MONAX
MINING LIMITED
ABN 96 110 336 733

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Unley SA 5061

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ASX RELEASE

For Immediate Release
14 October 2008

2008 Annual Report, Notice of Annual General Meeting and Proxy Form

Attached are electronic copies of the Monax Mining Limited 2008 Annual Report, Notice of Annual General Meeting and Proxy Form which are being mailed to shareholders today.

Yours faithfully

Virginia Suttell
Company Secretary

Notice of Annual General Meeting 2008

Notice is hereby given that the Annual General Meeting of Monax Mining Limited ('Company') will be held at 136 Greenhill Road Unley SA on Friday 14 November 2008 at 11:45 am (Adelaide time).

AGENDA

ORDINARY BUSINESS

1 Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2008.

The Annual Financial Report is available at the website of the Company (www.monaxmining.com.au), under "News and Reports", "Annual Reports".

2 Adoption of Remuneration Report

To consider and put the following resolution to a non binding vote:

'That the Remuneration Report required by section 300A of the Corporation Act 2001, as contained in the Company's Directors' Report for the year ended 30 June 2008 be adopted.'

3 Re-election of Mr RM Kennedy as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, Mr RM Kennedy being a director of the Company who retires by rotation in accordance with clause 47.1.2 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

4 Re-election of Dr NF Alley as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, Dr NF Alley being a director of the Company who retires in accordance with clause 47.1.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.'

SPECIAL BUSINESS

5 Ratification of April Placement

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, for the issue of 6,818,181 ordinary shares in the capital of the Company on the terms described in the explanatory memorandum accompanying the notice convening this meeting.'

Voting Exclusion

The Company shall disregard any votes cast in relation to this resolution, by those recipients of Shares for which approval is sought, as identified in the explanatory memorandum accompanying the notice convening this meeting, and their associates; however, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

6 Ratification of May Placement

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, for the issue of 1,363,636 fully paid ordinary shares in the capital of the Company on the terms described in the explanatory memorandum accompanying the notice convening this meeting.'

Voting Exclusion

The Company shall disregard any votes cast in relation to this resolution, by MAPD Nominees Pty Ltd and their associates; however, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

7 Employee Share Option Plan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, with effect from the closure of this meeting and for the purposes of Exception 9 of ASX Listing Rule 7.2, section 260C(4) of the Corporations Act 2001 and for all other purposes, approval is given for the Company to establish, administer and issue securities under an employee incentive scheme to be called the Monax Mining Limited Employee Share Option Plan.'

The terms and conditions of the Monax Mining Limited Employee Share Option Plan are summarised in the explanatory memorandum accompanying the notice convening this meeting.

Voting Exclusion

The Company will disregard any votes cast in relation to this resolution by a director of the Company or their associates, except the directors who are ineligible to participate in any employment incentive scheme. However, in respect of this resolution, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

8 Issue of Options to Managing Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That, approval be given under and for the purposes of ASX Listing Rule 10.14, the Constitution and for all other purposes, for the allotment and issue of up to 250,000 options to Michael Schwarz under the Monax Mining Limited Employee Share Option Plan.'

Voting Exclusion

The Company will disregard any votes cast in relation to this resolution by a director of the Company or their associates, except the directors who are ineligible to participate in any employment incentive scheme. However, in respect of this resolution, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; and

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a valid proxy form to vote as the proxy decides.

OTHER BUSINESS

9 To transact any further business that may be lawfully brought forward.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the explanatory memorandum accompanying the notice convening this meeting. This notice should be read in conjunction with the accompanying explanatory memorandum which forms part of this Notice.

By Order of the Board

Virginia Suttell
Company Secretary
Date: 1 October 2008

NOTES

A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the meeting, the member may appoint up to two proxies to attend and vote on the member's behalf.

If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.

A proxy need not be a member of the Company.

To appoint a proxy, a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act 2001 (Cth).

To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be sent to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or in person to Computershare at Level 5, 115 Grenfell Street, Adelaide SA 5067, or by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9415 4637 or to the Company on 61 8 8375 3999.

Members who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at close of business on Wednesday 12 November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

The Constitution of the Company provides that 10 shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for a general meeting of the Company.

Corporate representatives are requested to bring appropriate evidence of appointments as a representative in accordance with the Constitution of the Company. Attorneys are requested to bring a Power of Attorney pursuant to which they are appointed. Proof of identity will also be required for corporate representatives and attorneys.

Explanatory Memorandum

Accompanying the Notice of Annual General Meeting to be held 14 November 2008

1 Financial Report

The Annual Financial Report together with the Directors' Report and Auditor's Report will be laid before the meeting in accordance with section 317 of the *Corporations Act 2001 (Cth)* ('Corporations Act'). Members will be given the opportunity to ask questions or make comments about the management of the Company and may also ask questions of the Auditor's representative relevant to the conduct of the audit and preparation and content of the Auditor's Report.

2 Remuneration Report

In accordance with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption by way of a non binding resolution its Remuneration Report for the year ended 30 June 2008. The Remuneration Report is a distinct section of the Directors' Report that deals with the remuneration of Directors and Key Management Personnel of the Company and can be located on pages 40 to 44 in the 2008 Annual Report and also on the Company's website at:

www.monaxmining.com.au.

The Remuneration Report sets out the Company's remuneration arrangements for its Directors, Officers and Senior Management.

Shareholders will be given reasonable opportunity at the meeting to discuss the report.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

3 Re-election of Mr RM Kennedy as a Director

At the date of the Notice of Annual General Meeting, the Board of Directors of the Company comprises 5 Directors. Mr Kennedy is required by the Company's constitution to retire at the meeting. A retiring director is eligible for re-election. Mr Kennedy has indicated he will offer himself for re-election by members at the meeting. A brief description of the candidate is 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.

Other listed company directorships are: 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.

The Directors recommend shareholders vote in favour of the resolutions. The Chairman intends to vote undirected proxies in favour of the resolution.

4 Re-election of Dr NF Alley as a Director

At the date of the Notice of Annual General Meeting, the Board of Directors of the Company comprises 5 Directors. Dr Alley is required by the Company's constitution to retire at this meeting. A retiring director is eligible for re-election. Dr Alley has indicated he will offer himself for re-election by members at the meeting. A brief description of the candidate is as follows:

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, he 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).

The Directors recommend shareholders vote in favour of the resolutions. The Chairman intends to vote undirected proxies in favour of the resolution.

5 and 6 Ratification of previous issues of shares

Introduction

Listing Rule 7.1 provides that (subject to certain exceptions), prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The issues of Shares detailed in Resolutions 5 and 6 did not exceed the 15% limit referred to above.

Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby refreshing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolutions 5 and 6 propose the ratification and approval of the allotment and issue of Shares for the purpose of satisfying the requirements of Listing Rule 7.4.

Resolution 5 – April Placement

In accordance with Listing Rule 7.5, the following information is provided to shareholders in relation to Resolution 5:

- on 9 April 2008, 6,818,181 Shares were issued without shareholder approval;
- the Shares were issued at $0.22 each;
- the Shares rank equally in all respects with the existing ordinary Shares on issue;

- the Shares were issued to the following parties:

	Shares
Mr Bradley Berger & Mrs Amanda Berger <Maple Leaf Investment A/c>	50,000
Cameron Stockbrokers Pty Ltd <Placement A/c>	1,818,182
Angelo & Sandra Carapella <Carapella Superfund A/c>	113,636
Mr Colin Leslie Berger & Mrs Mary Berger	50,000
MAPD Nominees Pty Ltd	3,831,818
Running Water Limited	200,000
Sassey Pty Ltd <Avago Superannuation Fund A/c>	100,000
Techcorp Pty Ltd <Robert Russo Family A/c>	454,545
Troca Enterprises Pty Ltd	200,000

- funds raised will be used to fund exploration on the Company's tenements.

Resolution 6 – May Placement

In accordance with Listing Rule 7.5, the following information is provided to shareholders in relation to Resolution 6:

- on 20 May 2008, 1,363,636 Shares were issued without shareholder approval;
- the Shares were issued at $0.22 each;
- the Shares rank equally in all respects with the existing ordinary Shares on issue;
- the Shares were issued to MAPD Nominees Pty Ltd; and
- funds raised will be used to fund exploration on the Company's tenements.

7 Employee Share Option Plan

This resolution proposes shareholder approval for the purposes of Exception 9(b) of ASX Listing Rule 7.2 for the establishment of the Monax Mining Limited Employee Share Option Plan ('Plan') and the issue of securities under the Plan. The two main purposes of the Plan are to give an incentive to the employees and directors to provide dedicated and ongoing commitment and effort to the Company and for the Company to reward employees and directors for their efforts. The Plan contemplates the issue of options to subscribe for fully paid ordinary shares in the Company, to employees and directors of the Company.

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities including options. The effect is that shareholder approval is required before the company may issue securities representing more than 15% of the capital of the Company within a 12 month period. However, certain issues are exempt from that Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee option scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Listing Rule 7.2(Exception 9)). The last time shareholder approval was obtained for the issue of securities under the Plan pursuant to Exception 9(b) of ASX Listing Rule 7.2, was at the Company's 2005 Annual General Meeting.

Any securities issued to directors under the Plan will still require specific shareholder approval for that issue under ASX Listing Rule 10.14.

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, shareholders are requested to approve the issue of securities under the Plan as an exemption from Listing Rule 7.1. This approval will be effective from the date of the resolution. If approval is given, securities issued under the Plan will be exempt from counting towards the 15% limit under Listing Rule 7.1.

Under section 260A(1) of the Corporations Act, a company must not financially assist a person to acquire shares in the company or its holding company unless an exception applies. The relevant exception is set out under section 260C(4) which provides that financial assistance will be exempted if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting.

Under the Plan, the Company may provide free options to eligible employees and directors. This may be considered 'financial assistance' within the meaning of the Corporations Act. Accordingly, shareholder approval is sought for the purposes of section 260C(4) of the Corporations Act.

In accordance with Exception 9(b) of ASX Listing Rule 7.2, shareholders are provided with the following information.

Summary of Terms and Conditions of the Plan

The significant terms of the Plan are as follows:

1. Employees and directors of the Company will be eligible to participate in the Plan. The Directors, in their absolute discretion, will determine which employees and directors may participate.

2. The entitlements under the Plan will be in the absolute discretion of the Directors.

3. Options will be granted free of charge

4. The exercise price of the options will be determined by the directors but will not be less than the market price (as defined in the Plan) at the time the directors resolve to issue the options.

5. The directors may limit the number of options which may be exercised in any one year.

6. Each option entitles the holder to subscribe for and be allotted one share.

7. All unexercised options expire 5 years from the date of grant.

8. If an employee ceases to be an employee of the Company all options which have not been exercised will lapse.

9. 1,765,000 options have been issued under the Plan since the last approval

Listing Rule 14.9 requires approval be given by an ordinary resolution of the Company.

Copies of the rules of the Plan are available for inspection at the Company's registered office during business hours, or may be obtained free of charge by contacting the Company Secretary on (08) 8375 3900. The rules of the Plan will also be made available at the Annual General Meeting.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

8 Issue of Options to the Managing Director

ASX Listing Rule 10.14 provides that the Company must not permit a director to acquire securities under an employee incentive scheme without the approval of its shareholders.

This resolution proposes approval in accordance with ASX Listing Rule 10.14 and for all other purposes, for the issue of 250,000 options for no consideration to Mr Schwarz under the terms of the Plan. These options are being granted to the Managing Director, Mr Michael Schwarz as an incentive.

In accordance with ASX Listing Rule 10.15, shareholders are provided with the following information.

