Monax Mining Limited and

Controlled Entities

Annual Financial Report

30 June 2008

CORPORATE DIRECTORY

Monax Mining Limited
ACN 110 336 733
ABN 96 110 336 733
Incorporated in SA

Registered Office
140 Greenhill Road
UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588
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Share Registrar
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
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Auditor
Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Directors' Report (continued)

The Directors present their report together with the financial report of Monax Mining Limited ("the Company") and controlled entities for the year ended 30 June 2008 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are as set out below. Details of Directors' qualifications, experience and special responsibilities are as follows.

Mr Robert Michael Kennedy *ASAIT, Grad., Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD. Non-executive Chairman.* A chartered accountant and consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He joined Monax Mining Limited in August 2004 as Non-executive Chairman. Chairman of Beach Petroleum Limited (since 1995 and a Director since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 1995), Maximus Resources Limited (since 2004), Eromanga Uranium Limited (since 2007) and Marmota Energy Limited (since 2006). His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as Chairman and Non-executive Director of a range of listed public companies including in the resource sector.

Mr Reginald George Nelson *BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD. Non-executive Director.* Board member since 3 August 2004. An exploration geophysicist with 37 years experience in the minerals and petroleum industries and formerly chairman, now committee member, of the Australian Petroleum Production and Exploration Association Council. He has wide experience in technical, corporate and government affairs. Experience in gold exploration and mining operations in Western Australia, the Northern Territory and South Australia. Former Chairman of the Nevoria Gold Mine Joint Venture in Western Australia.
Special responsibilities include membership of the Remuneration and Nomination Committee.
Other listed company directorships are: Managing Director of Beach Petroleum Limited (since 1992) and Director of Anzon Australia Limited (between 2004 and December 2005), Ramelius Resources Limited (since 1995) and Marmota Energy Limited (since 2007).

Mr Glenn Stuart Davis *LLB, BEc*
Non-executive Director. Board member since 3 August 2004. A Partner in DMAW Lawyers. He has considerable expertise and experience in capital raisings, capital reductions, acquisitions and takeovers, managed investment schemes, Director's duties and the requirements of the Corporations Act and the ASX listing rules. He also has specialist skills and knowledge about the resources industry.
Special responsibilities include membership of the Audit and Corporate Governance Committee.
Other listed company directorships are: Beach Petroleum Limited (since July 2007) and Marmota Energy Limited (since 2007).

Dr Neville Foster Alley *Phd , PSM*
Non-executive Director. Board member since 27 January 2005. An internationally known earth science researcher and has wide experience in geological mapping and research in Australia and overseas. He formulated the recent research effort to unravel palaeochannel systems in southern Australia. In 2004 was awarded the Verco Medal for his contribution and leadership in the earth sciences. He has extensive experience at senior levels in Government in Canada and as Director, Minerals, MESA and PIRSA and has a high level understanding of Government policy, regulation and legislation. He was a Member of the Resources Taskforce and made a significant contribution in setting the SA Government's strategies for reinvigorating the minerals industry and led the development of Government initiatives such as TEISA and PACE. He has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry. He is also a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.
Other listed company directorships are: Intermet Limited (since 2004 until August 2008), Beach Petroleum Limited (since July 2007) and Marmota Energy Limited (since 2007).

Mr Michael Peter Schwarz *BSc (Hons), AIG*
Managing Director. Board member since 29 September 2005. A former leader of Primary Industries and Resources SA's (PIRSA) Gawler Craton program. He has led research projects with the SA Government, Geoscience Australia and various universities into the geological evolution and mineralisation of the Gawler Craton. He has a high level of IT skills, an excellent knowledge of mineralisation models and modern geological concepts and is highly energetic, innovative and leading edge in his approach to mineral exploration.

Mr Ewan John Vickery *LLB*
Alternate Director for Glenn Stuart Davis (appointed for meetings of directors held on 19 July 2007 until 5pm on 19 July 2007) Mr Vickery is a corporate and business lawyer with over 30 years experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as a lead native title advisor and negotiator for numerous mining and petroleum companies. Mr Vickery is a Director of Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004) and Eromanga Uranium (since 2006).

Mr John Charles Butler *FCPA, FAICD, FIFS*
Alternate Director for Reginald George Nelson (appointed for meetings of directors held on 19 July 2007 until 5pm on 19 July 2007) and Glenn Stuart Davis (appointed for meetings of directors held on 18 September 2007 until 5pm on 18 September 2007) Mr Butler has experience in strategic planning, accounting and retail community pharmacy with a background in corporate governance of mutual organisations. Mr Butler is the Chairman of Friendly Society Medical Association Limited and a Director of Beach Petroleum Limited (since 1999). Also Chairman of Lifeplan Funds Management Group of Companies and Auburn & Lidcombe United Friendly Society Pharmacy Board Limited.

Mr Ian Roy Witton *FCPA,FAICD*
Alternate Director for Reginald George Nelson (appointed for meetings of directors held on 18 September 2007 until 5pm 18 September 2007) Mr Witton has extensive corporate governance, risk management and member services experience as a former executive director in the mutual friendly societies industry. Mr Witton is a Non-executive Director of Friendly Society Medical Association Limited and a Director of Morialta Trust Inc.

Directors' meetings

The Company held 17 meetings of Directors (including committees of Directors) during the financial year. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

	Directors' meetings		Audit & corporate governance committee meetings		Remuneration & nomination committee meetings	
Director	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Robert Michael Kennedy	14	14	2	2	1	1
Reginald George Nelson	14	13	-	-	1	1
Glenn Stuart Davis	14	14	2	2	-	-
Neville Foster Alley	14	14	-	-	-	-
Michael Peter Schwarz	14	14	-	-	-	-
Ewan John Vickery	2	2	-	-	-	-
John Charles Butler	2	2	-	-	-	-
Ian Roy Whitton	1	1	-	-	-	-

Messrs Kennedy and Davis are members of the Audit & Corporate Governance Committee and Messrs Nelson and Kennedy are members of the Remuneration and Nomination Committee.

Messrs Vickery, Butler and Witton were present in meetings in the capacity of Alternate Directors.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Virginia Katherine Suttell – *B.Comm., ACA.* Appointed Company Secretary and Chief Financial Officer on 21 November 2007. She is a Chartered Accountant with 15 years experience working in public practice and commerce.

Principal activities

The company's principal activity is copper, gold, uranium, nickel, manganese and minerals exploration.

Review and results of operations

The twelve months to June 2008 saw Monax undertaking further geological and geophysical activity which included a continued focus on the Punt Hill iron oxide copper gold (IOCG) project north of Port Augusta, a PACE auger drilling program on the Mt Hope, Brimpton Lake and Moorland tenements, a diamond drilling program on the Parndana tenement and a RC drill program targeting manganese on the Waddikee tenement.

