



30 July, 2013

**ASX Announcement**

**MIDAS RESOURCES (ASX: MDS) JUNE QUARTER 2013 ACTIVITIES REPORT**

**HIGHLIGHTS**

**Corporate**

- Restructure of Midas' board and management completed.
- Management is assessing new opportunities complimentary to Midas' existing projects.

**Paterson Province: Copper-Gold**

- Following the end of the Quarter, Midas entered into an earn-in agreement with Encounter Resources Limited.
- Geophysical surveys planned for the June Quarter were cancelled in favour of an alternative exploration program proposed by Encounter Resources Limited over the same area.
- Tenement application E45/3895 withdrawn.

**Lake Carey: Gold – Fortitude Deposit**

- Midas has applied for new tenement E39/1752 (11 blocks for 33km<sup>2</sup> area) immediately west of and contiguous with its granted Lake Carey tenement E39/348.
- Rapallo Environmental engaged to undertake an initial round of environmental studies to address the most time-critical elements of the regulatory approvals process that would accompany development of the Fortitude deposit.

**Sunset Well and Leonora Project – Gold**

- Commercial opportunities are being sought for the Sunset Well Project, including the Company's Prospero gold deposit, and other tenements in the Leonora-Kookynie region.

**Iron Ore – Mulga Minerals Limited**

- Pilbara Commodities Limited was granted another extension of time to the end of July, 2013 for settlement of the Sale and Purchase Agreement. This extension has now expired.

## **OPERATIONS SUMMARY**

### **WESTERN AUSTRALIA**

#### **BASE METALS**

**PATERSON PROVINCE – Granted Tenements: E45/3467, E45/3468, E45/3768, E45/4091 - Midas 100%**

#### **Tenement Status**

Following the end of the Quarter, Tenement application E45/3895 was withdrawn on the grounds that its location inside Rudall River National Park would likely involve environmental restrictions that would greatly hinder exploration and development.