Specific Information Required by Listing Rule 10.15

1. Mr Schwarz is a director of the Company.
2. The maximum number of options to be issued is 250,000.
3. The options will be issued for no consideration. The exercise price of the options will be determined by the directors but will not be less than the market price (as defined in the Plan) at the time the directors resolve to issue the options.
4. 750,000 options were approved for issue under the Plan under ASX Listing Rule 10.14 to Mr Michael Schwarz at the 2005 Annual General Meeting. These options were issued on 13 April 2006 with an exercise price of $0.26 expiring on 12 April 2011.
5. All persons referred to in ASX Listing Rule 10.14 entitled to participate in the Plan are: Mr Reginald Nelson, Mr Robert Kennedy, Mr Glenn Davis, Dr Neville Alley and Mr Michael Schwarz.
6. The Company will issue the options by 31 January 2009.

Listing Rule 14.9 requires the approval be given by ordinary resolution of the Company.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

MONAX
MINING LIMITED

ACN 110 336 733

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11.45am (Adelaide time) Wednesday 12 November 2008

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

View your securityholder information, 24 hours a day, 7 days a week:
www.investorcentre.com

- ☑ **Review your securityholding**
- ☑ **Update your securityholding**

Your secure access information is:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Monax Mining Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Monax Mining Limited to be held at 136 Greenhill Road, Unley SA on Friday, 14 November 2008 at 11.45am and at any adjournment of that meeting.

Important for Items 7 and 8: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 7 and 8 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 7 and 8 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 7 and 8 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

		For	Against	Abstain
2	To adopt the Remuneration Report	☐	☐	☐
3	Re-election of Mr R M Kennedy as a Director of the Company	☐	☐	☐
4	Re-election of Dr N F Alley as a Director of the Company	☐	☐	☐

Special Business

		For	Against	Abstain
5	Ratification of previous issue of 6,818,181 ordinary shares	☐	☐	☐
6	Ratification of previous issue of 1,363,636 ordinary shares	☐	☐	☐
7	Approval of Employee Share Option Plan	☐	☐	☐
8	Issue of 250,000 options to Managing Director, Michael Schwarz	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ **Contact Daytime Telephone** ____________________ **Date** ___ / ___ / ___

Monax Mining Limited

2008 ANNUAL REPORT

Uranium
Mining
Gold
Monax
Lead
Waddikee
Nickel
Punt Hill
anese
South
Copper
Ambrosia
Australia

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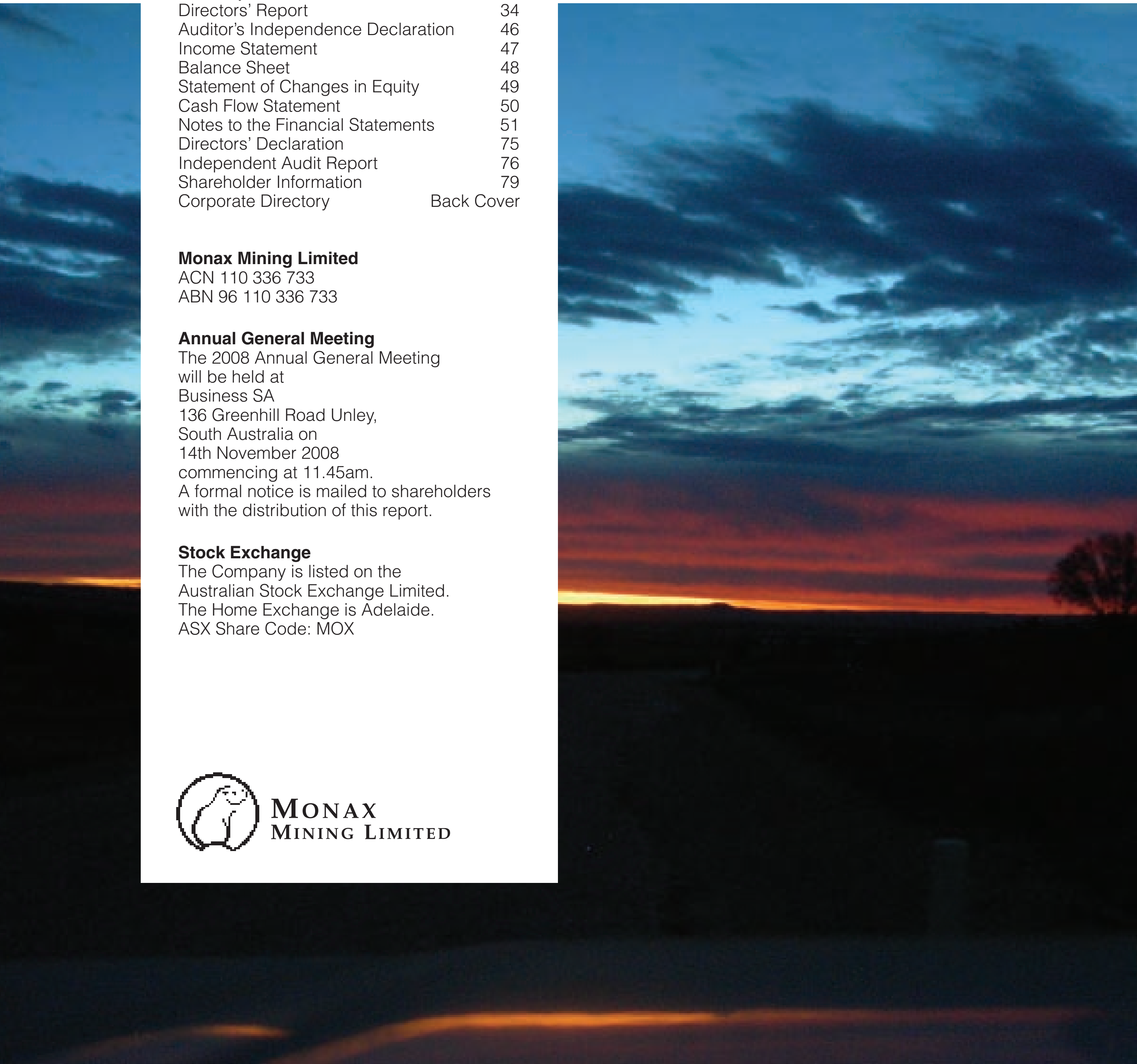


Monax Mining Limited
ACN 110 336 733
ABN 96 110 336 733

Annual General Meeting
The 2008 Annual General Meeting will be held at Business SA 136 Greenhill Road Unley, South Australia on 14th November 2008 commencing at 11.45am.
A formal notice is mailed to shareholders with the distribution of this report.

Stock Exchange
The Company is listed on the Australian Stock Exchange Limited.
The Home Exchange is Adelaide.
ASX Share Code: MOX

MONAX MINING LIMITED

Chairman's Report

Dear Fellow Shareholders,

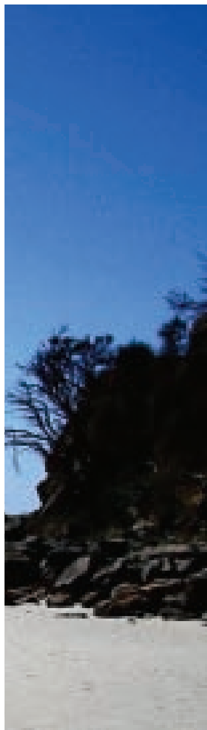
It is with great pleasure that I present to you the annual report of Monax Mining Limited ('Monax') for the 2007-08 financial year. Monax has continued to build on its initial successful discovery of an iron oxide-copper-gold system at Punt Hill, undertaking extensive detailed geophysical surveys aimed at identifying high grade copper-gold mineralisation within the mineralising system. A follow up drill program is currently testing several targets generated from this work.

A review of the manganese and iron ore potential of Monax's tenement package shows the Waddikee tenement in central Eyre Peninsula to be of particular significance. Manganese is a non-substitutable component of the steelmaking process with demand rising in line with iron ore over the past year. As a result, the price for 48% manganese (Mn) ore increased by over 400% in 2007.

First pass rock chip sampling of outcropping manganese mineralisation yielded exceptional results of up to 54% manganese and 60% iron (Fe). A recently completed drilling program identified further manganese mineralisation, with assay results confirming continuity of manganese mineralisation at depth.

In the last financial year, Monax successfully raised an additional $2.9 million through a combined placement and share purchase plan. The funds are being used primarily to fund manganese and iron ore drilling at Waddikee and ongoing copper-gold exploration at Punt Hill.

Our exploration on Kangaroo Island at Kohinoor gold mine has produced some interesting core which is being processed and we await the assays and full report from our Exploration Geologist.



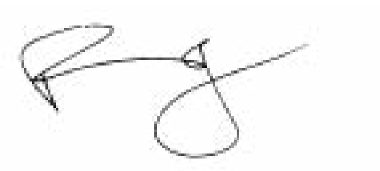
Chairman's Report

Monax successfully floated Marmota Energy Limited on the ASX as a mechanism to capitalise on the uranium potential of its tenements. Marmota Energy Limited (ASX Code: 'MEU') debuted on the ASX on 21 November 2007 after it successfully raised A$15 million through its Initial Public Offering ('IPO').

Marmota will use the proceeds of the offer primarily to enable it to advance exploration and resource development on existing tenements in South Australia. Initial work has already commenced on the Company's Ambrosia tenement (EL 3358). Through the priority offer arrangement to Monax shareholders, Marmota Energy offers investors the opportunity to participate in the development of projects which host known uranium mineralisation and are located at the heart of South Australian uranium exploration country.

I take the opportunity to point out that due to the requirements of the Australian Accounting Standards in respect of consolidation of accounts we are bound to consolidate Marmota Energy Limited into the Monax Group. In particular, we are required to consolidate cash held in Marmota of approximately $12 million which is not available to Monax. Monax's available cash at 30 June 2008 is approximately $3 million.

I thank my fellow directors, staff and consultants for their efforts in making Monax's third year in operation a successful one. In particular, I commend the efforts of our Managing Director who has taken the lead in the considered exploration of our tenements.

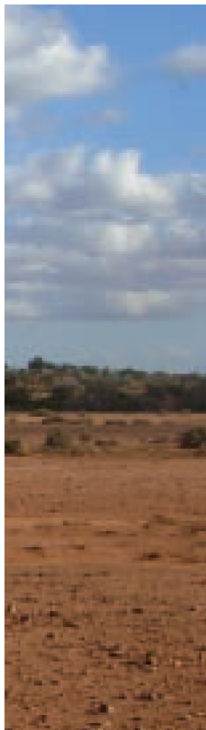


Robert Kennedy
Chairman
Monax Mining Limited

Monax has continued to build on its initial successful discovery of iron oxide-copper-gold style mineralisation at Punt Hill, undertaking extensive detailed geophysical surveys aimed at identifying high grade copper-gold mineralisation within the mineralising system.

Managing Director's Report

The 2007-08 financial year has been a very productive and exciting one for the team at Monax Mining Limited. We have made significant advances in our understanding of the iron oxide-copper-gold potential of our 100% owned Punt Hill project 130 km north of Port Augusta, and have discovered a number of very exciting manganese prospects on our 100% owned Waddikee project on the Eyre Peninsula. Drilling on our zinc-lead and gold projects on Kangaroo Island has been completed with the majority of holes intersecting mineralisation.



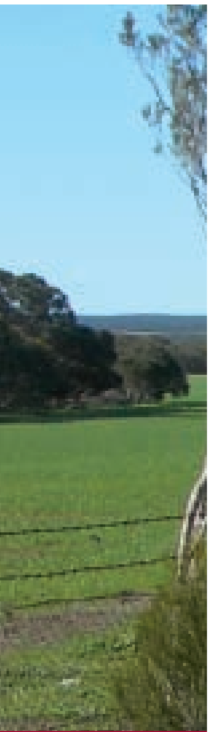
At Punt Hill, Monax has invested significant time and resources in understanding and developing efficient exploration tools to target high grade copper-gold mineralisation. This investment is now coming to fruition, with the completion of a second round of drilling to test a number of potential high grade targets generated from the past year's work.