At the Punt Hill project, encouraging results from the geochemical assays from the second drill hole PDDD2 at the Prairie Dog Prospect were received, representing a significant proximal chemical indicator to a large IOCG system. An infill gravity survey was completed at a number of prospects on the tenement during the period and surface induced polarisation surveys have been completed over the Groundhog, Needlenose and Woodchuck prospects leading to the interpretation of a number of previously unrecognised mineralised fault structures. A detailed study of the mineralogy of the Punt Hill drill core has revealed the presence of an early oxidised gold skarn within the alteration system overprinted by iron oxide copper-gold hematite-bornite-chalcocite alteration within the upper parts of the system. In addition the study has identified a chalcocite dominant zone in the western part of the Groundhog and Woodchuck prospects. A diamond drilling program commenced in July 2008. The drill targets were identified from the Induced Polarisation (IP) survey and Monax believes the new IP targets focused around the Groundhog prospect, to be caused by higher grade copper mineralisation.

During the period Monax received expressions of interest in relation to the 100% owned IOCG project at Punt Hill. Monax continues to assess the alternatives and will revisit any opportunities when results from the July drilling program are received.

The Company completed a successful drilling campaign in June 2008 at the Jamieson Tank and Pollinga manganese prospects within its Waddikee project on South Australia's Eyre Peninsula.

Eight traverses were drilled at the Jamieson Tank prospect aimed at testing the strike and depth extent of near surface mineralisation mapped by Monax earlier in the year. Results of the drilling confirm that all eight traverses identified manganese mineralisation at depth beneath surface mineralisation. Near surface manganese mineralisation has also been identified by Monax at the Pollinga prospect, 8km to the north of the main Jamieson Tank target. True thicknesses and grades of mineralisation will be released once Monax has received assay results.

A diamond drilling program at the Bonaventura prospect on Kangaroo Island was completed during the period. The program aimed to test the depth of high grade zinc and lead mineralisation and potential extensions of the mineralisation along a structure recently revealed by a program of mapping, trenching and surface sampling. Assay results are pending at the time of this report.

A rock chip sampling program at the historic Kohinoor gold mine on Kangaroo Island was completed in early 2008. It was designed to test for high grade gold in quartz veins mined by historic miners in the 1890's. Mining appears to have targeted structurally controlled quartz veins within a sandstone host. The historical workings extend to a depth of approximately 50m below surface. In February this year Monax completed a 150m deep diamond drill hole beneath the old workings. The drilling intersected zones of quartz veining and alterations similar to those which contained gold mineralisation in the old workings. The drill core is currently being assayed with results pending.

During the period Monax conducted a PACE sponsored drilling program on its Mt Hope tenement. The program targeted combined magnetic and gravity features thought to be consistent with Archaean volcanic/sediment packages with the potential to host VHMS (Pb/Zn/Cu) and magnetic Ni/Cu deposits. The drilling program was designed to obtain detailed geological and geochemical information in closely spaced traverses across the geophysical targets. This will allow subsequent targeting of geochemically anomalous stratigraphy along strike and at depth.

Results
The consolidated loss of the consolidated group after providing for income tax and minority equity interests amounted to $1,012,099 (2007: 1,165,359).

Dividends
No dividends have been paid or provided by the Company since the end of the previous financial year.

State of affairs
Significant changes in the state of affairs of the Company during the year were as follows:

During the period, Monax's spin off uranium company, Marmota Energy Limited (Marmota) completed its IPO and listed on the Australian Stock Exchange on 21 November 2007. Marmota raised $15 million and will conduct exploration activity across tenements in excess of 7,000 square kilometres in the Gawler and Curnamona Cratons. A major focus of initial work carried out by Marmota will be at the flagship Ambrosia project on the Gawler Craton in which Monax will retain 50% of the equity. As part of the share sale agreement, Monax sold 100% of the equity of Marmosa Pty Ltd to Marmota for 36 million ordinary shares in Marmota, representing 29.86% of Marmota's issued capital. Monax entered into farm-in and joint venture arrangements with Marmosa Pty Ltd.

Events subsequent to balance date
Since 30 June 2008, 1,600,000 shares were allotted as the result of the exercise of options at $0.25 on 30 June 2008. In addition, 365,000 options at $0.264 were issues to employees under the Employee Share Option Plan with a fair value of $56,575.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

Likely developments
Further information about likely developments in the operations of the company and the expected results of those operations in future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Remuneration report (audited)

Remuneration of Directors and key management personnel

This report details the nature and amount of remuneration for each key management person of the Company and for the executives receiving the highest remuneration.

(a) Directors and key management personnel

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Directors	**Position**
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr MP Schwarz	Managing Director – Executive
Mr EJ Vickery	Alternate Director
Mr JC Butler	Alternate Director
Mr IR Witton	Alternate Director
Key management personnel	
Mr DJ Calandro	Managing Director – Marmota Energy Limited
Ms VK Suttell	Chief Financial Officer / Company Secretary
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr DS Cosentino	Company Secretary

(b) Directors' Remuneration

2008 primary benefits	**Directors fees**	**Salary**	**Non cash items**	**Cash bonus**	**Super contributions**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Directors							
Mr RM Kennedy	101,682	-	-	-	9,152	-	110,834
Mr RG Nelson	50,841	-	-	-	4,576	-	55,417
Mr GS Davis*	55,417	-	-	-	-	-	55,417
Dr NF Alley	18,731	150,040	-	-	37,337	-	206,108
Mr MP Schwarz	-	172,376	36,475	-	15,514	-	224,365
Mr EJ Vickery	-	-	-	-	-	-	-
Mr JC Butler	-	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-	-
	226,671	322,416	36,475	-	66,579	-	652,141

2007 primary benefits	**Directors fees**	**Salary**	**Non cash items**	**Cash bonus**	**Super contributions**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Directors							
Mr RM Kennedy	64,220	-	-	-	5,780	-	70,000
Mr RG Nelson	32,110	-	-	-	2,890	-	35,000
Mr GS Davis*	35,000	-	-	-	-	-	35,000
Dr NF Alley	-	86,794	-	5,833	8,336	-	100,963
Mr MP Schwarz	-	167,860	-	11,250	14,258	-	193,368
	131,330	254,654	-	17,083	31,264	-	434,331

* Director's fees for Mr Davis are paid to a related entity of the Director.

The Directors conclude that there are no other executives requiring disclosure other than those listed.

(c) Service agreements

During the financial year, the Company reviewed the employment agreement of Mr Schwarz in respect of his services as Managing Director. Pursuant to his service agreement, Mr Schwarz was paid a total package of $224,365 per annum inclusive of superannuation guarantee contributions. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

(d) Director related entities

During the year to 30 June 2008 the Company paid legal fees totalling $150,280 to a Director related entity of Mr Davis and $38,492 to a Director related entity of Messrs Kennedy and Nelson.

(e) Key management personnel remuneration

2008 primary benefits	**Salary $**	**Bonus $**	**Super contributions $**	**Non cash benefits $**	**Total $**
Key management personnel excluding Directors					
Mr DJ Calandro*	197,200	-	16,200	-	213,400
Ms VK Suttell**	88,954	-	8,006	-	96,960
Mr DA Francese***	-	-	-	-	-
Mr DS Cosentino****	-	-	-	-	-
	286,154	-	24,206	-	310,360

2007 Primary Benefits	**Salary $**	**Bonus $**	**Super contributions $**	**Non cash benefits $**	**Total $**
Key management personnel excluding Directors					
Mr DA Francese***	-	-	-	-	-
Mr DS Cosentino****	-	-	-	-	-
	-	-	-	-	-

*Mr Calandro was appointed Managing Director of Marmota Energy Limited on 9 July 2008.

**Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. In addition, Ms Suttell acts as Company Secretary and Chief Financial Officer for Marmota Energy Limited for which Marmota reimbursed Monax 50% of her remuneration, on-costs and associated expenses relating to the secretarial and financial services provided to Marmota.

*** Mr Francese was appointed as a Company Secretary and Financial Officer on 8 December 2005 and resigned 29 February 2008. Mr Francese is employed by Ramelius Resources Limited (a company associated with RM Kennedy and RG Nelson) as its Company Secretary and Chief Financial Officer. Monax reimbursed that entity 50% of his remuneration, on-costs and associated expenses relating to the secretarial and financial services provided to Monax. Refer note 25.

**** Mr Cosentino was appointed Company Secretary on 8 December 2004 and resigned 29 February 2008. He is a partner in an accounting firm which received fees during the year for the provision of accounting and secretarial services. Refer note 3.

Key management personnel post-employment/retirement benefits

There were no post employment retirement benefits paid or payable to key management personnel.

Remuneration practices
The Company's policy for determining the nature and amounts of emoluments of board members and senior executive officers of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at $300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors on the Remuneration and Nomination Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Remuneration and Nomination Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Monax given the nature of the Company's business as a recently listed mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

A total of 365,000 options with a fair value of $56,575 were issued to employees at no cost since the end of the financial year under the Monax Mining Limited Employee Share Option Plan.

The employment conditions of the Managing Director, Mr Schwarz and the Managing Director – Marmota Energy Limited, Mr Calandro are formalised in contracts of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Directors' contracts may be terminated at any time by mutual agreement. The Company may terminate these contracts without notice in instances of serious misconduct. The employment contract of Executive Director Dr Alley with Monax Mining Limited expired during the period, at which time he became a Non-executive Director. Dr Alley entered into an employment contract as an Executive Director with Marmota Energy Limited for a period of one year, expiring in December 2008. Ms Suttell is employed as Chief Financial Officer and Company Secretary for a term of three years, expiring on 12 November 2010.

Options granted as remuneration
Apart from the options granted under the Company's Employee Share Option Plan as detailed above, no other options were granted to Directors or key management personnel of the Company during the financial year.

Shares issued on exercise of remuneration options
No shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

Directors' interests in shares and options
Directors' relevant interests in shares and options of the Company are disclosed in note 5 to the accounts.

Options
At the date of this report unissued ordinary shares of the Company under option are:

Grant Date	Expiry date*	Exercise price	Number of Options
10/07/2005	30/6/2009	$0.30	2,500,000
10/07/2005	30/6/2010	$0.40	2,500,000
13/04/2006	12/4/2011	$0.26	750,000
15/02/2007	13/2/2012	$0.666	450,000
18/07/2008	18/7/2013	$0.260	365,000

* All options may be exercised at any time before expiry. Option holders will receive one ordinary share in the capital of the Company for each option exercised.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of Shares	Amount paid on each share	
1,600,000	$0.25	Issued as the result of options exercised on 30 June 2008

There were no amounts unpaid on shares issued.

Environmental regulation and performance statement
The Company's operations are subject to significant environmental regulations under both Commonwealth and South Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

Indemnification and insurance of officers

Indemnification
The Company is required to indemnify the Directors and other officers of the company against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

Insurance premiums
Since the end of the previous year the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the Corporations Act 2001.

Monax Mining Limited and controlled entities

Directors' Report (continued)

Non-audit services

The Board of Directors, in accordance with advice from the Audit & Corporate Governance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethics Standards Board.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2008:

Independent Accountant's report	$2,400

Auditor of the Company

The auditor of the Company for the financial year was Grant Thornton.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2008 is set out immediately following the end of the Directors' report.

Dated at Adelaide this 16 day of September 2008.

Signed in accordance with a resolution of the Directors:

Robert Michael Kennedy
Director

GrantThornton

Grant Thornton South Australian Partnership
ABN 27 244 906 724

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF MONAX MINING LIMITED AND CONTROLLED ENTITIES

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Monax Mining Limited and Controlled Entities for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Wayville on this 16th day of September 2008

Our Ref: H/IAR/INDEPENDENCE DEC/2008/MONAX MINING LTD & CONTROLLED ENTITIES_JUN 08.DOC

Monax Mining Limited and controlled entities

Income Statement

For the year ended 30 June 2008

	Note	Consolidated		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Other revenues from ordinary activities	2	838,826	150,849	9,702,359	150,849
Total revenue		838,826	150,849	9,702,359	150,849
Administration expenses	3	533,332	265,044	298,552	265,044
Consultants	3	374,550	116,693	269,400	116,693
Depreciation	3	34,051	19,832	24,601	19,832
Employment expenses	3	729,983	751,560	418,984	749,464
Occupancy expenses		87,937	76,722	62,225	76,722
Other expenses from ordinary activities		51,350	44,696	-	44,696
Profit/(loss) from ordinary activities before related income tax expense		(972,377)	(1,123,698)	8,628,597	(1,121,602)
Income tax (expense)/benefit relating to ordinary activities	4	(51,422)	(41,661)	(2,898,298)	(41,661)
Profit/(loss) from ordinary activities after related income tax expense		(1,023,799)	(1,165,359)	5,730,299	(1,163,263)
Net (loss)/profit attributable to minority interests		11,700	-	-	-
Net (loss)/Profit attributable to members of the parent company		(1,012,099)	(1,165,359)	5,730,299	(1,163,263)
Basic earnings per share (cents)	7	(1.75)	(2.1)	9.8	(2.1)
Diluted earnings per share	7	(1.67)	(2.1)	9.3	(2.1)

The above income statement should be read in conjunction with the accompanying notes.

Monax Mining Limited and controlled entities

Balance Sheet

As at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets					
Cash and cash equivalents	8	7,067,576	3,204,505	3,040,999	3,204,504
Trade and other receivables	9	730,927	122,527	285,162	124,623
Other current assets	10	33,317	16,982	17,723	16,982
Financial assets	11	8,000,000	-	-	-
Total current assets		15,831,820	3,344,014	3,343,884	3,346,109
Non-current assets					
Property, plant and equipment	12	571,193	255,446	269,853	255,446
Financial assets	13	-	-	3,168,001	1
Exploration and evaluation expenditure	15	10,894,087	6,259,490	8,168,172	6,259,490
Total non-current assets		11,465,280	6,514,936	11,606,026	6,514,937
Total assets		27,297,100	9,858,950	14,949,910	9,861,046
Current liabilities					
Trade and other payables	16	1,003,494	510,518	164,717	510,518
Short term provisions	17	74,147	47,247	50,388	47,247
Total current liabilities		1,077,641	557,765	215,105	557,765
Non-current liabilities					
Long term provisions	17	46,014	16,088	35,364	16,088
Deferred tax liability	4	-	-	950,396	-
Total non-current liabilities		46,014	16,088	985,760	16,088
Total liabilities		1,123,655	573,853	1,200,865	573,853
Net assets		26,173,445	9,285,097	13,749,045	9,287,193
Equity					
Issued capital	18	13,872,313	10,715,640	13,872,313	10,715,640
Share options reserves		314,840	314,840	314,840	314,840
Available for sale reserve		-	-	(4,425,120)	-
Retained profits/(losses)	20	(2,757,482)	(1,745,383)	3,987,012	(1,743,287)
		11,429,671	9,285,097	13,749,045	9,287,193
Minority interests		14,743,774	-	-	-
Total Equity		26,173,445	9,285,097	13,749,045	9,287,193

The above balance sheet should be read in conjunction with the accompanying notes.

