



20 October, 2009

**ASX Announcement**

**MIDAS RESOURCES (ASX: MDS) FIRST QUARTER ACTIVITIES  
STATEMENT**

**HIGHLIGHTS**

- At Lake Carey the Company is investigating a range of mining and treatment options for Fortitude including toll treatment, stand-alone and heap leach. Expansion of the resource base through acquisition, exploration and joint ventures is a further strategy to be pursued in order to justify a stand-alone mining and treatment operation.
- New Iron ore projects have been acquired through the acquisition of Mulga Minerals Pty Ltd. The acquisition has introduced a range of quality iron ore projects to the Company and drill targets have already been identified at the Pilbara West project. The Company completed acquisition of Mulga on 5 October.
- The application by Midas for in excess of 1,200km<sup>2</sup> in the Paterson Province, Western Australia, marks an important milestone for the Company. The ground is considered highly prospective for base metals, gold and uranium.

**OPERATIONS SUMMARY**

**WESTERN AUSTRALIA**

**Lake Carey Gold Project - Fortitude (M39/709, M39/710, M39/1065) (100% Midas)**

The previously reported Resource statement for Fortitude at a 0.5 g/t Au lower cut off grade, estimated in accordance with the JORC Code, is given below:

<b>Category</b>	<b>Tonnes (Mt)</b>	<b>Grade (g/t Au)</b>	<b>Metal (ozs Au)</b>
<b>Measured</b>	-	-	-
<b>Indicated</b>	3.05	1.7	164,000
<b>Inferred</b>	6.02	1.6	309,000
<b>Total</b>	9.07	1.6	473,000

During the Quarter AngloGold Ashanti (Australia) Limited (“AGAA”) carried out a scoping level study of the Fortitude deposit and a review of exploration potential within the Lake Carey tenements. No commercial agreement has been reached between the companies.

The current tenements and targets within Lake Carey are shown in Figure 1 below:

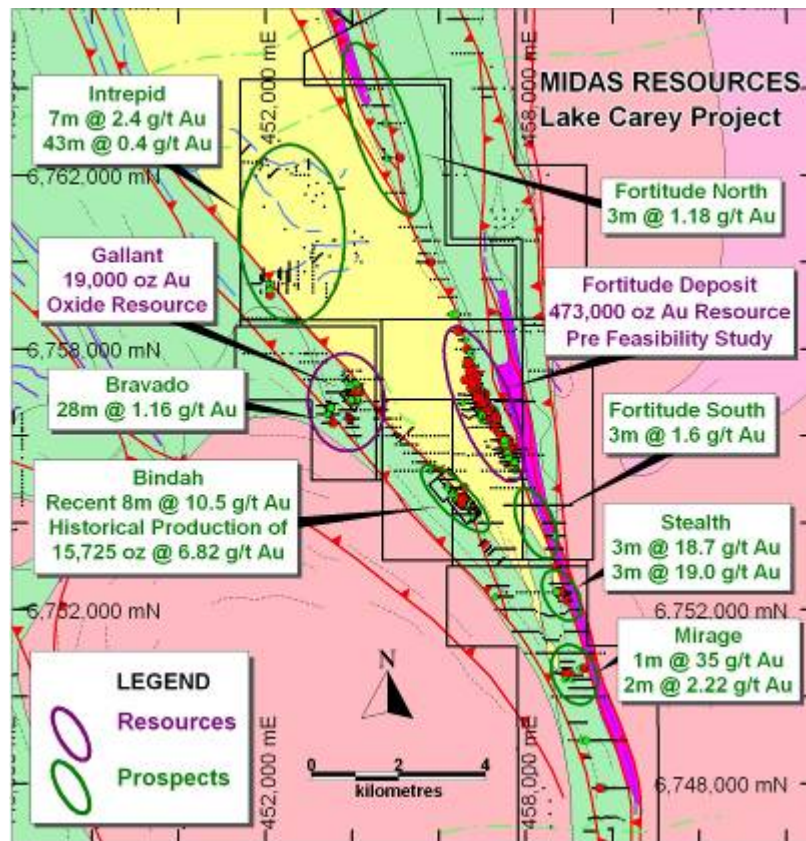


Figure 1 Lake Carey targets and Tenement Outlines.