#### **Exploration**

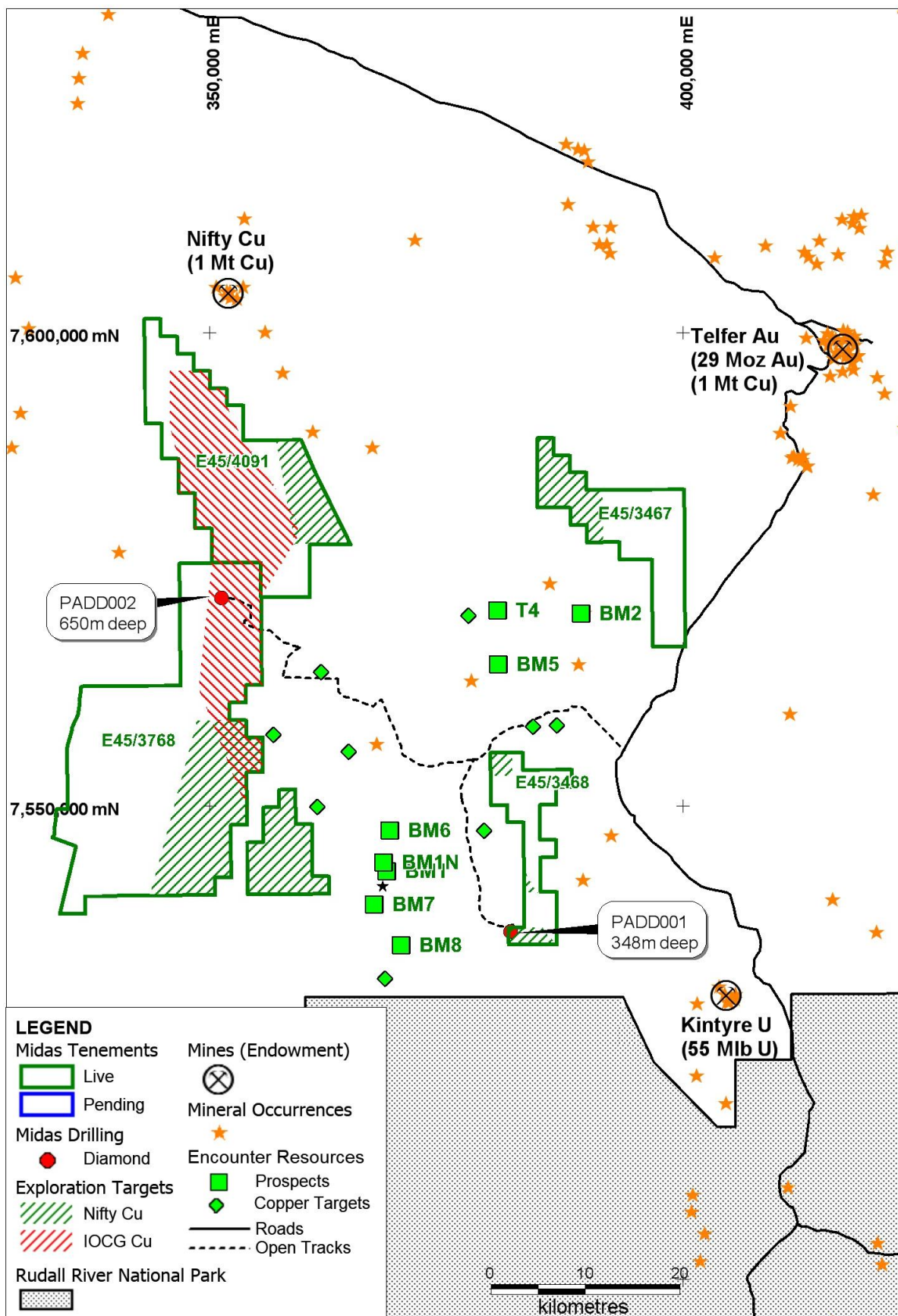
Following the end of the Quarter, Midas entered into a joint venture agreement with Encounter Resources Limited (Encounter), whereby Encounter will undertake agreed exploration programs in order to earn an interest in the project tenements. (Refer ASX release 26 July 2013)

Geophysical surveys planned for the June Quarter were cancelled in favour of an alternative exploration program proposed by Encounter over the same area.

The Paterson Orogen is a multi-metal province which hosts the “Nifty” copper deposit, the Telfer Cu-Au deposit, and the Kintyre Uranium deposit (fig 1). Midas’ granted tenements now extend southward from Aditya Birla’s Nifty Mining Lease to Cameco’s Kintyre uranium deposit. Midas is exploring for:

- (a) IOCG deposits associated with magmatic-hydrothermal systems emplaced along the eastern side of the Vines Fault, and
- (b) Nifty style copper deposits in carbonaceous shales of the Broadhurst formation.

Diamond drilling by Midas in the fourth quarter of 2012 intersected IOCG-style specular hematite alteration of breccias with native copper mineralisation in quartz-carbonate-hematite veins. Midas believes that the recognition of the breccia as host to IOCG mineralisation documents potential for a hitherto unknown style of deposit in the Province and Midas holds title to the prospective geology for 50kms of strike.