High grade manganese mineralisation was discovered at surface on the Jamieson Tank Prospect at the Waddikee tenement. The mineralisation outcrops intermittently over a 5 km strike length, providing a great opportunity to define an economic manganese resource. Further high grade surface mineralisation was discovered at the Pollinga Prospect, approximately 8 km to the north of Jamieson Tank, and at the Hodgins Prospect.

During May and June this year, Monax completed a RC percussion drilling program comprising eight traverses (44 holes) at the Jamieson Tank Prospect and 4 separate holes at the Pollinga Prospect. Preliminary logging reported intersections of manganese mineralisation down hole, underlying mapped surface mineralisation from previous ground surveys. Recent assay results confirm the presence of manganese mineralisation in all eight traverses at the Jamieson Tank Prospect and also higher than expected results for iron.

At the Bonaventura Prospect on Kangaroo Island, an eight hole diamond drilling program has been highly successful in identifying the primary controls of zinc and lead mineralisation within the Snelling-Cygnet Fault Zone.

Managing Director's Report



All holes drilled intersected varying degrees of zinc and lead mineralisation, and the core is currently being processed with results expected in the next few months. Rock chip sampling from the historic Kohinoor gold mine on Kangaroo Island has returned gold assays of up to 28 g/t. A single diamond hole drilled under the existing workings has intersected similar zones of veining and alteration to those containing high grade gold within the mine workings. Results from this work are eagerly anticipated.

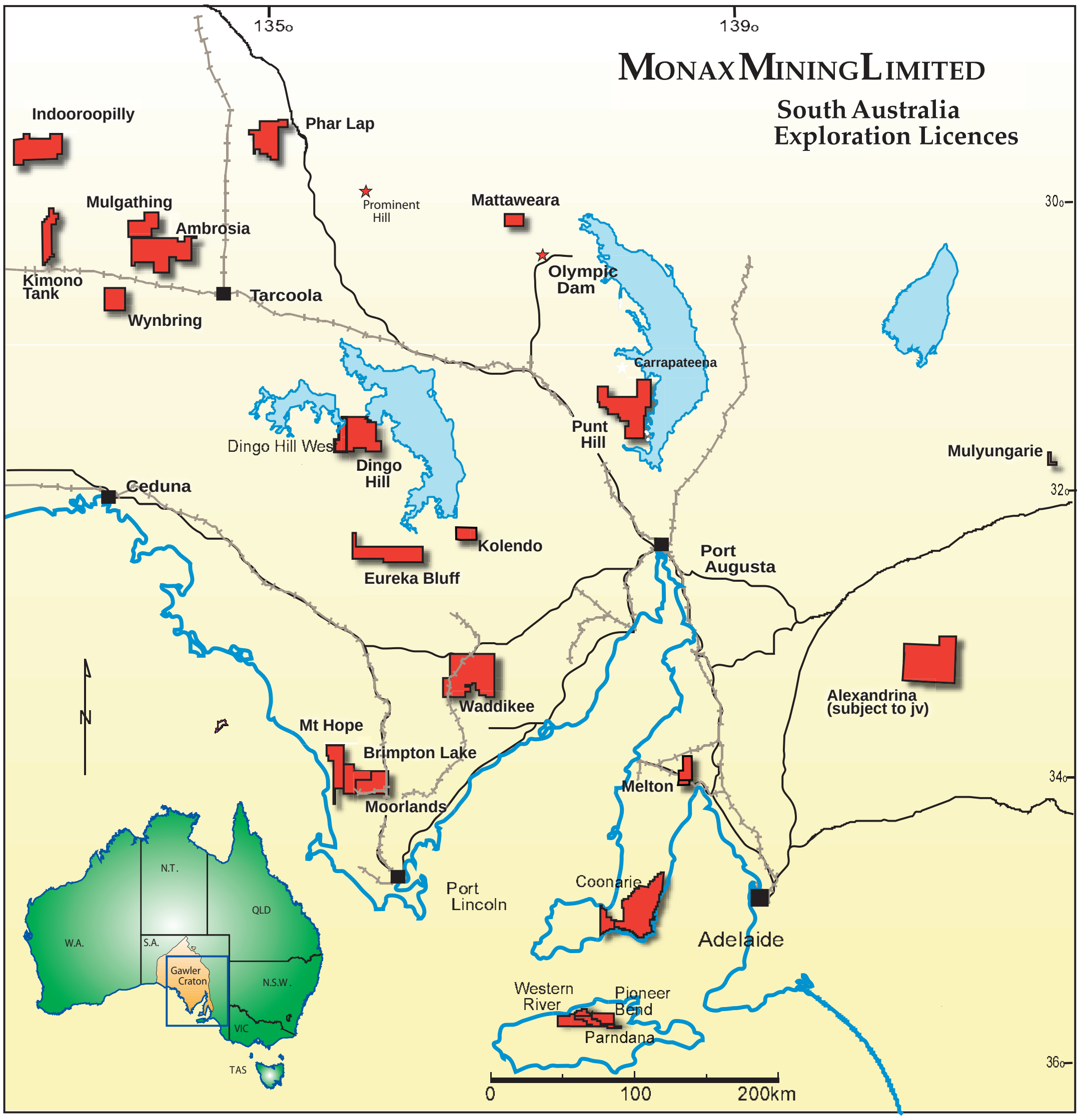
During the year, Monax entered into joint venture arrangements with Marmota Energy for the exploration of uranium on 7,000 km^2 of the Company's tenements comprising nine projects, and a 50:50 arrangement for the exploration of all minerals on its Ambrosia tenement. As part of this agreement, Marmota has collected extensive geophysical datasets across the majority of Monax's tenements which will aid target generation, and has recently completed a 75 hole drilling program on the Ambrosia tenement.

I would like to take this opportunity to thank the staff and Board of Monax Mining Limited for making this a very successful year for the Company.

Michael Schwarz
Managing Director
Monax Mining Limited

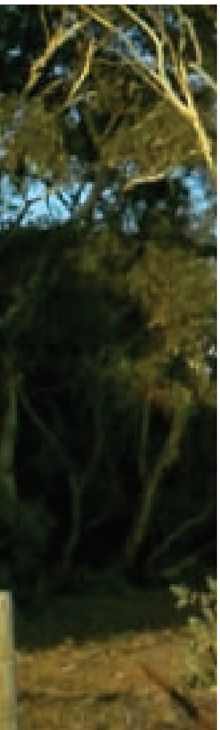
The 2007-08 financial year has been a very productive and exciting one for the team at Monax Mining Limited. We have made significant advances in our understanding of the iron oxide-copper-gold potential of our 100% owned Punt Hill project.

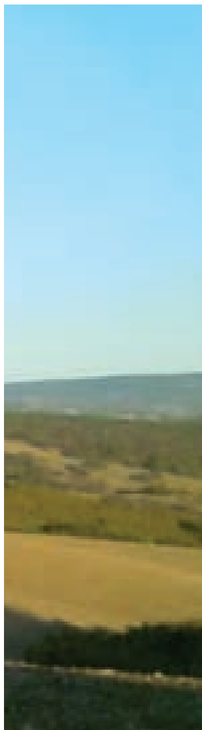
Review of Operations



Granted tenements

Review of Operations





Tenement Status as at 28 August 2008

Project	Tenement	Status	Area (km^2)	Details
Mt Hope	EL 3355	Granted	320	JV with Marmota Energy
Moorlands	EL 3356	Granted	324	JV with Marmota Energy
Parndana	EL 3376	Granted	100	
Ambrosia	EL 3358	Granted	854	JV with Marmota Energy
Wynbring	EL 3359	Granted	247	JV with Marmota Energy
Eureka Bluff	EL 3458	Granted	549	JV with Marmota Energy
Dingo Hill	EL 3394	Granted	516	
Waddikee	EL 3357	Granted	1,004	JV with Marmota Energy
Punt Hill	EL 3457	Granted	887	
Brimpton Lake	EL 3561	Granted	222	JV with Marmota Energy
Mulgathing	EL 3684	Granted	258	JV with Marmota Energy
Kimono Tank	EL 3685	Granted	234	JV with Marmota Energy
Kolendo	EL 3732	Granted	130	
Indooroopilly	EL 3775	Granted	570	JV with Marmota Energy
Dingo Hill West	EL 3788	Granted	195	
Mattaweara	EL 3871	Granted	119	
Pioneer Bend	EL 3880	Granted	95	
Coonarie	EL 3907	Granted	848	JV with Marmota Energy
Coonarie	EL 3908	Granted	133	JV with Marmota Energy
Phar Lap	EL 3909	Granted	459	JV with Marmota Energy
Mulyungarie	EL 3910	Granted	17	JV with Marmota Energy
Melton	EL 3911	Granted	28	JV with Marmota Energy
Western River	EL 4154	Granted	301	

EL3376
Status
Tenemen

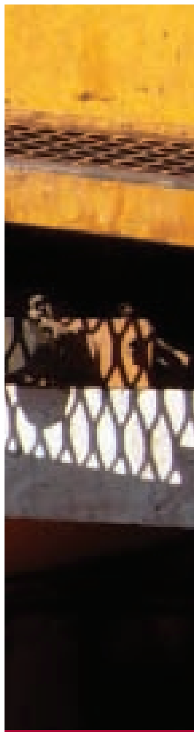
Review of Operations

Monax Mining has completed a very active year in on ground exploration. A total of four major drilling programs have been undertaken during the financial year:

- Iron oxide-copper-gold drilling at Monax's Punt Hill IOCG project;
- PACE-sponsored auger drilling for copper-lead-zinc at its Mount Hope project;
- Reverse circulation drilling for manganese at its Waddikee project; and
- Zinc-lead and gold diamond drilling at the Parndana tenement on Kangaroo Island.

The company has also acquired an extensive collection of geophysical datasets across the Punt Hill tenement in an attempt to target zones of higher grade copper-gold mineralisation.

In November 2007, Monax entered into joint venture arrangements with Marmota Energy for the exploration of uranium on nine of its tenements, and a 50:50 arrangement for the exploration of all minerals on its Ambrosia tenement. As part of this agreement, Marmota has collected extensive geophysical datasets across the majority of Monax's tenements which will aid target generation.



Manganese

- The manganese potential of the Waddikee tenement (EL 3357) was highlighted as being of particular significance to Monax's tenement package.
- Rock chip manganese samples returned results up to 54.1% Mn with low phosphorous at the Jamieson Tank Prospect, 41.9% Mn at the Pollinga Prospect, and 19.5% Mn at the Hodgins Prospect, confirming the potential for a 40 km long N-S strike length with Mn potential.
- The first stage RC drilling program targeting manganese potential was completed in June 2008.
- Manganese mineralisation was intersected in eight traverses at the Jamieson Tank Prospect and at one location at the Pollinga Prospect. The Hodgins Prospect is yet to be tested.

Iron Oxide-Copper-Gold

- New drill targets were identified at the Punt Hill copper-gold project (EL 3457), halfway between Olympic Dam and Port Augusta in SA.
- Targets were identified by a new Induced Polarisation ('IP')/ Resistivity survey.
- Three prospects - Groundhog, Needlenose and Woodchuck - have drill potential.
- A follow-up diamond drilling program was completed at the Groundhog Prospect in September 2008.

