

AuDAX RESOURCES LTD

ABN 50 009 058 646

ANNUAL REPORT 2007

AuDAX
RESOURCES LTD

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CORPORATE DIRECTORY

Directors

Gary James Roper (Managing Director)
Leith Beal
Dr Peter Barber (appointed 12 February 2007)
David Ian Chalmers (resigned 12 February 2007)
Glen Warren Edwards (resigned 14 July 2006)

Secretary

Peter Reynold Ironside

Registered and Principal Office

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Share Registry

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45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2001

Solicitors

Mallesons Stephen Jaques
Level 10, Central Park
152 St Georges Tce
Perth WA 6000

Bankers

National Australia Bank
50 St Georges Tce
Perth WA 6000

Home Stock Exchange

Australian Stock Exchange Ltd
2 The Esplanade
Perth WA 6000
ASX Code: ADX

Auditors

Rothsay Chartered Accountants
Level 1
2 Barrack Street
Sydney NSW 2000

REPORT TO SHAREHOLDERS

Dear Shareholders

The Company has achieved exciting results from its latest round of exploration in the Cooper Basin.

After a number of weather related delays, the Cooper Basin Joint Venture operated by Eagle Bay Resources, completed the Sarah-Lyn oil exploration well and the Vanessa gas discovery well. Sarah Lyn was disappointing in that it failed to find any significant hydro-carbon shows and was plugged and abandoned.

A series of technical problems which in turn caused some serious cost over-runs blurred the results of Vanessa, however initial tests indicate that the well encountered a significant gas occurrence which the Company will further test in the coming months. There is a very good chance that this discovery may provide an important cash flow to the Company in the near future.

Santos which owns the producing Pennie Gas Field located only 3-4 kilometres from Vanessa will be approached and it is anticipated that the Joint Venture will be able to negotiate an agreement to sell the gas into that existing facility.

The Company has managed to joint venture out several of its gold and base metal projects during the year.

The West Yandal joint venture has been an important income generator over the past 12 months and we look forward to further benefits from the exploitation of that property by View Resources.

The Gindalbie nickel joint venture has outlined a number of anomalies which will be drill tested this year and in recent times the Kara Prospect has been joint ventured to View Resources.

Negotiations with other potential farminees on the Company's other projects are currently in progress.

The Company has now established itself within the oil and gas exploration sector and has experienced the ups and downs, which seem to be accepted as the norm in this industry. Despite the delays and cost over runs, exploration success has been achieved and more success is likely given the prospectivity of the Cooper Basin acreage.

The Company is also gaining exposure to other established operators in this sector and as a result I feel confident that further opportunities to participate in other projects will be presented to the Company.

With this in mind and the continued strength of the world oil and gas prices the Board of Directors are convinced that the Company can make its mark in this sector in the coming year.

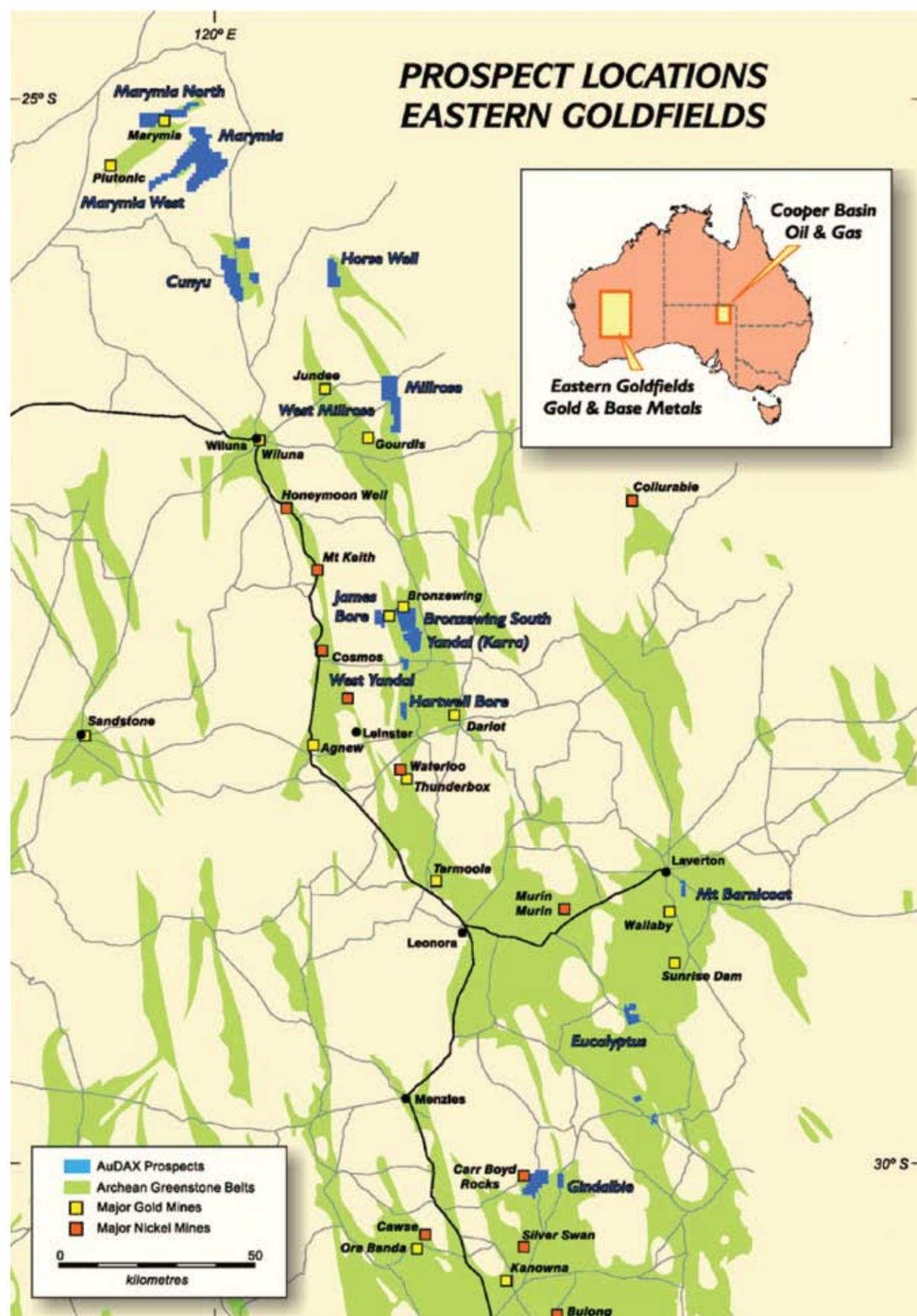
We look forward to ongoing exploration success and future development opportunities.



Gary Roper

Managing Director

PROSPECT LOCATIONS



REVIEW OF OPERATIONS

OIL AND GAS EXPLORATION

PEL 182 Onshore Petroleum Exploration – Cooper Basin S.A.
(AuDAX Resources Ltd 49.9%, Eagle Bay Resources NL 37.6% (Operator), AOC 5% and DOME 7.5%)

Introduction

Petroleum Exploration Licence 182, in which AuDax has a 49.9% interest, is acreage previously held by Santos and located on the prospective but under-explored northern margin of the Cooper/Eromanga Basin. The licence was originally won by Eagle Bay Resources NL in late 2004 after strong and competitive bidding from six companies. It covers an area of 1,745 square kilometres and is located 60 kilometres north of oil and gas processing facilities at Moomba, which is 770 kilometres north of Adelaide. The permit extends peripherally around the Coongie Lakes National Park.

Moomba is also the primary logistics, transport and communications hub for the entire basin. The Cuttahirrie/Tirrawarra to Moomba gas pipeline traverses the south east corner of the permit and enhances the commerciality of any gas prone leads and prospects in the immediate areas adjacent to the pipeline corridor. Cooper and Eromanga oil and gas liquids are transported by pipeline to Port Bonyton for processing, storage and export.

Following Native Title clearances for land access, the permit was formally granted by the South Australia Minister of Mineral Resources Development to Eagle Bay on 10 August 2005. As a prelude to the formal award of the permit, AuDax entered a farmin agreement on 9 November 2004 with Eagle Bay to earn 49.9% interest in the licence. This was to be accomplished by contributing \$250,000 towards obtaining Native Title clearances over PEL 182 and paying for the first 3 exploration wells with the overall contributing farmin costs by AuDax to be capped at \$4.75m. Thereafter the parties would contribute proportionately to the interest held.

The permit commitment to the South Australian Government called for a firm exploration commitment of 11 wells and 70kms of reprocessed seismic in the first three-year term, of which 5 wells were scheduled to be drilled by the end of permit year one. Due to delays initially caused by lack of rig availability and later operational logistics caused by heavy rains and flooding of the Cooper Creek system, the first permit year anniversary has been extended to 23 November 2007. Three exploration wells (Emily-1, Sarahlyn-1 and Vanessa-1) have been drilled during this time, resulting in a Permian gas discovery at Vanessa-1 and the recovery of 1.3 barrels of oil at Emily-1. AuDax has completely met its farmin obligations and now has an unencumbered 49.9% interest in the permit.

The PEL182 Joint Venture is currently negotiating with the South Australian government for a variation in the exploration work programme commitment. This would allow an extension of time for current 2D seismic reprocessing and seismic interpretation to be completed, so as to allow the remaining commitment wells to be drilled in the optimum location and as expediently as possible, while at the same time keeping the permit in good standing.