**Figure 1. Tenements and Exploration Target Areas**

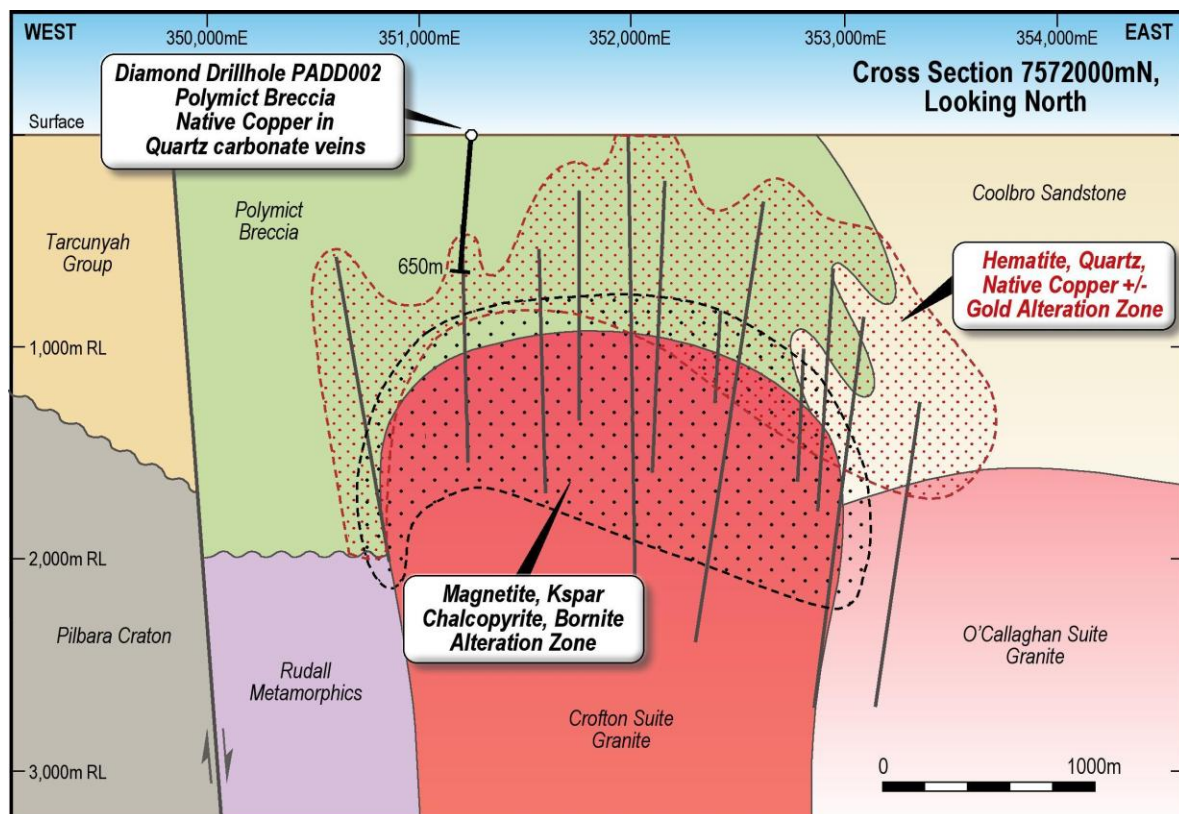
## IOCG Copper Targets on Tenements E45/3768 and E45/4091

Midas tenements E45/3768 and E45/4091 host a 60km long section of the Vines Fault. A 50km long zone on the east side of the Vines Fault has been identified as prospective for IOCG-style copper mineralisation; based on regional geophysical interpretation and the results of diamond drill hole PADD002.

PADD002 was drilled by Midas in the December Quarter 2012 and it tested a discrete magnetic anomaly (modelled at approximately 1000m depth) interpreted as a magnetic Crofton Suite granite, of the type linked to Cu-Au mineralisation in the Telfer area. The drill hole intersected a heterolithic breccia throughout the entire length of the hole. The breccia is pervasively altered by hematite (including specular hematite) and it carries quartz +/- calcite, dolomite, specular hematite and chlorite.

Copper in the form of disseminated native copper and malachite occupies distinctive late-stage vertically dipping quartz-dolomite-calcite-hematite vein sets that occur between 540m and 592m down hole. The hematite alteration, veining and native copper occurrences at depth are considered to be indicative of the presence of an IOCG-style copper/gold hydrothermal mineralising system either at depth or lateral to the drill hole.

A number of gravity “highs” that may represent concentrations of hematite alteration are evident in the regional gravity data for tenements E45/3768 and E45/4091, extending over 50km of strike-length along the east side of the Vines Fault. These gravity anomalies represent potential concentrations of hematite that can be a host for IOCG-style copper mineralisation.



