



2 September, 2010

ASX RELEASE

## EXPLORATION AND DEVELOPMENT UPDATE

### HIGHLIGHTS

- Study underway into road and port infrastructure for the West Pilbara iron ore projects.
- Diamond drill program planned test the Intrepid gold target at Lake Carey expected to commence in October.
- Midas is 1<sup>st</sup> priority applicant for three new exploration licence applications totaling 295km<sup>2</sup> covering a gold prospective greenstone sequence south of Leonora W.A.

Resources developer, Midas Resources Limited (ASX:MDS), is pleased to provide an update on its exploration activities:

### IRON ORE

Midas is actively pursuing development paths for its iron projects in the Pilbara. In July the Company announced an initial Indicated Resource at its 100%-owned West Pilbara project (fig 1) with exploration also continuing on a number of other iron ore prospects in the region. Following its early exploration success, the Company is focused on expanding the resource base in West Pilbara through exploration and acquisition.

Midas has initiated a high-level concept study into access to infrastructure for its West Pilbara projects. The study is being carried out by business advisory firm Evans and Peck to investigate the potential for using road transport to haul ore from the West Pilbara and trans-ship it through Onslow onto bulk carriers. The study will also provide order of magnitude capital and operating cost estimates for input to scoping level studies.

The study is conceptual, and is designed to identify an alternative infrastructure pathway that does not require access to third party rail systems. The results will be used to drive the Company's ongoing exploration and acquisition strategy in the West Pilbara.

### LAKE CAREY GOLD PROJECT (Midas 100%)

Midas has planned a drilling program at the Lake Carey project, specifically to test the Intrepid gold target located in E39/348 (fig 2). A diamond drill rig will be available in early October and two drill sites are currently being permitted. Drilling can commence immediately upon receipt of the necessary ground disturbance



approval from the Department of Mines and Petroleum, which is currently being processed.

The Intrepid target is a significant magnetic anomaly located between the Bindah and Fortitude shear zones. There is no outcrop and previous aircore drilling by Midas has demonstrated that the corresponding east-west trending magnetic anomaly is related to iron rich sedimentary rocks that are folded and dipping shallowly to the north (fig 3). A cluster of aircore drill holes that intersected deeply weathered iron rich sediments returned anomalous gold results (previously reported) in proximity to the Bindah shear zone. The Bindah shear zone is considered to be an important controlling structure to the known gold mineralisation at the Bindah and Gallant prospects.

Importantly, the iron rich sediments are considered to be a very favourable host for gold mineralisation within the Laverton Tectonic Zone e.g. at the 7.7 million ounce Sunrise Dam gold deposit, which is located 35km north of Lake Carey.

Aircore drilling by Midas in 2007 and in 2008 in the southwest corner of the Intrepid area returned encouraging intersections of 43m @ 0.43g/t Au (incl. 7m @ 2.37 g/t Au) in hole INAC043 and 30m @ 0.12 g/t Au (incl. 3m @ 1.11 g/t Au) in hole INAC046. This anomalous transect of eight holes on section 452240mE (MGA94) intersected a thick sequence of highly sheared, ferruginous sediments and intermediate volcanoclastic rocks close to a granite contact. Magnetic images also indicate that this location is coincident with multiple NW shears. Local deviations in the granite contact and in the shear orientations provide further opportunities for dilation and fluid influx.

An initial diamond drill hole is planned to test a key stratigraphic section below a row of anomalous aircore drill holes in close proximity to the Bindah shear zone (fig 4). Additional drill holes can be drilled with the same rig if early results are encouraging.

## **LEONORA SOUTH TENEMENT APPLICATIONS**

Midas has been advised that it is the first priority applicant for three exploration licences south of Leonora (E40/0294, E40/0295 and E37/1082). The licences total approximately 295km<sup>2</sup> and extend over 50kms from immediately south of Leonora to the historic Niagra gold mining district (fig 5).