Review of Operations

Iron Ore

- The iron ore potential of the Waddikee tenement was highlighted as being of particular significance to Monax's tenement package.
- Rock chip samples from selected iron ore prospects returned assays up to 60.1% Fe.
- The tenement covers 1,004 km^2 with more than 80 km of interpreted strike length of prospective banded iron formation in the same geology as the OneSteel and Centrex Metals hematite deposits.

Zinc-Lead

- A diamond drilling program was completed on the Bonaventura Prospect of the Parndana tenement (EL 3376) in March 2008.
- Diamond drilling tested the depths of high grade zinc and lead mineralisation and potential extensions of the mineralisation along several structures recently revealed by a program of mapping, trenching and surface sampling.
- Eight oriented diamond drill holes were drilled into two of the structures in an attempt to extend the zone of high grade mineralisation previously identified.
- Detailed structural measurements were taken to aid the 3D interpretation of structural controls of high grade mineralised shoots.
- A soil sampling and rock-chipping program has commenced along the major structures hosting the Bonaventura mineralisation.

Gold

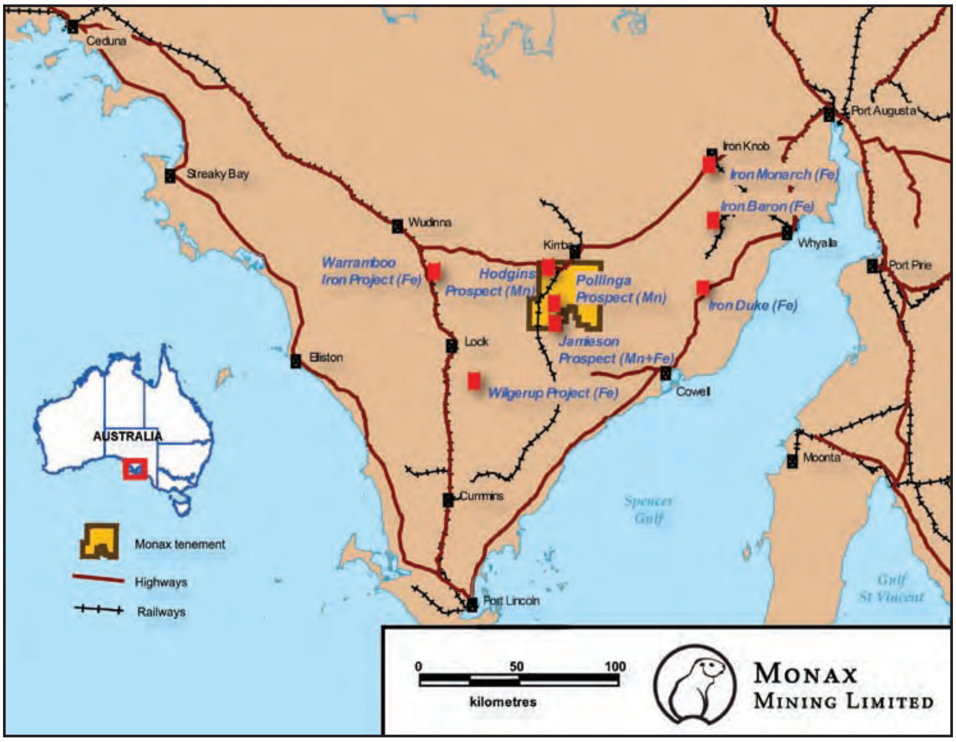
- Recent rock chip results from the historic Kohinoor gold mine on the Parndana tenement on Kangaroo Island have returned gold values of 28 g/t Au, 9.5 g/t Au, 5.2 g/t Au, and 3.2 g/t Au from the first level of the main workings, and 2.8 g/t Au from the decline accessing the 'New Shaft'.
- A diamond hole was drilled beneath the main workings, intersecting quartz veining and alteration similar to that associated with gold mineralisation in the historic mine.
- Results from the diamond drilling are expected in late September 2008.

Zinc

Gold

Iron Ore

Review of Operations



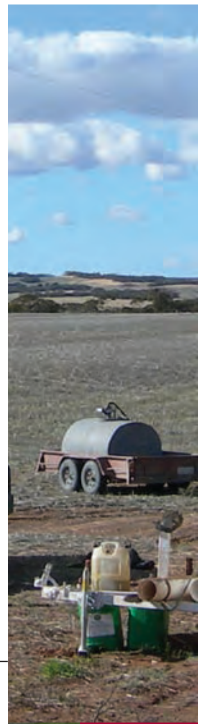


Figure 1. Selected iron ore mines and projects, Eyre Peninsula, South Australia

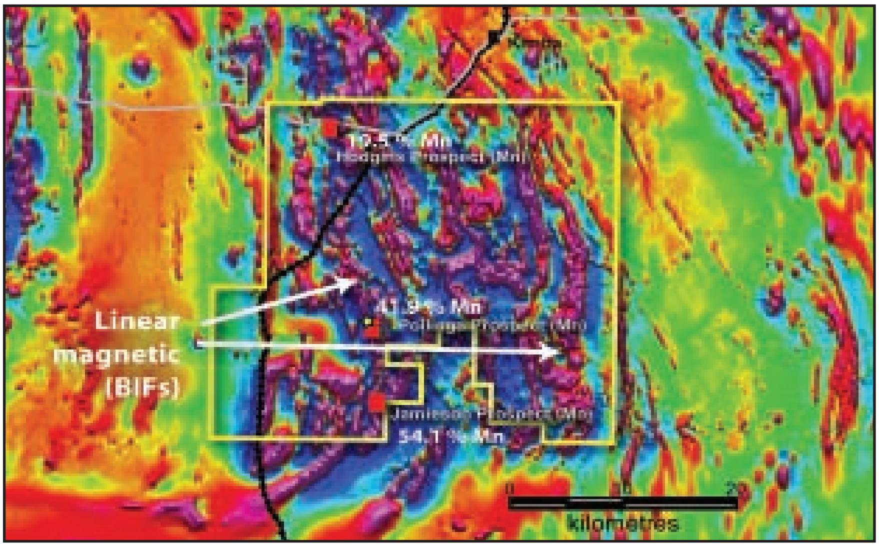
Manganese – one of the next performing metals markets

- Manganese is a non-substitutable component of the steelmaking process, which acts as the glue to harden iron, makes it less brittle, and removes impurities.
- The price of 48% manganese ore increased by 415% in 2007, reflecting a developing worldwide shortage of manganese in line with increased iron ore demand for steel production.
- There are only three producers of manganese ore in Australia (Groote Eylandt: GEMCO, Woodie Woodie: Consolidated Minerals, Bootu Creek: OM Holdings).
- Low capital costs for development.

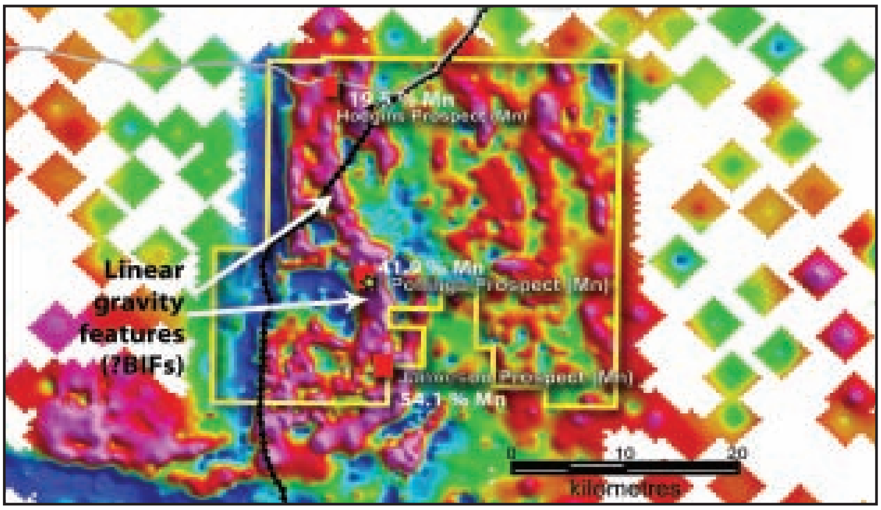
Waddikee (EL 3357) is located 45 km northeast and along strike from Centrex's Wilgerup hematite project and 55 km west of OneSteel's iron ore mines - Iron Duke, Iron Baron and Iron Monarch - on the eastern Eyre Peninsula (Figure 1).

The tenement is well serviced by existing rail and road infrastructure, and connected to a number of deep water ports along the coast. OneSteel's steelmaking operations are located 100 km to the east at Whyalla.

Review of Operations



Aeromagnetic image



Residual gravity image

Figure 2. Aeromagnetic and residual gravity images, Waddikee tenement

The host for the mineralisation is the Middleback Subgroup within the Palaeoproterozoic Hutchison Group metasediments. This sequence is also host to Centrex's Wilgerup hematite project and Onesteel's iron ore mines on the eastern Eyre Peninsula. More than 80 km of strike of the host sequence including banded iron formation (BIF) horizons occur within the Waddikee tenement.

Waddikee Tenem

Review of Operations

Jamieson Tank Prospect

The Jamieson Tank Prospect in the southwest of the tenement consists of a 10 km strike length of BIF of the Lower Middleback Jaspilite. Manganese mineralisation occurs along strike parallel bands on either side of the BIF sequence. Mapping of the Jamieson Tank Prospect has identified scattered float of highly manganiferous ironstone over a strike length of 5 km. The manganese occurs as massive, dense, blue-black cobble-sized float, possibly formed from supergene enrichment of manganiferous carbonate bedrock. Historic regional sampling at Jamieson Tank by Western Mining Corporation (WMC) identified anomalous manganese in the early 1990s. Monax's new mapping program traced near surface manganese mineralisation over a strike length of more than 5 km. Rock chip assays from manganese outcrops returned maximum values of up to 54.1% Mn.

Manganese oxide samples – Jamieson Tank

Pollinga Prospect

Mapping at the Pollinga Prospect has identified manganese mineralisation over an area of approximately 900 by 300 metres. The Prospect occurs within a demagnetised zone of banded iron formation. Samples of massive manganese oxide have been submitted for analysis. In late March 2008, nine reconnaissance rock chip samples were taken over sporadically outcropping manganese mineralisation at the Pollinga Prospect.

The samples have returned highly encouraging manganese results, with maximum values of 41.9% Mn.

Massive manganese oxide – Pollinga Prospect

Massive manganese oxide – Hodgins Prospect

Hodgins Prospect

Massive manganese oxide has been mapped and sampled at the Hodgins Prospect, 40 km to the north of the Jamieson Tank Prospect. Outcropping of massive manganiferous rocks occurs adjacent to a manganiferous chert outcrop just to the south of the Eyre Highway, 20 km to the west of the township of Kimba. Samples have been collected and sent for analysis.

Review of Operations

Exploration Program

Geophysical review

An independent study of the aeromagnetic and gravity data has been commissioned to identify geophysical targets with potentially economic concentrations of manganese. A detailed airborne electromagnetic ('AEM') survey has been completed with results currently being processed.

Manganese drilling program

Recent assay results confirm the presence of manganese mineralisation in all eight traverses at the Jamieson Tank Prospect and also higher than expected results for iron.

Aluminium, calcium, phosphorus and sulphur are at desirable levels, however, silica appears variably elevated. Monax believes this is due to the mineralisation forming between bands of chert (SiO_2) as pictured in Figure 3.

Monax believes that benificiation is likely to upgrade the manganese and iron and efficiently remove the silica from the ore. Elevated levels of silica are expected to be the result of interstitial chert layers diluting the manganese and iron mineralisation. The manganese and iron mineralisation has a considerably higher density (s.g. = 3.4 - 4.8) compared to chert (s.g. = 2.64) and should be easily beneficiated via a simple gravity separation process. Iron ore is in the form of magnetite BIF and may be amenable to separation from manganese via magnetic beneficiation. Monax is in the process of undertaking beneficiation testing to demonstrate that a commercially acceptable product can be generated from the current drill results.