Geological and Geophysical Review

The Cooper/Eromanga Basin complex is the largest oil and gas province in onshore Australia and extends from northeastern South Australia into southwest Queensland. The Cooper Basin is a Permo-Carboniferous to Triassic intracratonic basin. It is overlain by the Jurassic to Cretaceous Eromanga Basin which is sag basin. The Eromanga and Cooper Basins collectively contain up to 3,700 metres of dominantly, fluvial and lacustrine sediments with some marine units. The exploration licence lies on the northwest flank of the Patchawarra Trough, which is a proven Permian oil and gas generative kitchen with hydrocarbon charge into Permian, Triassic and Jurassic sand reservoirs.

Initial review in 2006 of existing seismic and well data in the area, previously acquired by Santos, confirmed the prospectivity of this area, with 11 targets being identified, 3 of which were drilled at the Emily-1, Sarahlyn-1 and Vanessa-1 locations.

Emily-1 (Cased and suspended: TD 2324m)

This well was the first well drilled by the PEL182 Joint Venture and was spudded on 7 January 2006 to test a simple 4 way closure with 3 separate oil objectives in the Jurassic Hutton and Poolowanna sandstones and Triassic Tinchoo sandstones. The well was located 6.5km up dip from the 1997 Santos oil discovery at Tarragon-1 which flowed 1,500 BOPD from the Hutton and 500 BOPD from the Tinchoo Sandstone reservoirs. Being located on the northern flank of the Cooper/Eromanga Basin, just updip of the Permian pinchout edge and down dip of the Triassic pinchout edge, the well was in an ideal position to capture hydrocarbons migrating up and out of the deeper Patchawarra Trough and Cooper Basin source kitchen, into flanking Triassic and Jurassic sandstone reservoirs.

REVIEW OF OPERATIONS cont.

The hole was drilled to total depth (TD) of 2,324m and a fair oil show was noted in the primary objective at the Base Birkhead/Top Hutton at 1901.5m. No significant shows were recorded from the secondary and tertiary objectives of the Poolowanna Formation or top of the Tinchoo Formation. Due to rain in the area and road closures, drill stem test equipment did not arrive in time to allow open-hole barefoot testing of shows to be undertaken while drilling. Once total depth was reached, wire line logs were completed and straddle drill stem test completed across the Base Birkhead/Top Hutton interval from 1,901 to 1,907.5 metres over two sand bodies that exhibited hydrocarbon shows when drilling and recorded higher resistivities on the electrical logs. The test recovered a total of 33.6 barrels of fluid, of which 1.3 barrels were light black oil. The hole was cased and suspended on the 24 January 2006.

It is proposed that the upper sand be selectively perforated at a later date with a smaller workover rig to establish water-free oil production. Reprocessing and interpretation of existing 2D seismic data over the Emily feature is currently underway to allow consideration as to whether or not viable prospective accumulation exists updip of the current Emily-1 location.

Sarahlyn-1 (Plugged and abandoned: TD 2761m)

Sarahlyn-1, the first well in a two-well drilling campaign during the first half of 2007, was drilled to target shallow oil reservoirs in the Eromanga Basin with the Jurassic Birkhead and Hutton and the Triassic Tinchoo Sands as the primary objectives. These reservoirs produced oil at 1500 BOPD and 500 BOPD respectively on DST in the nearby Tarragon-1, and Emily-1 had also encountered a small amount of sweet light crude oil in the Lower Birkhead sands.

Sarahlyn-1 was spudded on 16 April 2007 and reached total depth in 'Basement' at 2761m. All objective reservoirs were encountered as prognosed, but evaluation of the wireline and mudlog data indicated that no economic hydrocarbons were present, with all zones to TD being either tight or water-wet. The well was plugged and abandoned on 7 May 2007.

Vanessa ST-1 (Cased and suspended new Permian gas discovery: TD 3157m)

The second well, Vanessa-1, was drilled to target the deeper Permian Gas reservoirs in the Toolachee, Epsilon and Patchawarra sands, 4 km down-dip from the Santos Pennie-1 gas field which has been in production since 1995. The gas gathering pipeline to Moomba passes through the Pennie-1 location.

Vanessa-1 was spudded on 12 May 2007 and drilled to total depth of 3163m. The well encountered the primary Permian gas objectives in the Toolachee, Epsilon and Patchawarra sands, with each sand recording gas shows in the mud while drilling, despite being sometimes masked by high gas readings from interbedded coal seams.

Electric logs could only be run from 3025m upwards, as a thick coal seam in the uppermost Patchawarra Formation obstructed (bridged) the logging tools passing deeper to TD, preventing electric logs from being recorded in the latter formation. Electric logs recorded above the "bridge" indicated the potential presence of two gas bearing sands in the Epsilon Formation and one gas bearing sand in the Toolachee Formation.

Accordingly, open hole straddle drill stem tests (DSTs) were run across the potential two Epsilon and one Toolachee gas sands with the following results:

- DST-1A Epsilon Sand 2977 -2980m: 5.1 MMscfd on ½" choke at 800psi FP
- DST-1B Epsilon Sand 2960 -2963m: No flow (tool potentially plugged)
- DST-1C Toolachee Sand 2929 -2932m: 3.9 MMscfd on ½" choke at 525psi FP

No DST's were run in the deeper Patchawarra Fm, due to the coal obstruction.

Tool malfunction during DST-1B re-occurred later in DST-1C, and resulted in the DST tools becoming irretrievably stuck down hole. The original hole was therefore plugged back, and the new sidetrack Vanessa ST-1 successfully drilled to a new TD of 3157m. Wireline logs were successfully run across the entire new sidetrack interval from TD upwards, including the entire Patchawarra Formation, which could not be logged in the original hole.

7" production casing was then run in the new sidetrack hole to TD, such that the Vanessa-1 gas well is now cased and suspended as a future Permian Gas Producer.

REVIEW OF OPERATIONS cont.

Century Rig-3 was released at midnight on the 17 July 2007.

Potential for Patchawarra gas at Vanessa-1

The latest sidetrack logs have finally provided data across the Patchawarra interval, which indicate possibility for several additional prospective gas sands in the Patchawarra Formation. Flow-rates from these sands will be determined by production-testing through the 7" production casing at a later date when a workover rig is brought on site to develop the well and bring it into production.

Vanessa-1 estimated gas resource

Preliminary analysis of log and DST data indicates the Vanessa ST-1 well appears to have achieved a resource potential in the order of 15Bcf of gas, based on pre-drill mapping. In conjunction with future cased-hole production testing, the operator is currently undertaking detailed geological and geophysical studies, to define the reserve potential of the Vanessa gas pool.

Similar follow up prospects also lie nearby to the Vanessa ST-1 location in PEL-182, and in the event of success could be tied into Vanessa ST-1 to increase proven reserves and gas deliverability to point of sale using nearby infrastructure. The most significant of these targets is the SE Vanessa feature.

Future prospectivity and forward exploration activity

One of the key issues for selecting optimized drilling locations in the Cooper/Eromanga Basin has been the need for accurate time-to-depth conversion of seismic data, especially given the fact that there are some 10 vintages of seismic data ranging from 12- to 120-fold, in PEL 182.

The Joint Venture has accordingly embarked on 1283km of seismic reprocessing over key areas in the permit including the Emily-1 and Vanessa-1 locations and also over the Michelle-1 and Jasmine-1 stratigraphic prospects in the western part of the permit.

This work will be completed by end September 2007, following which a total new geological and geophysical interpretation of the permit will be undertaken for completion by end 2007. This will allow the Joint Venture to make informed decisions as to whether to proceed with drilling future wells on 2D seismic data, or whether to substitute 3D seismic in partial fulfillment of the firm well commitment, or a combination of both.

Considerable effort is being expended on reprocessing existing seismic data over a number of Birkhead-Hutton leads over western area of the permit and AuDax is optimistic that several prospects suitable for drilling will mature in this region.

At present, environmental clearances have been granted for drilling at the Jasmine-1 and Michelle-1 locations which represent two medium sized oil-prone Permian stratigraphic plays located in the western portion of the licence. Seismic inversion studies are currently underway to more accurately determine the exact pinchout limits of target sands at these two features.

Jasmine-1 prospect

Jasmine-1 lies 6km up dip from the untested Darter 1 well which intersected a single 9m sand that exhibited 80% visual oil fluorescence in cuttings and side wall cores from the Patchawarra Formation. The play at Jasmine-1 is truncation of the Patchawarra "oil sand" penetrated at Darter-1 by the Daralingie Unconformity, forming arcuate shaped closure. At Darter-1 the "oil sand" is sealed vertically by 35m of overlying interbedded claystone and coals and is underlain by 18m of interbedded claystone and coals. The closure at Jasmine covers an area of 17sqkm with 10 metres of net pay. Prospective resources are 6 MMbbls (P50 case) with the risk of finding oil being 1:5.

Michelle-1 prospect

Michelle-1 lies 3km west and up dip from the Arosa well. Arosa 1 intersected well developed clean sands of the Merrimella Formation-Tirrawarra Sandstone section that had moderate oil shows of up to 10% visual oil fluorescence. The sands are very well developed, clean, fine to very coarse, poorly sorted, hard and friable to loose in part. The Arosa well was not tested. The play type at Michelle-1 is the onlap of the Tirrawarra sandstone interval with the possible truncation of the interval by the overlying Daralingie Unconformity. The closure at Michelle covers an area of 13sq km with 10 metres of net pay. Prospective resources are 4 MMbbls (P50 case) with the risk of finding oil being 1 in 7.

REVIEW OF OPERATIONS cont.

