



25 June 2019

Mr Chris Hesford
ASX Adviser
ASX Compliance Pty Limited
Level 40 Central Park
Perth WA 6000

Dear Chris

RE: RESPONSE TO ASX QUERY LETTER

Mindax Limited ("Company") (ASX: MDX) refers to your letter dated 21 June 2019 ("Letter").

Set out below are the Company's responses, adopting the same numbering sequence. Where defined terms are used they have the same meaning as set out in your Letter.

- 1. What are the Underwriter's obligations in relation to the fully underwritten Rights Issue under the Underwriting Agreement? In your answer, please include reference to any timeframe that the Underwriter must comply with, with respect to provision of funds for the Shortfall.***

The obligations of the Underwriter under the Underwriting Agreement are as follows:

- to fully underwrite New Shares not taken up by the Company's Shareholders under the Rights Issue and the Top-Up Offers accepted by the Company (Shortfall Shares).
- By no later than 5 business days after notifying the Underwriter of the number of Shortfall Shares, the Underwriter must lodge or cause to be lodged completed application forms along with the payment in funds that clear in the ordinary course, of the issue price of \$0.005 for each Shortfall Share.

- 2. Has the Underwriter complied with these obligations?***

No, the Underwriter has not complied with the terms of the Underwriting Agreement.

- 3. If the answer to question 2 is "no", what are the consequences of a breach of the terms of the Underwriting Agreement and what action does MDX intend to take?***

Consequences for a breach of the terms of the Underwriting Agreement include the Company's right to take action to force the Underwriter to honour its obligations. The Company is seeking advice on this as well as seeking advice on other remedies that may be available.

- 4. In MDX's announcements of 17 May 2019, 31 May 2019 and 17 June 2019 referred to above the Company disclosed that MDX is working with the Underwriter to place the balance of the shortfall. Did MDX make any due diligence enquiries on the capacity of the Underwriter to fully underwrite the Rights Issue before entering into the Underwriting Agreement?***

Due diligence enquiries were made by the Board of Directors on the financial capacity of the Underwriter to fully underwrite the Rights Issue, albeit not on a formal basis. However, the

Underwriter is known to the directors, has previously provided material levels of working capital (in form of new share subscriptions and also non recourse loan funds) to the Company. On the basis of previous performance, the Company entered into the Underwriting Agreement.

5. ***If the answer to question 4 is "yes", please advise what enquiries were made and what was the result of those enquiries?***

See the response to question 4 above.

6. ***If the answer to question 4 is "no", please advise on what basis the Company considered it was not necessary to conduct any due diligence?***

As the Underwriter is an existing shareholder of the Company, known to the Board and a long standing supportive shareholder, no formal due diligence process was undertaken. Perceived financial capacity of the Underwriter was considered adequate for the Company to enter into the Underwriting Agreement.

7. ***Please provide ASX with a copy of the Underwriting Agreement (not for release to the market).***

Please find attached a copy of the Underwriting Agreement.

8. ***Please confirm how MDX will comply with listing rule 7.1 with respect to the Shortfall shares not yet placed with the Underwriter (given the Rights Issue closed on 17 May 2019).***

The Company acknowledges that ASX Listing Rule 7.2 (Exception 2) will now not apply to further shares to be issued to the Underwriter.

Further shares to be issued by the Company will be issued pursuant to the share placement facility approved by shareholders at its General Meeting held on 20 May 2019 (Resolution 3), providing the matter can be resolved before 19 August 2019 and otherwise in accordance with the terms of the shareholder approval, or pursuant to the Company's available listing rule 7.1 and 7.1A capacity.

Financial Condition

9. ***Does MDX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?***

Yes, the Company expects that it will continue to have negative operating cash flows for the time being.

10. ***Does MDX consider that it will raise sufficient funds under the Rights Issue to fund its operations?***

At this time, the Company is unable to confirm if sufficient funds will be raised under the Rights Issue due to the uncertainty created by the Underwriter's delay in providing the Shortfall.

11. ***If the answer to question 10 is "no" what steps does it propose to take to raise further cash to fund its operations and how likely does it believe that they will be successful?***

The Company will continue to pursue the Underwriter. In addition, the Company has held early discussions with an alternative financier identified by the directors to provide funding on similar terms and of a quantity sufficient to allow the funding of ongoing operations.