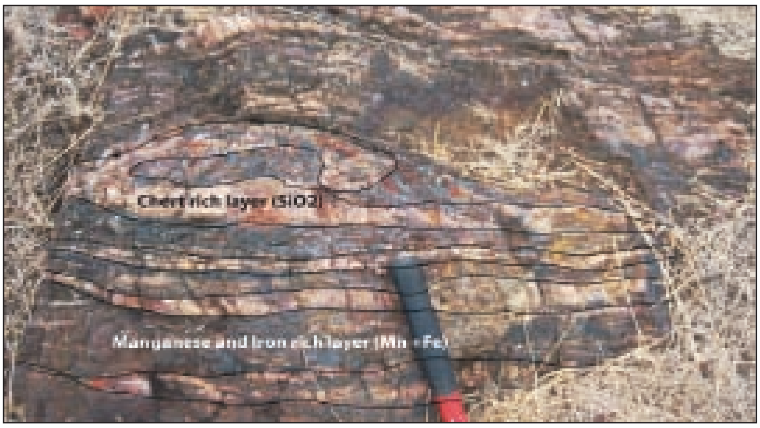


Figure 3. Example of banded manganese, iron and chert mineralisation

Monax is very encouraged by the drilling results to date and if sufficient grades and thicknesses are obtained from the analytical results, Monax will move to convert its exploration target of 4-6 million tonnes at 25-35% Mn* (based on a strike length of 1 km, thickness of 10 m, depth of 150 m and specific gravity of approximately 3) to a Joint Ore Reserves Committee ('JORC') compliant inferred resource with further resource definition drilling.

* *The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Mangane

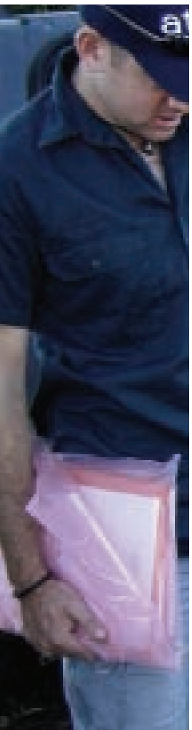
Review of Operations

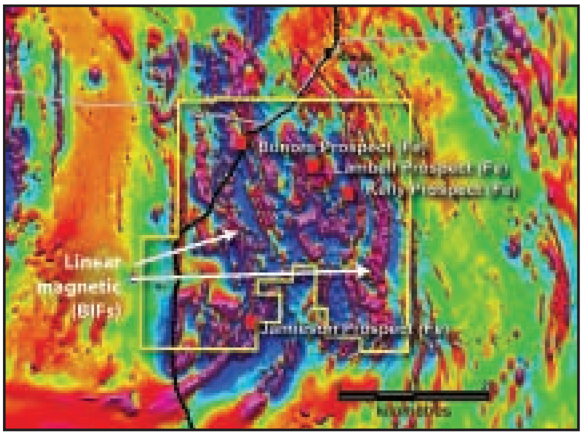
Iron Ore

The Waddikee tenement contains extensive strike lengths of banded iron formation (BIF), evident as linear, strike-parallel magnetic features (Figure 4).

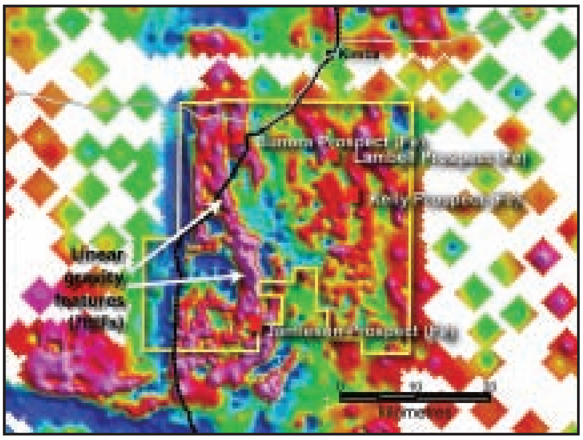
In late January 2008, over 55 reconnaissance rock chip samples were taken over sporadically outcropping iron formation, which extends for over 80 km within the Waddikee tenement.

The samples have returned highly encouraging iron, manganese and vanadium results with maximum values of 60.1% Fe, 54.1% Mn and 1.13% V_2O_5 (vanadium oxide).





Aeromagnetic image



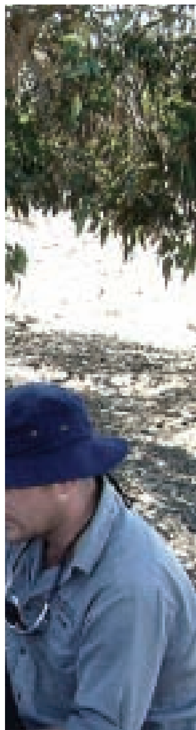
Residual gravity image

Figure 4. Aeromagnetic and residual gravity images, Waddikee tenement

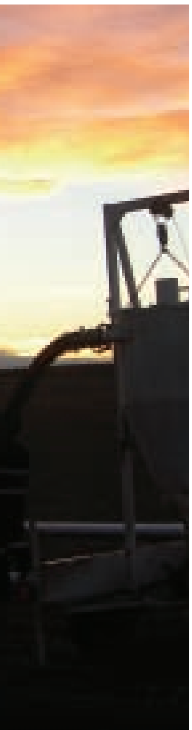
Bunora Siding (Figure 4)
Rock chip samples up to 55% Fe have been collected over an area of 3.5 km by 1.3 km at the Bunora Siding Prospect. The prospect occurs within and adjacent to BIF of the Proterozoic Hutchison Group Metasediments. Mineralisation appears to be controlled by a northeasterly cross cutting fault. The Cummins-Buckleboo railway passes through the middle of the prospect.

Lambell Prospect (Figure 4)
Rock chip samples up to 60% Fe have been collected over an area of 1.5 km by 0.75 km at the Lambell Prospect. The prospect occurs within a similar geological environment to the Bunora Siding Prospect. One sample at this prospect assayed 1.13% V_2O_5.

Kelly Tank Prospect
(Figure 4) The Kelly Tank Prospect is an occurrence of surface hematite enriched Middleback BIF in the north-east of the tenement. Rock chip samples up to 58% Fe have been collected over an area of 1 km by 0.5 km at Kelly Tank. The prospect occurs within and adjacent to BIF of the Proterozoic Hutchison Group Metasediments, which can be traced for over 13 km to the north and south of the prospect.



Review of Operations



Exploration Program

Rock chip sampling

A reconnaissance rock chip sampling program has identified a number of hematite prospects within the tenement, with outcrop and subcrop of hematite enriched BIF over a strike length of several kilometres. The samples have returned highly encouraging iron, manganese and vanadium results, with maximum values of 60.1% Fe, 54.1% Mn and 1.13% V_2O_5.

Geophysical review and drilling

An independent study of the aeromagnetic and gravity data has been commissioned to identify geophysical targets with potentially economic concentrations of hematite and/or magnetite iron ore. The results of this study combined with the results of the reconnaissance rock chip sampling will be used to identify Monax's priority drill targets.

Hematite rich iron ore sample

Sampling hematite outcrops – Kelly Tank Prospect

Rock Chip Sampling

Review of Operations

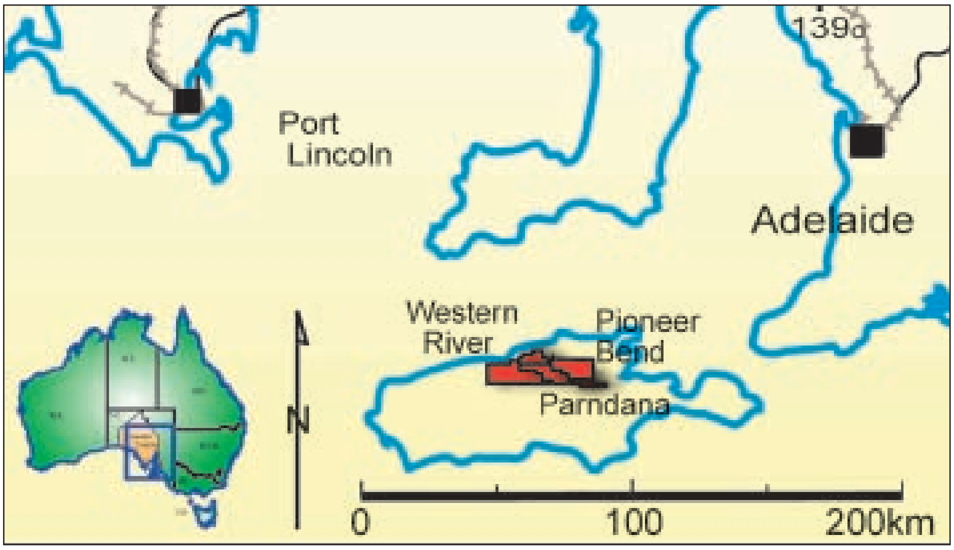
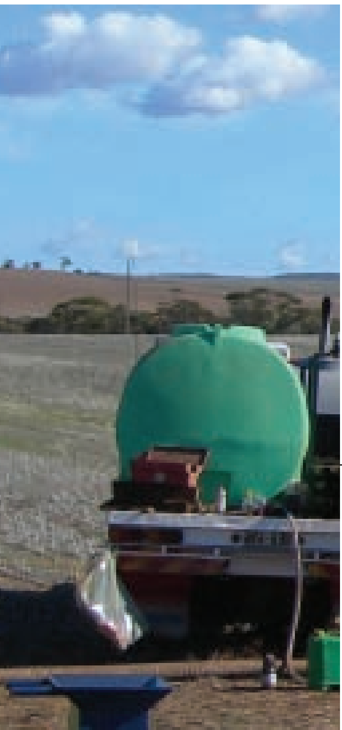
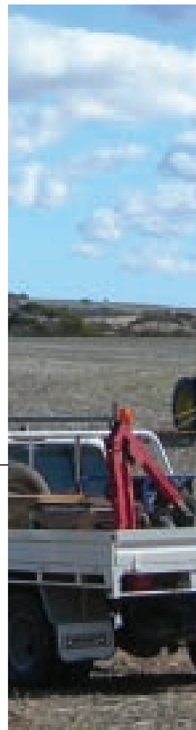


Figure 5. Location diagram





Zinc-lead

Monax completed a diamond drilling program at the Bonaventura Prospect on its Parndana tenement (EL 3376) on Kangaroo Island (Figure 5) in late March 2008. The program was designed to test the extent of high grade zinc and lead mineralisation intersected in previous drilling at the prospect. Monax is aiming to define a near surface high grade economic resource.

Eight diamond holes were drilled into the structure in an attempt to test the depth extensions of previously identified zinc and lead mineralisation. The drilling program also tested potential extensions of the mineralisation along several structures recently revealed by a program of mapping, trenching and surface sampling (Figure 6).

All eight holes intersected sulphide intervals, which were present down to depths of 230 m. The presence of sulphides in drillhole BVDD002 was very encouraging, as there had been no previous drilling along this structure, and indicates the potential for further mineralisation in the area.