Monax Mining Limited and controlled entities

Statement of Changes in Equity

For the year ended 30 June 2008

Consolidated Group	Notes	$ Share capital ordinary	$ Share based payments reserve*	$ Available for sale reserve	$ Retained profits / (losses)	$ Minority interest	$ Total
Balance at 1 July 2006		6,087,832	50,150	-	(580,024)	-	5,557,958
Shares issued during the period		4,725,018	-	-	-	-	4,725,018
Transaction costs associated with the issue of shares net of tax		(97,210)	-	-	-	-	(97,210)
Fair value of Options issued to employees		-	264,690	-	-	-	264,690
Profit/(loss) attributable to shareholders		-	-	-	(1,165,359)	-	(1,165,359)
Balance as at 30 June 2007		10,715,640	314,840	-	(1,745,383)	-	9,285,097
Initial outside equity interest		-	-	-	-	14,735,723	14,735,723
Shares issued during the period		3,276,657	-	-	-	19,751	3,296,408
Transaction costs associated with the issue of shares net of tax		(119,984)	-	-	-	-	(119,984)
Fair value of Options issued to employees		-	-	-	-	-	-
Profit/(loss) attributable to shareholders		-	-	-	(1,012,099)	(11,700)	(1,023,799)
Balance as at 30 June 2008		13,872,313	314,840	-	(2,757,482)	14,743,774	26,173,445

Parent Entity	Notes	$ Share Capital Ordinary	$ Share Based Payments Reserve*	$ Available for sale reserve	$ Retained Profits / (Losses)	$ Minority Interest	$ Total
Balance at 1 July 2006		6,087,832	50,150	-	(580,024)	-	5,557,958
Shares issued during the period		4,725,018	-	-	-	-	4,725,018
Transaction costs associated with the issue of shares net of tax		(97,210)	-	-	-	-	(97,210)
Fair value of Options issued to employees		-	264,690	-	-	-	264,690
Profit/(loss) attributable to shareholders		-	-	-	(1,163,263)	-	(1,163,263)
Balance as at 30 June 2007		10,715,640	314,840	-	(1,743,287)	-	9,287,193
Initial outside equity interest		-	-	-	-	-	-
Shares issued during the period		3,276,657	-	-	-	-	3,276,657
Transaction costs associated with the issue of shares net of tax		(119,984)	-	-	-	-	(119,984)
Fair value of Options issued to employees		-	-	-	-	-	-
Write down of available-for-sale investment to fair value		-	-	(4,425,120)	-	-	(4,425,120)
Profit/(loss) attributable to shareholders		-	-	-	5,730,299	-	5,730,299
Balance as at 30 June 2008		13,872,313	314,840	(4,425,120)	3,987,012	-	13,749,045

* Further information on the nature of this reserve is disclosed at Note 19.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Monax Mining Limited and controlled entities

Cash Flow Statement

For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash flows from operating activities					
Cash receipts in the course of operations		-	17,228	-	17,228
Cash payments in the course of operations		(1,803,400)	(1,063,186)	(1,089,788)	(1,061,092)
Interest received		327,631	151,215	105,986	151,215
Net cash provided by/(used in) operating activities	23	(1,475,769)	(894,743)	(983,802)	(892,649)
Cash flows from investing activities					
Payments for plant & equipment		(322,474)	(168,305)	(60,614)	(168,305)
Payments for exploration & evaluation assets		(4,199,411)	(4,237,678)	(2,129,804)	(4,237,678)
Acquisition of subsidiary (net of cash)		14,755,474	-	-	-
Acquisition of associate		-	-	(1)	-
Net cash provided by/(used in) investing activities		10,233,589	(4,405,983)	(2,190,419)	(4,405,983)
Cash flows from financing activities					
Proceeds from issue of shares		3,276,657	4,725,019	3,276,657	4,725,019
Payment of transaction costs associated with capital raising		(171,406)	(75,497)	(171,406)	(75,496)
Loans		-	-	(94,535)	(2,096)
Net cash provided by/(used in) financing activities		3,105,251	4,649,522	3,010,716	4,647,427
Net increase/(decrease) in cash held		11,863,071	(651,204)	(163,505)	(651,205)
Cash at the beginning of the financial year		3,204,505	3,855,709	3,204,504	3,855,709
Cash at the end of the financial year	8/11	15,067,576	3,204,505	3,040,999	3,204,504

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

The financial report includes the consolidated financial statements and notes of Monax Mining Limited and controlled entities ('consolidated group' or 'group'), and the separate financial statements of Marmota Energy Limited as an individual parent entity ('parent entity').

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authority's pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. The following report covers the economic entity, Monax Mining Limited, a listed public company, incorporated and domiciled in Australia.

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

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Monax Mining Limited ('parent entity') as at 30 June 2008 and the result of all subsidiaries for the year then ended. Monax Mining Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. All inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. A list of controlled entities is contained in Note 13 to the financial statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

(c) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the costs of the acquisition as part of the purchase consideration.

(d) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

All fixed assets are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	5% – 33%

The asset’s residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the income statement.

(i) Employee benefits

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits.

Superannuation contributions: Employees may nominate their own superannuation fund into which the Company pays superannuation contributions. The Company currently contributes 9% of employee’s salary to each employee’s nominated fund or where a fund is not nominated by an employee, to a superannuation fund chosen by the Company.

Share-based payments: The Company has an Employee Share Option Plan where employees may be provided with options to acquire shares in the Company. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined to be the fair value of the shares granted. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Revenue

Revenue from sale of goods or rendering of a service is recognised upon delivery of the goods or service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of goods and services tax (GST).