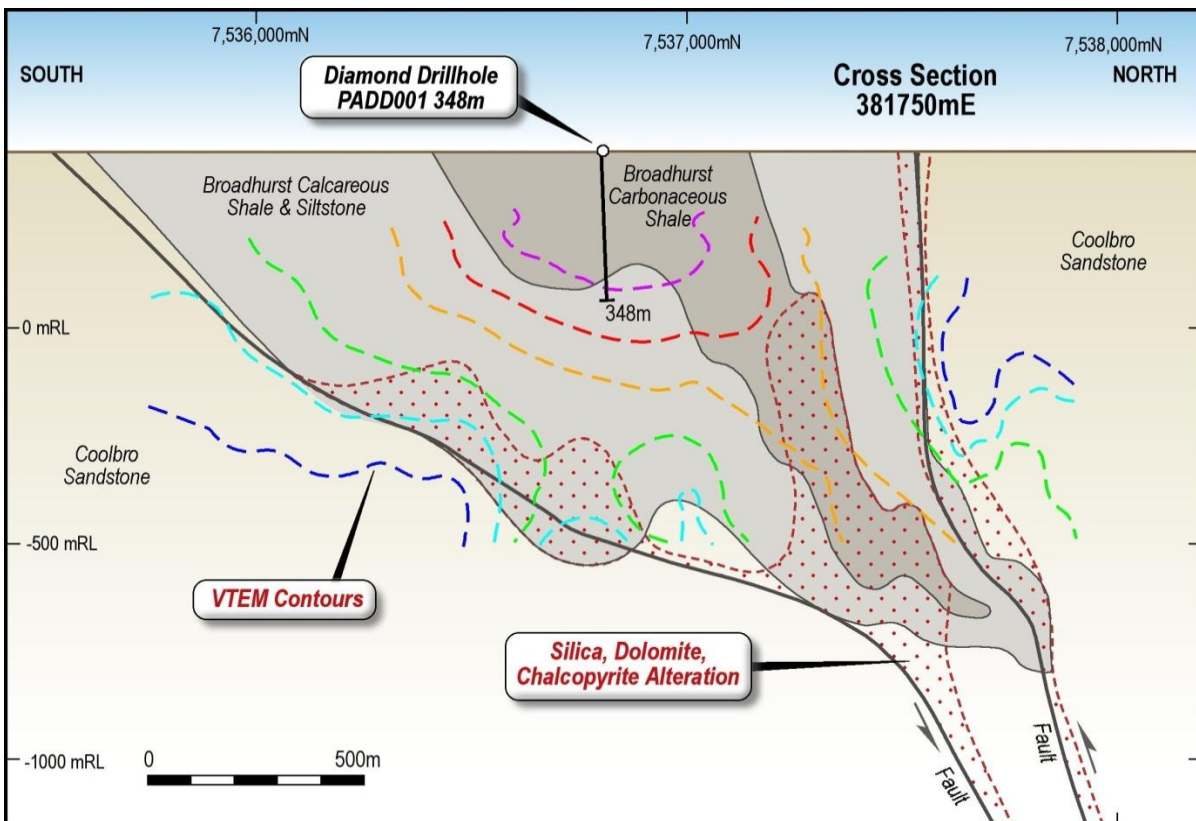
**Figure 2.** Conceptual cross section through diamond drillhole PADD002, showing the IOCG copper target style.



### Nifty-Style Copper Targets on Tenements E45/3467, E45/3468, E45/3768, E45/4091

Midas' exploration tenements are situated immediately south of the high-grade Nifty copper mine (approximately one million tonnes of contained copper metal), which is hosted by the Broadhurst Formation. Midas' tenements are believed to contain sections of the prospective Broadhurst Formation in proximity to prospective regional faults including the McKay and Vines faults. A number of target areas have been identified for follow-up (see figure 1).

Midas drilled and reported a diamond hole on tenement E45/3468 in the December quarter 2012. Drillhole PADD001 was completed at 348m after testing a VTEM target. Although no significant copper was encountered, the drilling confirmed the existence of a synform with folded strongly carbonaceous and pyritic sediments that is a favourable host for Nifty-style copper deposits. Near-by linear magnetic features are interpreted as potentially copper-mineralised fault zones. Surface base metal anomalies are known to occur in these zones.



