

MINDAX LIMITED
ABN 28 106 866 442
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Mindax Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

MINDAX LIMITED
31 DECEMBER 2021

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MINDAX LIMITED
31 DECEMBER 2021

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Mindax Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Mr Benjamin Chow

Mr Qinglong Zeng

Mr Biaozhun Zhu

Mr Kgai Mun (Eric) Loh was a director from the beginning of the financial period until his retirement on 10 November 2021.

Mr Yonggang Li was a director from the beginning of the financial period until his retirement on 10 November 2021.

OPERATIONS AND FINANCIAL REVIEW

A summary of consolidated revenues and results for the half-year is set out below:

	2021		2020	
	Income	Results	Income	Results
	\$	\$	\$	\$
Consolidated entity income and results	13,718,130	12,826,625	4	(340,423)

Mindax Limited ('Mindax' or 'the Company') is a Perth-based mineral exploration company. Activities during the half-year were focussed on finalising the Norton Gold Transaction, assessing the Company's existing project and reviewing new opportunities.

Mt Forrest Iron Project

Full form agreements concerning an earn-in and joint venture over the Mt Forrest Project were finalised during the half-year as contemplated in the Binding Heads of Agreement (**Norton Gold Transaction**) (refer 31 December 2020 Activities Report released to ASX on 1 February 2021 for full details). The Company, Norton Gold Fields Pty Ltd (**Norton Gold**) and the Company's wholly owned subsidiary Yilgiron Pty Ltd (**Yilgiron**) executed a Subscription Agreement, Shareholders Agreement, Management Agreement and other associated documents on 22 July 2021 (refer ASX release 22 July 2021 for full details).

The Norton Gold Transaction was formally completed on 28 September 2021 (refer ASX release 28 September 2021 for full details). Norton Gold has subscribed for, and been issued, securities in Yilgiron, in accordance with the subscription agreement dated 22 July 2021 between Mindax, Norton Gold and Yilgiron (**Subscription Agreement**), and the parties have formed an incorporated joint venture for the purposes of continuing exploration on and achieving the earning conditions for the Mt Forrest Project.

Norton Gold now holds 19.94% of Yilgiron's ordinary securities and Yilgiron is no longer a wholly owned subsidiary of Mindax. Norton Gold has provided \$20,000,000 to Yilgiron as consideration for the issue of the securities. Upon satisfaction of further earning conditions, Norton Gold may earn up to 51% of the voting shares of Yilgiron.

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DIRECTORS' REPORT (continued)

For more information on the earning conditions, management of the joint venture, and terms and conditions of the transaction agreements governing the joint venture, refer to the Company's ASX announcement dated 22 July 2021 and the Company's notice of meeting dated 16 August 2021 (announced to ASX on 19 August 2021).

Yilgiron and Norton Gold have entered into a management services agreement appointing Norton Gold as the manager of the Mt Forrest Project to provide management services in accordance with the terms of the agreement. Norton Gold's appointment as manager commenced effective upon completion, 28 September 2021.

Norton Gold has commenced exploration activity in accordance with the budget approved by the incorporated joint venture.

Meekatharra Gold Project

Tenure for this project is current and secure. No geological activity was undertaken on the Meekatharra Gold Project tenement during the reporting period. During the half-year the Company continued planning activities for the phase 2 drilling programme to systematically explore the structure and follow-up on the results from phase 1 that was completed during June 2021.

EVENTS OCCURRING AFTER REPORTING DATE

During March 2022, the Company raised \$200,000 from the issue of 4,761,905 ordinary shares at an issue price of \$0.042 per share.

No other matter or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:



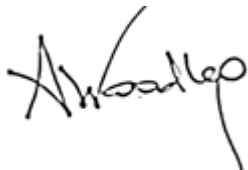
Benjamin Chow
Executive Chairman
Perth, 16 March 2022

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor for the review of Mindax Limited for the half-year ended 31 December 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth, 16 March 2022