The applications include a number of gold prospects and several major structures that are recognized controls on gold mineralisation in the district. Midas' Sunset Well project is located to the north of the application area and this project is currently subject to an option to purchase agreement with St Barbara Ltd. More information on the gold potential and exploration targets will be released when a full assessment of previous exploration results has been completed. The final disposition of tenement boundaries will be adjusted by the Department of Mines



and Petroleum prior to granting if there is overlap with any pre-existing granted tenements.

## **BASE METALS**

**Paterson Joint Venture –Nifty Area (Giralia Resources NL 33.33%, Midas Resources Limited 33.33%, MPF Exploration Pty Ltd 33.33%)**

Midas Resources Limited, Giralia Resources NL and MPF Exploration Pty Ltd formed the Paterson Joint Venture (*PJV*) in November 2009 and are the applicants for Exploration Licences 45/3498, 3499, 3501-3510, 3540 and 3556 in the highly prospective Paterson Province, in the east Pilbara region of W.A. Each company has a one third participating interest in the PJV and Midas is the operator. The tenements are located on strike from the Nifty Copper Mine in a highly mineralised district that also includes the Telfer Gold Mine and the Kintyre Uranium deposit.

Birla Nifty Pty Ltd (*Birla Nifty*), the owner of the Nifty Copper Mine, and the former holder of the expired exploration licences covered by the PJV's applications has objected to all of the applications on various grounds and has also appealed to the Minister for Mines and Petroleum requesting that the Minister exercise his powers under section 111A of the *Mining Act 1978* (WA) and terminate the PJV applications. The PJV has also made a submission to the Minister supporting its applications and the Minister's decision is still pending.

## **STRATEGIC OUTLOOK**

The Company is proactive in the Pilbara regarding iron ore opportunities and has made a number of tenement applications over areas considered prospective for iron ore. The current objectives are to expand the resource base in West Pilbara through exploration and acquisition and to investigate the access to existing infrastructure.

In the current high gold price environment the Board is keen to extract maximum value for its advanced Fortitude gold project. A number of parties have expressed interest in the project and confidentiality agreements have been signed with several parties with a view to their evaluating various commercial alternatives including development of the Fortitude Project on its own, or in partnership with others, or disposal of all or part of the Company's 100% interest in the project on favourable terms. In the mean time the Company continues to progress its exploration strategy at Lake Carey.

The Board is pleased with the application for a significant tenement holding south of Leonora, which reaffirms the Company's ongoing gold exploration focus in this district.

For and on behalf of the Board of Midas Resources Limited,

G D Balfe

Managing Director/CEO



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The information in this report that relates to Exploration Results is based on information compiled by Mr Geoff Balfe, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of the Company. Mr Balfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Balfe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## Investor Information