Review of Operations

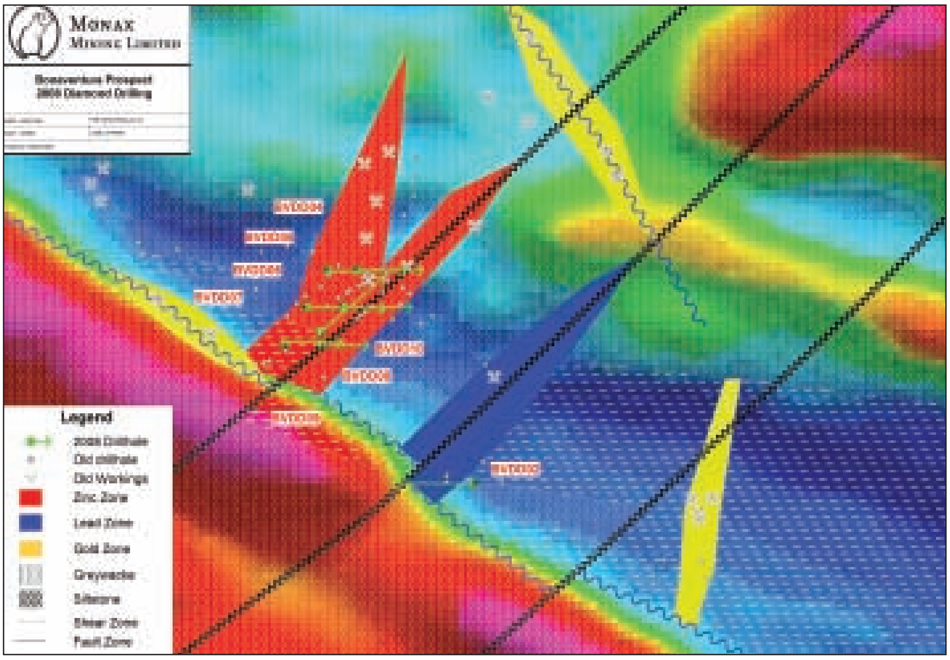


Figure 6. 2008 diamond drilling program and interpretive geology

Core from the drilling program is being logged and sampled at present and it is expected that initial assays will be available in the near future.

Significant previous drillhole intersections at the Bonaventura Prospect include:

- 5 m @ 26.9% Zn in a broader halo of 30 m @ 1.23% Zn from 26 m;
- 6 m @ 6.3% Zn in a broader halo of 16 m @ 3.43% Zn and 0.66% Pb from 34 m; and
- 2 m @ 2.6% Zn and 9.4% Pb from 16 m.

Previous drilling by Monax and other explorers was oriented to test the northwest-southeast Snelling-Cygnet Fault zone which was thought to control mineralisation. Recent mapping of the prospect has now revealed several northeast-southwest cross-cutting structures which are believed to control the distribution of high-grade mineralisation. The current drilling program was oriented west-east to test these mineralised structures, as well as the presence of foliation-parallel mineralisation.

Core

Drill

Bonaventura

Review of
Operations

Figure 7. Location of Kohinoor gold mine, Parndana tenement

Gold

Monax has recently received results from a rock chip sampling program at the historic Kohinoor gold mine on its Parndana tenement (EL 3376) on Kangaroo Island (Figure 7). The program was designed to test for high grade gold in quartz veins mined by historic miners in the 1890s.

Mining appears to have targeted structurally controlled quartz veins within a sandstone host. The historical workings extend to a depth of approximately 50 m below surface.

Significant gold assays from 1 m composite samples at the Kohinoor Prospect include:

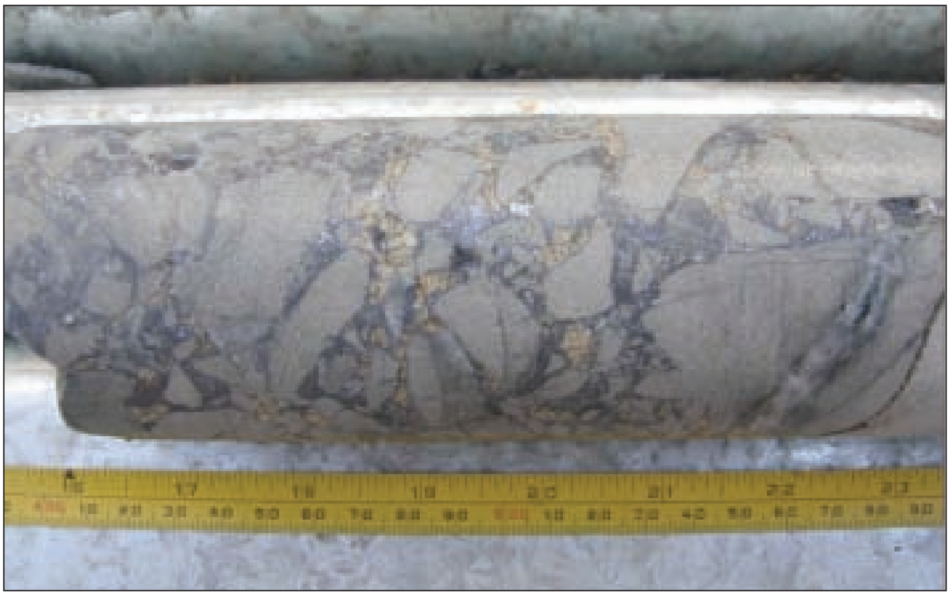
- **28 g/t Au, 9.5 g/t Au, 5.2 g/t Au, and 3.2 g/t Au from the first level of the main workings; and**
- **2.8 g/t Au from the decline accessing the 'New Shaft'.**

Rock chip samples were collected over a 1 m cross section of the mineralised quartz veins and include components of the altered host sandstone. Thicknesses of the veins sampled are generally less than 1 m, but the zones originally mined may have been structurally thickened. Ongoing exploration in the area by Monax will target intersecting and structurally thickened vein systems.

Review of Operations

This is the first time that this area has been subjected to modern gold exploration techniques. Mapping of the structurally controlled quartz veins has revealed at least three sets of mineralised veins and has given Monax geologists the confidence to interpret a number of repeated bedrock structures within the prospect that have the potential to host high grade gold veins.

In February 2008, Monax completed a 150 m deep diamond drill hole beneath the old workings. The drilling intersected zones of quartz veining and alteration similar to those containing gold mineralisation in the old workings. The drill core is currently being assayed with results expected shortly.



Galena (silver-grey) and sphalerite (light brown) matrix breccia in greywacke

Diamond drill rig at Bonaventura prospect

Corporate Governance Statement

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised Corporate Governance Principles and Recommendations issued by the Australian Stock Exchange Corporate Governance Council ('ASX Recommendations'). The Company has elected to undergo an early transition to the revised principles and recommendations and as such has reported against these for the financial year ending 30 June 2008.

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a "one size fits all" approach to corporate governance is not required. Instead, it states aspirations of best practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

In ensuring the highest standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX recommendations where applicable. However, the Board also recognises that full adoption of the above ASX recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main corporate governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2008.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the Company in 2004.

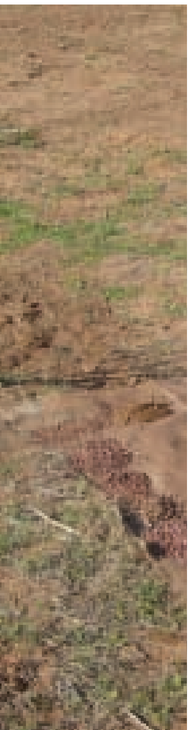
The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company for the protection and enhancement of long-term shareholder value.

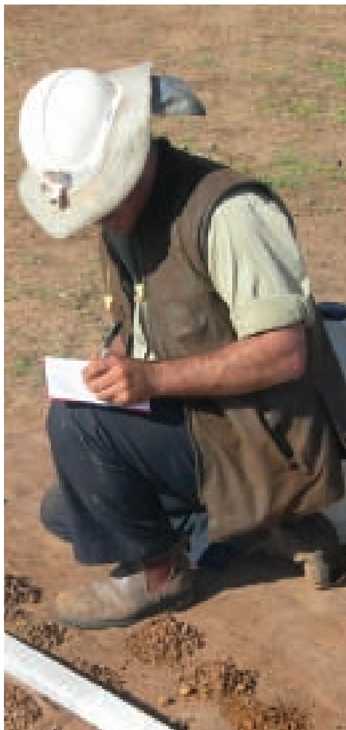
The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

The Board has an established framework for the management of the Company including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit & Corporate Governance Committee, to deal with internal control, ethical standards and financial reporting and a Remuneration and Nomination Committee to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

Corporate Governance Statement

The Board appoints a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.





Recommendation 1.2 and 1.3 – Recommendations followed

The Remuneration and Nomination Committee meets at least annually and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. The Remuneration and Nomination Committee met once during the financial year to review the performance of and recommend appropriate remuneration for Executive Directors and senior management including any equity participation by such Executive Directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

Principle 2 – Structure the Board to add value

Recommendation 2.1 – Recommendation not followed

The composition of the Board consists of five Directors of whom four, including the Chairman, are non-executives (Dr Alley's Executive Director contract expired during the financial period at which time he became a Non-executive member of the Board). Mr Kennedy and Mr Nelson are Independent Directors. Mr Davis is not classified as independent as a result of his role as principal of one of the Company's professional advisors. Dr Alley is not independent due to his previous role as Executive Director.

The Board is of the opinion that the size and nature of the Company is such that it precludes the majority composition of the Board being independent directors as prescribed by the ASX Recommendations. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.

Recommendation 2.2 – Recommendation followed

The Chairman, Mr Kennedy is an Independent Director.

Recommendation 2.3 – Recommendation followed

Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director, Mr Schwarz who is responsible for the day to day management of the Company and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 – Recommendation followed

The Company has an established Remuneration and Nomination Committee currently consisting of two Independent Directors, Messrs Nelson and Kennedy. Mr Nelson acts as Chairman of this committee (refer also to Principle 8 below).

Corporate Governance Statement

Recommendation 2.5 – Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of its life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2008, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.

Recommendation 2.6 – Recommendation followed

The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

Messrs Kennedy and Nelson are considered to be independent.

The Company has no relationships with any of the Independent Directors which the company believes would compromise the independence of these Directors.

The Company's constitution specifies the number of Directors must be at least three and at most ten. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

Formal deeds were entered into by the Company with Directors in May 2005 whereby all Directors with the consent of the Chairman are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as Directors in relation to the affairs of the Company.

An assessment of the Board's overall performance and its own succession plan is conducted on an informal basis and was done so during the year by the Chairman.

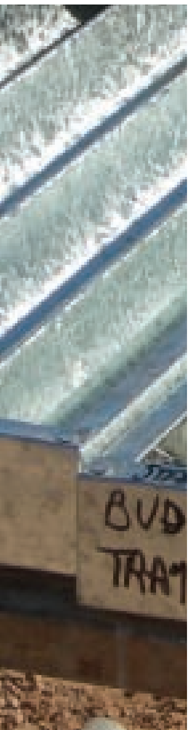
Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1 – Recommendation followed

The Company requires all its Directors and employees to abide by the standards of behaviour and business ethics in accordance with the law. In discharging their duties, Directors of the Company are required to:

- act in good faith and in the best interests of the Company;
- exercise the care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all Directors meetings; and
- observe and support the Board's corporate governance practices and procedures.

Corporate Governance Statement



All Directors have signed deeds with the Company which require them to comply with all the obligations of a Director under the Corporations Act 2001. Directors also are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest within the meaning of Section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party, to which the Director is a party or under which the Director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company, and the nature of the Director's interest under the contract.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

Recommendation 3.2 – Recommendation followed

Directors, officers and employees are not permitted to trade in securities of the Company and have an obligation not to inform at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available. A securities trading policy has been established and all employees and Directors are obliged to comply.