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Balance Sheet inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) *Investments in associates*

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves and profits/(losses) of its associates.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is considered to be not material.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

Key estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
2 *Revenue from ordinary activities*					
Other revenues:					
From operating activities					
Interest received from other parties		750,083	133,621	137,758	133,621
Rent received from sub tenant		-	17,223	-	17,223
Profit on sale of subsidiary		-	-	9,489,599	-
Other revenue		88,743	5	75,002	5
Total revenue from ordinary activities		838,826	150,849	9,702,359	150,849
3 *Profit from ordinary activities before income tax expense has been determined after*					
Expenses					
Administration expenses					
ASX fees		7,069	27,172	8,658	27,172
Share registry fees		85,598	67,131	53,615	67,131
Insurance		53,825	33,645	30,729	33,645
Audit		42,000	19,000	21,000	19,000
Service fees		76,756	-	6,870	-
Other		268,084	118,096	177,680	118,096
		533,332	265,044	298,552	265,044
Consulting expenses					
Legal fees		37,738	15,110	28,527	15,110
Corporate consulting		165,352	48,000	125,352	48,000
Accounting and secretarial services		170,900	53,583	115,521	53,583
Other		560	-	-	-
		374,550	116,693	269,400	116,693
Depreciation expenses					
Plant and equipment		34,051	19,832	24,601	19,832
Employment expenses					
Salaries and wages		301,701	211,116	136,899	211,116
Directors fees		242,085	140,000	160,417	140,000
Superannuation		23,347	40,425	18,130	40,425
Provisions		56,827	46,646	22,417	46,646
Share based payments		-	246,690	-	246,690
Other		106,023	66,683	81,121	64,587
		729,983	751,560	418,984	749,464

		Consolidated		Parent Entity	
	Note	2008	2007	2008	2007
		$	$	$	$
4 ***Income tax expense***					
The components of tax expense comprise:					
Current income tax (expense)/benefit		-	-	-	-
Deferred income tax (expense)/benefit		-	-	(2,846,876)	-
Tax portion of capital raising costs		(51,422)	(41,661)	(51,422)	(41,661)
Income tax (expense)/benefit reported in the income statement		(51,422)	(41,661)	(2,898,298)	(41,661)
The prima facie income tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie income tax (expense)/benefit calculated at 30% on loss from ordinary activities		291,713	337,109	(2,588,579)	337,109
Deferred tax asset in respect of tax losses not brought to account		(291,713)	(337,109)	(258,297)	(337,109)
Tax portion of capital raising costs		(51,422)	(41,661)	(51,422)	(41,661)
Income tax (expense)/benefit attributable to loss from ordinary activities		(51,422)	(41,661)	(2,898,298)	(41,661)
Deferred tax liability					
The balance of deferred tax liabilities comprises temporary differences attributable to:					
Deferred capital gain in sale of subsidiary		-	-	950,396	-
Deferred tax liability		-	-	950,396	-
Income tax losses					
Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria - tax losses at 30%		3,879,561	2,145,817	3,009,544	2,145,817

5 *Remuneration of Directors and key management personnel*

(a) Directors and key management personnel

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Directors	**Position**
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Executive
Mr MP Schwarz	Managing Director – Executive
Mr EJ Vickery	Alternate Director
Mr JC Butler	Alternate Director
Mr IR Witton	Alternate Director
Key management personnel	
Mr DJ Calandro	Managing Director – Marmota Energy Limited
Ms VK Suttell	Chief Financial Officer / Company Secretary
Mr DA Francese	Chief Financial Officer / Company Secretary
Mr DS Cosentino	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Directors and key management personnel equity remuneration, holdings and transactions

Shares in Monax Mining Limited	Balance 1/07/07	Received as remuneration	Options exercised	Net change other[1]	Balance 30/06/08	Total held in escrow 30/06/08
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	50,000	-	-	22,727	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr M Schwarz	-	-	-	-	-	-
	50,000	-	-	22,727	72,727	-
Held by Directors' personally related entities						
Mr RM Kennedy	2,485,937	-	-	545,454	3,031,391	-
Mr RG Nelson	2,040,001	-	-	-	2,040,001	-
Mr GS Davis	2,480,001	-	-	222,727	2,702,728	-
Dr NF Alley	3,022,000	-	-	34,090	3,056,090	-
Mr MP Schwarz	1,650,000	-	-	-	1,650,000	-
Total held by Directors	11,727,939	-	-	824,998	12,552,937	-
Key management personnel excluding Directors						
Mr DJ Calandro	-	-	-	-	-	-
Ms VK Suttell	-	-	-	38,727	38,727	-
Mr DA Francese	47,025	-	-	-	47,025	-
Mr DS Cosentino	22,000	-	-	-	22,000	-
Total	11,796,964	-	-	863,725	12,660,689	-

(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)

Options in Monax Mining Limited	Option class	Balance 1/07/07	Received as remun-eration	Options exercised	Net change other	Balance 30/06/08	Total vested 30/06/08	Total exercisable 30/06/08
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis	(a)	10,000	-	-	(10,000)	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr MP Schwarz		-	-	-	-	-	-	-
		10,000	-	-	(10,000)	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(a)	20,171	-	-	(20,171)	-	-	-
	(b)	450,000	-	-	(450,000)	-	-	-
	(c)	700,000	-	(1,400,000)	700,000	-	-	-
	(d)	350,000	-	-	-	350,000	350,000	350,000
	(e)	350,000	-	-	-	350,000	350,000	350,000
Mr RG Nelson	(a)	2,001	-	-	(2,001)	-	-	-
	(b)	382,000	-	-	(382,000)	-	-	-
	(c)	700,000	-	-	(700,000)	-	-	-
	(d)	350,000	-	-	-	350,000	350,000	350,000
	(e)	350,000	-	-	-	350,000	350,000	350,000
Mr GS Davis	(a)	1,001	-	-	(1,001)	-	-	-
	(b)	481,000	-	-	(481,000)	-	-	-
	(c)	700,000	-	(200,000)	(500,000)	-	-	-
	(d)	350,000	-	-	-	350,000	350,000	350,000
	(e)	350,000	-	-	-	350,000	350,000	350,000
Dr NF Alley	(a)	4,000	-	-	(4,000)	-	-	-
	(b)	600,000	-	-	(600,000)	-	-	-
	(c)	800,000	-	-	(800,000)	-	-	-
	(d)	400,000	-	-	-	400,000	400,000	400,000
	(e)	400,000	-	-	-	400,000	400,000	400,000
Mr MP Schwarz	(b)	300,000	-	-	(300,000)	-	-	-
	(f)	750,000	-	-	-	750,000	750,000	750,000
Total held by Directors		8,800,173	-	(1,600,000)	(3,550,173)	3,650,000	3,650,000	3,650,000
Key management personnel excluding Directors								
Mr DJ Calandro		-	-	-	-	-	-	-
Ms VK Suttell		-	-	-	-	-	-	-
Mr DA Francese	(a)	4,550	-	-	(4,550)	-	-	-
	(b)	4,000	-	-	(4,000)	-	-	-
Mr DS Cosentino	(b)	4,000	-	-	(4,000)	-	-	-
Total		8,812,723	-	(1,600,000)	(3,562,723)	3,650,000	3,650,000	3,650,000

(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)

(a) Listed Options exercisable at $1.20 by 31/12/2007 as a result of bonus option issue
(b) Unlisted Options exercisable at $1.20 by 31/12/2007 as a result of bonus option issue
(c) Unlisted Options exercisable at $0.25 by 30/06/2008
(d) Unlisted Options exercisable at $0.30 by 30/06/2009
(e) Unlisted Options exercisable at $0.40 by 30/06/2010
(f) Unlisted Options exercisable at $0.26 by 12/04/2011

1. Net change other refers to shares purchased and/or sold during the financial year and shares no longer held by Director related entities.