White Sands Petroleum Ltd default

In January 2005, AuDAX, together with joint venture partner Eagle Bay, reached an agreement with White Sands Petroleum Limited to drill the first 5 wells on PEL 182. In return for AuDAX advancing US\$1m to White Sands to enable it to purchase and mobilise a state-of-the-art EDM drill rig from Norway, AuDAX were to receive US\$250,000 credit on each of the wells, equating to a return of US\$1.25m. White Sands were also earning 10% equity in the permit from AuDAX by contributing 20% of the drilling cost of each well.

Severe delays experienced by White Sands in getting their EDM rig operational, led to the Company being placed under Administration and the joint venture partners decided to contract Century Drilling to drill the first of the planned wells (Emily-1). The current status is that White Sands have no equity in PEL182, having completely defaulted on payment and AuDAX is currently working on recovering all or part of the liquidated monies due.

The Oil and Gas information on PEL-182 in this activity report is based on information compiled by Mr Ian R Barr who is a geophysicist and Dr. Peter M. Barber who is a geologist. Both are Competent Persons as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr Ian R Barr and Dr Peter M. Barber.

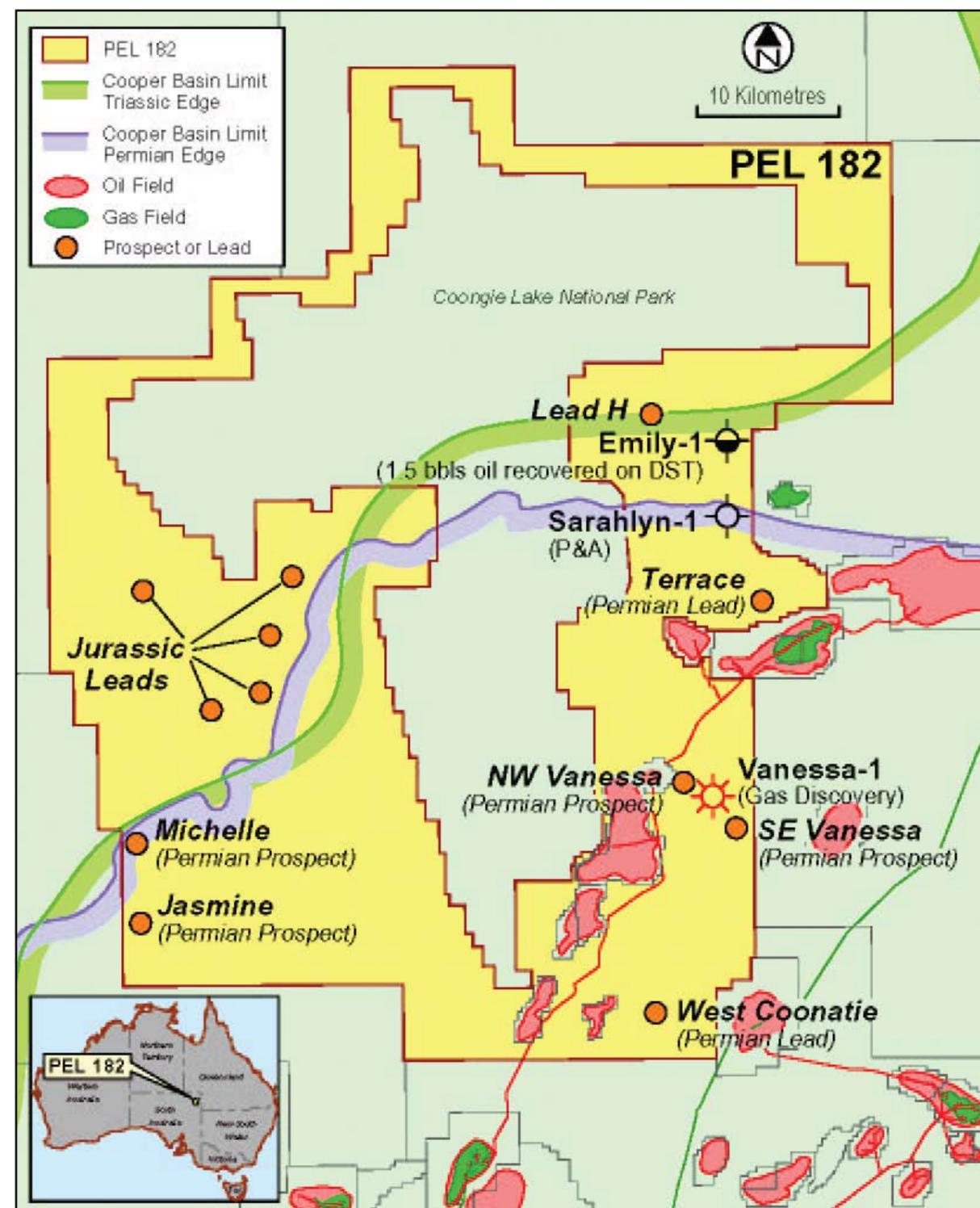
Mr I R Barr, Dr P. M. Barber and most other publicly listed oil exploration companies use the word "resource" in regard to the discovery of oil and gas. This word does not comply with the definition of reserves as set out in the JORC code which is a reporting code for mineral and coal exploration and not for oil and gas exploration. Statements attributed to 3rd parties do not necessarily reflect the opinions of AuDAX but are statements by qualified people on the public record and are included for completeness of the company's obligations under continuous disclosure.

The contents of this report are not and should not be used as a substitute for independent professional advice in making an investment decision. This is particularly true for online and day traders who do not access the professional advice available from licensed stockbrokers and consequently should not trade in the company's securities. The company does not give 'plain English' translation of technical reports. ADX shall not be liable and the reader shall indemnify the company and its Directors for any loss or damage caused by or owing directly or indirectly as a result of the reader's use of the information contained within the documents that comprise this report without first accessing professional advice.

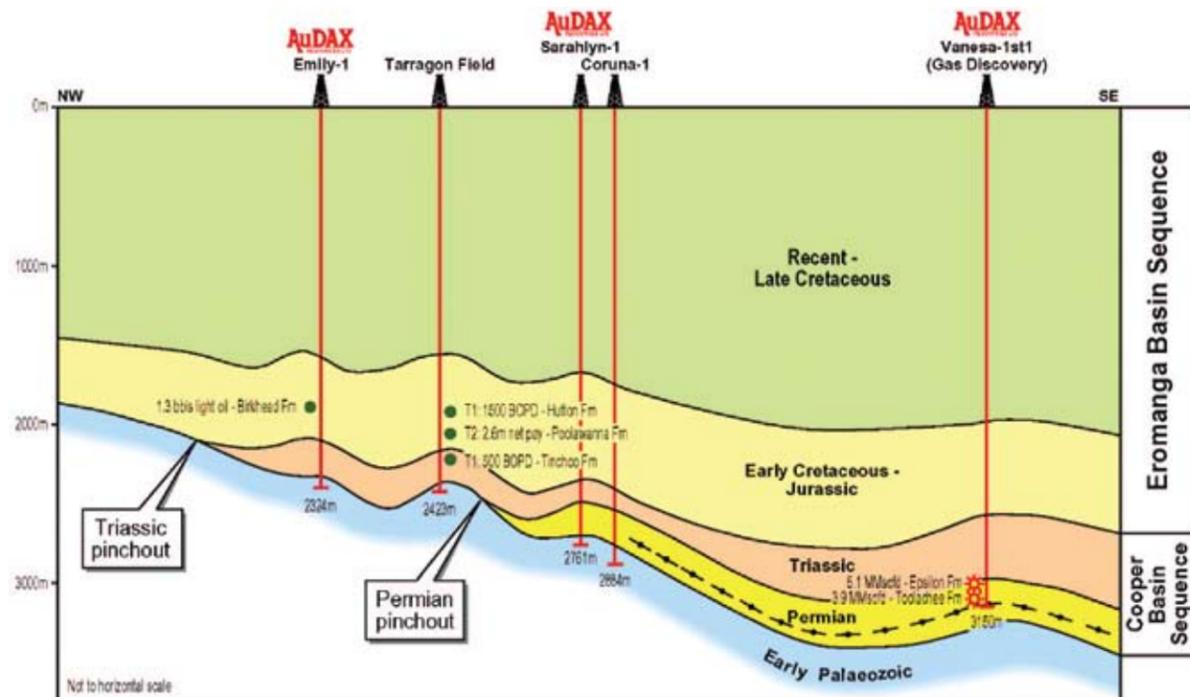


Vanessa-1 Gas Discovery – Flaring at 4.9 MMCFD at 750 PSI on ½" choke

REVIEW OF OPERATIONS cont.



REVIEW OF OPERATIONS cont.



HARD ROCK EXPLORATION

Millrose Project E53/600, E(A)53/1304-1305 AuDAX Resources Ltd 100%

The Millrose project is located within the Yandal/Millrose greenstone belt approximately 80km south-east of Wiluna and 30km east of Newmont's Jundee operations. Sufficient detailed drilling has been completed to enable a preliminary assessment of the resource potential of the northern portion of the Old Camp Bore prospect. Mineralisation is located within a steep east dipping, north-south striking shear zone developed within intermediate to felsic volcanoclastic tuffs and epiclastic sediments. Narrow BIF units to the west of the main mineralised zone provide useful geological markers. Wide spaced drilling has returned a number of significant intercepts over a strike length of some 2.6km to the south of the existing resource. The Identified Mineral Resources (northern 700m of Old Camp Bore prospect only), quoted at the appropriate levels of precision, are as follows:

Millrose Resources at 1.0g/t Gold Cut off Grade

	INDICATED			INFERRED			TOTAL		
	Tonnes	Grade	Metal (oz)	Tonnes	Grade	Metal (oz)	Tonnes	Grade	Metal (oz)
Transported	104,000	1.81	6,000	75,000	1.60	4,000	179,000	1.72	10,000
Supergene	542,000	3.59	63,000	36,000	4.43	5,000	578,000	3.64	68,000
Oxide	464,000	2.02	30,000	29,000	2.38	2,000	493,000	2.04	32,000
Fresh	1,305,000	1.88	79,000	1,106,000	1.74	62,000	2,411,000	1.82	141,000
TOTAL	2,415,000	2.29	178,000	1,246,000	1.83	73,000	3,661,000	2.13	251,000

The resources estimate was conducted and classified in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, JORC, 1999 by a Senior Resource Geologist for Mines and Resources Australia Pty Ltd, who is a Member of the Australian Institute of Geoscientists.