The Company has identified a drill target to the south of Fortitude and plans for a drill test in the December Quarter will be announced once a drill rig has been secured and access approval obtained.

### Sunset Well P37/6898-P37/6907, P37/5551, P37/7193 (St Barbara Option)

St Barbara Limited (“SBM”) had an 18 month option to explore the Sunset Well project tenements which expired on 14 August 2009. By mutual agreement the Option period has been extended to December 31, 2010. SBM has committed to a work program to test a gold target with a series of 400m spaced lines with holes spaced 200m apart. This program is expected to be carried out in the middle of 2010.

## **IRON ORE PROJECTS – Mulga Minerals Pty Ltd**

The conditional share purchase agreement for Mulga Minerals Pty Ltd was announced on 29 June 2009. Mulga, which is associated with Midas Chairman Don Boyer, holds iron ore tenements in the Pilbara district of Western Australia. Following a due diligence review of the Pilbara tenements, the results of which were reported on 5 August, the non-associated Directors resolved to proceed to complete the purchase of Mulga. The consideration for the purchase is six million fully paid shares in Midas and \$75,000 in cash.

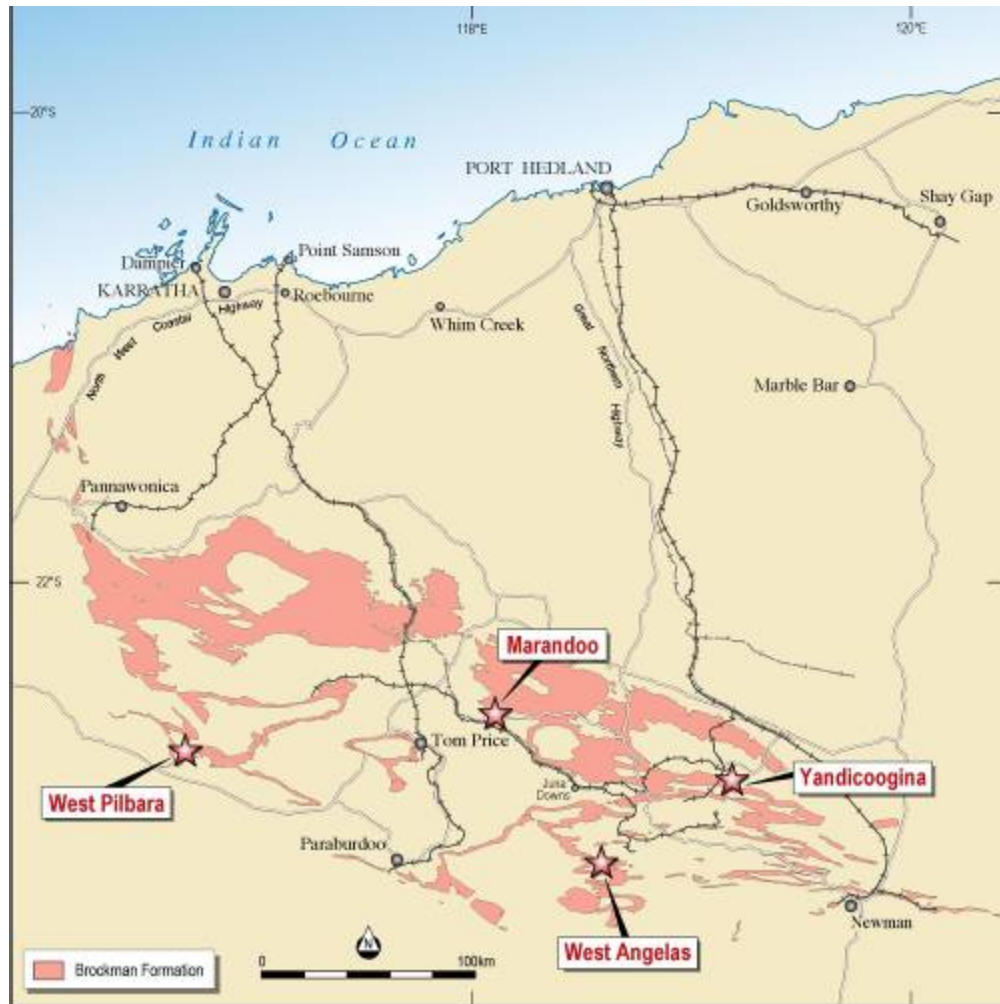
Subsequent to the end of the Quarter, shareholder approval for the acquisition was obtained at a General Meeting, conducted on the 5<sup>th</sup> of October. The Mulga acquisition has now been completed.