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Half-year	
		2021	2020
		\$	\$
Revenue from continuing operations		-	4
Gain on disposal of subsidiary	13(d)	13,718,130	-
Administration expenses		(37,994)	(23,346)
Corporate expenses		(437,750)	(223,990)
Depreciation expense		(478)	(563)
Exploration expenditure written off		(16,296)	-
Salaries and employee benefits expense		(131,135)	(92,528)
Share of net losses of associate accounted for using the equity method	4	(267,852)	-
PROFIT/(LOSS) BEFORE INCOME TAX		12,826,625	(340,423)
Income tax expense	3	-	-
PROFIT/(LOSS) FOR THE HALF-YEAR AFTER INCOME TAX ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		12,826,625	(340,423)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		12,826,625	(340,423)
Basic and diluted earnings/(loss) per share (cents)		0.68	(0.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		885,154	1,188,618
Trade and other receivables		-	167,124
Prepayments		31,538	8,613
TOTAL CURRENT ASSETS		916,692	1,364,355
NON-CURRENT ASSETS			
Investments accounted for using the equity method	4	15,744,958	-
Plant and equipment		7,015	7,493
Other assets		-	2,885
Exploration and evaluation assets	5	421,997	2,875,979
TOTAL NON-CURRENT ASSETS		16,173,970	2,886,357
TOTAL ASSETS		17,090,662	4,250,712
CURRENT LIABILITIES			
Trade and other payables		250,160	396,835
TOTAL CURRENT LIABILITIES		250,160	396,835
TOTAL LIABILITIES		250,160	396,835
NET ASSETS		16,840,502	3,853,877
EQUITY			
Contributed equity	6	48,785,460	48,625,460
Reserves		871,452	871,452
Accumulated losses		(32,816,410)	(45,643,035)
TOTAL EQUITY		16,840,502	3,853,877

The above consolidated statement of financial position should be read in
conjunction with the accompanying notes.

MINDAX LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Contributed Equity \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2020	44,772,188	871,452	(44,511,431)	1,132,209
Loss for the half-year	-	-	(340,423)	(340,423)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR	-	-	(340,423)	(340,423)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	449,437	-	-	449,437
Share issue transaction costs	(26,250)	-	-	(26,250)
BALANCE AT 31 DECEMBER 2020	45,195,375	871,452	(44,851,854)	1,214,973
BALANCE AT 1 JULY 2021	48,625,460	871,452	(45,643,035)	3,853,877
Profit for the half-year	-	-	12,826,625	12,826,625
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	-	12,826,625	12,826,625
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	160,000	-	-	160,000
BALANCE AT 31 DECEMBER 2021	48,785,460	871,452	(32,816,410)	16,840,502

The above consolidated statement of changes in equity should be read in
conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Half-year 2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(551,738)	(381,664)
Payments for exploration expenditure not capitalised		(16,296)	-
Interest received		-	4
Net cash (outflow) from operating activities		(568,034)	(381,660)
CASH FLOWS FROM INVESTING ACTIVITIES	7		
Recoupment of/(Payments for) exploration expenditure		264,570	(205,771)
Net cash inflow/(outflow) from investing activities		264,570	(205,771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares	6	-	423,187
Net cash inflow from financing activities		-	423,187
Net (decrease) in cash and cash equivalents		(303,464)	(164,244)
Cash and cash equivalents at the beginning of the half-year		1,188,618	178,776
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		885,154	14,532

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Group as full financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Mindax Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

These half-year financial statements were authorised for issue by a resolution of directors on 16 March 2022.

Critical accounting estimates and judgements

There have been no significant changes to the critical accounting estimates or judgements since the last annual reporting date, except for those listed at note 13(c) in relation to the Norton Gold Transaction.

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Going concern

The half-year 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 reporting period the Group incurred a profit after income tax of \$12,826,625, which included a non-cash amount of \$13,718,130 relating to the gain on disposal of subsidiary (31 December 2020: net loss of \$340,423) and incurred net cash outflows from operating activities of \$568,034 (31 December 2020: \$381,660). In addition, the Group has forecast future exploration program expenditure to develop the Group's existing projects.

The ability of the Group to continue as a going concern is therefore dependent on the ability to raise additional funding through debt and/or equity and the sale or farm out of currently 100% owned tenements.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS (continued)

Management believe that as at the date of this report there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- Following Completion of the Norton Gold Transaction during the reporting period, refer note 13, Norton Gold is the manager of the Mt Forrest Project and the Group is no longer responsible for undertaking exploration activities and expenditure on the Mt Forrest tenements;
- The Group retains the option to seek to sell or farmout its currently 100% owned tenements; and
- The ability to raise additional funding through debt and/or equity.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that may differ from those stated in the half-year financial statements. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2021. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2: SEGMENT INFORMATION

Identification of reportable segments

For management purposes, the Group has identified two 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 management. Based on the contents of this report, the two reportable segments identified are:

1. Gold (comprising the Meekatharra Project); and
2. Iron Ore (comprising the Mt Forrest Project via the equity accounted investment in Yilgiron).

