-Recourse loans – at cost | 500,000        | -          |
| Convertible Note – at cost   | 300,000        | -          |
|                              | <b>800,000</b> | <b>-</b>   |

Details on above borrowings are contained Note 21 "Related Party Transactions"

**11) PROVISIONS**

|                       | 2014<br>\$   | 2013<br>\$     |
|-----------------------|--------------|----------------|
| <b>CURRENT</b>        |              |                |
| Employee entitlements | -            | 120,898        |
| Other                 | 6,963        | 5,541          |
|                       | <b>6,963</b> | <b>126,439</b> |

**12) ISSUED CAPITAL**

|                                                            | 2014<br>\$        | 2013<br>\$        |
|------------------------------------------------------------|-------------------|-------------------|
| <b>SHARES ON ISSUE</b>                                     |                   |                   |
| 259,803,570 fully paid ordinary shares (2013: 252,303,570) | 42,317,929        | 41,517,929        |
| Share issue costs written off against issued capital       | (2,153,999)       | (2,163,999)       |
|                                                            | <b>40,163,930</b> | <b>39,353,930</b> |

**MOVEMENT IN ORDINARY SHARES**

|                                                                        | No.                | \$                |
|------------------------------------------------------------------------|--------------------|-------------------|
| Balance at 30 June 2012                                                | 188,616,911        | 35,782,061        |
| Shares issued for working capital at \$0.085 each on 6 September 2012  | 8,000,000          | 680,000           |
| Shares issued for working capital at \$0.085 each on 3 December 2012   | 29,492,537         | 2,506,866         |
| Conversion of Convertible Note at \$0.085 per share on 3 December 2012 | 4,694,118          | 399,000           |
| Options converted at \$0.35 each to shares on 20 December 2012         | 2                  | 1                 |
| Shares issued for working capital at \$0.10 each on 11 January 2013    | 16,500,000         | 1,650,000         |
| Shares issued for working capital at \$0.10 each on 7 February 2013    | 5,000,000          | 500,000           |
| Options converted at \$0.35 each to shares on 21 June 2013             | 2                  | 1                 |
| <b>Balance at 30 June 2013</b>                                         | <b>252,303,570</b> | <b>41,517,929</b> |
| Shares issued on conversion of convertible note on 15 November 2013    | 5,000,000          | 600,000           |
| Shares issued for working capital at \$0.08 each on 27 June 2014       | 2,500,000          | 200,000           |
| <b>Balance at 30 June 2014</b>                                         | <b>259,803,570</b> | <b>42,317,929</b> |

**OPTIONS**

For information relating to share options issued to Key Management Personnel (including issued under the Company's Employee Option Scheme) during the financial year please refer to Note (24) "Share based Payments".

The current Mindax Employee Option Scheme (EOS) was approved by shareholders at the 2011 AGM; with an updated EOS to be presented at the Company's 2013 Annual General Meeting for shareholder approval.

The purpose of the EOS is to provide a means by which employees (excluding non-executive 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 current 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 when Options are offered to the Employee;
- 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 10,102,321 options over ordinary shares in the Company as at 30 June 2014, of which 1,100,000 options are on issue to eligible employees (2013: 6,200,000). The options issued to eligible employees expire on 30 September 2014.

#### MOVEMENT IN OPTIONS

|                                                 | No.               |
|-------------------------------------------------|-------------------|
| <b>Balance at 30 June 2012</b>                  | <b>4,052,325</b>  |
| Expired without exercise on 1 August 2012       | (250,000)         |
| Expired without exercise on 12 October 2012     | (300,000)         |
| Issued on 9 November 2012                       | 4,000,000         |
| Issued on 10 December 2012                      | 2,500,000         |
| Options converted to shares on 20 December 2012 | (2)               |
| Lapsed without exercise on 31 May 2013          | (650,000)         |
| Lapsed without exercise on 31 May 2013          | (650,000)         |
| Options converted to shares on 21 June 2013     | (2)               |
| Expired without exercise on 30 September 2013   | (1,100,000)       |
| Issued on 27 June 2014                          | 2,500,000         |
| <b>Balance at 30 June 2014</b>                  | <b>10,102,321</b> |

#### 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.

**13) OTHER RESERVES AND ACCUMULATED LOSSES****SHARE BASED PAYMENT RESERVE**

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

|                                                                   | 2014<br>\$     | 2013<br>\$     |
|-------------------------------------------------------------------|----------------|----------------|
| <b>RESERVES</b>                                                   |                |                |
| Employee equity-settled benefits                                  | 871,452        | 795,570        |
| Employee equity-settled benefits reserve                          |                |                |
| Balance at beginning of financial year (1 July 2013)              | 795,570        | 680,151        |
| Share-based payments                                              | 88,682         | 136,219        |
| Share-based payments reversed on cancellation of employee options | (12,800)       | (20,800)       |
| <b>Balance at 30 June 2014</b>                                    | <b>871,452</b> | <b>795,570</b> |

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 (24) "Share based Payments".