### Principal Office

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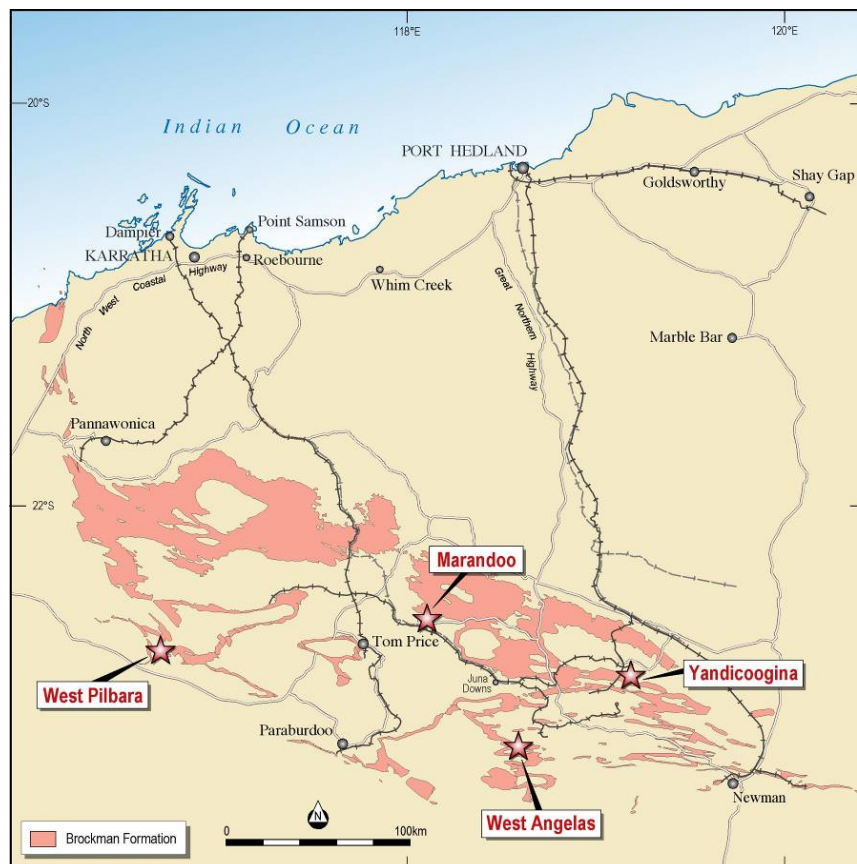
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### Capital Structure

Ordinary Shares (MDS):	286.9 million
Listed Options 10c (MDSOB):	50.2 million
Listed Options 3c (MDSOC):	48.1 million
Unlisted Options:	4.5 million