## **THE IRON ORE TENEMENTS**

The tenement package consists of six core tenements and four separate project areas; these are shown in Table 2 and Figure 3 below:

Table 2. Details of the Mulga Minerals Iron Ore tenements, only tenements where Mulga is the priority applicant are listed

<b>Project</b>	<b>Tenement</b>	<b>Status</b>	<b>Area (km<sup>2</sup>)</b>
<b>Marandoo</b>	<b>E47/1885</b>	<b>Granted</b>	<b>6</b>
<b>West Angelas</b>	E47/1886	Pending	3.2
<b>West Pilbara</b>	<b>E47/1893</b>	<b>Granted</b>	<b>49.2</b>
	E08/1997	Pending	44.3
<b>Yandicoogina</b>	<b>E47/1901</b>	<b>Granted</b>	<b>1.0</b>
	E47/1958	Pending	2.9
<b>Total</b>			<b>106.6</b>

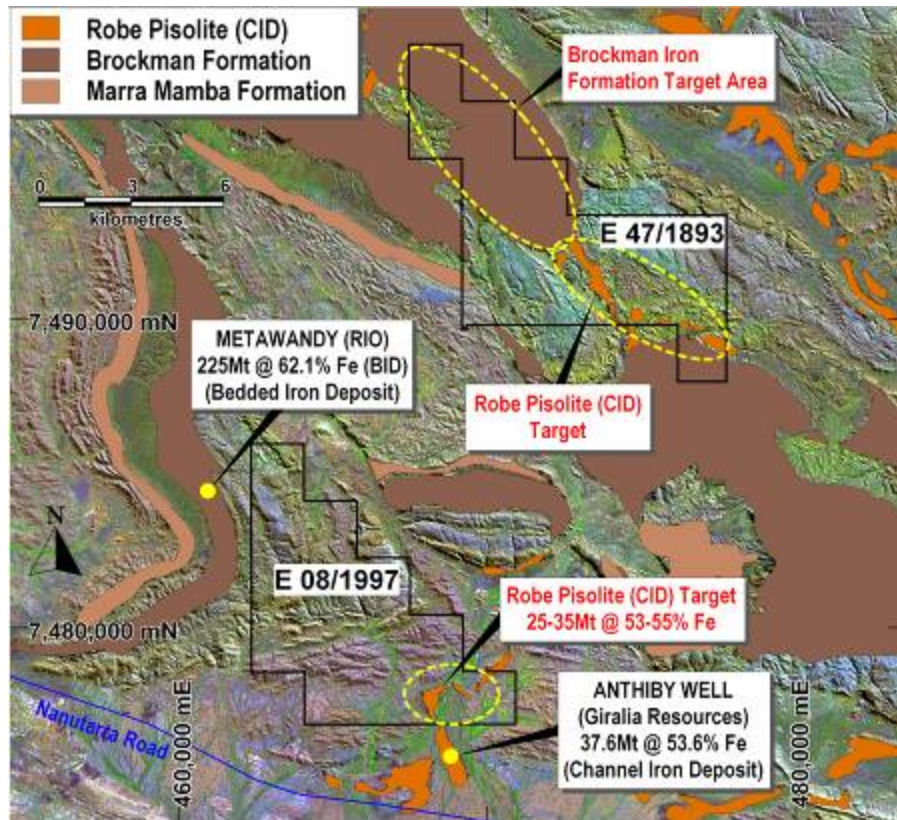


**Figure 3. Location of Iron Ore Projects in the West Pilbara**

### **West Pilbara Project**

E47/1893 and EL08/1997 (figure 4) are located 110km west of Tom Price. E08/1997 is within 10km of the sealed Nanutarra-Wittenoom road and it is in close proximity to several iron ore deposits including Metawandy (Rio Tinto) and Anthiby Well (Giralia Resources NL). The iron ore targets identified in the subject tenements include mesas of Robe Pisolite (CID's) and potential BID's in the Brockman Iron Formation.