**ACCUMULATED LOSSES**

Movement in accumulated losses were as follows:

|                                  | 2014<br>\$          | 2013<br>\$          |
|----------------------------------|---------------------|---------------------|
| Balance 1 July 2013              | (14,665,042)        | (11,672,911)        |
| Net loss for the year – restated | (4,636,341)         | (2,992,131)         |
| <b>Balance at 30 June 2014</b>   | <b>(19,301,383)</b> | <b>(14,665,042)</b> |

**14) EARNINGS PER SHARE (EPS)**

|                                                | 2014<br>\$  | 2013<br>\$  |
|------------------------------------------------|-------------|-------------|
| Losses used to calculate basic and diluted EPS | (4,636,341) | (2,992,131) |

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    | 255,433,707 | 223,287,016 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 255,433,707 | 223,287,016 |

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.

**15) CAPITAL AND LEASING COMMITMENTS****(A) LEASE COMMITMENTS NON-CANCELLABLE**

|                               | 2014           | 2013           |
|-------------------------------|----------------|----------------|
|                               | \$             | \$             |
| Payable                       |                |                |
| not later than 12 months      | 96,078         | 295,681        |
| between 12 months and 5 years | 12,303         | 70,329         |
|                               | <b>108,381</b> | <b>366,010</b> |

**16) 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 | 2014             | 2013             |
|------------------------------------|------|------------------|------------------|
|                                    |      | \$               | \$               |
| <b>Financial Assets</b>            |      |                  |                  |
| Cash and cash equivalents          | (4)  | 243,420          | 3,459,634        |
| Trade and other receivables        | (5)  | 147,720          | 234,475          |
| <b>Total Financial Assets</b>      |      | <b>391,140</b>   | <b>3,694,109</b> |
| <b>Financial Liabilities</b>       |      |                  |                  |
| Trade and other payables           | (9)  | 234,713          | 1,431,315        |
| Borrowings                         | (10) | 500,000          | -                |
| Convertible Note                   | (10) | 300,000          | -                |
| <b>Total Financial Liabilities</b> |      | <b>1,034,713</b> | <b>1,431,315</b> |

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.

Primary responsibility for identification and control of financial risks rests with the Board. The Board identifies and reviews risks that might affect the Company and agrees on 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.

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 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 |            |
|-------------------------------------------------|---------------|------------|--------------|------------|-----------------------------|------------|
|                                                 | 2014<br>\$    | 2013<br>\$ | 2014<br>\$   | 2013<br>\$ | 2014<br>\$                  | 2013<br>\$ |
| <b>Financial liabilities due for payment</b>    |               |            |              |            |                             |            |
| Trade and other payables                        | 234,713       | 1,431,315  | -            | -          | 234,713                     | 1,431,315  |
| Borrowings                                      | 500,000       | -          | -            | -          | 500,000                     | -          |
| Convertible Note                                | 300,000       | -          | -            | -          | 300,000                     | -          |
| Total contractual outflows                      | 1,034,713     | 1,431,315  | -            | -          | 1,034,713                   | 1,431,315  |
| <b>Financial assets – cash flows realisable</b> |               |            |              |            |                             |            |
| Trade and other receivables                     | 147,720       | 234,475    | -            | -          | 147,720                     | 234,475    |
| Total anticipated inflows                       | 147,720       | 234,475    | -            | -          | 147,720                     | 234,475    |

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. 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 earned interest income at a rate of 3.53% per annum during the financial year.

**(D) FAIR VALUE MEASUREMENT**

There were no financial assets or liabilities at 30 June 2014 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

**17) OPERATING SEGMENTS****IDENTIFICATION OF REPORTABLE SEGMENTS**

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. That is, 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); and
4. Iron Ore (comprising the Mt Forrest and Fred's Bore Project).

# FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment information provided to the directors for the year ended 30 June 2014 is as follows:

| CONSOLIDATED                    | URANIUM   | GOLD    | COPPER & GOLD | IRON ORE   | TOTAL      |
|---------------------------------|-----------|---------|---------------|------------|------------|
| Year ended 30 June 2014         | \$        | \$      | \$            | \$         | \$         |
| Total segment revenue           | -         | -       | -             | -          | -          |
| Intersegment revenue            | -         | -       | -             | -          | -          |
| Revenue from external customers | -         | -       | -             | -          | -          |
| Reportable segment loss         | 1,758,899 | -       | -             | 110,005    | 1,868,904  |
| Year ended 30 June 2013         |           |         |               |            |            |
| Total segment revenue           | -         | -       | -             | -          | -          |
| Intersegment revenue            | -         | -       | -             | -          | -          |
| Revenue from external customers | -         | -       | -             | -          | -          |
| Reportable segment loss         | 396,244   | -       | 556,286       | -          | 952,530    |
| Total segment assets            |           |         |               |            |            |
| 30 June 2014                    | 4,066,775 | 902,165 | 895,756       | 16,271,315 | 22,136,011 |
| 30 June 2013                    | 5,405,637 | 862,454 | 639,583       | 16,074,581 | 22,982,255 |

Reportable segment liabilities are reconciled to total liabilities as follows:

|                                                   | 2014<br>\$       | 2013<br>\$       |
|---------------------------------------------------|------------------|------------------|
| <b>Segment liabilities</b>                        | -                | -                |
| Intersegment eliminations                         | -                | -                |
| <b>Unallocated</b>                                |                  |                  |
| Trade and other payables                          | 234,713          | 1,431,315        |
| Borrowings                                        | 500,000          | -                |
| Convertible Note                                  | 300,000          | -                |
| Provisions                                        | 6,963            | 126,439          |
| <b>Total liabilities as per the balance sheet</b> | <b>1,041,676</b> | <b>1,557,754</b> |

Reportable segment assets are reconciled to total assets as follows:

|                                              | 2014<br>\$        | 2013<br>\$        |
|----------------------------------------------|-------------------|-------------------|
| <b>Segment assets</b>                        | 22,136,011        | 22,982,255        |
| Intersegment eliminations                    | -                 | -                 |
| <b>Unallocated</b>                           |                   |                   |
| Cash and cash equivalents                    | 243,420           | 3,459,634         |
| Trade and other receivables                  | 147,720           | 234,475           |
| Prepayments – current                        | 40,094            | 58,893            |
| Other current assets                         | -                 | -                 |
| Prepayments – non-current                    | 60,000            | 60,000            |
| Property, plant and equipment                | 145,545           | 244,070           |
| Other non-current assets                     | 2,885             | 2,885             |
| <b>Total assets as per the balance sheet</b> | <b>22,775,675</b> | <b>27,042,212</b> |

| TOTAL PROFIT OR LOSS FOR REPORTABLE SEGMENTS             | 2014<br>\$         | 2013<br>\$         |
|----------------------------------------------------------|--------------------|--------------------|
| Intersegment eliminations                                |                    |                    |
| <b>Allocated Segment Amounts</b>                         |                    |                    |
| Uranium                                                  | (1,758,899)        | (396,244)          |
| Gold                                                     | -                  | -                  |
| Copper & Gold                                            | -                  | (556,286)          |
| Iron Ore                                                 | (110,005)          | -                  |
| <b>Total: Allocated Segment Amounts</b>                  | <b>(1,868,904)</b> | <b>(952,530)</b>   |
| <b>Unallocated amounts</b>                               |                    |                    |
| Finance costs                                            | (1,895)            | (3,708)            |
| Interest revenue                                         | 39,411             | 125,001            |
| Other revenue                                            | 35,941             | 254,910            |
| Depreciation and amortisation                            | (13,885)           | (17,653)           |
| Share-based payments                                     | (75,882)           | (115,419)          |
| Other expenses                                           | (2,751,127)        | (2,282,732)        |
| <b>Total: Allocated Segment Amounts</b>                  | <b>(2,767,437)</b> | <b>(2,039,601)</b> |
| <b>Loss before income tax from continuing operations</b> | <b>(4,636,341)</b> | <b>(2,992,131)</b> |

**18) AUDITORS' REMUNERATION***Audit and other assurance services*

|                                                                   | 2014<br>\$ | 2013<br>\$ |
|-------------------------------------------------------------------|------------|------------|
| Audit and review of financial statements (BDO Audit (WA) Pty Ltd) | 34,336     | 37,238     |

**19) CONTROLLED ENTITIES**

| Name                                        | Country Of<br>Incorporation | Percentage Owned<br>(%)*<br>2014 | Percentage<br>Owned (%)*<br>2013 |
|---------------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| <b>Parent Entity:</b>                       |                             |                                  |                                  |
| Mindax Limited                              | Australia                   |                                  |                                  |
| <b>Subsidiaries of legal parent entity:</b> |                             |                                  |                                  |
| 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.