12. ***Please provide any other information that MDX considers may be relevant to ASX forming an opinion on whether MDX is in compliance with Listing Rule 12.2.***

The Company's main undertaking is the Mt Forrest Project where iron mineral resources have been estimated (refer ASX release 27 September 2013). The changing economic climate, including volatile commodity prices, since the publication of the resources has resulted in a period of low field activity. Efforts have more recently been directed at developing a conceptual solution to exploit this deposit (and others in the Yilgarn region of Western Australia) which involves the devising an infrastructure solution.

Level of Operations

13. ***It appears to ASX that the Company has had limited activities for a significant period of time, and that the Company may therefore not have a sufficient level of operations to satisfy listing rule 12.1. Does MDX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?***

Yes. The Company expects to be able to continue its operations and to meet its business objectives and has demonstrated an ability to continue to raise funding for its activities.

The Company continues to engage with infrastructure groups, offtake counterparties and financiers in China and elsewhere to agree a study framework to assess the feasibility of developing an infrastructure solution for the Mt Forrest Project (and others in the region).

While the Company has faced capital raising challenges over recent years, similar to other junior exploration companies, it has continued to raise funds for its operations.

14. ***Please provide any other information that MDX considers may be relevant to ASX forming an opinion on whether MDX is in compliance with Listing Rule 12.1.***

The Company is actively reviewing the establishment of a study joint venture to assess the feasibility of establishing a joint infrastructure project for the iron ore deposits in the mid west region of Western Australia.

The Company has been investigating, along the owners of neighboring iron deposits, the possibility of a joint development in order to build sufficient critical mass for a feasibility study. Meetings relating to this concept have been ongoing for some time. Legal documentation has been drafted based on a jointly funded study framework. The complexity of the framework is added to by the number of parties involved and the size of the undertaking proposed. The project discussions remain conceptual, incomplete and non-binding however the parties are committing significant man-power to the discussion and negotiation process.

Compliance with the Listing Rules

15. ***Please confirm that MDX is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.***

The Company confirms, to the best of its knowledge, that it is in compliance with Listing Rule 3.1.

16. ***Please confirm that MDX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MDX with delegated authority from the board to respond to ASX on disclosure matters.***

I confirm the responses to the questions above have been authorised and approved by an officer of MDX with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully



Dennis Wilkins
Company Secretary

21 June 2019

Mr Dennis Wilkins

Company Secretary
Mindax Limited
Suite 2, 11 Ventnor Avenue
West Perth WA 6005

By email: dennis@dwcorporate.com

Dear Mr Wilkins

Mindax Limited ("MDX"): Query Letter

ASX refers to the following:

- A. MDX's Appendix 5B quarterly report for the period ended 31 March 2019 lodged on the ASX Market Announcements Platform ("MAP") and released at 01:58 pm AEST on 30 April 2019 (the "Appendix 5B"). ASX notes that MDX has reported:
- negative net operating cash flows for the quarter of \$98,000;
 - cash at the end of the quarter of \$37,000; and
 - estimated cash outflows for the next quarter of \$110,000.
- B. MDX's announcement entitled "Fully Underwritten Non-Renounceable Rights Issue to raise \$1.139m" lodged on MAP and released at 08:18 am AEST on 11 April 2019 (the "Rights Issue Announcement") detailing MDX's intention to conduct a fully underwritten non-renounceable rights issue to shareholders on the basis of one (1) new share for every four (4) shares held at the record date at an issue price of \$0.005 per new share to raise approximately \$1.139m (before costs) (the "Rights Issue") and that "the Rights Issue is fully underwritten by Meilian Zeng, a current shareholder of the Company who is not a related party" (the "Underwriter").
- C. MDX's announcement entitled "Rights Issue Shortfall Notice" lodged on MAP and released at 05:59 pm AEST on 21 May 2019 detailing that the Rights Issue closed on 17 May 2019 with 2,217,351 new shares applied for raising \$11,087 and that the shortfall of 225,513,651 new shares (\$1,127,568) ("Shortfall") will be discussed with the Underwriter in accordance with the Underwriting Agreement between MDX and the Underwriter dated 3 April 2019 ("Underwriting Agreement").
- D. MDX's announcement entitled "Rights Issue Shortfall Update" lodged on MAP and released at 05:05 pm AEST on 31 May 2019 advising that in accordance with the Underwriting Agreement, notification of the Shortfall has been given.
- E. MDX's announcement entitled "Rights Issue Shortfall" lodged on MAP and released at 06:54 pm AEST on 17 June 2019 advising, with reference to the Underwriting Agreement, that it has issued 20,000,000 shares following the receipt of application forms and funds for \$100,000 and that MDX is working with the Underwriter to place the balance of the shortfall and will provide market updates as soon as it is able to do so.
- F. MDX's announcement entitled "Activities for Quarter Ending 31 March 2019" lodged on MAP and released at 01:26 pm AEST on 30 April 2019 (the "Quarterly Activities Report") advising, amongst other things, that:
- no geological or other activity has been undertaken on the Mt Forrest tenements during the quarter;