Rock chip sampling carried out in July 2009 of the southern mesa in EL08/1997 involved 56 samples collected mainly from the breakaway slope of the mesa, plus various other grab samples, see figure 4.



**Figure 4 West Pilbara Exploration Targets**

## **RESULTS**

An initial cut-off grade of 55% Fe has been selected for defining significant results. Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub> and P are considered to be contaminants in iron ores and are reported in Table 3 below.

### **Southern Tenement (E08/1997)**

High priority targets occur in E08/1997 and these are mesas of Robe River Pisolite that occur along the ancient drainages. The mesas in E08/1997 were rock-chip sampled in July 2009 as a part of the Midas Due Diligence into the Mulga acquisition.

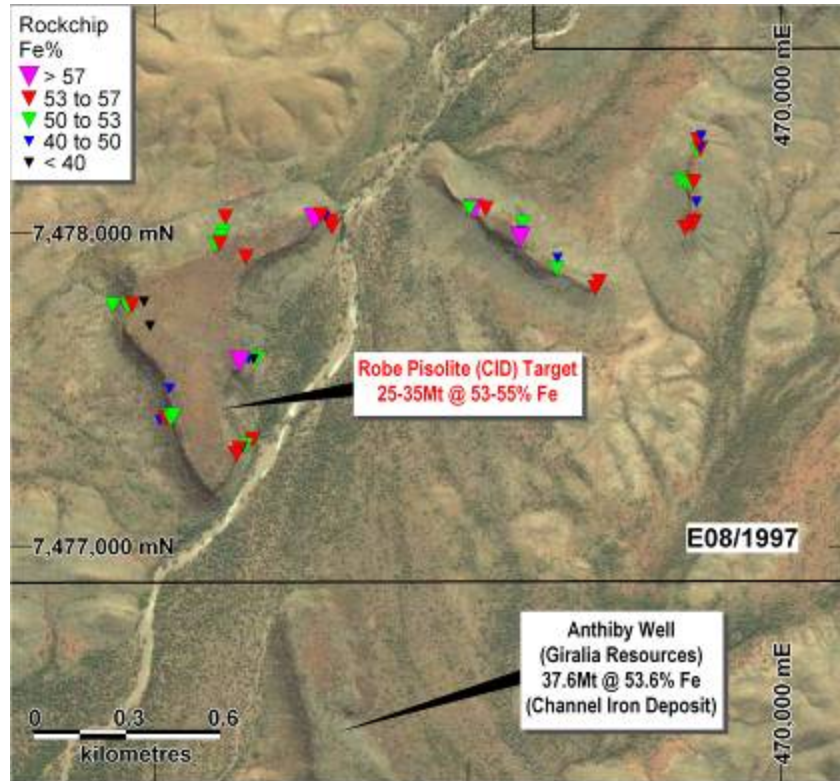
Assay results over 55% Fe are reported in Table 3. Figure 5 shows the location and results of all samples.

Table 3. Rock Chip Assay Results from the southern West Pilbara targets within E08/1997:

<b>Sample Number</b>	<b>Easting</b>	<b>Northing</b>	<b>RL</b>	<b>Fe %</b>	<b>Ca Fe %</b>	<b>SiO2 %</b>	<b>Al2O3 %</b>	<b>P %</b>	<b>S %</b>	<b>LOI</b>
P0005	469735	7478297	315	55.4	63.1	5.34	2.46	0.055	0.023	12.25
P0010	469721	7478163	331	55.4	60.8	6.91	4.12	0.070	0.072	8.81
P0011	469723	7478037	333	55.9	61.8	5.15	4.21	0.076	0.134	9.57
P0014	469694	7478017	311	56.5	62.1	5.82	3.67	0.078	0.044	9.07
P0016	469408	7477825	306	55.4	61.2	5.70	4.23	0.041	0.162	9.51
P0021	469168	7477987	317	57.5	61.5	6.03	3.99	0.068	0.075	6.46
P0022	469019	7478077	321	58.3	63.0	4.05	3.92	0.063	0.094	7.46
P0033	468311	7477341	273	55.7	60.8	5.48	5.16	0.050	0.066	8.32
P0038	468270	7477590	314	57.2	62.0	5.10	4.11	0.048	0.094	7.74
P0039	468290	7477924	319	55.6	59.7	6.79	5.54	0.062	0.051	6.93
P0040	468509	7478046	317	58.2	62.5	4.53	4.31	0.050	0.073	6.81

Notes:

1. This table only includes assay results >55% Fe, all assay results are included in the 5<sup>th</sup> August 2009 ASX release.
2. Analysis was done using fused disk X-Ray Fluorescence Spectrometry (XRF) with Loss on Ignition (LOI) determined using a Thermo-gravimetric analyser at 1000<sup>o</sup>C.
3. Calcined Iron (CaFe) calculated by the formula  $CaFe\% = ((Fe\%) / (100 - LOI)) * 100$  with LOI determined at 1000<sup>o</sup>C.