For details on operations of each subsidiary refer to Review of Operations – Projects.

**20) CONTINGENT ASSET & LIABILITIES**

A term deposit of \$20,000 had been secured by the Company's bankers to provide a bank guarantee in favour of the Minister for the Department of Mines and Petroleum as an unconditional performance bond on E57/555. This tenement was surrendered by the Company during the reporting year and \$25,865.07 (deposit of \$20,000.00 plus interest of \$5,865.07) was returned to the Company on 20 December 2013.

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.

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

## 21) 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.

### *Issue of Convertible Note*

On 22 August 2013 the Company issued a Convertible Note for \$600,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The key terms and conditions of the Note are as follows:

- The Note is unsecured.
- The Note will not convert and it will be a condition precedent to its conversion into Shares that shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2013 Annual General Meeting.
- The Note shall convert into ordinary fully paid shares at an issue price of \$0.12 per share, immediately following the meeting at which shareholders approve the conversion.
- No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2013 Annual General Meeting.
- Interest applicable (in the event of non-approval by shareholders) will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid.
- If not converted the face value of the Note is to be repaid on 31 January 2014.
- A commission of 5% is payable to Mr Andrew Tsang.

### *Conversion of Convertible Note*

Following shareholder approval received at the Company's 2013 AGM, the Company converted the Note into 5,000,000 fully paid ordinary shares at \$0.12 per share.

### *Issue of Convertible Note*

On 31 December 2013 the Company issued a Convertible Note for \$300,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The key terms and conditions of the Note are as follows:

- The Note is unsecured.
- The Note will not convert and it will be a condition precedent to its conversion into Shares that shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2014 Annual General Meeting.
- The Note shall convert into ordinary fully paid shares at an issue price of \$0.10 per share.
- No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2014 Annual General Meeting.
- Interest applicable (in the event of non-approval by shareholders) will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid.
- If not converted the face value of the Note is to be repaid on 31 January 2015.
- A commission of 5% is payable to Mr Andrew Tsang.

**21) RELATED PARTY TRANSACTIONS CONT.***Unsecured Non-Recourse Loans*

On 7 February 2014 the Company secured short term funding by way of an unsecured non-recourse loan for \$250,000 from Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang.

On 18 March 2014 the Company secured additional short term funding by way of a second unsecured non-recourse loan for another \$250,000 from Ms Lai You.

The key terms and conditions of the Loans are as follows:

- The Loans are unsecured.
- The Loans are to be repaid in cash on or before 31 January 2015.
- The Company may elect to repay the Loans through conversion of the Loans into shares.
- No interest is payable unless the Company elects to convert the Loans into shares and shareholder approval is not obtained. Interest will then accrue at 9.0% per annum.
- When the Company elects to convert the Loans into shares the issue price will be:
  - (a) Subject to (b) below, equal to the issue price of Shares issued under the first capital raising undertaken by the Company after the date of execution of the Unsecured Non-Recourse Loan Agreements; or
  - (b) In the event that the Company does not conduct a capital raising prior to the date of the Company's 2014 Annual General Meeting, will be the lower of:
    - the ninety (90) day Volume Weighted Average Price (VWAP) of the Company's Shares; or
    - the last traded share price for the Company's Shares quoted by the ASX, on the trading day immediately prior to the date the Election Notice is given.

The Company conducted a capital raising on 27 June 2014 via a share placement. As a result term (a) above applies when the company elects to convert the loans to shares. The issue price of the shares will be at \$0.08 per share (the same issue price as the share placement).

(c) All fractional entitlements to Shares will be rounded to nearest whole dollar.

- A commission of 5% is payable to Mr Andrew Tsang, a non-executive director of the Company, who arranged the loans.