Segment information provided to the directors for the half-year ended 31 December 2021 is as follows:

	Gold	Iron Ore	Total
Half-Year	\$	\$	\$
31 December 2021			
Total segment revenue	-	13,718,130	13,718,130
Intersegment revenue	-	-	-
Share of losses from associate	-	(267,852)	(267,852)
Reportable segment profit	-	13,450,278	13,450,278

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION (continued)

Half-Year	Gold \$	Iron Ore \$	Total \$
31 December 2020			
Total segment revenue	-	-	-
Intersegment revenue	-	-	-
Reportable segment profit/(loss)	-	-	-
Total segment assets			
31 December 2021	421,997	15,751,973	16,173,970
30 June 2021	379,682	2,668,618	3,048,300
Total segment liabilities			
31 December 2021	617	-	617
30 June 2021	-	44,952	44,952

Reportable segment assets are reconciled to total assets as follows:

	31 December 2021 \$	30 June 2021 \$
Segment assets	16,173,970	3,048,300
Intersegment eliminations	-	-
Unallocated		
Cash and cash equivalents	885,154	1,188,618
Trade and other receivables	-	2,296
Prepayments	31,538	8,613
Other non-current assets	-	2,885
Total assets	17,090,662	4,250,712
Segment liabilities	617	44,952
Intersegment eliminations	-	-
Unallocated		
Trade and other payables	249,543	351,883
Total liabilities	250,160	396,835

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION (continued)

Reconciliation of reportable segment profit/(loss) to profit/(loss) before income tax is as follows:

	Half-year	
	2021	2020
	\$	\$
Total profit for reportable segments	13,450,278	-
Intersegment eliminations	-	-
Unallocated amounts		
Interest revenue	-	4
Depreciation and amortisation	(478)	(563)
Other expenses	(623,175)	(339,864)
Profit/(loss) before income tax	12,826,625	(340,423)

NOTE 3: INCOME TAX

Management estimates the effective annual income tax rate for the full financial year to be nil due to the non-taxable nature of the income recognised during the reporting period.

NOTE 4: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2021	30 June 2021
	\$	\$
The carrying amount of equity-accounted investments has changed as follows:		
Opening carrying amount	-	-
Addition of investment in Yilgiron Pty Ltd (note 13)	16,012,810	-
Share of associate's loss and other comprehensive income	(267,852)	-
Closing carrying amount	15,744,958	-

NOTE 5: EXPLORATION AND EVALUATION ASSETS

	31 December 2021	30 June 2021
	\$	\$
Exploration and evaluation assets	421,997	2,875,979
Balance at the beginning of the period	2,875,979	2,411,487
Expenditure incurred	58,612	464,492
Expenditure written-off to profit or loss	(16,296)	-
Expenditure disposed upon deconsolidation of Yilgiron Pty Ltd (note 13)	(2,496,298)	-
Balance at the end of the period	421,997	2,875,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5: EXPLORATION AND EVALUATION ASSETS (continued)

Tenure to all tenements is current and secure. All Department of Mines, Industry Regulation & Safety reporting obligations are up to date.

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.

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 impaired in the financial period the decision is made.

NOTE 6: ISSUED CAPITAL

Ordinary Share Capital	2021 Shares	2021 \$	2020 Shares	2020 \$
As at 1 July	1,872,935,775	48,625,460	1,040,821,359	44,772,188
Issued during the half-year				
Issued as consideration for consulting fees ^{(1), (2)}	32,000,000	160,000	5,250,000	26,250
Issued for cash at 0.5 cents per share ⁽³⁾	-	-	114,637,416	423,187
Transaction costs ⁽²⁾	-	-	-	(26,250)
As at 31 December	1,904,935,775	48,785,460	1,160,708,775	45,195,375

- (1) On 24 September 2021, the Company issued 32,000,000 ordinary shares in part satisfaction of a fee of 5% of the initial earn-in value of the Binding Heads of Agreement with Norton Gold payable to the party (unrelated to the Company) who introduced Norton Gold and the transaction to the Company. The fair value of the shares recognised is by direct reference to the fair value of services received. This was determined by corresponding invoices which totalled \$160,000 (excluding GST). This amount was expensed to profit or loss as 'corporate expenses' during the 2021 financial year and remained in creditors until settled by the share issue.
- (2) On 6 October 2020, the Company issued 3,850,000 ordinary shares and on 9 October 2020 the Company issued 1,400,000 ordinary shares to separate individuals in consideration for consulting services relating to the issue of shares. The fair value of the shares recognised is by direct reference to the fair value of services received. This was determined by corresponding invoices which totalled \$26,250 (excluding GST). These amounts have been recognised in the statement of financial position under transaction costs to share capital.
- (3) As at 30 June 2020, \$150,000 had been received in respect of 30,000,000 ordinary shares that were issued on 16 July 2020.