**Figure 5 CID Target - Rock chip results for Fe% highlighted**

Of the 56 samples collected in this tenement 11 exceeded 55% Fe, averaging 56.5% Fe (61.7% CaFe). The average of all 56 samples is 51.2% Fe (57% CaFe).

Based on the known surface area and height of the mesa and the rock chip results the Exploration Target is 25Mt to 35Mt grading between 53% and 55% Fe. It is noted that the Exploration Target in the Mulga tenement is conceptual in nature, insufficient work has been done to define a Mineral Resource and further work may not necessarily define a Mineral Resource.

This exploration target is in part guided by the reported inferred resource of Giralia Resources NL on their adjacent tenement of 37.6 Mt @ 53.6% Fe at a 50% Fe cut off grade.

Drill rig access to the mesa has been reviewed and while some earthworks would be required, drill testing of this target could commence as soon as the tenement is granted, and after any required heritage and environmental clearance surveys have been satisfactorily conducted.

#### **Northern Tenement (E47/1893)**

Several Robe River Pisolite type exploration targets had been identified in the southern part of the tenement. Where observed they consist of thin Robe River Pisolite and cemented colluvial gravels. While the thickness of these units is between 5 and 10m, which is significantly less than the more typical mesa CID mineralisation, they do cover a significant area and may therefore have potential for CID type deposits.

Of the 17 samples collected in this tenement four exceeded 55% Fe, averaging 56.8%Fe (61.9% CaFe).

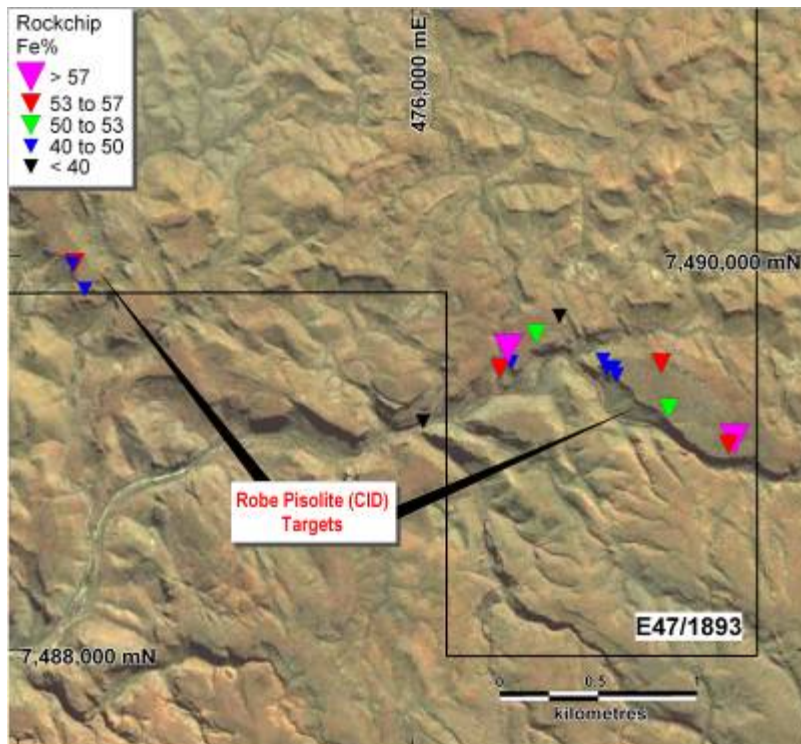
Assay results over 55% Fe are in Table 4 (the ASX release of 5<sup>th</sup> August 2009 details all assay results) and Figure 6 shows the location of all samples. With samples in excess of 55% Fe highlighted.