1,600,000 options previously granted to Directors or Director related entities were exercised on 30 June 2008. Shares were allotted on 3 July 2008.

Shares in Marmota Energy Limited	**Balance 1/07/07**	**Received as remuneration**	**Options exercised**	**Net change other[1]**	**Balance 30/06/08**	**Total held in escrow 30/06/08**
Held by Directors in own name						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr MP Schwarz	1	-	-	-	1	-
	5	-	-	-	5	-
Held by Directors' personally related entities						
Mr RM Kennedy	5,700,000	-	-	(2,553,334)	3,146,666	2,740,000
Mr RG Nelson	3,300,000	-	-	(2,360,000)	940,000	900,000
Mr GS Davis	3,000,000	-	-	(50,000)	2,950,000	2,825,000
Dr NF Alley	3,000,000	-	-	(300,000)	2,700,000	2,700,000
Mr MP Schwarz	3,040,000	-	-	-	3,040,000	3,040,000
Total held by Directors	18,040,005	-	-	(5,263,334)	12,776,671	12,205,000
Key management personnel excluding Directors						
Mr DJ Calandro	-	-	-	2,080,000	2,080,000	2,040,000
Ms VK Suttell	-	-	-	30,000	30,000	-
Mr DA Francese	-	-	-	720,000	720,000	720,000
Mr DS Cosentino	-	-	-	8,000	8,000	4,000
Total	18,040,005	-	-	(2,425,334)	15,614,671	14,969,000

(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)

Options in Marmota Energy Limited	Option class	Balance 1/07/07	Received as remun-eration	Options exercised	Net change other	Balance 30/06/08	Total vested 30/06/08	Total exer-cisable 30/06/08
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr MP Schwarz		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Mr RG Nelson	(a)	-	-	-	450,000	450,000	450,000	-
Mr GS Davis	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Dr NF Alley	(a)	-	-	-	1,350,000	1,350,000	1,350,000	-
Mr MP Schwarz	(a)	-	-	-	1,520,000	1,520,000	1,520,000	-
Total held by Directors		-	-	-	6,020,000	6,020,000	6,020,000	-
Key management personnel excluding Directors								
Mr DJ Calandro	(a)	-	-	-	1,000,000	1,000,000	1,000,000	-
Ms VK Suttell		-	-	-	-	-	-	-
Mr DA Francese	(a)	-	-	-	360,000	360,000	360,000	-
Mr DS Cosentino		-	-	-	-	-	-	-
Total		-	-	-	7,380,000	7,380,000	7,380,000	-

(a) Unlisted Options exercisable at $0.40 by 11/07/2012, escrowed until 12/11/2009

1. Net change other refers to shares purchased and/or sold during the financial year and shares no longer held by Director related entities.

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
6 Auditors' remuneration				
Audit services:				
Auditors of the Company – Grant Thornton				
Audit and review of the financial reports	42,000	19,000	21,000	19,000
Provision of an independent accountants report	2,400	-	-	-
	44,400	19,000	21,000	19,000

7 *Earnings per share*

(a) Classification of securities

All ordinary shares have been included in basic earnings per share.

(b) Classification of securities as potential ordinary shares

2,500,000 unlisted options exercisable at $0.30 by 30/06/2009
2,500,000 unlisted options exercisable at $0.40 by 30/06/2010
750,000 unlisted options exercisable at $0.26 by 12/04/2011
450,000 unlisted options exercisable at $0.666 by 14/02/2012

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
(c) Earnings used in the calculation of earnings per share				
Profit/(loss) from ordinary activities after related income tax expense	(1,023,799)	(1,165,359)	5,730,299	(1,631,263)
(d) Weighted average number of shares and options used as the denominator				
Number for basic earnings per share				
Ordinary shares	58,363,452	55,978,127	58,363,452	55,978,127
Number for diluted earnings per share				
Ordinary shares and options	61,562,976	55,978,127	61,562,976	55,978,127

8 *Cash and cash equivalents*

Cash at bank	1,072,576	3,145,313	725,999	3,145,312
Deposits at call	5,995,000	59,192	2,315,000	59,192
	7,067,576	3,204,505	3,040,999	3,204,504

9 *Trade and other receivables*

Current

Other debtors	730,927	122,527	166,834	122,527
Loan to subsidiary	-	-	118,328	2,096
	730,927	122,527	285,162	124,623

10 *Other current assets*

Prepayments	33,317	16,982	17,723	16,982

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
11 Financial assets				
Held to maturity investments				
Fixed interest short term deposit	8,000,000	-	-	-
12 Plant and equipment				
Plant and equipment				
At cost	676,156	295,716	356,505	295,891
Accumulated depreciation	(104,963)	(40,270)	(86,652)	(40,445)
Net book value	571,193	255,446	269,853	255,446

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Plant and equipment				
Carrying amount at beginning of year	255,446	106,350	255,446	106,350
Additions	390,362	179,443	70,712	179,443
Disposals	-	-	-	-
Accumulated Depreciation	(74,615)	(30,347)	(56,305)	(30,347)
Carrying amount at end of year	571,193	255,446	269,853	255,446

13 Financial assets – non-current

(a) Controlled entities consolidated

	Country of incorporation	Percentage owned (%)	
		2008	2007
Parent entity:			
Monax Mining Limited	Australia		
Subsidiaries of Monax Mining Limited:			
Marmosa Pty Ltd	Australia	-	100
Marmota Energy Limited	Australia	29.8	-
Groundhog Services Pty Ltd	Australia	64.9	-
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	-

13 Financial assets - non-current (continued)

(b) Acquisition and sale of controlled entities

Pursuant to a contract between the Company and Marmota Energy Limited (Marmota), and with the satisfaction of the conditions within the contract, on 21 November 2007 the Company sold 100% of the issued capital in Marmosa Pty Ltd to Marmota in exchange for shares and options in Marmota.

Through the transaction identified in Note 13b, the Company holds 29.8% of the issued capital of Marmota Energy Limited. Additionally, four of the Company's Directors have been appointed to the Board of Marmota. As a result, the Company has been consolidated for the purposes of this financial report.

Details of the fair value of assets and liabilities acquired from Marmota as at 21 November 2007 are as follows:

	$
Cash and cash equivalents	15,371,705
Trade and other receivables	79,197
Exploration and evaluation expenditure	9,851,556
Trade and other payables	(1,054,597)
Net assets	24,247,861
Outside equity interest	14,735,723
Net identifiable assets acquired	9,512,138
Represented by the following purchase consideration:	
Fair value of tenement rights	9,489,600
Associated transaction costs:	22,538
	9,512,138

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
(c) Available for sale investments					
Shares in listed companies (Marmota Energy Limited) at fair value		-	-	3,168,000	-

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments. The fair value of listed available for sale investments has been determined directly by reference to published price quotation at 30 June 2008 in an active market.

13 Financial assets - non-current (continued)

(d) The parent entity holds investments in the following company:

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2008	2007	2008	2007
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	-	1	-

The investment in Groundhog Services Pty Ltd has been classified as a financial asset at cost of $1 in the balance sheet.