*Key Management Personnel Disclosures*

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

|                                         | 2014<br>\$       | 2013<br>\$       |
|-----------------------------------------|------------------|------------------|
| Short-term employee & director benefits | 1,450,389        | 1,541,003        |
| Post employment benefits                | 376,318          | -                |
| Share based payments                    | 88,682           | 136,219          |
| <b>Totals</b>                           | <b>1,915,389</b> | <b>1,677,222</b> |

**22) CASH FLOW INFORMATION**

|                                                                                                         | 2014<br>\$         | 2013<br>\$         |
|---------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX</b>                           |                    |                    |
| Net loss for the year                                                                                   | (4,636,341)        | (2,992,131)        |
| <b>Non cash flows in Statement of Comprehensive Income</b>                                              |                    |                    |
| Depreciation and amortisation                                                                           | 13,885             | 17,653             |
| Exploration written off                                                                                 | 1,868,904          | 952,530            |
| Share based payments (Shares/Options issued under the Company's employee equity schemes)                | 75,882             | 115,419            |
| (Gain)/loss on sale of fixed assets                                                                     | (1,983)            | 112                |
| <b>Changes in assets &amp; liabilities, net of the effects of purchase and disposal of subsidiaries</b> |                    |                    |
| (Increase)/decrease in trade and other receivables                                                      | 86,755             | (71,633)           |
| (Increase)/decrease in prepayments                                                                      | 18,799             | (76,683)           |
| Increase/(decrease) in trade and other payables                                                         | (2,583,034)        | 129,697            |
| Increase/(decrease) in borrowings                                                                       | 800,000            | -                  |
| Increase/(decrease) in provisions                                                                       | (119,476)          | 26,501             |
|                                                                                                         | <u>(4,476,609)</u> | <u>(1,898,535)</u> |

**23) NON-CASH INVESTING AND FINANCING ACTIVITIES**

Other than unlisted options issued to directors and disclosed under Note (21) "Related Party Transactions" and Note (24) "Share based Payments" there have been no non-cash investing and financing activities.

**24) 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 (12) "Issued Capital".

The following options from share based payments to *Employees* under the EOS were outstanding at 30 June 2014

| Grant Date                      | Expiry Date  | Exercise Price<br>\$ | Balance At Start Of<br>The Year<br>(Number) | Granted During<br>The Year<br>(Number) | Exercised During<br>The Year<br>(Number) | Cancelled During<br>The Year<br>(Number) | Balance At End Of<br>The Year<br>(Number) | Vested And Exercisable<br>At End Of Year<br>(Number) |
|---------------------------------|--------------|----------------------|---------------------------------------------|----------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------------------|
| 11 Oct 2011                     | 30 Sept 2014 | 0.60                 | 1,100,000                                   | -                                      | -                                        | -                                        | 1,100,000                                 | 1,100,000                                            |
| <b>Totals</b>                   |              |                      | 1,100,000                                   | -                                      | -                                        | -                                        | 1,100,000                                 | 1,100,000                                            |
| Weighted average exercise price |              |                      | \$0.60                                      | -                                      | -                                        |                                          | \$0.60                                    | \$0.60                                               |

### 24) SHARE BASED PAYMENTS CONT.

The following options from share based payments to *Employees* under the EOS were outstanding at 30 June 2013

| Grant Date                      | Expiry Date  | Exercise Price<br>\$ | Balance At Start Of<br>The Year<br>(Number) | Granted During<br>The Year<br>(Number) | Exercised During<br>The Year<br>(Number) | Cancelled During<br>The Year<br>(Number) | Balance At End Of<br>The Year<br>(Number) | Vested And Exercisable<br>At End<br>Of Year<br>(Number) |
|---------------------------------|--------------|----------------------|---------------------------------------------|----------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------------------------------|
| 11 Oct 2011                     | 30 Sept 2013 | 0.45                 | 1,750,000                                   | -                                      | -                                        | (650,000)                                | 1,100,000                                 | 1,100,000                                               |
| 11 Oct 2011                     | 30 Sept 2014 | 0.60                 | 1,750,000                                   | -                                      | -                                        | (650,000)                                | 1,100,000                                 | 1,100,000                                               |
| <b>Totals</b>                   |              |                      | <b>3,500,000</b>                            | <b>-</b>                               | <b>-</b>                                 | <b>(1,300,000)</b>                       | <b>2,200,000</b>                          | <b>2,200,000</b>                                        |
| Weighted average exercise price |              |                      | \$0.53                                      | -                                      | -                                        | \$0.53                                   | \$0.53                                    | \$0.53                                                  |