**Table 4** Rock Chip Assay results from targets in E47/1993 - the northern West Pilbara tenement:

Sample Number	Easting	Northing	RL	Fe %	CaFe %	SiO2 %	Al2O3 %	P %	S %	LOI
P0057	477633	7489072	470	57.1	61.7	5.70	4.12	0.045	0.029	7.46
P0061	477262	7489455	469	55.8	60.6	5.69	5.55	0.048	0.048	7.90
P0065	476446	7489430	424	56.7	63.1	5.41	2.67	0.036	0.080	10.10
P0067	476486	7489531	458	57.5	62.2	6.03	3.19	0.073	0.077	7.51

Notes:

1. This table only includes assay results >55% Fe, all assay results are included in the 5<sup>th</sup> August 2009 ASX release.
2. Analysis was done using fused disk X-Ray Fluorescence Spectrometry (XRF) with Loss on Ignition (LOI) determined using a Thermo-gravimetric analyser at 1000<sup>o</sup>C.
3. Calcined Iron (CaFe) calculated by the formula  $CaFe\% = ((Fe\%) / (100-LOI)) * 100$  with LOI determined at 1000<sup>o</sup>C



**Figure 6.** Rock chip samples with Fe% results highlighted

In addition to the targets sampled in the southern part of E47/1893 a number of iron ore targets have been identified in the northern part of this tenement and further sampling using helicopter support is planned in the next Quarter.

### **Marandoo (E47/1885)**

Mapping by a previous company identified bedded iron mineralisation (BID) and Canga type mineralisation within the Marandoo tenement. Thirty six samples were collected by Midas with a total of nine samples returning assay results greater than 55% Fe, averaging 59.5% Fe with the highest assay of 65.5% Fe.

Figure 7 shows the location of the samples with results highlighted. Table 5 lists the results greater than 55% Fe (the ASX release of 5<sup>th</sup> August 2009 details all assay results).

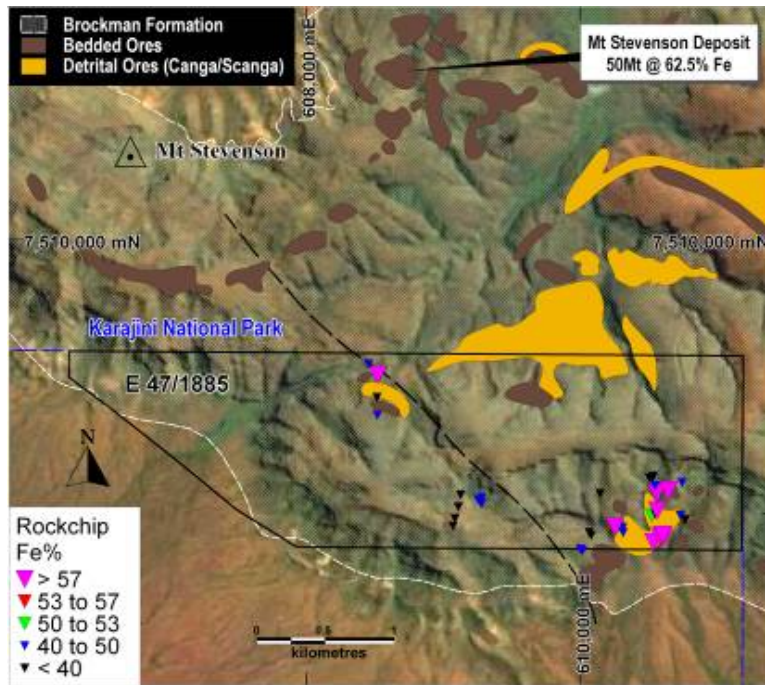
**Table 5** Rock Chip Assay results for the Marandoo project:

Sample Number	Easting	Northing	RL	Fe %	CaFe %	SiO2 %	Al2O3 %	P %	S %	LOI
P0074	608524	7509014	930	63.7	65.5	3.43	1.33	0.104	0.056	2.68
P0084	610253	7507908	844	58.2	60.2	11.45	0.91	0.075	0.042	3.39
P0101	610533	7507795	822	65.5	67.4	2.12	0.83	0.078	0.025	2.85
P0102	610579	7507838	839	62.4	66.9	1.94	1.46	0.088	0.043	6.79
P0103	610607	7507832	838	58.8	65.0	2.81	2.77	0.183	0.069	9.47
P0104	610604	7507849	841	60.9	66.8	1.72	1.54	0.110	0.054	8.86
P0107	610562	7508025	881	59.0	62.6	8.41	0.93	0.139	0.047	5.72
P0108	610558	7508152	909	58.0	62.6	8.20	0.95	0.118	0.038	7.34
P0113	610644	7508173	922	60.0	64.7	6.01	0.47	0.100	0.025	7.24