14 Joint ventures

The parent entity has the following interests in joint ventures

No	State	Agreement Name	Parties	Summary
1	SA	Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA exclusive right to conduct exploration for uranium on areas covered by Exploration Licences EL 3355, EL 3356, EL 3357, EL 3359, EL 3458, EL 3561, EL 3684, EL 3685, EL 3775. Once MSA has spent $4 million on exploration it will have earned 25% interest with a further spend of $4 million required for an additional 25%.
2	SA	Ambrosia Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited(MOX0	MOX gives MSA the right to explore for all minerals in the area covered by Exploration Licence EL 3358. Once MSA has spent $1 million on exploration it will have earned a 25% interest with a further 25% able to be earned.
3	SA	Mineral Rights Transfer & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MSA transfers to MOX 100% of its interests in minerals other than uranium and 30% of its interests in uranium for areas covered by the following Exploration Licences: EL 3907, EL 3908, EL 3909, EL 3910, and EL 3911. MSA and MOX enter into a joint venture to explore for uranium.

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

15 *Exploration and evaluation expenditure*

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Costs carried forward in respect of areas of interest in:					
Exploration and evaluation phase	(i)	10,894,087	6,259,490	8,168,172	6,259,490
Total exploration and evaluation expenditure		10,894,087	6,259,490	8,168,172	6,259,490

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

(i) Reconciliation

A reconciliation of the carrying amount of exploration and/or evaluation phase expenditure is set out below.

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Carrying amount at beginning of year		6,259,490	1,716,749	6,259,490	1,716,749
Additional costs capitalised during the year		4,634,597	4,542,741	1,908,682	4,542,741
Carrying amount at end of year		10,894,087	6,259,490	8,168,172	6,259,490

16 *Trade and other payables*

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Trade creditors	680,001	-	66,991	-
Other creditors and accruals	323,492	458,818	90,167	458,818
Amounts payable to Director related entities*	1	51,700	7,559	51,700
	1,003,494	510,518	164,717	510,518

* Details of amounts payable to Director related entities are detailed in Note 25.

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
17 Provisions					
Current					
Employee entitlements		74,147	47,247	50,388	47,247
Non-current					
Employee entitlements		46,014	16,088	35,364	16,088
18 Issued capital					
Issued and paid-up share capital					
69,047,057(2007: 55,978,124) ordinary shares, fully paid		13,872,313	10,715,640	13,872,313	10,715,640
(a) Ordinary shares					
Balance at the beginning of year:		10,715,640	6,087,832	10,715,640	6,087,832
Shares issued during the year:					
Nil (2007: 1,700,000) shares issued $0.70 per share		-	1,190,000	-	1,190,000
Nil (2007: 5,009,454) shares issued at $0.70 per share through rights entitlement		-	3,506,618	-	3,506,618
5,400 (2007: 2,000) shares issued to option holders on exercise of options at $1.20		6,480	2,400	6,480	2,400
Nil (2007: 100,000) shares issued to option holder on exercise of options at $0.26		-	26,000	-	26,000
Less transaction costs arising from issue of shares net of tax		(119,984)	(97,210)	(119,984)	(97,210)
8,181,818 (2007: Nil) shares issued at $0.22 per share through placement		1,800,000	-	1,800,000	-
4,781,715 (2007: Nil) shares issued at $0.22 per share through share purchase plan		1,051,977	-	1,051,977	-
100,000 (2007: Nil) shares issued to option holder on exercise of options at $0.182		18,200	-	18,200	-
1,600,000 (2007: Nil) shares issued to option holders on exercise of options at $0.25		400,000	-	400,000	-
Balance at end of year		13,872,313	10,715,640	13,872,313	10,715,640

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 creditors and are fully entitled to any proceeds of liquidation.

18 Issued capital (continued)

(b) Options

For information relating to the Monax Mining Limited Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 19.

For information relating to share options issued to executive Directors during the financial year, refer to Note 5.

At 30 June 2008, there were 6,200,000 (30 June 2007: 21,002,188) unissued shares for which the following options were outstanding.

2,500,000 unlisted options exercisable at $0.30 by 30/06/2009
2,500,000 unlisted options exercisable at $0.40 by 30/06/2010
750,000 unlisted options exercisable at $0.26 by 12/04/2011
450,000 unlisted options exercisable at $0.666 by 14/12/2012

19 Share-based payments

The following share-based payment arrangements existed at 30 June 2008:

	2008		2007	
Parent entity	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	1,300,000	0.36	850,000	0.26
Granted – August 06 (exercise price $0.182)	-	-	100,000	0.58
Granted – February 07 (exercise price $0.666)	-	-	450,000	0.58
Forfeited	-	-	-	-
Exercised	(100,000)	0.18	(100,000)	0.26
Expired	-	-	-	-
Outstanding at year-end	1,200,000		1,300,000	
Exercisable at year-end	1,200,000		1,300,000	

On 18 July 2008, 365,000 share options were granted to employees under the Monax Mining Limited Employer Share Option Plan to take up ordinary shares at an exercise price of $0.264 each. The options are exercisable on or before 18 July 2013.

The options are non transferable except as allowed under the Employee Share Option Plan and are not quoted securities. At balance date, no share options had been exercised.

All options granted to key management personnel are over ordinary shares in Monax Mining Limited, which confer a right of one ordinary share for every option held.

19 Share-based payments (continued)

The weighted average fair value of the options granted in July 2008 was $0.155. This price was calculated by using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.264
Weighted average life of the option	1,825 days
Underlying share price	$0.19
Expected share price volatility	117%
Risk free interest rate	7.25%

The life of the options is based on the days remaining until expiry.

Included under employee benefits expense in the income statement is $nil (2007: $264,690), and relates, in full, to equity-settled share-based payment transactions.

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
20 Retained profits / (losses)					
Retained (losses) at the beginning of the year		(1,745,383)	(580,024)	(1,743,287)	(580,024)
Net loss attributable to members of the company		(1,012,099)	(1,165,359)	5,730,299	(1,163,263)
Retained profits/(losses) at the end of the year		(2,757,482)	(1,745,383)	3,987,012	(1,743,287)

21 Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable and loans to and from subsidiaries and related entities. The main risks the Group are exposed to through its financial instruments are interest rate risk and credit risk.

(a) Treasury risk management

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising the effects on financial performance.

(b) Interest rate risk

The company has no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate can vary from day to day.

(i) Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2008 approximately 95% of group deposits are fixed. It is the policy of the group to keep between 90% and 100% of surplus cash in high yielding deposits.