**Figure 1. Iron Ore Project Location Map**

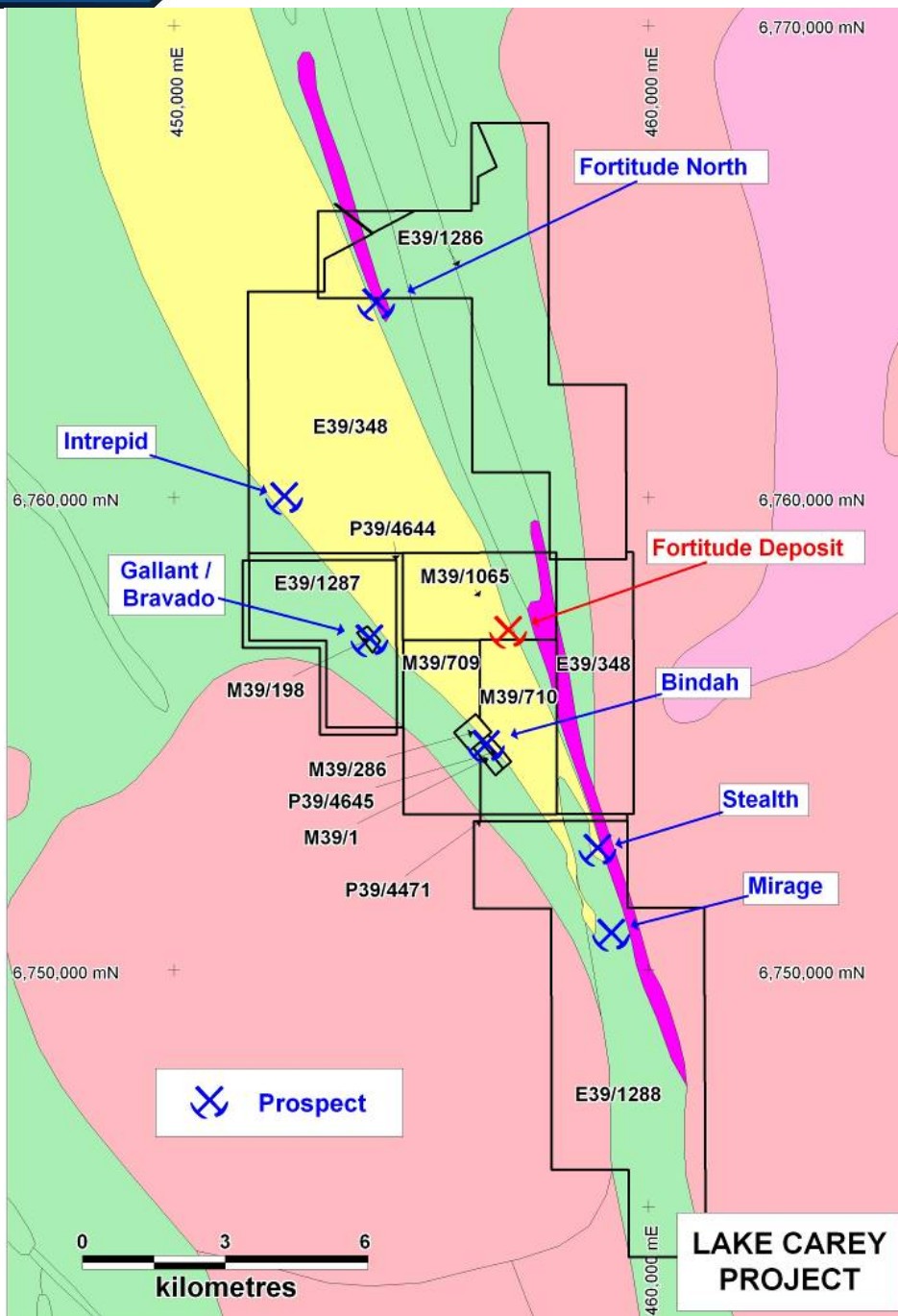


Figure 2. Lake Carey Tenements and Prospects

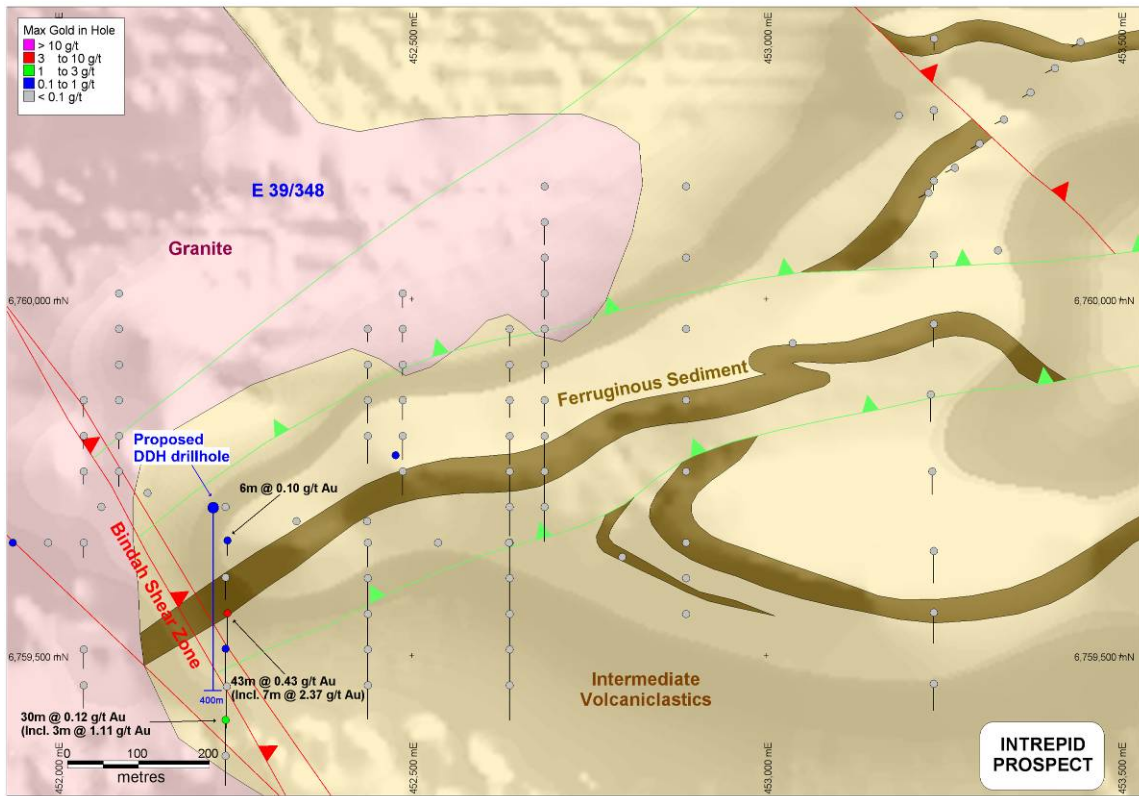