NOTE 7: NON-CASH INVESTING ACTIVITIES

During the period, the Group deconsolidated its subsidiary, Yilgiron Pty Ltd, following execution of an Earn-In Agreement and Joint Venture. Consideration for the transaction is by way of a \$20,000,000 earn-in which was deposited directly into a Yilgiron Pty Ltd bank account. Refer to note 13 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8: CONTINGENCIES

There are no contingent liabilities or contingent assets as at the reporting date.

NOTE 9: DIVIDENDS

No dividends were paid during the half-year. No recommendation for payment of dividends has been made.

NOTE 10: COMMITMENTS

There have been no significant changes to commitments since the last annual reporting date.

NOTE 11: FAIR VALUE MEASUREMENT

There were no financial assets or liabilities at 31 December 2021 or 30 June 2021 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case of short term assets and liabilities, their carrying values approximate fair value.

NOTE 12: EVENTS OCCURRING AFTER REPORTING DATE

During March 2022, the Company raised \$200,000 from the issue of 4,761,905 ordinary shares at an issue price of \$0.042 per share.

No other matter or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

NOTE 13: DECONSOLIDATION OF SUBSIDIARY

(a) Description

On 25 September 2020 the Company executed a Binding Heads of Agreement (**BHOA**) with Norton Gold Fields Pty Ltd (**Norton Gold**) concerning an Earn-In Agreement and Joint Venture over the Mt Forrest Iron Project (**Project**), where Norton Gold will earn a 19.9% joint venture interest by sole funding \$20 million of joint venture expenditure (**Norton Gold Transaction**). On 22 July 2021 formal agreements relating to the Norton Gold Transaction were executed between the Company, Norton Gold and the Company's wholly owned subsidiary Yilgiron Pty Ltd (**Yilgiron**), including a Subscription Agreement, Shareholders Agreement, Management Agreement and other associated documents. The Norton Gold Transaction was formally completed on 28 September 2021 (**Completion**).

Norton Gold has subscribed for, and been issued, securities in Yilgiron, in accordance with the Subscription Agreement, and the parties have formed an incorporated joint venture (being Yilgiron) for the purposes of continuing exploration on and achieving the earning conditions for the Project. Norton Gold paid Yilgiron \$20,000,000 as consideration for the following securities: 249 ordinary shares; 290 Class B shares; and, 502 Class C shares. At Completion, Norton Gold holds 19.94% of Yilgiron's ordinary securities, with MDX holding the balance of 80.06%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13: DECONSOLIDATION OF SUBSIDIARY (continued)

With effect on and from Completion the Yilgiron board was reconfigured from the existing three directors (all directors of Mindax) to five directors (two nominated by Mindax and three nominated by Norton Gold), with Norton Gold having control of the operations of Yilgiron through the board (except for a number of decisions which require unanimous approval of the shareholders, including disposal of tenements, changes to security rights, taking steps to list securities of Yilgiron on a stock exchange and certain related party transactions) during the earning period. Hence, from Completion, Mindax has deconsolidated its former subsidiary Yilgiron, who is now classified as an associate of Mindax.

Mindax's continuing investment in Yilgiron will be treated as an investment accounted for using the equity method. The fair value upon initial recognition of this investment has been determined as Mindax's share, based on the proportion of ordinary securities held, of the Subscription Price that Norton Gold paid for the securities allotted in accordance with the Subscription Agreement. Subsequently, Mindax will recognise its share of the associate's profit or loss and other comprehensive income in accordance with the Company's existing accounting policies.

Upon satisfaction of further earning conditions, Norton Gold may earn up to 51% of the voting shares of Yilgiron. Class B shares and Class C shares rank equally with each other but behind the ordinary shares of Yilgiron and confer no voting or other rights on their holder (other than on winding up / return of capital and as otherwise as conferred by their terms or under law). Upon satisfaction of earning conditions, the number of securities in Yilgiron stays the same, however, the number of voting shares on issue will change (via the automatic variation of the rights of the Class B shares or the Class C shares) and the proportion of voting shares held by each shareholder will change. If the earning conditions are both satisfied and assuming no other changes to the issued capital of Yilgiron, Norton Gold will hold 51% of the voting shares of Yilgiron.