	Weighted average effective interest rate		Effective interest rate		Non interest bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	$	$	$	$	$	$
Financial assets								
Cash at bank	3.60	5.80	682,576	3,145,313	-	-	682,576	3,145,313
Deposits	7.78	6.31	13,995,000	59,192	-	-	13,995,000	59,192
Receivables	-	-	-	-	730,927	122,527	730,927	122,527
Total financial assets	-	-	14,667,576	3,204,505	730,927	122,527	15,408,503	3,327,032
Financial liabilities								
Payables	-	-	-	-	(1,003,494)	(510,518)	(912,245)	(510,518)
Total financial liabilities	-	-	-	-	(1,003,494)	(510,518)	(912,245)	(510,518)
Total net financial assets	-	-	14,667,576	3,204,505	(272,567)	(387,991)	14,496,258	2,816,514

21 Financial risk management policies (continued)

(c) Sensitivity analysis

Interest rate and price risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the company does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

Interest rate sensitivity analysis

At 30 June 2008, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		Consolidated		Parent Entity	
	Note	2008	2007	2008	2007
		$	$	$	$
Change in loss					
Increase in interest rates by 2%		293,351	6,408	52,820	6,408
Decrease in interest rates by 2%		(293,351)	(6,408)	(52,820)	(6,408)
Change in equity					
Increase in interest rates by 2%		293,351	6,408	52,820	6,408
Decrease in interest rates by 2%		(293,351)	(6,408)	(52,820)	(6,408)

(d) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the entity which have been recognised in the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

In respect to the parent entity, credit risk also incorporates the exposure of Monax to the liabilities of all members of the Group.

(e) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows.

21 Financial instruments disclosure (continued)

(f) Net fair values of financial assets and liabilities

Valuation approach
Net fair values of financial assets and liabilities are determined by the entity on the following bases:

Recognised financial instruments
Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates. Other than listed investments, the Company does not have any financial assets or liabilities that are readily traded on organised markets in a standardised form. The net fair values of listed investments have been valued at the quoted market bid price at balance date.

22 Commitments and contingent liabilities

Exploration expenditure commitments
In order to maintain current rights of tenure to exploration tenements, the Company will be required to outlay in the year ending 30 June 2009 amounts of approximately $1,688,000 to meet minimum expenditure requirements pursuant to various joint venture requirements and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

The Company leases office and warehouse accommodation in Adelaide under a non-cancellable operating lease expiring in January 2009. The lease generally provides the Company with a right of renewal for a further four years after which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on movements in the Consumer Price Index and operating criteria.

Monax Mining Limited has signed a letter of support for Groundhog Services Pty Ltd (‘Groundhog’). Effective 1 July 2008, Groundhog will provide company secretarial and financial services, tenement management, office administration, logistical support and office accommodation. Groundhog has entered into a non-cancellable operating lease commencing in August 2008 for a five year period for office and warehouse accommodation.

		Consolidated		Parent Entity	
	Note	2008	2007	2008	2007
		$	$	$	$
Non-cancellable operating lease expense commitments					
Future operating lease commitments not provided for in the financial statements and payable:					
Within one year		177,546	60,000	39,690	60,000
One year or later and no later than five years		676,433	30,000	-	30,000
Later than five years		22,165	-	-	-
		876,144	90,000	39,690	90,000

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $

23 *Notes to the statements of cash flows*

Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Profit/(Loss) from ordinary activities after income tax	(1,023,799)	(1,165,359)	5,730,299	(1,163,263)
Add/(less) non cash items				
Depreciation	34,051	30,347	24,601	30,347
Share based remuneration	-	264,690	-	264,690
Income tax expense	51,422	41,661	2,898,298	41,661
Profit on sale of subsidiary	-	-	(9,489,599)	-
(Increase)/decrease in prepayments	(16,335)	(8,931)	(741)	(8,931)
(Increase)/decrease in receivables	(608,400)	(84,173)	(44,307)	(86,270)
(Increase)/decrease in non-current assets	-	(54,542)	(80,629)	(54,542)
(Decrease)/increase in accounts payable	82,166	34,918	-	34,917
(Decrease)/increase in loans	(51,700)	-	(44,141)	2,096
(Decrease)/increase in provisions	56,826	46,646	22,417	46,646
Net cash provided by/(used in) operating activities	(1,475,769)	(894,743)	(983,802)	(892,649)

24 *Employee entitlements*

	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Aggregate liability for employee entitlements, including on-costs				
Current	74,147	47,247	50,388	47,247
Non-current	46,014	16,088	35,364	16,088
	120,161	63,335	85,752	63,335
Number of employees				
Number of employees at year end	10	10	6	10

25 *Related parties*

Directors' transactions with the Company
A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

25 Related parties (continued)

The aggregate amounts recognised during the year (excluding re-imbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

			Consolidated		Parent Entity	
Director	Transaction	Note	2008 $	2007 $	2008 $	2007 $
RG Nelson	Payments to Director related entity for corporate design and printing.		-	198	-	198
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		150,280	92,834	42,988	92,834
RM Kennedy & RG Nelson	Payments to a Director related entity for Company Secretarial services and associated costs.	(i)	38,492	147,528	38,492	147,528
Related entity	Payments to a Director related entity for office administration and logistical support.		-	-	6,870	-

(i) This amount relates to the services of Mr Francese who was appointed a Company Secretary and Financial Officer on 8 December 2005. Mr Francese is employed by Ramelius Resources Limited (a company associated with RM Kennedy and RG Nelson) as its Company Secretary and Chief Financial Officer. Monax reimbursed that entity 50% of his remuneration, on-costs and associated expenses relating to the secretarial and financial services provided to Monax.

Amounts receivable from and payable to Directors and their Director related entities at balance date arising from these transactions were as follows:

		Consolidated		Parent Entity	
	Note	2008 $	2007 $	2008 $	2007 $
Current receivables					
Trade debtors		-	-	-	-
Loan to subsidiary		-	-	55,000	-
		-		55,000	-
Current payables					
Trade creditors		299	-	299	-
Other creditors and accruals		-	-	7,559	51,700
		299	-	7,858	51,700

26 Segment reporting

The Company operates in the exploration and mining business segment located in Australia.

27 *Events subsequent to balance date*

Since 30 June 2008, 1,600,000 shares were allotted to option holders for options exercised at $0.25 on 30 June 2008.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

28 *Company details*

The registered office of the Company is:

140 Greenhill Road

UNLEY SA 5061

The principal place of business is

140 Greenhill Road

UNLEY SA 5061

Directors' declaration

1 In the opinion of the Directors of Monax Mining Limited:

(a) the financial statements and notes, as set out on pages 12 to 41, 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 2008 and of its performance, as represented by the results of its operations and its cash flows, for the twelve months ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Managing Director and Chief Financial Officer have given the Directors the declarations required by section 295A of the Corporations Act 2001.

Dated at Adelaide this 16 day of September 2008.

Signed in accordance with a resolution of the Directors:

Robert Michael Kennedy
Director

Grant Thornton

Grant Thornton South Australian Partnership
ABN 27 244 906 724

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONAX MINING LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Monax Mining Ltd and Controlled Entities (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONAX MINING LIMITED AND CONTROLLED ENTITIES Cont

Auditor's Responsibility Cont

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a the financial report of Monax Mining Ltd is in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

GrantThornton

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONAX MINING LIMITED AND CONTROLLED ENTITIES Cont

Report on the Remuneration Report

We have audited the Remuneration Report (marked audited) included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Monax Mining Ltd's for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Wayville on this 16th day of September 2008