- no geological or other activity has been undertaken on the Meekatharra Gold Project tenement during the quarter; and
- proceeds from the Rights Issue will be applied to progress the Mt Forrest Iron Project, including advancing the investigations of the regional infrastructure concept, to re-assess the Meekatharra Gold Project, to the costs of the Rights Issue and the Company's ongoing working capital requirements.

G. ASX notes that MDX does not appear to have reported any substantive exploration activities since its quarterly activities report for the quarter ending 30 June 2014 lodged on the ASX Market Announcements Platform and released at 06:57 pm AEST on 29 July 2014.

H. ASX Listing Rule 7.2 which states that Rule 7.1 and rule 7.1A do not apply in the following cases:

Exception 2. An issue under an underwriting agreement to an underwriter of a *pro rata issue to holders of *ordinary securities if the underwriter receives the *securities not later than 15 *business days after the close of the offer.

Exception 3. An issue to make up the shortfall on a +pro rata issue to holders of +ordinary securities. The entity must make the issue not later than 3 months after the close of the offer, and the directors of the entity (in the case of a trust, the responsible entity) must have stated as part of the offer that they reserve the right to issue the shortfall at their discretion. The issue price must not be less than the price at which the +securities were offered under the +pro rata issue.

I. Listing Rule 12.1 and 12.2 provide:

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| 12.1 | The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing. |
| 12.2 | An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing. |

Having regard to the above, ASX asks MDX to respond separately to each of the following questions and requests for information in a format suitable for release to the market.

ASX Queries

Rights Issue

1. What are the Underwriter's obligations in relation to the fully underwritten Rights Issue under the Underwriting Agreement? In your answer, please include reference to any timeframe that the Underwriter must comply with, with respect to provision of funds for the Shortfall.
2. Has the Underwriter complied with these obligations?
3. If the answer to question 2 is "no", what are the consequences of a breach of the terms of the Underwriting Agreement and what action does MDX intend to take?
4. In MDX's announcements of 17 May 2019, 31 May 2019 and 17 June 2019 referred to above the Company disclosed that MDX is working with the Underwriter to place the balance of the shortfall. Did MDX make any due diligence enquiries on the capacity of the Underwriter to fully underwrite the Rights Issue before entering into the Underwriting Agreement?
5. If the answer to question 4 is "yes", please advise what enquiries were made and what was the result of those enquiries?
6. If the answer to question 4 is "no", please advise on what basis the Company considered it was not necessary to conduct any due diligence?
7. Please provide ASX with a copy of the Underwriting Agreement (not for release to the market).

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8. Please confirm how MDX will comply with listing rule 7.1 with respect to the Shortfall shares not yet placed with the Underwriter (given the Rights Issue closed on 17 May 2019).

Financial Condition

9. Does MDX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
10. Does MDX consider that it will raise sufficient funds under the Rights Issue to fund its operations?
11. If the answer to question 10 is "no" what steps does it propose to take to raise further cash to fund its operations and how likely does it believe that they will be successful?
12. Please provide any other information that MDX considers may be relevant to ASX forming an opinion on whether MDX is in compliance with Listing Rule 12.2.

Level of Operations

13. It appears to ASX that the Company has had limited activities for a significant period of time, and that the Company may therefore not have a sufficient level of operations to satisfy listing rule 12.1. Does MDX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
14. Please provide any other information that MDX considers may be relevant to ASX forming an opinion on whether MDX is in compliance with Listing Rule 12.1.

Compliance with the Listing Rules

15. Please confirm that MDX is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
16. Please confirm that MDX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MDX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Tuesday, 25 June 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MDX's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MDX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at chris.hesford@asx.com.au and to tradinghaltsperry@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MDX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MDX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MDX's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Chris Hesford
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