**Figure 3.** Interpreted geology on N-S cross-section including PADD001, showing bounding fault zones that potentially contain Nifty-style alteration and mineralisation.

## **GOLD PROJECTS**

### **Lake Carey – Fortitude**

#### **Tenement Status**

The Company has applied for new tenement E39/1752 (11 blocks for 33km<sup>2</sup> area) immediately west of and contiguous with its granted Lake Carey tenement E39/348. E39/348 contains the Fortitude and Bindah Shear zones, which host Midas' Fortitude and Gallant gold deposits and the historic Bindah gold deposit. E39/348 also hosts the Intrepid prospect on the Bindah Shear, where aircore drillhole INAC043, drilled in 2007, recorded an intercept of 43m at 0.4g/t gold from 66m (ASX release 22/06/2007), including 7m at 2.4g/t gold from 79m (Quarterly activity statement to ASX, 9/10/2007) in weathered banded iron formation (BIF) in the vicinity of the Bindah Shear.

The tenement application E39/1752 contains a 6km length of the Bindah Shear zone extending north-west from the Intrepid prospect, where the gold-mineralised Bindah Shear intersects folded BIF and ultramafic units within intermediate and mafic volcanics. The margins of these units exhibit strong competency contrasts that often promote dilation and gold mineralisation in the presence of gold-bearing shears, as demonstrated in the Fortitude, Gallant and Bindah deposits.

The geology of the new tenement application is similar to that of the rich Sunrise Dam gold deposit 30km to the north, where similar structural mechanisms contribute to the mineralisation.

#### **Exploration**

The Fortitude gold deposit can be developed if and when suitable milling capacity becomes available in the region. In light of this, June Quarter exploration plans at Lake Carey were postponed.

A time-critical component in mine development is the gaining of regulatory approval for a mining operation. In order to respond rapidly to emerging opportunities, Midas has taken the decision to advance the regulatory approvals process, thereby shortening a critical timeline to 6-9 months from 9-15 months. In order to shorten the approvals timeline, Midas has engaged Rapallo Environmental to undertake an initial round of environmental studies to address the most time-critical elements of the approvals process, namely

- The first of two rounds of subterranean fauna surveys
- Desktop studies towards the preparation of a mining proposal and mine closure plans which need to be submitted to the Department of Mines and Petroleum.

Work on these programs commenced in June 2013 and will continue into the September quarter.

