



ASX RELEASE
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MIDAS ENTERS INTO AN MOU FOR A COPPER EXPLORATION JOINT VENTURE WITH CHINA'S THIRD LARGEST COPPER MINER - ZIJIN MINING GROUP

Highlights:

- **Midas Resources and Zijin Mining Group have entered into a Memorandum of Understanding for the Da Hong Shan copper exploration project in western China;**
- **Midas can acquire up to a 70% interest in the tenements through a total investment of approximately US\$3.5 million over four years and taking the project to a development decision, subject to Zijin's Buy-back rights.**
- **The porphyry copper Da Hong Shan project comprises three contiguous exploration licences with a total area of 302 km² located in the mineral-rich Tian Shan Belt of the Xinjiang province, western China;**
- **Copper oxide mineralisation has already been identified in the exploration trenches at the Da Hong Shan Project along an initial 2.5km strike length;**
- **China is the single largest consumer of copper with about 25% of the total global demand of 80.5 million tonnes along with continued growth in India and Russia.**

Midas Resources Limited ("Midas" or "the Company") (ASX: MDS) is pleased to announce that it has signed an Memorandum of Understanding ("MoU") concerning a Joint Venture (JV) agreement with one of China's largest resources companies, Zijin Mining Group Co Ltd ("Zijin") (Hong Kong Stock Code: 2899), to explore the Da Hong Shan porphyry copper project in western China.

The Da Hong Shan project, located within the **Tian Shan Belt** of Xinjiang province, comprises three contiguous exploration licences with a total area of 302 km².

The MoU between the two companies sets out in detail the joint venture relationship between the companies and the commercial terms under which Midas can earn up to a 70% interest in the project, subject to a Zijin Buy-back right. This agreement becomes binding once Midas completes due diligence on the project, and within five days of completion of due diligence gives notice to Zijin of its intent to formalise the JV agreement and Zijin then elects to cooperate with Midas.

The Company's due diligence is already well advanced, and an initial work program of geophysics, geochemical sampling and drilling for 2008 is being prepared. More technical information will be released by the Company upon completion of due diligence.

The Board believes that Midas has the necessary experience at executive and technical levels to operate in China and it is particularly enthusiastic about the relationship with Zijin, which is a highly regarded and substantive Chinese mining company.

COMMERCIAL TERMS

The MoU provides for a two month due diligence period after which Midas must give notice to Zijin if it intends to proceed to formalise the joint venture. If Midas and Zijin agree to



proceed to a formal joint venture, Midas can acquire a 70% interest in the tenements by completing certain expenditures and milestones:

- Stage One: US\$200,000 on exploration within the first 12 months of the JV after which Midas can either withdraw or proceed to Stage Two.
- Stage Two: Should Midas proceed to Stage Two, a joint venture company will be formed with an initial capital of US\$5 million consisting of (i) tenements and associated rights contributed by Zijin valued at US\$3.5 million and (ii) US\$1.3 million in cash from Midas plus the Stage One work contributed by Midas valued at US\$0.2 million. Midas will have a deemed 30% equity interest with the right to acquire a further 20% interest by spending a further US\$ 2 million on exploration of the Project over three years. If Midas exercises its right of acquisition of the interest in the joint venture company as described above, Zijin will reduce its holding in the joint venture company to 50%.
- Stage Three: If Midas completes a Definitive Feasibility Study and recommends a mining development it will fully acquire a 70% equity interest. Zijin has the right to Buy-back to a 60% interest under certain terms and conditions as set out in the MoU.

THE DA HONG SHAN PROJECT

The Da Hong Shan Project is located within the mineral rich **Tian Shan Belt** (Figure 1). The tenements are located 150km from Hami City in Xinjiang province and are considered to have the potential for hosting a copper deposit. Two significant porphyry copper deposits are situated 20 km to the East along strike: the Tuwu deposit and the Yandong deposit.

Copper mineralisation occurs in an east-west belt of accreted Carboniferous rocks intruded by porphyry stocks, sills and dykes that are the host for disseminated porphyry style copper sulphide mineralisation.

Copper oxide mineralisation outcrops at the Fuxing prospect within the Zijin tenements and this prospect was the focus of exploration by Zijin.

Visible copper oxide mineralisation and alteration has been identified in exploration trenches along an initial 2.5km strike length. Exploration by Zijin includes extensive trenching, induced polarisation surveys, and the drilling of 13 diamond drill holes which intersected wide zones of low-grade disseminated copper mineralisation.

The mineralisation occurs within a highly altered package of mafic and intermediate volcanics associated with several thin felsic porphyry intrusives. The alteration appears to be consistent with a magmatic hydrothermal alteration system, typical of other porphyry copper deposits in the region.

More information on the copper mineralisation and drill results will be released upon completion of due diligence.

LOGISTICS AND INFRASTRUCTURE

The Da Hong Shan tenements are easily accessible by bitumen highway 150kms to the south of Hami City, a regional centre in Xin Jiang Province, which is an autonomous region within the P.R. China. While there is no local infrastructure in the immediate vicinity of the project it is expected that future development of other large copper deposits in the area would facilitate the construction of power, water and rail links if a mining development at Da Hong Shan is justified.



The region has an arid desert climate with extremes of summer and winter temperatures. There is an effective ten month working field season and there are no indigenous people living in this area. The provincial government is strongly supportive of mining development.

ABOUT ZIJIN

Zijin Ming Group Co Ltd. (Zijin) operates six gold mines (including the largest open pit gold operation in China, the Fujian Zijinshan Gold Mine) and is one of the largest gold producers in China (10.4% of China's total gold mine production in 2007). The company is also one of the main non-ferrous metals producer in China. Zijin owns substantial resources and reserves of copper, platinum group metals, nickel, lead, zinc, molybdenum, tin, iron ore and coal and is the third largest copper miner in China. The company has subsidiaries operating in more than 20 provinces across China, as well as in 7 overseas countries. In 2006 the annual revenue of Zijin exceeded RMB 10 billion.

ABOUT MIDAS

Midas Resources Limited ("Midas") is an ASX listed resource exploration company based in Perth Western Australia (ASX:MDS/MDSOA). Midas has a significant gold project at Lake Carey in Western Australia and a porphyry copper-molybdenum project at Waitara in Queensland. Active drilling programs are planned for both of these projects in 2008. The Company is also actively pursuing advanced gold, nickel and base metal acquisition opportunities in Australia and China. Midas has an established corporate office in Shenzhen and a regional office near Chengdu in Sichuan Province where the Company has an exploration joint venture with Geological Brigade 405.

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

G D Balfe
Managing Director CEO

The information within this report as it relates to exploration results and geology was compiled by Mr. Paul Dunbar who is a member of the Australian Institute of Mining and Metallurgy. Mr. Dunbar is a full time employee of the Company. Mr. Dunbar 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. Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Fig 1