Further work is needed on the Millrose resource in order to clarify structural control and assess continuity in high-grade shoots within the primary zone beneath the proposed open cut. This will require additional deep diamond drilling which should be done with a view to determining the viability of the area beneath the proposed open cut as an underground operation. Drilling to obtain geotechnical, hydrological and metallurgical data is also required, this information is critical to pit design, recoveries and ultimately profitability. Additional drilling is also required to upgrade the current resource category and to add additional resource ounces from the southern pods.

REVIEW OF OPERATIONS cont.

A number of regional targets require further work. One such area is a structural/magnetic target associated with a large (3km x 3km) supergene gold anomaly defined by historical wide spaced shallow set-depth (typically 17m) RAB drilling. Historical drilling is considered to have been ineffective with the majority of the holes failing to adequately test basement or to penetrate the depleted zone. Limited deeper drilling returned some interesting intercepts in this area including 1m @ 1.9g/t, 1m @ 1.8g/t and 1m @ 30.2g/t Au. Further RAB/Aircore drilling is required to evaluate this target.

Bronzewing South Project E36/215, M36/602, M36/613, E(A)36/623 AuDAX Resources Ltd 80% in EL and ELA & 100% in ML's View Resources earning up to 70%

The Bronzewing South project is located within the Yandal greenstone belt approximately 65km north-east of Leinster and immediately south of the Bronzewing Mine site.

To date work has included an airborne magnetic survey; geological mapping; prospecting; rock chip; soil and lag sampling; reconnaissance and follow up RAB/aircore, RC and diamond drilling. While results have generated a number of interesting anomalies and confirmed the geological prospectivity of the area they have been disappointing in that they have not yet resulted in the delineation of a significant oxide resource.

AuDAX has recently entered into a joint venture which will enable View Resources to earn a 51% interest in the project by spending \$1,500,000 over 4 years and a further 19% by spending an additional \$1,000,000.

West Yandal Project E36/404, M36/615 AuDAX Resources Ltd 100% View Resources Limited Acquiring 70%

The West Yandal project area is located within the Yandal greenstone belt approximately 50km north-east of Leinster and 30km south of the Bronzewing Mine.

In June 2006 AuDAX and View negotiated an option agreement relating to the Venus gold deposit.

As a result of this option and agreement View has:

- Issued AuDAX 500,000 fully paid VRE shares,
- Paid AuDAX \$625,000 cash

Upon re-commissioning the Bronzewing Plant, View is to issue AuDAX 1,000,000 fully paid VRE shares. These will be issued within 30 days of the Bronzewing Plant restarting gold production,

- AuDAX will transfer title to View on completion of certain milestones described above,
- A royalty of 5% of gold price per ounce above \$700/oz AUD at the time of mint receipt is payable to AuDAX Resources Ltd,
- View is to pay the Newmont royalty as it pertains to the Venus deposit and tenement,
- View is to pay AuDAX a further 1% NSR on any future reserves discovered and mined on the licence.

Marymia Project E52/1687, E52/1688 AuDAX Resources Ltd 100%

The Marymia project is located approximately 180km north east of Meekatharra and lies within the Marymia Dome, an Archaean basement high hosting a complexly folded and faulted greenstone sequence, situated within the major Proterozoic Capricorn Orogenic Belt. Previous exploration has consisted of acquisition, processing and interpretation of remote sensing data, geological mapping, soil, lag and rock chip sampling, RAB and limited RC and diamond drilling. Geology, structure and mineralisation encountered to date are considered encouraging and further work is considered warranted.

The Marymia Project is considered prospective for both gold and nickel sulphide mineralisation. The tenements host a sequence of strongly folded komatiitic ultramafic rocks which have a combined strike length in excess of 20km. Previous work by BHP and International Nickel established the clear presence of komatiite stratigraphy with MgO level of 25-32%. The komatiite lithology is considered to be of the correct composition to host Ni sulphide deposits. The area has seen little post "nickel-boom" exploration. Limited work carried out by Growth Resources in the mid 1990's on a portion of the Western Ultramafic returned some interesting drill intercepts which included: 12m @ 0.65% Ni from 8m, 8m @ 1.05% Ni from 28m, 15m @ 0.62% Ni from 9m and 4m @ 1.07% Ni from 28m.

REVIEW OF OPERATIONS cont.

A high resolution airborne magnetic and radiometric survey. has been processed, imaged and interpreted. Interpretation of data resulted in the definition of a number of high quality gold and nickel-copper-PGE targets.

In April 2006, AuDAX reached an agreement with Falcon Minerals Ltd on a split commodity arrangement in relation to the Marymia Project.

Falcon conducted field work and a review of previous exploration during the year. A regional nickel geochemistry lag sampling program at the Western Area and Eastern Area, was completed for a total of 2,217 samples. Based on the results of this work, Falcon elected to withdraw from the project.

Yandal (Karra) Project

E36/509, P36/1505, P36/1506, P36/1507, P36/1508

AuDAX Resources Ltd 100% View Resources earning up to 70%

The area lies some 15km south of Bronzewing gold mine and to the east of what is locally known as the southwest trend and to the south of a large pluton known as the Hamster Tonalite. The Hamster Tonalite hosts mineralisation at the Hamster and Fettuccine prospects. The southern portion of the area is dominated by undifferentiated felsic and intermediate (andesite) volcanic units. These units host mineralisation at the Karra prospect. Historical intercepts include 3m @ 8.4g/t Au from 65m at the Hamster prospect and 16m @ 4.49g/t Au from 68m, 3m @ 6.21g/t Au from 127m and 6m @ 7.06 g/t Au from 146m at the Karra prospect.

The Kara project is included in the View Joint Venture referred to under the Bronzewing South Project.

Lake Mackay Project

E80/3451

AuDAX Resources Ltd 100%

The project consists of 3 tenements in the Lake Mackay Area located close to the Western Australia – Northern Territory border. Geologically the area lies on the western margin of the Arunta Block and is centered on the Mt Webb proterozoic granite intrusion. The Mt Webb granite and its comagmatic felsic volcanics in the Pollock Hill Formation have many similarities to other Australian Proterozoic regions where hydrothermal Cu-Au deposits have been linked to magmatic sources (e.g Williams Batholith - Eastern Succession Mt Isa and Hiltaba Suite - Gawler Craton). Relatively recent work by AGSO has returned an age of 1,640 million years for the intrusion and has also identified extensive magmatic alteration (sodic-calsic and sericitic) and brecciation.

The area is poorly explored with only limited exploration having been completed since 1997 by Aurora Gold and BHP. This work was restricted to the southern portion south of Lake MacKay and was hampered by Native Title issues. Limited work in the general area by Aurora Gold has returned encouraging results including semi-continuous rock-chip sampling returning 9.1%Cu, 3g/t Ag, and 0.38g/t Au over a true width of 4m, and 0.3% Cu and 8g/t Ag over a true width of 10m. Aircore drilling of three Au-Cu-Ag anomalous areas returned a number of anomalies with a peak of 0.21g/t Au and 896ppm Cu on adjacent 800m spaced grid lines. More recent drilling by BHP returned 36m @ 0.42%Cu and 0.55ppm Au including 6m @ 1.68% Cu and 0.29ppm Au.

Gindalbie Project

E31/491, E31/492

AuDAX Resources Ltd 100% Eagle Bay Resources and Rocky Mountain Corp earning 70% by spending \$1m on exploration.

The project area is located some 20km north northeast of the Gindalbie mining centre and close to the Carr Boyd Rocks nickel deposit. The tenements cover a portion of the Carr Boyd ultramafic complex and an extensive soil sampling programme has been completed with samples being shipped to Canada for analysis.

The hard rock information in this report is based on information compiled by Mr Glen W Edwards. Mr Glen W Edwards, AusIMM, AIG, has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. G W Edwards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

TENEMENT SCHEDULE

Prospect	Tenement	Interest
Bronzewing South	E36/215	80% (Leith Beal - Hot Holdings Pty Ltd - 20%)
	E(A) 36/623	80% (Leith Beal - Hot Holdings Pty Ltd - 20%) Not Yet Approved
	M36/602	100%
	M36/613	100%
Charteris Creek	E(A)45/2763	100% Not Yet Approved
Cunyu Woolshed	E69/1957	100%
Dovers Hill	E80/3450	100%
Dulcie	E77/351	20% (Gondwana Resources 80%)
	M(A)77/807	20% (Gondwana Resources 80%) Not Yet Approved
Eucalyptus	E39/480	50% (Enterprise Gold Mines NL 50%)
Gindalbie	E31/491	100% (JV to Eagle Bay Resources earning 70%)
	E31/492	100% (JV to Eagle bay Resources earning 70%)
Horse Well	E69/1960	100%
Lake MacKay	E80/3451	100%
Marymia	E52/1687	100%
	E52/1688	100%
Marymia North	E(A)52/1803	100% Not Yet Approved
Marymia West	E(A)52/1960	100% Not Yet Approved
Millrose	E53/600	100%
	E(A)53/1304	100% Not Yet Approved
	E(A)53/1305	100% Not Yet Approved
Millrose West	E(A)53/1240	100% Not Yet Approved
Mt Barnicoat	E(A)38/2020	80% (BD Richardson 20%) Not Yet Approved
	E(A)38/2021	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3400	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3401	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3402	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3403	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3404	80% (BD Richardson 20%) Not Yet Approved
	P(A)38/3405	80% (BD Richardson 20%) Not Yet Approved
P(A)38/3406	80% (BD Richardson 20%) Not Yet Approved	
Munn Well	E69/1958	100%
Pollock Hills	E80/3452	100%
Station Hill	E69/1959	100%
Telfer 1	E(A)45/2761	100% Not Yet Approved
Telfer 2	E(A)45/2764	100% Not Yet Approved

TENEMENT SCHEDULE cont.