Figure 3. Intrepid Prospect - interpreted geology, magnetic drape and aircore drilling

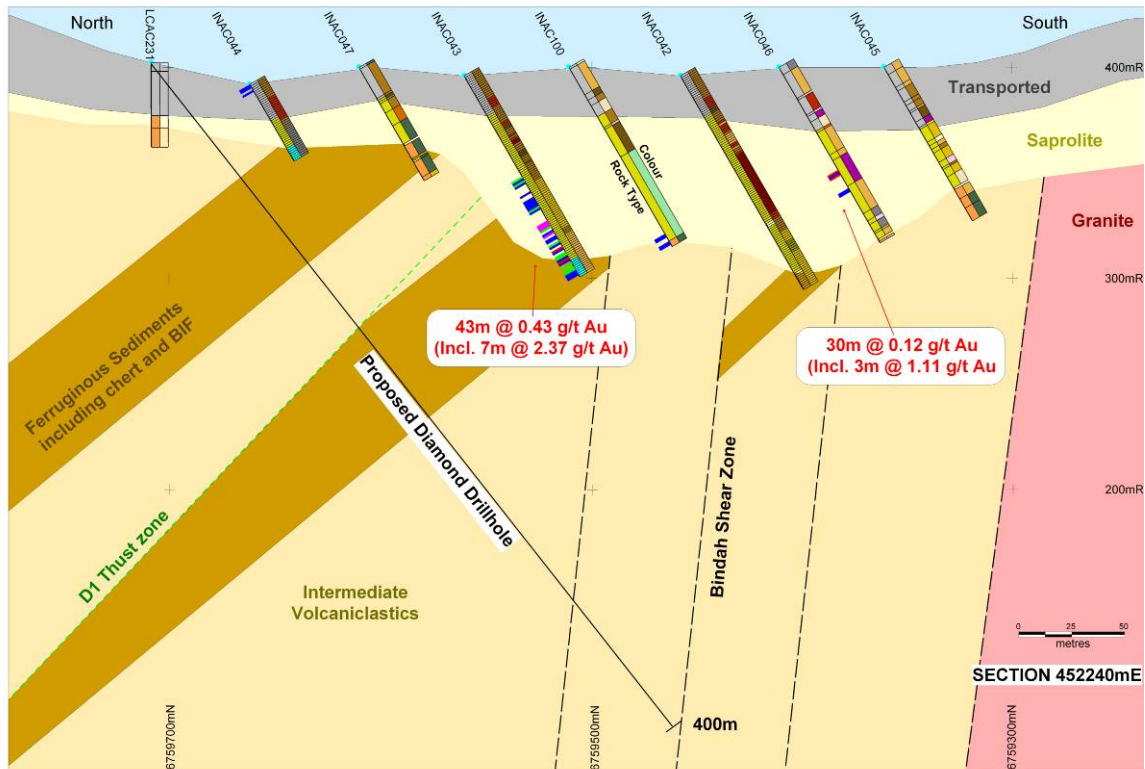


Figure 4. Intrepid Section 452240mE - geology, drilling and proposed diamond drill hole.

