



ASX RELEASE
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Midas signs formal agreement with one of China's largest resource companies concerning porphyry copper project

Highlights:

- **Midas Mining China Limited has signed a Cooperation Agreement with Chinese metals group Zijin for the exploration of the Da Hong Shan copper porphyry project in Xinjiang Province, Western China.**
- **Midas can earn up to a 50% interest in the tenements through a total investment of CNY 24.5 million (approx AUD\$3.66 million) over four years.**
- **Midas' interest will increase to 70% by completing a Definitive Feasibility Study and taking the project to a development decision, subject to Zijin's right to Buy-back to a 60% interest.**
- **A substantive program involving 2,000m of diamond drilling, geochemistry and geophysics will be implemented in 2nd half CY2008 in satisfaction of Midas' minimum commitment under the agreement at a cost of CNY 1.4 million.**

Midas Resources Limited ("Midas" or "the Company") (**ASX:MDS**), through its 85% owned subsidiary Midas Mining China Limited, has finalised a formal cooperation agreement with a subsidiary of one of China's largest resources companies - Zijin Mining Group Co Ltd ("Zijin") (Hong Kong Stock Code: 2899).

The agreement with Zijin Mining Group Northwest Co Ltd ratifies the memorandum of understanding (MoU) announced on 21 January 2008 and the completion of two months Due Diligence by Midas.

The agreement allows Midas to explore the highly prospective Da Hong Shan porphyry copper project at the **Tian Shan Belt** of Xinjiang province of Western China. The project comprises three contiguous exploration licences with a total area of 302km².

The cooperation agreement sets out in detail the future joint venture relationship between the companies if Midas completes the first stage outlined in the agreement and elects to form the joint venture.

"The signing of the agreement with one of China's largest resource companies is a significant milestone in the growth of Midas Resources and importantly provides significant upside and opportunity for the Company," Midas managing director Geoff Balfe said.

"The Company's due diligence has identified a number of drill targets and plans are well advanced for mobilisation of a diamond drill rig and commencement of an initial work program of diamond drilling, geophysics, and geochemical sampling in 2008."

Further technical information about the program will be released by the Company when appropriate service agreements are finalised with the contractors.

COMMERCIAL TERMS

The cooperation agreement provides for a staged equity earn-in with Midas assuming all technical risk until a decision to mine is reached.



- **Stage One:** CNY 1.4 million on exploration within the first 12 months of the Cooperation Agreement including 2,000m of diamond drilling 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 approximately CNY 35 million consisting of (i) tenements and associated rights contributed by Zijin valued at CNY24.5 million and (ii) CNY 9.1 million in cash from Midas plus the Stage One work contributed by Midas valued at CNY 1.4 million. Midas will then have a deemed 30% equity interest with the right to earn a further 20% interest by spending a further CNY 14.0 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 cooperative agreement.

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 significant porphyry copper deposit. Two significant porphyry copper deposits are situated 20km to the East along strike of the Da Hong Shan tenements: the Tuwu deposit and the Yandong deposit.

Copper mineralisation at Da Hong Shan 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 has been 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.

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 producers 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/MDSOB). 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 have been completed at 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.

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. Geoff Balfe who is a member of the Australian Institute of Mining and Metallurgy. Mr. Balfe is 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 his information in the form and context in which it appears.

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Fig 1