Prospect	Tenement	Interest
West Yandal	E36/404 M36/615	Royalty – sold to View Resources Royalty – sold to View Resources
Yandal (Karra)	E36/509 P36/1505 P36/1506 P36/1507 P36/1508	100% 100% 100% 100% 100%
Ulura	E(A)09/1294	100% Not Yet Approved

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that have been revised and updated, and in place since the 1st of July 2005. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

BOARD OF DIRECTORS

Role of the Board

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. To fulfil this role, the Board is responsible for setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals.

Because of the limited size of the Company and its financial affairs and operations, the use of separate committees of the Board of Directors is not considered generally appropriate. All matters that might properly be dealt with by such committees are currently dealt with by the full Board of Directors. Decisions of the Board are, to the extent practicable, unanimous. There were no occasions during the year when decisions were not unanimous.

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at www.audax.com.au.

Composition of the Board

The names and details of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-Executive Directors shall be expected to have skills, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chairperson should ideally be non-executive and independent and be elected by the Board based on his/her suitability for the position. Currently however, due to the limited size of the Company and of its operations and financial affairs, the Managing Director has been elected and acts as the Chairperson. The Board believes that this Chairperson is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairperson.
- All Non-Executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the Company.
- Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

The Company considers that the Board should have at least three Directors (minimum required under the Company's constitution) and strives to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has three Directors, of which only one is independent.

The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

1. is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
2. has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

CORPORATE GOVERNANCE STATEMENT cont.

3. is not a principal of a professional adviser to the Company or another group member;
4. is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
5. has no significant contractual relationship with the Company or another group member other than as a Director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

AuDAX considers a significant consultant, supplier or customer to be material if the total of their annual invoices amounts to more than 5% of the Company's total expenditure in that category.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Performance of Directors

The performance of all Directors and the Board as a whole is reviewed annually in accordance with the Company's corporate governance guidelines (effective 1 July 2005).

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Director's related entity transactions with the Company are set out in the related parties note in the financial statements.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

Remuneration Report

The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

As an overall policy, the Company will remunerate in such a way that it:

- motivates Directors and management to pursue the long-term growth and success of the Company; and
- demonstrates a clear relationship between key executive performance and remuneration.

Full details of Directors' and specified executives' remuneration are set out in the Directors' Report and in the Directors' and Executives' Disclosures note in the financial statements.

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate for AuDAX. The Board has adopted the following policies of Director's and executive's remuneration:

CORPORATE GOVERNANCE STATEMENT cont.

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Effective 1 June 2005, any newly appointed Non-Executive Directors will serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme.

Executive Remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme, and may be offered additional options as part of their remuneration, subject to Shareholder approval. The monetary package is divided between a base salary/consulting fee and, for non-directors, an incentive portion if considered appropriate. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Company Website

AuDAX has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at www.audax.com.au.

DIRECTORS' REPORT

The Directors present their report on the results of the Company for the year ended 30 June, 2007 and the state of affairs at that date.

Directors

The Directors in office at the date of this report and at any time during the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Gary James Roper (Managing Director)
Leith Beal
Dr Peter Barber (appointed 12 February 2007)
David Ian Chalmers (resigned 12 February 2007)
Glen Warren Edwards (resigned 14 July 2006)

Principal Activity

The principal activities of the Company in the course of the year were the acquisition of mineral tenements, mineral exploration and investment.

Operating Results

The net loss of the Company for the year, after provision for income tax amounted to \$4,560,442 [2006: \$2,652,039].

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

Review of Operations

Information on the operations of the company during the year and the results of those operations are set out on pages 4 to 11.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June, 2007.

Likely Developments

The Company intends to continue its exploration programme on its existing tenements, and to acquire further suitable tenements for exploration.

Meetings of Directors

During the financial year, 2 meetings of directors were held. The number of meetings attended by each director during the year is as follows:

Mr Gary James Roper	3
Mr Leith Beal	3
Mr David Ian Chalmers	1
Mr Glen Edwards	-
Dr Peter Barber	2

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

ROPER, Gary James (Executive Managing Director). Director since 1985

Mr Roper has had extensive administrative experience in both government and commerce, principally in the areas of tenement management and co-ordination of exploration staff and programmes. He was a founding Director of AuDAX and has been Managing Director since 1987.

Other Directorships of Listed Companies in the last three years: Nil

BEAL, Leith (Non-Executive Director) Director since 1989

Mr Beal is a Mining Tenement Consultant with many years experience in the mining industry. He spent 12 years with the Western Australia Department of Minerals and Energy and has been an independent tenement management consultant for various companies.

Other Directorships of Listed Companies in the last three years: Nil

DIRECTORS' REPORT cont.

BARBER, Peter Dr (Non-Executive Director) Director since February 2007

Dr Barber is a co-founding member and business partner of Isis Petroleum Consultants. He is a technically-orientated explorationist and sequence-stratigrapher with proven ability in finding hydrocarbons. He has been a key member of teams responsible for permit acquisition and operations, in which several accumulations have been discovered on the NW Shelf of Australia, the largest being the Bayu-Undan Field (5TCF & 400MMBC recoverable). He has over 30 years experience in the international exploration and production business, both with majors (Phillips) and independents (Petroz), working in a diverse range of challenging environments, ranging from the North Sea and the Mediterranean, to East Africa and SE Asia. Peter has specialist deep knowledge of the NW Shelf and Australia Basins. He is highly regarded as having a creative talent for developing new play concepts and ideas. Since 1995, as a consultant, he has completed over 150 projects for both domestic and international clients, ranging from prospect-specific and regional-level studies, sequence-stratigraphic projects and management of exploration permits.

Other Directorships of Listed Companies in the last three years: Nil

CHALMERS, David Ian MSc, FAusIMM, FIMMM, FSEG, FAIG, FAICD, MGSA

(Independent Non-Executive Director) Director since 1993 Resigned 12 February 2007

Mr Chalmers is a geologist with a Master of Science degree. He has worked in the mining and exploration industry for over 34 years, many with international corporations, during which time he has had experience in all facets of exploration from grass roots through feasibility and development up to the production phase. He is currently a principal of Multi Metal Consultants Pty Ltd and is a director of Alkane Exploration Ltd and Northern Star Resources Ltd.

Other Directorships of Listed Companies in the last three years: Alkane Exploration Ltd and Northern Star Resources Ltd.

EDWARDS, Glen Warren B Sc (Hons.) AUSIMM, AIG, SEG

(Executive Technical Director) since March 2006 Resigned 14 July 2006

A geologist and graduate of the Universities of Natal and Cape Town, South Africa. He is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. He has over 17 years experience in the mineral exploration and mining industries in Southern Africa, Australia and China. During this time he has had experience in a broad range of mining and exploration activities including project generation, greenfields, near mine and in-mine exploration.

Other Directorships of Listed Companies in the last three years: Nil

Company Secretary

Peter Ironside B.Com, CA

Mr Ironside is a chartered accountant and business consultant with over 19 years experience in the exploration and mining industry. He has been a director and/or company secretary of several ASX listed companies. Mr Ironside is a director of Ausvaal Pty Ltd, a corporate services company. Mr Ironside brings a significant level of accounting, compliance and corporate governance experience to the Board, together with support in the areas of corporate initiatives and capital raisings. Mr Ironside has been a director of Integra since 21 December 2000.

Environmental Issues

The Company would be subject to performance bonds for the rehabilitation of a mining tenement. These performance bonds are required by the Mines Department to cover environmental regulation rehabilitation.

Directors' Interests and Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or received as the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than:

- consulting fees paid to Runyon Pty Ltd, an entity of which Mr Leith Beal is a Director and shareholder; and
- consulting fees and disbursements paid to Multi Metal Consultants Pty Ltd of which Mr Ian Chalmers is a Director and shareholder; and
- consulting fees and disbursements paid to Isis Petroleum Consultants Pty Ltd of which Dr Peter Barber is a business partner; and

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and shown in the Company's accounts, prepared in accordance with the Corporations Regulations, or the fixed salary of a full-time employee.

DIRECTORS' REPORT cont.

Shares Issued

15,740,141 ordinary shares were issued during the year pursuant to a placement.

Options Issued

500,000 options exercisable at 20 cents expiring 31 December 2008, 2,000,000 options exercisable at 15 cents expiring 31 December 2008, 1,000,000 options exercisable at 10 cents expiring 29 March 2009, 1,000,000 options exercisable at 15 cents expiring 29 March 2010, 1,000,000 options exercisable at 20 cents expiring 29 March 2010.

Employee Option Scheme

400,000 options exercisable at 12 cents expiring 31 December 2008 and 1,250,000 options exercisable at 15 cents expiring 31 December 2010 were issued under the Company's Employee Option Scheme during the financial year.