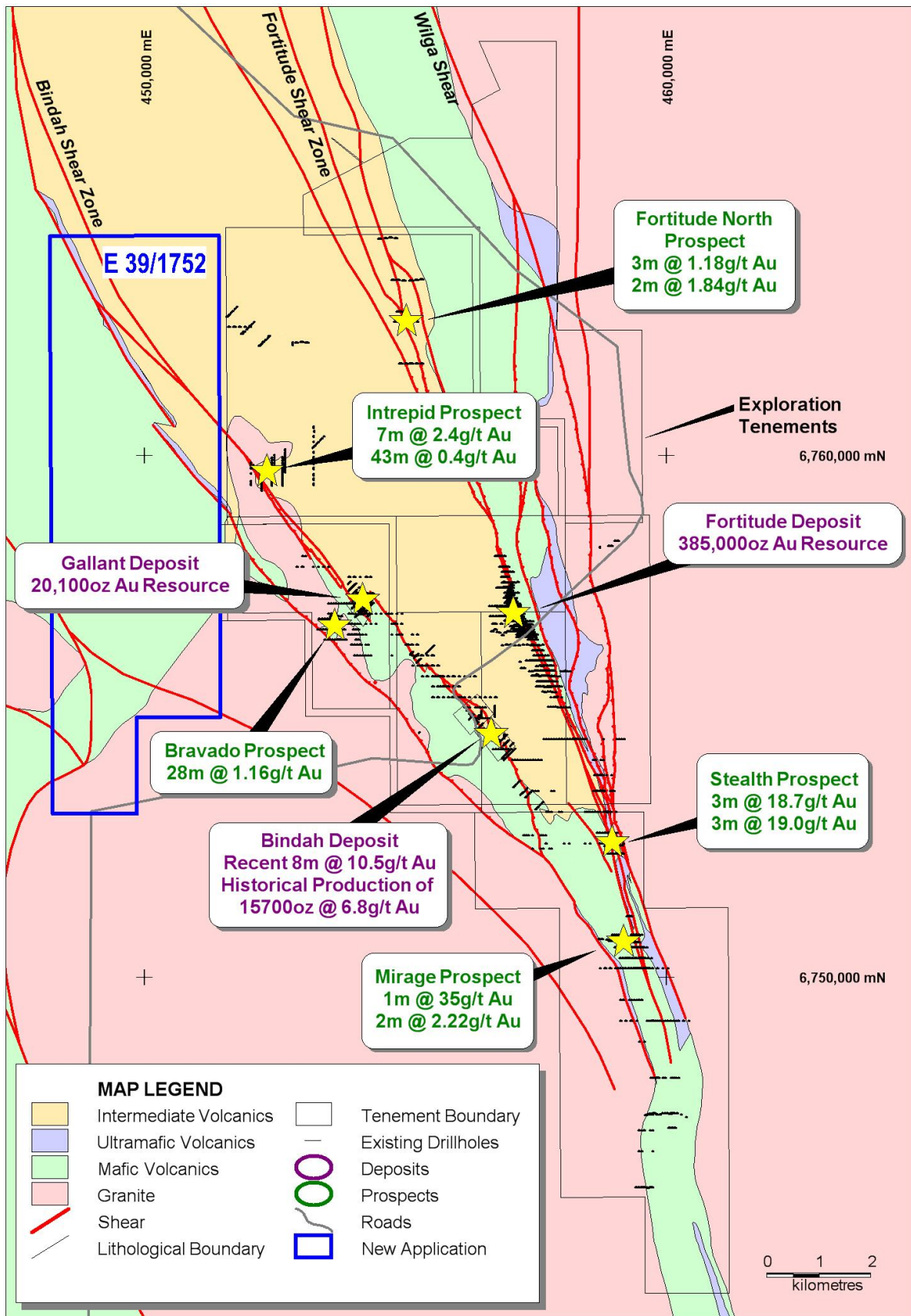


Fig 2. Lake Carey Project showing the location of the new tenement application containing prospective extensions of the Bindah Shear zone.

## **LEONORA PROJECT**

**Sunset Well – M37/1297; Leonora-Kookynie E40/294, E40/295 and P40/1282 (Midas 100%), E37/312 pending;**

Commercial opportunities are being sought for the Sunset Well Project, including the Company's Prospero gold deposit, and other tenements in the Leonora-Kookynie region.

## **IRON ORE PROJECT – Mulga Resources Limited**

The Company had a conditional share sale agreement with unlisted company Pilbara Commodities Limited ("Pilbara") concerning the sale of Mulga to Pilbara. Mulga Minerals Limited is the entity that holds Midas' iron ore assets:

- **The West Pilbara Project** - E47/1893 and EL08/1997 where the Company has a CID Iron Ore Resource
- **The Marandoo Project** - E47/1885 where the Company has identified iron enriched outcrops in Brockman Iron Formation.

Pilbara Commodities Limited was granted another extension of time to the end of July for settlement of the Sale and Purchase Agreement. This extension has now expired.

## **CORPORATE**

### *Fund Raising*

The Company completed a fully underwritten Renounceable Rights Issue (Rights Issue) during the quarter. The Rights Issue was on the basis of (4) fully paid ordinary shares (New Shares) for every one (1) fully paid ordinary share at a price of 0.1 cents and raised approximately \$2.16 million (before costs) through the issue of 2,165,500,956 ordinary shares..