The Class B shares are subject to the Second Earning Condition being, a final report complying with the JORC Code must be issued to Yilgiron that identifies an Indicated Mineral Resource of at least 380 million tonnes of magnetite at 32.6% Fe.

The Class C shares are subject to the Third Earning Condition being, a Pre-Feasibility Study must be delivered to Yilgiron that (for as long as Mindax is listed on the ASX) complies with the requirements for reporting a Pre-Feasibility Study under the Listing Rules applicable to Pre-Feasibility Studies and is a study that satisfies the requirements of a Preliminary Feasibility Study (as that term is defined in the listing rules of the Stock Exchange of Hong Kong). If Yilgiron has decided not to proceed with an IPO, or to proceed with an IPO on a securities exchange other than the Stock Exchange of Hong Kong, the scope of the Pre-Feasibility Study must be substantially similar in all material respects to the scope of a Hong Kong Preliminary Feasibility Study.

Norton Gold has the right, but is not obliged, to cause Yilgiron to undertake work for the purposes of seeking to satisfy the earning conditions. Norton Gold is able to deliver a withdrawal notice prior to the satisfaction of the Second Earning Condition or the Third Earning Condition and would then not be required to provide further funds and would not be able to earn any further interest in ordinary securities in Yilgiron. Norton Gold will retain its 249 ordinary shares issued at Completion and any additional ordinary shares that Norton Gold comes to hold upon satisfaction of an earning condition prior to the date of the withdrawal notice. The consequence of withdrawal is the cancellation of the respective Class B and/or Class C shares for nil consideration. At such time, the voting and participating interests will remain as earned, and the board of Yilgiron will be structured accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13: DECONSOLIDATION OF SUBSIDIARY (continued)

(b) Accounting policy

The Group has adopted the following new accounting policies, as extensions to the “principles of consolidation” accounting policy described in the 2021 Annual Report (note 1(b)), for events and transactions that occurred during the period:

(i) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

(ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the Group’s policy described in the 2021 Annual Report (note 1(f)).

(c) Critical accounting estimates and judgements

Accounting for this transaction has required management to exercise a high degree of judgement over the following areas:

Classification of loss of control

From Completion of the Norton Gold Transaction, by virtue of the contractual rights contained in the Transaction Documents, the appointment of three members to the Yilgiron Board, and the potential voting rights conferred by the Class B and Class C shares, Norton Gold has obtained control of Yilgiron.

By virtue of Norton Gold having obtained control, Mindax has lost control of Yilgiron, resulting in deconsolidation by Mindax of Yilgiron, and the subsequent recognition of an investment in an associate.

Fair value on initial recognition of associate

The fair value on initial recognition of the Company’s retained interest in Yilgiron, which was 80.06% at date of disposal, has been determined using management’s judgement on the contractual provisions of the Subscription Agreement. Norton Gold have paid \$20,000,000 for the securities they have been issued by Yilgiron. This amount has been determined as being indicative of the fair value of 100% of Yilgiron at Completion. The Company’s share of the fair value, based on its retained interest in Yilgiron is \$16,012,810.

MINDAX LIMITED
31 DECEMBER 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 13: DECONSOLIDATION OF SUBSIDIARY (continued)

(d) Details of the gain on deconsolidation of subsidiary

	28 September 2021
	\$
Fair value of investment retained in Yilgiron	16,012,810
Carrying amount of net assets disposed	(2,496,298)
Recovery of historical exploration expenditure from Norton Gold post Completion	201,618
Gain on deconsolidation before income tax	13,718,130
Income tax	-
Net gain on deconsolidation of subsidiary	<u>13,718,130</u>

The carrying amounts of assets and liabilities as at the date of deconsolidation (28 September 2021) were:

	28 September 2021
	\$
Exploration and evaluation assets	2,496,298
Total assets	<u>2,496,298</u>
Net assets	<u>2,496,298</u>

MINDAX LIMITED

31 DECEMBER 2021

DIRECTORS' DECLARATION

In the opinion of the directors of Mindax Limited:

1. the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors and is signed for and on behalf of the directors by:



Benjamin Chow

Executive Chairman

Perth, 16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mindax Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mindax Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a faint, light grey BDO logo.

Ashleigh Woodley

Director

Perth, 16 March 2022