Remuneration Report

This report details the nature and amount of remuneration for each director and executive of AuDAX Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

As an overall policy, the Company will remunerate in such a way that it:

- motivates Directors and management to pursue the long-term growth and success of the Company; and
- demonstrates a clear relationship between key executive performance and remuneration.

Full details of Directors' and specified executives' remuneration are set out in the Directors' Report and in the Directors' and Executives' Disclosures note in the financial statements.

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate for AuDAX. The Board has adopted the following policies of Director's and executive's remuneration:

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Effective 1 June 2005, any newly appointed Non-Executive Directors will serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme.

Executive Remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme, and may be offered additional options as part of their remuneration, subject to Shareholder approval. The monetary package is divided between a base salary/consulting fee and, for non-directors, an incentive portion if considered appropriate. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Details of the nature and amount of each element of each director, including any related company and each of the officers of the company receiving the highest emoluments are set out in the following tables.

DIRECTORS' REPORT cont.

	Year	Primary Benefits		Post Employment	Share Based	Total
		Salary and fees \$	Cash Bonus \$	Superannuation \$	Options \$	
Directors						
G Roper	2007	130,000	-	11,700	-	141,700
	2006	130,000	-	11,700	-	141,700
L Beal	2007	90,000	-	1,755	-	91,755
	2006	89,900	-	1,755	-	91,655
I Chalmers**	2007	14,625	-	1,316	-	15,941
	2006	19,985	-	1,755	-	21,740
G Edwards*	2007	13,384	-	1,205	-	14,589
	2006	40,000	-	3,600	13,240	56,840
P Barber***	2007	12,000	-	-	-	12,000
Executives						
P Ironside	2007	26,400	-	-	-	26,400
	2006	26,400	-	-	13,240	39,640

*appointed 3 March 2006, resigned 14 July 2006

** resigned 12 February 2007

*** appointed 12 February 2007

There were no performance related payments made during the year.

The Black and Scholes valuation was used to value the options issued as share-based payments. The following factors and assumptions were used in determining the fair value of options on grant date:

Expiry Date	Fair Value per Option	Exercise Price	Estimated Volatility	Risk Free Interest Rate
31 December 2008	\$0.0662	\$0.12	95%	6%

Directors' Interests in the Share Capital of the Company as at the date of this report

Name of Director	Shares Held Directly	Shares Held Indirectly	Options Held Directly	Options Held Indirectly
Gary James Roper	8,203,732	125,000	428,342	1,025,000
Leith Beal	-	8,326,010	1,041,667	15,208
David Ian Chalmers**	-	109,168	-	21,834
Glen Edwards*	-	-	400,000	-
Peter Barber***	-	-	-	3,000,000

*appointed 3 March 2006, resigned 14 July 2006

** resigned 12 February 2007

*** appointed 12 February 2007

DIRECTORS' REPORT cont.

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditors' independence -section 307C

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2007 annual financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)
Rothsay Chartered Accountants"

The following amounts were paid to the auditors	2007	2006
	\$	\$
Auditors' remuneration		
- auditing the accounts	24,000	19,000
- taxation services	1,500	1,000

The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Signed at Perth in accordance with a resolution of Directors.



Gary J Roper
Managing Director

Dated this 28th day of September 2007

DIRECTORS' DECLARATION

In the opinion of the Directors of AuDAX Resources Ltd:

- (a) the financial statements and notes, set out on the following pages are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date, and
 - ii complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2007.

Signed at Perth in accordance with a resolution of the Directors:



Gary J. Roper
Managing Director

Dated this 28th day of September 2007

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET

As at 30 June, 2007

	NOTES	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Receivables	4	99,758	1,440,645
Other financial assets at fair value	5	215,447	399,034
Cash and cash equivalents	6	398,634	1,280,659
TOTAL CURRENT ASSETS		<u>713,839</u>	<u>3,120,338</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	83,859	135,326
Exploration and evaluation expenditure	8	1,997,071	3,071,518
TOTAL NON-CURRENT ASSETS		<u>2,080,930</u>	<u>3,206,844</u>
TOTAL ASSETS		<u>2,794,769</u>	<u>6,327,182</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables	9	69,812	63,375
Interest-bearing liabilities	10	22,001	22,001
Provisions	11	24,205	43,115
TOTAL CURRENT LIABILITIES		<u>116,018</u>	<u>128,491</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	10	51,201	65,421
TOTAL NON-CURRENT LIABILITIES		<u>51,201</u>	<u>65,421</u>
TOTAL LIABILITIES		<u>167,219</u>	<u>193,912</u>
NET ASSETS		<u>2,627,550</u>	<u>6,133,270</u>
EQUITY			
Contributed equity	2	29,400,807	28,346,085
Reserves	3	3,205,262	3,205,262
Accumulated losses	14	(29,978,519)	(25,418,077)
TOTAL EQUITY		<u>2,627,550</u>	<u>6,133,270</u>

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION cont.

INCOME STATEMENT

For the year ended 30 June, 2007

	NOTES	2007 \$	2006 \$
Interest income		48,854	97,750
Other revenue		371,612	17,426
Unrealised gain on investments		441,120	667
Total revenue from continuing activities		<u>861,586</u>	<u>115,843</u>
Audit fees		(24,000)	(20,000)
Consultants fees		(56,277)	(18,774)
Depreciation expense		(51,466)	(56,163)
Employee expenses		(236,259)	(320,058)
Exploration written-off		(3,498,745)	(2,136,669)
Impaired assets		(1,312,164)	-
Investor relations		(45,611)	(29,608)
Office and equipment expenses		(12,434)	(29,283)
Motor vehicles		(40,240)	(46,633)
Printing, postage and stationery		(16,279)	(17,371)
Stock exchange fees		(23,806)	(28,632)
Share registry fees		(12,102)	(12,012)
Telephone and communications		(14,508)	(14,529)
Other expenses		(78,137)	(38,150)
Loss before income tax expense	12	<u>(4,560,442)</u>	<u>(2,652,039)</u>
Income tax expense	13	-	-
Net Loss attributable to members of AuDax Resources Limited		<u>(4,560,442)</u>	<u>(2,652,039)</u>
Basic earnings per share	15	<u>(0.04)</u>	<u>(0.03)</u>

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION cont.**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June, 2007

NOTES	2007 \$	2006 \$
Total equity at the beginning of the year	6,133,270	7,702,309
Loss for the year	(4,560,442)	(2,652,039)
Total recognised income and expense for the year attributable to members of AuDax Resources Ltd	(4,560,442)	(2,652,039)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity	1,054,722	1,043,280
Cost of share based payments	-	39,720
Total Equity at the end of the year	<u>2,627,550</u>	<u>6,133,270</u>

STATEMENT OF CASH FLOWS

For the year ended 30 June, 2007

	Inflow/ (Outflow) 2007 \$	Inflow/ (Outflow) 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(553,303)	(454,336)
Interest Received	48,854	101,750
Rental Income	-	3,960
Dividends Received	-	-
Joint venture cash re-imburement	-	404,000
Net Cash Flows Provided/(Used) by Operating Activities 24	<u>(504,449)</u>	<u>55,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Investments	(107,000)	(90,320)
Payment for Plant and equipment	-	-
Payment for Exploration and evaluation	(2,424,298)	(2,368,407)
Proceeds from sale of investments	849,000	-
Proceeds on option exercise	250,000	-
Net Cash Flows Used in Investing Activities	<u>(1,432,298)</u>	<u>(2,458,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares and Options	1,054,722	1,104,000
Cost of share issues	-	(60,720)
Net Cash Flows From Financing Activities	<u>1,054,722</u>	<u>1,043,280</u>
Net Increase in cash and cash equivalents held	(882,025)	(1,360,073)
Cash and cash equivalents at 1 July	1,280,659	2,640,732
Cash and cash equivalents at 30 June 24	<u>398,634</u>	<u>1,280,659</u>

The accompanying notes form part of these statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

This financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of AuDax Resources Limited comply with International Financial Reporting Standards (IFRS).

Basis of Preparation

It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuation of non-current assets. The functional currency and presentation currency of the Company is Australian dollars. The following specific accounting policies have been consistently applied, unless otherwise stated.

a. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

b. Exploration Expenses

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Such costs are carried forward where they are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

The ultimate recoupment of costs related to areas of interest in the exploration and/or evaluation phase is dependent on the successful development and commercial exploitation or sale of the relevant areas.

Each area of interest is reviewed annually to determine whether costs should continue to be carried forward in respect of that area of interest. Where it is decided to abandon an area of interest, costs carried forward in respect of that area are written off in full in the year in which the decision is taken.

Otherwise, such costs are amortised over the life of the area of interest based on the rate of depletion of the economically recoverable reserves. Provision for the cost of restoration of sites is made at the various relevant stages and included in the cost of that stage.

c. Property, Plant and Equipment

These are included at cost. Buildings, plant and equipment are depreciated using the straight line method over their estimated useful life commencing from the time the asset is first used or held ready for use. The depreciation rates used for each class of asset are as follows:

Buildings	5%	Plant & Equipment	12.5%
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d. Joint Ventures

The Company's interest in joint ventures is brought to account by including the appropriate proportions of the relevant assets, liabilities, and costs of the joint venture into the respective categories in the accounts of the Company.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

e. Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method

Available-for-sale financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of income from continuing operations when the Company's right to receive payment is established.