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.75 years

The following options from share based payments made to *directors* were outstanding at 30 June 2014\*

| Grant Date                      | Expiry Date | Exercise Price<br>\$ | Balance At Start Of<br>The Year<br>(Number) | Granted During<br>The Year<br>(Number) | Exercised During<br>The Year<br>(Number) | Cancelled During<br>The Year<br>(Number) | Balance At End Of<br>The Year<br>(Number) | Vested And Exercisable<br>At End<br>Of Year<br>(Number) |
|---------------------------------|-------------|----------------------|---------------------------------------------|----------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------------------------------|
| 9 Nov 2012                      | 9 Nov 2015  | 0.108                | 4,000,000                                   | -                                      | -                                        | -                                        | 4,000,000                                 | 4,000,000                                               |
| 10 Dec 2012                     | 10 Dec 2015 | 0.11                 | 2,500,000                                   | -                                      | -                                        | -                                        | 2,500,000                                 | 2,500,000                                               |
| <b>Totals</b>                   |             |                      | <b>6,500,000</b>                            | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>6,500,000</b>                          | <b>6,500,000</b>                                        |
| Weighted average exercise price |             |                      | \$0.109                                     | -                                      | -                                        | -                                        | \$0.109                                   | \$0.109                                                 |

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.4 years

The following options from share based payments made to *directors* were outstanding at 30 June 2013\*

| Grant Date                      | Expiry Date | Exercise Price<br>\$ | Balance At Start Of<br>The Year<br>(Number) | Granted During<br>The Year<br>(Number) | Exercised During<br>The Year<br>(Number) | Cancelled During<br>The Year<br>(Number) | Balance At End Of<br>The Year<br>(Number) | Vested And Exercisable<br>At End<br>Of Year<br>(Number) |
|---------------------------------|-------------|----------------------|---------------------------------------------|----------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------------------------------|
| 9 Nov 2012                      | 9 Nov 2015  | 0.108                | -                                           | 4,000,000                              | -                                        | -                                        | 4,000,000                                 | -                                                       |
| 10 Dec 2012                     | 10 Dec 2015 | 0.11                 | -                                           | 2,500,000                              | -                                        | -                                        | 2,500,000                                 | -                                                       |
| <b>Totals</b>                   |             |                      | <b>-</b>                                    | <b>6,500,000</b>                       | <b>-</b>                                 | <b>-</b>                                 | <b>6,500,000</b>                          | <b>-</b>                                                |
| Weighted average exercise price |             |                      | -                                           | \$0.109                                | -                                        | -                                        | \$0.109                                   | -                                                       |

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.4 years

There were no options from share based payments outstanding as at 30 June 2014.

**24) SHARE BASED PAYMENTS CONT.**

The following options from share based payments were outstanding at 30 June 2013:

| Grant Date                      | Expiry Date  | Exercise Price<br>\$ | Balance At Start Of<br>The Year<br>(Number) | Granted During<br>The Year<br>(Number) | Exercised During<br>The Year<br>(Number) | Cancelled During<br>The Year<br>(Number) | Balance At End Of<br>The Year<br>(Number) | Vested And Exercisable<br>At End Of Year<br>(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                                            |
| <b>Totals</b>                   |              |                      | <b>550,000</b>                              | <b>3,500,000</b>                       | <b>-</b>                                 | <b>-</b>                                 | <b>4,050,000</b>                          | <b>4,050,000</b>                                     |
| 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

**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:

|                                                               | 2014<br>\$    | 2013<br>\$     |
|---------------------------------------------------------------|---------------|----------------|
| <b>EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS</b> |               |                |
| Employee options cancelled                                    | (12,800)      | (20,800)       |
| Options issued to Directors                                   | 88,682        | 136,219        |
| <b>Totals</b>                                                 | <b>75,882</b> | <b>115,419</b> |

**FAIR VALUE OF OPTIONS GRANTED**

During the financial year no options granted to the directors of the Company.

The model inputs for options granted during the year ended 30 June 2013 included:

|                                                   | 4,000,000 director options<br>issued 9 November 2012 | 2,500,000 director options<br>issued 10 December 2012 |
|---------------------------------------------------|------------------------------------------------------|-------------------------------------------------------|
| Exercise price                                    | \$0.108                                              | \$0.11                                                |
| Grant date                                        | 9 November 2012                                      | 10 December 2012                                      |
| Expiry date                                       | 9 November 2015                                      | 10 December 2015                                      |
| Share price at grant date                         | \$0.085                                              | \$0.09                                                |
| Expected price volatility of the Company's shares | 100%                                                 | 100%                                                  |
| Expected dividend yield                           | 0%                                                   | 0%                                                    |
| Risk-free interest rate                           | 2.50%                                                | 2.50%                                                 |
| <b>Fair Value</b>                                 | <b>\$0.03460</b>                                     | <b>\$0.03460</b>                                      |

### 25) EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 July 2014 the Company announced to ASX that it had concluded a Shareholders and Development Agreement (SDA) with Perpetual Mining Holding Limited (PMHL) regarding the proposal for its wholly owned subsidiary, Yilgiron Pty Ltd to form a strategic partnership with PMHL for Yilgiron's Mount Forrest Iron Project.