Notes:

1. This table only includes assay results >55% Fe, all assay results are included in the 5<sup>th</sup> August 2009 ASX release.
2. Analysis was done using fused disk X-Ray Fluorescence Spectrometry (XRF) with Loss on Ignition (LOI) determined using a Thermo-gravimetric analyser at 1000<sup>0</sup>C.

3. Calcined Iron (CaFe) calculated by the formula  $CaFe\% = ((Fe\%) / (100-LOI)) * 100$  with LOI determined at  $1000^{\circ}C$



**Figure 7.** Marandoo rock chip samples with Fe% highlighted  
Follow-up sampling of Marandoo is planned in the next Quarter.

### **Yandicoogina**

The project comprises two tenement applications; E47/1901 and E47/1958 and it is located 85km NW of Newman and 7 km south of the Yandicoogina mine site. The tenements are considered to have potential for several unmapped palaeo-drainage systems with potential to host CID type deposits. Reconnaissance drilling would be required to test this potential. E47/1901 was granted on 14 August and the E47/1958 application is pending.

### **West Angelas**

E47/1886 is located 12 km south west of Robe River Iron's West Angelas minesite. The tenement is largely covered by transported material but contains outcrops of Brockman Iron Formation. Potential is seen for BID and canga type deposits and supergene enriched haematite-goethite deposits associated with the Brockman Iron Formation. There is no previous drilling on E47/1886 and Mulga is the priority applicant.

### **Bidamina Mineral Sands**

#### **100% Midas – Part of the Mulga Acquisition**

Mulga has tenement applications in the northern Perth Basin for minerals sands.

E70/3529 and E70/3639 cover the interpreted extension of known heavy mineral strandlines in proximity to Image Resources' Bidamina South ilmenite deposit. Assessment of the potential of these tenements is ongoing.

## **PATERSON PROVINCE TENEMENT APPLICATIONS**

Midas is the priority applicant for two Exploration licences E45/3467 (42 sub-blocks) and E45/3468 (25 sub-blocks) in the Paterson Province, Western Australia. An additional five Exploration Licences E45/3506 – 3510 are also under application. However, due to simultaneous applications by other parties the five recent Midas applications are subject to a ballot to determine the priority applicant for each tenement. This ballot is scheduled for the 18<sup>th</sup> December. Objections have been lodged against three of the Midas applications. All these tenements cover important sections of the stratigraphy that hosts significant base metal deposits including the Nifty and Maroochydore copper deposits. Potential is also recognised in the region for unconformity uranium deposits (e.g. Kintyre) and sediment hosted gold deposits (e.g. Telfer).

Following granting of the tenements and completion of the historical data review Midas intends to undertake an aggressive exploration programme. The Company is also proactive concerning future opportunities for base metals, gold and uranium in the Paterson Province.

Midas now has in excess of 1,200km<sup>2</sup> under application in the Paterson Province, Western Australia.

## **STRATEGIC OUTLOOK**

Directors are encouraged by the current strong gold price and the potential to form alliances with other companies in the Lake Carey region for the exploration and development of gold deposits at Lake Carey. The Company plans to conduct scoping level studies into various development options in parallel with the drill testing of gold targets.

The recent acquisition of Mulga Minerals Pty Ltd and its Iron Ore tenements in the Pilbara is a significant milestone for the Company with excellent upside due to the recent identification of drill targets at West Pilbara. The Company intends to be proactive in the Pilbara regarding other Iron Ore opportunities.

Yours faithfully,

**GEOFF BALFE**

**Managing Director/CEO  
MIDAS RESOURCES LIMITED**

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*The information within this presentation as it relates to Exploration Results, Mineral Resources and Geology was compiled by Mr Paul Dunbar who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. 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 and Mineral Resources'. Mr Dunbar consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.*

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