Fair value

The fair value of quoted investments are based on last trade prices. If the market for financial assets is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

- f. **Mineral Tenements**
The Company's activities in the mining industry are subject to regulations and approvals including mining heritage, environmental regulation, the implications of the High Court of Australia decision in what is known generally as the "Mabo" case and any State or Federal legislation regarding native and mining titles. Approvals, although granted in most cases, are discretionary. The question of native title has yet to be determined and could effect any mining title area whether granted by the State or not.
- g. **Employee Benefits**
Provision is made in respect of the Company's liability for annual leave at the reporting date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled.
- h. **Trade Payables**
Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.
- i. **Impairment of assets**
At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.
- j. **Earnings per share**
Basic earnings per share is determined by dividing the profit (loss) after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.
- k. **Share-based payments**
Where shares or options are issued to employees, including directors, as remuneration for services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options issued is recorded in contributed equity.
- l. **Fair value estimation**
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

The nominal value, less any estimated credit adjustments, of trade receivables and payables are assumed to approximate their fair value.

- m. **New accounting standards**
Certain new accounting standards have been published that are not mandatory for the 2007 financial statements. The Company has elected not to adopt, where available, these standards early. Application of the standards is not expected to effect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the notes to the financial statements.
- n. **Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 2 – CONTRIBUTED EQUITY

	2 007	2006
	\$	\$
a. Issued Capital		
120,678,060 ordinary shares fully paid		
(2006 – 104,937,919 ordinary shares fully paid)	29,400,807	28,346,085
	<u>29,400,807</u>	<u>28,346,085</u>

The following ordinary shares and options were issued during the year:

Shares Issued

15,740,141 ordinary shares pursuant to a placement contributed \$1,054,722 net of costs.

Options Issued

500,000 options exercisable at 20 cents expiring 31 December 2008, 2,000,000 options exercisable at 15 cents expiring 31 December 2008, 1,000,000 options exercisable at 10 cents expiring 29 March 2009, 1,000,000 options exercisable at 15 cents expiring 29 March 2010, 1,000,000 options exercisable at 20 cents expiring 29 March 2010.

Employee Option Scheme

In 2006 400,000 options exercisable at 12 cents expiring 31 December 2008 and 1,250,000 options exercisable at 15 cents expiring 31 December 2010.

In the year 2006, 6,900,000 ordinary shares at 16 cents each together with 6,900,000 free attaching options exercisable at 20 cents on or before 31 December 2008 were issued. Cost of the issue was \$60,720

- b. **Terms and conditions of contributed equity**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

NOTE 3 - RESERVES

Option Premium	2,955,262	2,955,262
Asset Revaluation	250,000	250,000
	<u>3,205,262</u>	<u>3,205,262</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

Nature and Purpose of Reserves:

Option Premium Reserve:

The option premium reserve was used to accumulate proceeds received from the issuing of options.

Asset Revaluation Reserve:

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. This reserve can only be used to pay dividends in limited circumstances.

	2007 \$	2006 \$
NOTE 4 - RECEIVABLES		
Current		
GST Receivable	99,758	128,481
Other advance	-	1,312,164
	<u>99,758</u>	<u>1,440,645</u>

The other advance recorded in 2006 of \$US1,000,000 which converted to \$A1,312,164 is considered impaired and will be written back on receipt.

NOTE 5 - OTHER FINANCIAL ASSETS AT FAIR VALUE

THROUGH PROFIT AND LOSS

Listed equity securities held for trading	215,447	399,034
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NOTE 6 - CASH ASSETS

Cash at Bank and on hand	361,634	126,643
Short Term Deposits	37,000	1,154,016
	<u>398,634</u>	<u>1,280,659</u>

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Land and Buildings - at cost	251,517	251,517
Less: Accumulated Depreciation	(208,008)	(195,432)
	<u>43,509</u>	<u>56,085</u>
Equipment and Motor Vehicles - at cost	193,719	193,719
Less: Accumulated Depreciation	(153,369)	(114,478)
	<u>40,350</u>	<u>79,241</u>
Total Property, Plant and Equipment	<u>83,859</u>	<u>135,326</u>

Reconciliations of the carrying amounts for each class of property, plant and equipment follow:

Land and Buildings

Carrying amount at beginning of year	56,085	68,661
Depreciation	(12,576)	(12,576)
Carrying amount at end of year	<u>43,509</u>	<u>56,085</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

	2007 \$	2006 \$
Plant and Equipment		
Carrying amount at beginning of year	79,241	122,827
Depreciation	(38,891)	(43,586)
Carrying amount at end of year	<u>40,350</u>	<u>79,241</u>

NOTE 8 - EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure costs carried forward in respect of areas of interest	1,997,071	3,071,518
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NOTE 9 - PAYABLES

Trade Creditors	69,812	63,375
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Trade payables are unsecured and payable on supplier credit terms, usually payable within 30 days of recognition. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 10 - INTEREST BEARING LIABILITIES

Current		
Hire purchase commitment	22,001	22,001
Non-Current		
Hire purchase commitment	51,201	65,421

These commitments relate to a motor vehicle under hire purchase over 5 years at a rate of 8.95%.

NOTE 11 - PROVISIONS

Employee entitlements	24,205	43,115
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There are 4 employees (2006: 5 employees) including the Directors.

NOTE 12 - OPERATING LOSS

The operating loss from ordinary activities has been determined after including as charges:

Auditors' remuneration		
- auditing the accounts	24,000	20,000
- other services	1,500	1,500
Provision for employee entitlements	-	8,011

NOTE 13 - INCOME TAX EXPENSE

Prima facie tax on operating loss at 30%	(1,368,133)	(795,611)
Non-deductible items	12,592	11,916
Non-assessable items	(132,336)	-
Deferred tax asset not brought to account	1,248,389	783,695
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

At 30 June 2007, the Company has \$10,505,949 of tax losses that are available indefinitely for offset against future profits of the Company. No deferred tax asset has been recognised on the Balance Sheet in respect of the amount of these losses.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

The potential deferred tax asset will only be obtained if:

- assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company in accordance with Division 170 of the Income Tax Assessment Act 1997;
- conditions for deductibility imposed by the law are complied with; and
- no change in tax legislation adversely affect the realisation of the benefit from the deductions

2007	2006
\$	\$

NOTE 14 – ACCUMULATED LOSSES

Balance at the beginning of the year	(25,418,077)	(22,766,038)
Net loss attributable to members of AuDAX Resources Ltd	(4,560,442)	(2,652,039)
Balance at the end of the year	<u>(29,978,519)</u>	<u>(25,418,077)</u>

NOTE 15 - EARNINGS PER SHARE

Basic earnings per share	(0.04)	(0.03)
Net loss used to calculate basic earnings per share	(4,560,442)	(2,652,039)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	120,678,060	88,901,651

Diluted earnings per share is not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

NOTE 16 - CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the WA State Government. The estimated exploration and joint venture expenditure commitments for the ensuing year amount to \$1,000,000 (2006: \$600,000). This expenditure will only be incurred should the Company retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted.

The Company has potential commitments in accordance with the acquisition agreement for EL53/600 as follows:

- payment of \$500,000 and the issue of 5 million shares (credited as fully paid) on the tenement being found to contain at least 400,000 proven ounces of gold; and
- payment of \$1 million and the issue of 5 million shares (credited as fully paid) on the tenement being found to contain at least 600,000 proven ounces of gold.

NOTE 17 - SEGMENTAL INFORMATION

The Company derives income from investments and the exploration and exploitation of mining tenements predominantly in Western Australia.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

NOTE 18 - INTEREST IN JOINT VENTURES

	2007	2006
	%	%
Joint Venture:		
• Dulcie	20	20
• Eucalyptus – Royalty interest in nickel only		

The Joint Ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit.

NOTE 19 - REMUNERATION OF DIRECTORS

	Year	Primary Benefits		Post Employment	Share Based	Total
		Salary and fees	Cash Bonus	Superannuation	Options	
		\$	\$	\$	\$	\$
Directors						
G Roper	2007	130,000	-	11,700	-	141,700
	2006	130,000	-	11,700	-	141,700
L Beal	2007	90,000	-	1,755	-	91,755
	2006	89,900	-	1,755	-	91,655
I Chalmers**	2007	14,625	-	1,316	-	15,941
	2006	19,985	-	1,755	-	21,740
G Edwards*	2007	13,384	-	1,205	-	14,589
	2006	40,000	-	3,600	13,240	56,840
P Barber***	2007	12,000	-	-	-	12,000
Executives						
P Ironside	2007	26,400	-	-	-	26,400
	2006	26,400	-	-	13,240	39,640

*appointed 3 March 2006, resigned 14 July 2006

** resigned 12 February 2007

*** appointed 12 February 2007

There were no performance related payments made during the year.

The Company does not have any executive officers other than the Managing Director.

Remuneration Policy

The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

As an overall policy, the Company will remunerate in such a way that it:

- motivates Directors and management to pursue the long-term growth and success of the Company; and
- demonstrates a clear relationship between key executive performance and remuneration.

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate for AuDAX. The Board has adopted the following policies of Directors and executives remuneration:

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Effective 1 June 2005, any newly appointed Non-Executive Directors will serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme.

Executive Remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Executive Directors are entitled to receive options under the rules of the AuDAX Employee Option Scheme, and may be offered additional options as part of their remuneration, subject to Shareholder approval. The monetary package is divided between a base salary/consulting fee and, for non-directors, an incentive portion if considered appropriate. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

NOTE 20 - RELATED PARTY TRANSACTIONS

Mr Beal is a director and shareholder of Runyon Pty Ltd a company that was paid \$90,000 (2006: \$70,400) for tenement consulting services in the normal course of business at commercial rates. These consulting fees have been included as Directors' remuneration.