Recommendation 3.3 – Recommendation followed

A summary of the Company's Code of Conduct and Share Trading Policy can be found at www.monaxmining.com.au

Principle 4 – Safeguard integrity in financial reporting

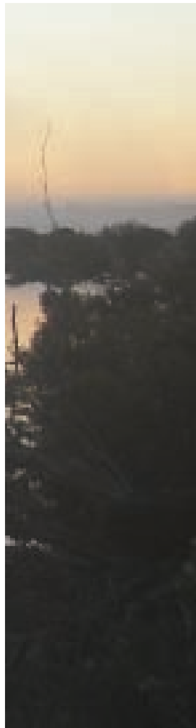
Recommendation 4.1 – Recommendation followed

Monax was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is an ASX Recommendation. Notwithstanding the Listing Rule requirement, an Audit & Corporate Governance Committee was set up prior to the Company's ASX listing in 2005 to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

The main responsibilities of the Audit & Corporate Governance Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and all other financial information published or released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal controls and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing the performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

Corporate Governance Statement



Recommendation 4.2 – Recommendation not followed

The Audit & Corporate Governance Committee currently consists of the two Non-executive Board Directors, Messrs Davis & Kennedy, and is chaired by Mr Davis.

The Board believes that given the size of the Company and the stage its life as a publicly listed junior exploration company that the cost of establishing an audit committee in line with ASX Recommendation 4.2 as recommended by ASX Recommendation 4.3 cannot be justified by the perceived benefits of doing so. The existing composition of the Audit and Corporate Governance Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgement.

Recommendation 4.3 – Recommendation not followed

The Board believes that given the size of the Company and the stage of its life as a publicly listed junior exploration company that the cost of establishing a formal audit committee charter as recommended by ASX Recommendation 4.3 cannot be justified by the perceived benefits of doing so.

Recommendation 4.4 – Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of the directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report. The Committee meets at least two times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 and 5.2 – Recommendations not followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, the Board does not believe a formal policy for continuous disclosure is required. However, a summary describing how the Company will ensure its compliance with continuous disclosure requirements is posted on the Company's website www.monaxmining.com.au.

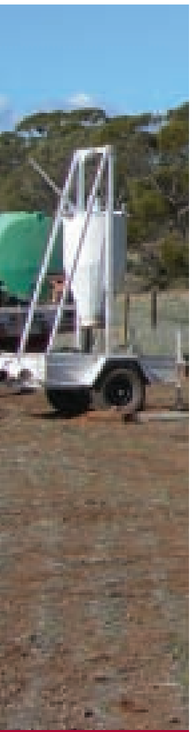
Principle 6 – Respect the rights of shareholders

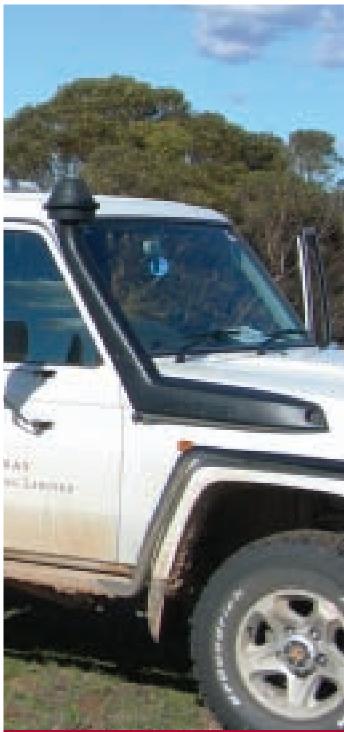
Recommendation 6.1 and 6.2 – Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders via the following means:

Corporate Governance Statement

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.monaxmining.com.au; and
- disclosure of the Company's corporate governance practices and communications strategy on the entity's website.





The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to Section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website www.monaxmining.com.au.

Principle 7 – Recognise and manage risks

Recommendation 7.1, 7.2 & 7.4 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risk is presented to the Board.

Due to the size of the Company and the stage of its life as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk is required nor should a mechanism for formal review be established. A summary describing how the Company manages risk by procedures established at Board and executive level can be found posted on the Company's website www.monaxmining.com.au.

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Shareholders

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Recommendation 7.3 – Recommendations followed

In accordance with ASX Recommendation 7.3 the Chief Executive Officer and Chief Financial Officer are required to provide assurances that the written declarations under Section 295A of the Corporations Act 2001 are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide said assurances at the time the Section 295A declarations are provided to the Board.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – Recommendation followed

The Company established a Remuneration and Nomination Committee to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance. The Committee makes recommendations to the Board who is ultimately responsible for the Company's remuneration policy.

The Remuneration and Nomination Committee currently consists of two Independent Directors, Messrs Nelson and Kennedy. Mr Nelson acts as Chairman of this committee. Details of the number of and attendance at the Committee meetings can be found in the Directors' Report.

The Board believes that given the size of the Company and the stage of its life as a publicly listed junior exploration company that the cost of establishing a formal remuneration and nomination committee charter cannot be justified by the perceived benefits of doing so.

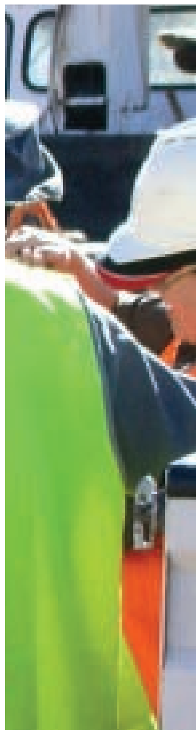
Recommendation 8.2 & 8.3– Recommendations followed

In accordance with ASX Recommendation 8.2 the Company's remuneration practices are set out 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.

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 remuneration of the Managing Director is determined by the Remuneration & Nomination Committee as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director subject to the approval of the Board.



Corporate Governance Statement

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.

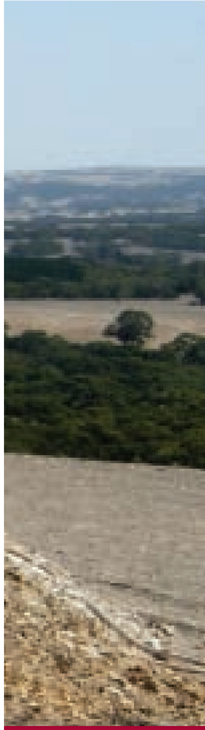
The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible 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. The Non-executive Directors are not eligible to participate in the Plan. Details of options issued to employees during the 2008 financial year together with details of the terms of the Plan are disclosed in the Remuneration Report section of the Directors' Report.

Details of options issued to employees during or since the end of the financial year, including to the Managing Director, are set out in the Remuneration Report section of the Directors' Report.

The employment conditions of the Managing Director, Mr Schwarz, are formalised in contracts of employment. The Managing Director's contract may be terminated at any time by mutual agreement or without notice in instances of serious misconduct.

Dr Alley's contract was for a term of one year and expired during the period. Dr Alley joined the Board as a Non-executive Director remunerated in accordance with the Company's constitution within the pool allocated for Non-executive remuneration. Further details of directors' and executives'/officers' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

Glossary of Terms



Acid rock Igneous rocks with over 66% silica.

Aeolian Sediments and erosional features resulting from wind action eg. a dune.

Ag Symbol for the element silver.

Air mag survey Airborne survey measuring the strength of the Earth's magnetic field along equally spaced lines.

Alteration A geological term indicating change in the mineralogical composition of rocks often brought about by pressure changes, contact with hydrothermal fluids and weathering processes.

Amphibolite Metamorphic rock composed of amphibole and plagioclase, often from the alteration of basic igneous rocks.

Anomaly A departure from the norm usually determined by systematic measurement across an area. In mineral exploration is generally applied to geochemical or geophysical values above or below the norm.

Archaean An interval of geological time before about 2.5 billion years ago.

Au Symbol for the element gold.

Basalt A volcanic rock formed from lava and rich in calcium, magnesium and iron minerals, but relatively low silica.

Basement Much older rocks underlying younger rocks. In the Gawler Craton area, the basement is usually the cratonic rocks.

Base metal A metal commonly used in industry by itself rather than in an alloy eg. copper, lead, zinc.

Basin A depression often due to subsidence in which rock materials are laid down, eg. lava, sediments.

Basic rock Igneous rock with generally less than 55% silica eg. basalt.

Bedrock Solid or lithified rock.

Bornite A brownish-bronze, lustrous copper ore with the composition Cu_5FeS_4 that tarnishes to purple when exposed to air.

Breccia Coarse-grained rock composed of angular clasts. Brecciation is the shattering of rocks into such clasts.

Cainozoic (Cenozoic) Era of geological time including the Tertiary and Quaternary, extending from 65 million years ago to the present.

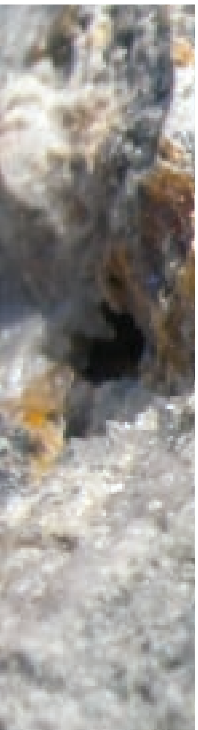
Calcrete A surficial calcareous layer formed in the soil or near surface sediments.

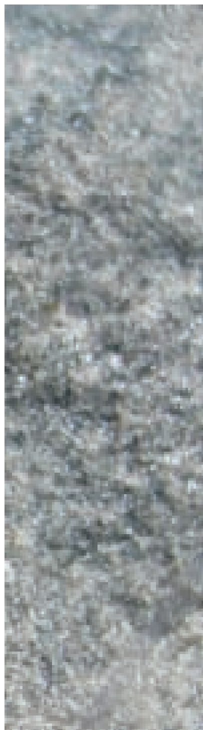
Cambrian The earliest period of the Palaeozoic Era, spanning from approximately 545 million to 490 million years ago.

Carbonaceous Usually applied to a sedimentary rock containing carbon (often as plant matter) as detrital material.

Carbonate Rocks composed of carbonates of calcium, iron or magnesium eg. limestone, dolomite.

Glossary of Terms





Chalcopyrite A yellow mineral, essentially $CuFeS_2$, that is an important ore of copper.

Chemical metasediment A metamorphosed sediment that was originally formed by chemical precipitation.

Chert A dense, extremely hard, microcrystalline or crypto crystalline, siliceous sedimentary rock, consisting mainly of interlocking quartz crystals.

Chlorite A dark mica mineral.

Cover Surficial sediments mantling older rocks and part of the regolith.

Cr Symbol for the element chromium.

Craton A large, tectonically stable part of the Earth's crust eg. Gawler Craton, Yilgarn Craton.

Crust Outermost layer of the Earth.

Cu Symbol for the element copper.

Demagnetisation Reduction in remnant magnetisation.

Diamond core/drilling Drilling with a diamond impregnated drill bit used to recover continuous core.

Dilatant Increase in volume while maintaining shape or expansion along faults.

Diorite A group of plutonic rocks, intermediate in composition between acid and basic rocks, commonly composed of dark coloured amphibole, acid plagioclase, pyroxene and small amounts of quartz.

Dolomite A carbonate mineral composed mainly of calcium and magnesium, often containing iron. The term is commonly applied to the carbonate rock dominated by these minerals.

Domain A region where the geological fabric, in particular the magnetic fabric, is distinctive from surrounding regions.

Directors The board of Directors of the Company.

EL Exploration Licence granted by a Government Department (PIRSA) for mineral exploration.

ELA Exploration Licence Application made by a company to a Government Department (PIRSA) for mineral exploration.

Electromagnetic survey (EM) An exploration technique, involving a survey carried out along equally spaced lines, that measures changes in the Earth's magnetic field at different times after the application of an electrical field. May identify anomalies where the rocks are conductive (such as some ore bodies) that present drill targets.