### *Board Changes*

Following the completion of the Rights Issue the Company received notice of a desire from some shareholders to change the composition of the Board of Directors. After due consideration the then Board resolved to resign and pass operational control of the Company to the incumbent Directors.

This restructure of the Board and management of Midas Resources was completed during the June Quarter. The new Directors are:

Mr Patrick Corr	(Chairman)
Mr Alex Hewlett	(Executive Director)
Mr Nader El Sayed	(Non Executive Director)

The new team is working to generate value from the current projects through a variety of strategies including strategic partnership and pursuing commercial opportunities in relation to existing projects and further complimentary assets. The first phase of the strategy as announced subsequent to the end of the quarter is the earn-in deal with Encounter Resources Ltd on the Paterson Province project, and the application for new tenement E39/1752 .



*Change of Registered Office and Principal Place of Business*

The Company advises that it has changed its principal and registered offices, new details are set out below.

**Principal & Registered Office**

Suite 1, 827 Beaufort Street

Mt Lawley WA 6050

t: 61 8 9388 2211

f: 61 8 9388 2600

e: office@midasresources.com.au

*Outlook*

The Company is seeking to pursue complementary opportunities that the Directors consider have the potential to add value. The Company will focus on potential acquisitions that are drill-ready exploration projects through more advanced projects with existing resources and upside potential. The preference is for the major metals or bulk commodities, however, other commodities will be considered. No specific geological constraints will apply, however, projects located in areas of unacceptable political risk will not be considered. All deal structures will be contemplated, from joint venture and farmin, through to direct project equity or corporate acquisition.

The Company is also actively focusing on other opportunities with a similar geographical and/or commodity bias.

Yours faithfully,

Alex Hewlett

Executive Director

MIDAS RESOURCES LIMITED

**Competent Person's Statement:**

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The information in this report as it relates to exploration results and geology was compiled by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. Mr Downing 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 Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## Rule 5.3 Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MIDAS RESOURCES LIMITED

ABN

87 095 092 158

Quarter ended ("current quarter")

30 June 2013

#### Consolidated statement of cash flows

Cash flows related to operating activities		Curent quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	1	4
1.2	Payments for (a) exploration & evaluation	(297)	(1,199)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(312)	(875)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(605)</b>	<b>(2,056)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(1)
1.9	Proceeds from sale of: (a) prospects	-	200*
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>199</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(605)</b>	<b>(1,857)</b>

\* The amount indicated here is the first payment received per the sale agreement for the sale of subsidiary. The sale has not completed at the date of this report and ownership remains with the company until settlement date. These proceeds are non-refundable.

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(605)	(1,857)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	*1,964	2,272
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	500
1.17	Repayment of borrowings	(50)	(50)
1.18	Dividends paid	-	-
1.19	Other		
	Share issue costs	(65)	(84)
	<b>Net financing cash flows</b>	2,049	2,638
	<b>Net increase (decrease) in cash held</b>	1,444	781
1.20	Cash at beginning of quarter/year to date	176	839
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,620	1,620

\*Net of loan repayments

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		<b>Curent quarter \$A'000</b>
1.23	Aggregate amount of payments to the parties included in item 1.2	231
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's salary and directors' fees and termination payments are included in 1.23 above.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

The company settled loans and liabilities for services by issue of shares to the value of \$317,899

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	184	184
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	170
4.2 Development	-
4.3 Production	-
4.4 Administration	80
<b>Total</b>	<b>250</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated **statement of cash flows**) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,620	176
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,620</b>	<b>176</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	none			
6.2 Interests in mining tenements acquired or increased	none			

+ See chapter 19 for defined terms.

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	2,823,767,029	2,823,767,029		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,282,391,790	2,282,391,790		
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	500,000 600,000 1,000,000	- - -	Exercise price 16 cents 10 cents 2 cents	Expiry date 15 November 2013 31 December 2013 12 December 2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	200,000 150,000 250,000	- - -	16 cents 2 cents 10 cents	19 April 2013 26 February 2015 26 February 2015
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.



## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 July 2013  
(Company secretary)

Print name: Mark Pitts  
.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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