Dr Barber who was appointed in February 2007 is a business partner of Isis Petroleum Consultants Pty Ltd a company that was paid \$17,588 for consulting services in the normal course of business at commercial rates.

Millrose E53/600

Mr Beal has an interest in exploration licence 53/600.

NOTE 21 - DIRECTOR'S AND DIRECTOR RELATED ENTITIES' SHAREHOLDINGS

The interests of Directors and their Director related entities in shares and share options at year end are as follows:

	2007	2006
Ordinary shares	16,863,910	16,863,910
Options over ordinary shares	5,532,051	532,051

Ordinary Shares

Name	Balance at the start of the year	Purchased/Sold net movement	Balance as the end of the year
Gary Roper	8,428,732	-	8,428,732
Leith Beal	8,326,010	-	8,326,010
David Ian Chalmers	109,168	-	109,168
Peter Barber	-	-	-
Total	16,863,910		16,863,910

Options

Name	Balance at the start of the year	Purchased/Sold	Balance as the end of the year
Gary Roper	453,342	1,000,000	1,453,342
Leith Beal	56,875	1,000,000	1,056,875
David Ian Chalmers	21,834	-	21,834
Peter Barber	-	3,000,000	3,000,000
Total	532,051		5,532,051

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

NOTE 22 - FINANCIAL INSTRUMENTS

Significant Accounting Policies

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

Interest Rate Risk

The following table details the Company's exposure to interest rate risk as at the reporting date:

2007	Average Interest Rate	Variable Interest Rate 1 Year	Fixed Interest Rate Maturity Less than 1 year	Fixed Interest Rate Maturity Greater than 1 year	Non-interest Bearing	Total
	%	\$	\$	\$	\$	\$
Cash	-	361,634	-	-	-	361,634
Deposits - Cash	7.25	-	37,000	-	-	37,000
Receivables	-	-	-	-	99,758	99,758
Accounts Payable	-	-	-	-	68,812	68,812
Hire Purchase	8.95	-	22,001	51,201	-	73,202

2006	Average Interest Rate	Variable Interest Rate 1 Year	Fixed Interest Rate Maturity Less than 1 year	Fixed Interest Rate Maturity Greater than 1 year	Non-interest Bearing	Total
	%	\$	\$	\$	\$	\$
Cash	-	126,643	-	-	-	126,643
Deposits - Cash	6.25	-	1,154,016	-	-	1,154,016
Receivables	-	-	-	-	1,440,645	1,440,645
Accounts Payable	-	-	-	-	63,375	63,375
Hire Purchase	8.95	-	22,001	65,421	-	87,422

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair basis.

The Company does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

NOTE 23 - SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2007.

NOTES TO AND FORMING PART OF THE ACCOUNTS cont.

NOTE 24 - STATEMENT OF CASH FLOWS

RECONCILIATION OF CASH

For the purposes of this Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bankoverdrafts and investments in money market instruments.

Cash at the end of the year is shown in the statement of financial position as:

	2007	2006
	\$	\$
Cash on Hand	200	200
Cash at Bank	361,434	126,443
Cash on Deposit	37,000	1,154,016
	<u>398,634</u>	<u>1,280,659</u>

RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH OPERATING PROFIT(LOSS) AFTER INCOME TAX

	Inflow/ (Outflow) 2007	Inflow/ (Outflow) 2006
	\$	\$
Operating Profit(Loss) after Income Tax	(4,560,442)	(2,612,319)
Non Cash Flows in Operating Profit(Loss)		
Depreciation	51,456	56,163
Movements in Provisions	-	8,011
Diminution in Value of Shares	(441,120)	(667)
Exploration Writedown	3,498,745	2,136,669
Impaired asset	1,312,164	-
Proceeds on sale of options	(250,000)	-
Profit on sale of investments	(121,852)	-
Joint venture reimbursement	-	404,000
Decrease (Increase) in Receivables	-	76,641
(Decrease) Increase in Accounts Payable	6,600	(13,124)
Net Cash Provided (Utilised) by Operating Activities	<u>(504,449)</u>	<u>55,374</u>

NOTE 25 - AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor:

	2007	2006
	\$	\$
(a) Audit services	24,000	19,000
Audit and review of financial reports under the Corporations Act 2001		
(b) Other services	1,500	1,000
-		
Total remuneration of auditors	<u>25,500</u>	<u>20,000</u>

AUDITORS' REPORT

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUDAX RESOURCES LTD

Scope

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cashflows, accompanying notes, the disclosures made as required by AASB 124 Related party disclosures of the remuneration report in the Directors' report and the Directors' declaration for AuDAX Resources Limited, the Company, for the year ended 30 June 2007.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures in the Directors' report comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures in the Directors' report comply with AASB 124.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.

Audit opinion

- In our opinion, the financial report of AuDAX Resources Limited is in accordance with:
 - the Corporations Act 2001, including:
 - giving a true and fair view of the Company's financial position as at 30 June 2007 and its performance for the year ended on that date; and
 - complying with Accounting Standards and the Corporations Regulations 2001; and
 - other mandatory professional reporting requirements.
- the remuneration disclosures in the Directors' report comply with AASB 124

Rothsay

Frank Vrachas
Partner

Dated 28th September 2007

The liability of Rothsay Chartered Accountants is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

SECURITIES INFORMATION

Shareholdings as at 1st October 2007

(a) Substantial Shareholders

Name	Shareholding	%
ANZ Nominees Ltd	10,696,305	7.75
Runyon Pty Ltd Super Fund	8,326,010	6.03
Newmont Exploration	6,315,000	6.02

(b) Shareholder Distribution Schedule

1 - 1000	123
1001 - 5000	520
5001 - 10000	380
10001 and over	961
Total	1,984

There are 456 shareholders who hold less than a marketable parcel of 3,847 ordinary shares.

(c) Voting Rights

- (i) at meetings of members entitled to vote each member may vote in person or by proxy or attorney, or in the case of a member which is a body corporate, by representative duly appointed under section 250D;
- (ii) on a show of hands every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote;
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is the holder and in the case of contributing shares until fully paid shall have voting rights pro rata to the amount paid up or credited as paid up on each such share: and
- (iv) a member shall not be entitled to vote at general meeting or be reckoned in a quorum in respect of any shares upon which any call or other sum presently payable by him is unpaid.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION AS AT 1ST OCTOBER 2007

(d) Twenty largest holders of quoted equity securities hold 38.81% of the total shares issued:

	Name	Number Held	%
1.	ANZ Nominees Limited	10,696,305	7.75
2.	Runyon Pty Ltd Super Fund	8,326,010	6.03
3.	Newmont Exploration Pty Ltd	6,315,000	4.58
4.	Mrs Coralie Harris & Mr Kerry Harris	5,075,000	3.68
5.	Caverndale Pty Ltd	3,110,000	2.25
6.	Petroleum Ventures Pty Ltd	2,580,867	1.87
7.	RBC Dexia Investor Services Australia	2,261,000	1.64
8.	Whittingham Securities Pty Ltd	2,000,000	1.45
9.	Chanrich Properties Pty Ltd	1,635,000	1.18
10.	Puffin Agencies Limited	1,448,584	1.05
11.	Port Brassey Pty Ltd	1,304,285	0.94
12.	Mr Willy Joseph Kohlen	1,200,000	0.87
13.	Bluefirm Pty Ltd	1,100,000	0.80
14.	Mount Riyal Pty Limited	1,037,988	0.75
15.	Mr Lewis & Mrs Janet Draper	1,010,000	0.73
16.	Tyche Investments Pty Ltd	1,000,000	0.72
17.	Mr Joseph Jeffrey Verheggen	1,000,000	0.72
18.	Mr Paul Damien Fry	857,143	0.62
19.	La Mancha Resources Pty Ltd	825,000	0.60
20.	Eonia Pty Ltd	800,000	0.58

Total 53,582,182

(e) Twenty largest holders of quoted Options Expiring 31 December 2008 at 20 cents hold 56.54% of the total options issued:

	Name	Number Held	%
1.	Caverndale Pty Ltd	3,064,000	11.09
2.	Mr Vincenzo Brizzi & Mrs Rita Brizzi	1,000,000	3.62
3.	Hocking (Holdings) Pty Ltd	1,000,000	3.62
4.	Mrs Natalie Anne Naylor	900,000	3.26
5.	Zero Nominees Pty Ltd	900,000	3.26
6.	Bluefirm Pty Ltd	880,000	3.18
7.	RBX Dexia Investor Services Australia	800,000	2.90
8.	Mr Geoffrey & Mrs Jennifer Sobey	800,000	2.90
9.	Mr Joseph Hunter Patrick	750,000	2.71
10.	Mr Aiden Trevor Bell	620,000	2.24
11.	Mr Andrew Sobey	556,999	2.02
12.	Mrs Margaret Kopcheff	514,606	1.86
13.	Bluefirm Pty Ltd	500,000	1.81
14.	Chanrich Properties Pty Ltd	500,000	1.81
15.	Mr Andrew Ross Childs	500,000	1.81
16.	Tricom Nominees Pty Ltd	489,040	1.77
17.	Ironside Pty Ltd	472,692	1.71
18.	Prosperity Resources Ltd	472,692	1.71
19.	Mr Cyril Ross Childs	450,000	1.63
20.	Equity Underwriters Pty Ltd	450,000	1.63

Total 15,620,029

(f) Unlisted Options issued under the Employee Option Scheme

600,000 exercisable at 15 cents each until 31 December 2007
 1,000,000 exercisable at 12 cents each until 31 December 2008
 1,250,000 exercisable at 15 cents each until 31 December 2010