A non-binding Memorandum of Understanding (MoU) was signed by the parties to cover the terms in which PMHL will acquire up to 51% interest in the Project's Direct Shipping Ore (DSO) rights and up to 49% in the Project's Magnetite rights by a consideration of up to circa \$52M to fast track the development of the Mount Forrest Iron Project.

An initial subscription price of \$8.297M will be paid on subscription which will be within 30 business days from the date on which the conditions precedent are met. The balance will be paid in connection with completion of the feasibility study and the construction of the mine.

The feasibility study must be completed by 30 June 2015 or such later date as MDX and PMHL agree.

Mindax is currently arranging an Extraordinary General Meeting of shareholders to enable them to consider and vote on the SDA. An Independent Experts Report for shareholders has been commissioned to determine the value of Yilgiron's Mount Forrest Iron Project. A stamp duty liability will come into effect on the approval of the SDA by Mindax shareholders. The Company cannot determine the extent of the liability until the valuation has been completed.

### 26) PARENT ENTITY

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

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

|                                   | 2014<br>\$         | 2013<br>\$         |
|-----------------------------------|--------------------|--------------------|
| <b>Mindax Limited</b>             |                    |                    |
| <b>Assets</b>                     |                    |                    |
| Current assets                    | 353,305            | 3,644,733          |
| Non-current assets                | 24,064,800         | 25,480,610         |
| Total Assets                      | 24,418,105         | 29,125,343         |
| <b>Liabilities</b>                |                    |                    |
| Current liabilities               | (1,041,676)        | (1,557,754)        |
| Total Liabilities                 | (1,041,676)        | (1,557,754)        |
| <b>Equity</b>                     |                    |                    |
| Issued capital                    | 40,163,930         | 39,353,930         |
| Accumulated losses                | (17,658,954)       | (12,581,911)       |
| Share based payment reserve       | 871,452            | 795,570            |
| Total Equity                      | 23,376,429         | 27,567,589         |
| Total loss for the year           | (2,761,202)        | (2,039,587)        |
| <b>Total comprehensive income</b> | <b>(2,761,202)</b> | <b>(2,039,587)</b> |

**26) PARENT ENTITY CONT.***CONTINGENT LIABILITIES*

The parent entity has contingent liabilities as at 30 June 2014 that are disclosed in Note (20) "Contingent Asset & Liabilities".

*CONTRACTUAL COMMITMENTS*

The parent entity has commitments as at 30 June 2014 that are disclosed in Note (15) "Capital and Leasing Commitments".

The additional information, dated 30 September 2014, 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          | 58         |
| 1,001 - 5,000      | 63         |
| 5,001 - 10,000     | 82         |
| 10,001 - 100,000   | 215        |
| 100,001 – and over | 106        |
| <b>TOTAL</b>       | <b>524</b> |

Number of shareholders holding less than a marketable parcel: 140 (0.116% of issued capital).

### SUBSTANTIAL SHAREHOLDERS (ASX CODE 'MDX'):

| Shareholder Name                | Number of shares   | %              |
|---------------------------------|--------------------|----------------|
| Andrew Tsang*                   | 52,535,410         | 19.472         |
| LAP Exploration Pte Ltd         | 32,034,616         | 11.873         |
| Yufeng Zhuang                   | 23,305,522         | 8.638          |
| HSBC Custody Nominees (Aus) Ltd | 22,663,105         | 8.400          |
| Chenfei Zhuang                  | 19,844,956         | 7.355          |
| <b>TOTAL</b>                    | <b>150,383,609</b> | <b>55.738%</b> |

Note \*: The interest held with respect to 20,534,431, 1,355,979, 80,000 and 565,000 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) and the Zeng Superannuation Fund 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 issued by Mindax have no voting rights.

### QUOTED SECURITIES:

Mindax Limited is listed on the Australian Securities Exchange.

Shares (ASX Code: MDX) – all 269,803,570 ordinary fully paid shares on issue are quoted securities.

### RESTRICTED SECURITIES:

There are no restricted securities.

### UNLISTED OPTIONS:

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

- 1,110,000 employee options with an exercise price of \$0.60 and an expiry date of 30 September 2014A
- 2,321 options with an exercise price of \$0.35 and an expiry date of 31 May 2015.
- 4,000,000 director options with an exercise price of \$0.108 and an expiry date of 9 November 2015B
- 2,500,000 director options with an exercise price of \$0.11 and an expiry date of 10 December 2015B
- 7,500,000 options with an exercisable price of \$0.12 and an expiry date of 31 July 2016 [could increase].