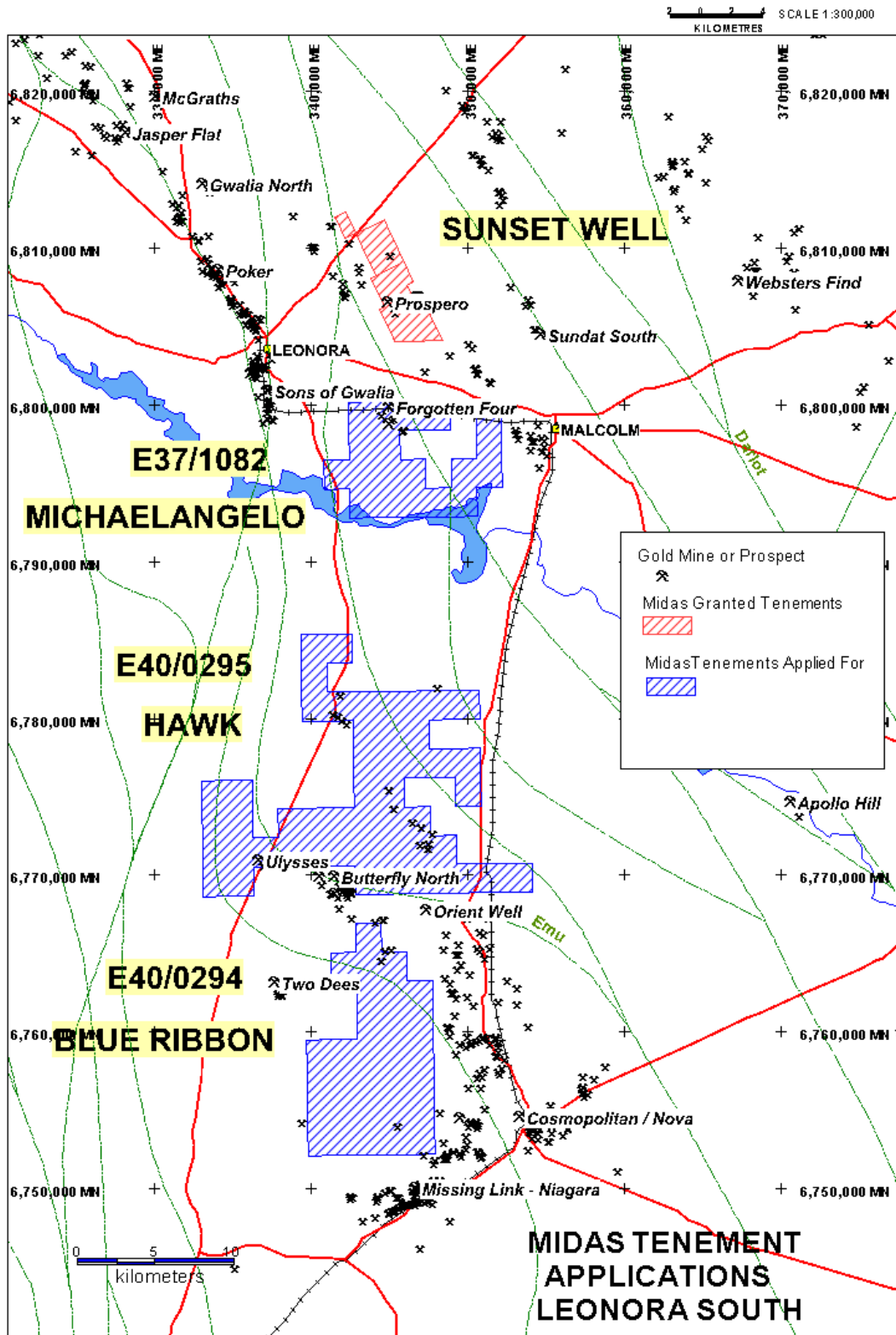


Figure 5. Midas Tenement Applications Leonora South