Note: A - Options were issued pursuant to the Company's Employee Option Scheme.  
B - Related Party Options - refer to Note (21) "Related Party Transactions".

## TWENTY LARGEST SHAREHOLDERS (ASX CODE 'MDX'):

| Rank   | Name                                      | Units       | % of Units |
|--------|-------------------------------------------|-------------|------------|
| 1      | LAP Exploration Pte Ltd                   | 32,034,616  | 11.873     |
| 2      | Mr Andrew Tsang                           | 30,000,000  | 11.119     |
| 3      | Mr Yufeng Zhuang                          | 23,305,522  | 8.638      |
| 4      | HSBC Custody Nominees (Australia) Limited | 22,663,105  | 8.400      |
| 5      | Ms Lai You                                | 20,534,431  | 7.611      |
| 6      | Mr Chenfei Zhuang                         | 19,844,956  | 7.355      |
| 7      | Jupiter Mines Limited                     | 13,213,579  | 4.897      |
| 8      | Mr Zhenbin Jian                           | 7,500,000   | 2.780      |
| 9      | Mr Zhangxi Zeng                           | 7,341,350   | 2.721      |
| 10     | Mr Guo Xiong Zeng                         | 6,148,971   | 2.279      |
| 11     | Mr Qi Lin                                 | 5,900,000   | 2.187      |
| 12     | Citicorp Nominees Pty Limited             | 5,719,643   | 2.120      |
| 13     | Ms Lici Zeng                              | 5,097,151   | 1.889      |
| 14     | Mr Jian Cai Chen                          | 5,000,000   | 1.853      |
| 15     | Netwealth Investments Ltd                 | 3,574,546   | 1.325      |
| 16     | Sherryland Investments Pty Ltd            | 3,218,000   | 1.193      |
| 17     | Mr Yuanwen Zhu                            | 3,139,706   | 1.164      |
| 18     | Ms Lin Shi                                | 3,000,000   | 1.112      |
| 19     | Chipingi Pty Ltd <Bromley Family A/c>     | 2,772,429   | 1.028      |
| 20     | Mr Chengze Yu                             | 2,398,789   | 0.889      |
| Totals |                                           | 222,406,794 | 82.433%    |

## 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        |
| E70/3266        | Yilgarn-Avon Mortlock          | Canternatting Pool                 | Granted | 81         |
| E77/1336        | Yilgarn-Avon Mukinbudin        | Mukinbudin                         | Granted | 81         |
| E70/2986        | Yilgarn-Avon Mukinbudin        | Mukinbudin                         | Granted | 81         |
| E70/2920        | Yilgarn-Avon Mukinbudin        | Bonnie Rock                        | Granted | 81         |
| E77/1337        | Yilgarn-Avon Mukinbudin        | Mukinbudin                         | Granted | 81         |
| E77/1405        | Yilgarn-Avon Mukinbudin        | Jinadarra                          | Granted | 81         |
| E70/3661        | Yilgarn-Avon Mukinbudin        | Mukinbudin                         | Granted | 81         |
| E77/1709        | Yilgarn-Avon Mukinbudin        | Nierguine                          | Granted | 81         |
| E77/1710        | Yilgarn-Avon Mukinbudin        | Geeranning                         | Granted | 81         |
| E70/3887        | Yilgarn-Avon Mukinbudin        | Mukinbudin                         | Granted | 81         |
| E77/1918        | Yilgarn-Avon Mukinbudin        | Jinadarra                          | Granted | 81         |
| E51/1034        | Meekatharra North              | Sherwood                           | Granted | 100        |
| E29/809         | Fred's Bore                    | Panhandle Bore                     | Granted | 100        |
| L29/85          | Mt Forrest to Menzies Corridor | Menzies Sandstone Road             | Granted | 100        |
| L29/88          | Mt Forrest to Menzies Corridor | Menzies Sandstone Road             | Granted | 100        |
| L29/102         | Mt Forrest Water Licence       | Menzies Sandstone Road(Perrinvale) | Granted | 100        |
| L29/104         | Mt Forrest to Menzies Corridor | Menzies Sandstone Road             | Granted | 100        |
| L30/47          | Mt Forrest to Menzies Corridor | Menzies Sandstone Road             | Granted | 100        |
| L30/52          | Mt Forrest Water Licence       | Evanstone Menzies Road (Riverina)  | Granted | 100        |

The above consolidated statement of Profit or Loss and Other Income should be read in conjunction with the accompanying notes.





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