Epidote Yellow green hydrated iron, aluminium, calcium silicate often a result of metamorphism or hydrothermal alteration.

Epigenetic A mineral deposit younger than the enclosing rock.

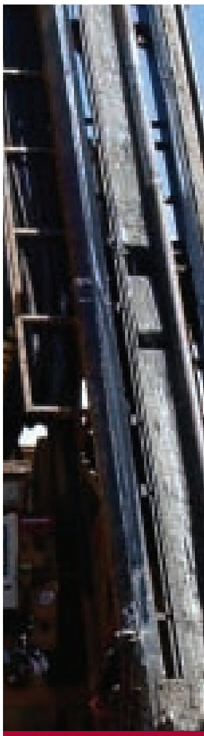
Epithermal Usually applied to a hydrothermal mineral formed in a temperature range 50-200ºC within about the upper kilometre of the Earth's crust.

Extrusive An igneous rock that has been erupted onto the Earth's surface.

Fault A fracture in rocks in which rock on one side has moved relative to rock on the other.

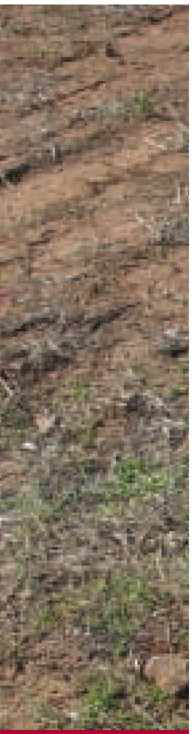
Fe Symbol for the element iron.

Glossary of Terms



Felsic	Light coloured igneous rocks rich in silica.
Ferricrete	Surficial layer cemented with iron oxide.
Flow front	In this context, the front of a lava flow.
Gahnite	Zinc silicate mineral.
Garnet	A red brown crystalline silicate mineral found in metamorphic rocks.
Geochemical survey	An exploration technique involving a systematic survey of the variation of chemical elements in rocks or regolith in an area and often producing anomalies that present drill targets.
Geophysical survey	An exploration technique involving a systematic survey of the variation in the physical properties of the rocks or regolith (eg. electrical resistivity/conductivity, magnetism, gravity) to help in understanding the geology or defining drill targets in an area.
GIS	Geographic Information Systems is a technology used to view and analyse data from a geographic perspective. GIS links location to information and layers that information to give a better understanding of how it interrelates. Maps of the underlying geographic information can be constructed and used as 'windows into the database' to support queries, analysis, and editing of the information.
Gneiss	A banded metamorphic rock in which crystalline rock is interspersed with flaky micaceous minerals.
Gossan	An iron-rich, weathered product overlying a sulphide deposit.
Granite	A plutonic felsic igneous rock composed of quartz, feldspar and mica.
Granitoid	Synonym of granitic, but often used to refer to granitic-like rocks.
Graphitic	Rocks rich in graphite.
Gravity survey	A geophysical survey technique in which the force of gravity is systematically measured over an area, often producing anomalies, which may present drill targets.
Greenstone	Low grade metamorphic rocks of basic composition, of Archaean age in the Yilgarn and Gawler Cratons, commonly bearing nickel and gold.
Haematite	A mineral composed mainly of ferric iron oxide and the main component of iron ore.
Hydrothermal	The process by which hot water-rich solutions transfer materials or alter rocks within the Earth's crust.
Igneous	Rocks formed by crystallisation from molten materials.
Intrusive rocks	An igneous rock that was intruded whilst molten into the Earth's crust eg. dyke, pluton, sill.
IP (Induced Polarisation) survey	A geophysical technique carried out by passing a pulsating electrical current through the ground and measuring the effect of rocks and minerals in its path and locating anomalies that may present drill targets. Often used to detect the presence of metallic sulphides.
Iron formation	A sedimentary rock containing significant iron as oxide, carbonate or silicate.

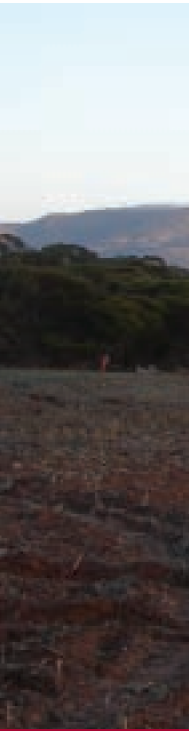
Glossary of Terms

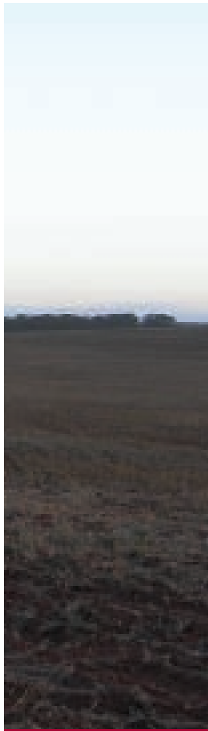


Komatiite	Magnesium-rich mafic to ultramafic extrusive rock, sometimes containing nickel.
Lignitic	Usually applied to a carbonaceous sedimentary rock containing abundant organic matter, approaching low grade coal often as lenses and thin beds. Typical of sediments laid down on floodplains and deltas.
Lineament	A major linear feature in the Earth's crust (eg. a major fault) and often associated with mineral deposits.
Lode gold	Gold contained within definite boundaries such as a vein.
Mafic	A dark coloured rock composed of ferro-magnesian minerals.
Magma	Molten rock and mineral materials.
Magnetite	Iron oxide mineral with a formula generally Fe_3O_4.
Manganese	A silver coloured metal usually occurring as the mineral pyrolusite (MnO_2), which is the principal ore of manganese.
Mesoproterozoic	An interval of geological time in the Proterozoic extending from 1.6 to 1.0 billion years ago.
Mesozoic	A period of geological time extending from 251 million to 65 million years ago and known as the age of the reptiles.
Metagreywacke	A metamorphosed, poorly sorted sandstone containing rock fragments, often in a clay-rich matrix.
Metamorphism	Changes to rocks generally brought about by heat and pressure within the Earth's crust resulting in rocks such as schist and gneiss.
Metasediment	Metamorphosed sedimentary rock in which the original texture is well preserved.
Mn	Symbol for the element manganese.
Neoproterozoic	An interval of geological time in the Proterozoic extending from 1.0 billion to 545 million years ago.
Ni	Symbol for the element nickel.
Orogenic	Forming during an orogeny or mountain building phase.
PACE	The current South Australian Government's initiative to reinvigorate the resources industry entitled Plan for Accelerating Exploration of which assisted drilling is an important part.
Palaeochannel	An ancient river channel now filled with sediment and preserved in the geological record; commonly of Tertiary age on the Gawler Craton.
Palaeoproterozoic	The older part of the Proterozoic extending from 2.5 billion to 1.6 billion years ago.
Pb	Symbol for the element lead.
Pelitic metasediment	A metamorphosed mud-rich or argillaceous sediment.
Percussion drilling	Drilling carried out by hammering a pneumatically driven drill bit into the rock.

Pb
Quartz
Ni

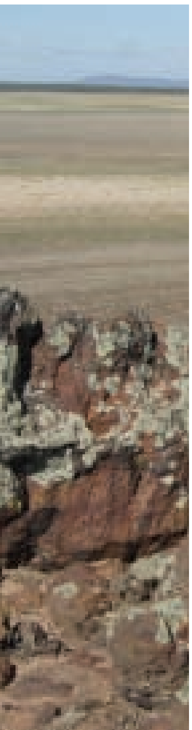
Glossary of Terms





PIRSA	The Department of Primary Industries and Resources South Australia, the geological survey and regulatory authority in SA.
Pisolitic	A rock made up of pea-like rounded grains, commonly in ferricrete, laterite and bauxite.
Plutonic	An igneous rock that has solidified slowly at depth in the Earth's crust, usually producing medium to coarse grained rocks eg. granite.
Precambrian	All of geological time preceding the Cambrian (>545 million years ago).
Proterozoic	The latest part of the Precambrian spanning approximately 2.5 billion to 550 million years ago.
Proximal source	In the context of mineralising fluids it implies the source of the fluids is nearby.
Pyrite	The mineral iron sulphide, often associated with copper and gold.
Pyroxenite	An igneous rock composed mainly of pyroxene.
Quartz	A very common mineral silicon oxide (SiO_2).
Quaternary	The second period of the Cainozoic that encompasses the last 1.8 million years and includes the Pleistocene and Holocene.
Radiogenic	A term used to refer to a product of radioactive processes eg. heat, lead. In our context we use to the term to refer to a granite containing radioactive material (uranium).
Radiometric survey	An (airborne) exploration survey technique in which measurements are made of the ambient radiation from the Earth's surface.
REE	Rare Earth Elements.
Regolith	Layer of weathered rock and surficial sediment overlying fresh rock.
Remote sensing	The study of the Earth's surface and its materials, using such means as photography, spectroscopy and radar by aeroplanes and satellites eg. LANDSAT.
Resource	A well-defined estimate of mineralisation.
Rift sequence	A succession of sediments, laid down in a broad, continental scale downfaulted basin eg. the Rift Valley sediments in Africa.
Roll front uranium	Uranium accumulated at the interface between uranium-bearing oxygen-rich groundwater and a reducing aquifer host.
SAEI	South Australian Exploration Initiative.
Schist	A metamorphic rock characterised by partings along planes of medium-grained platy micaceous minerals.
Sericite	A fibrous muscovite often resulting from the alteration of feldspar.
Shear zone	A linear zone such as a fault in which rocks have been deformed.
Siltstone	A fine-grained sedimentary rock composed of silt.

Glossary of Terms



Sirotem An electromagnetic exploration survey technique developed by the CSIRO.

Solid geology In this case, the bedrock, excluding cover sediments, that has been interpreted from geophysical information.

Sn Symbol for the element tin.

Sphalerite The mineral zinc-iron sulphide, the principal ore of zinc.

Spinel Mineral MgAl2O4 usually formed by contact metamorphism of impure dolomitic limestone.

Stratabound In this context refers to mineralisation confined to particular sedimentary strata.

Stratiform A stratabound deposit/ore deposited along with the enclosing sediments.

Stratigraphy The science of the description, classification, dating, correlation and interpretation of depositional environments of sedimentary rocks.

Structurally controlled Strongly related to a structure in the Earth's crust such as a fault.

Structural corridor A linear zone due to earth movements.

Suite In this context, a group of comagmatic rocks.

Sulphide Mineral consisting of a chemical combination of sulphur with a metal(s).

Synorogenic Forming at the same time as mountain building.

Syntectonic Forming at the same time as any tectonic activity such as faulting and folding.

TEISA Targeted Exploration Initiative South Australia.

TEM An exploration technique that measures the changes in the local natural electro-magnetic field at depth in response to changes in the Earth's magnetic field, producing a map of conductance with depth. This aids in determining the local conductive zones in the rocks such as that due to mineralisation.

Tertiary A geological period extending from 65 million years ago to about 1.8 million years ago.

U Symbol for the element uranium.

Ultramafic Igneous rock composed essentially of iron and magnesium.

V_2O_5 Chemical composition of vanadium oxide.

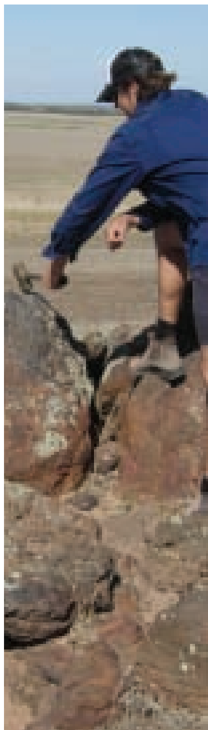
Vein Mineral or metal deposited along a fracture eg lode gold.

VHMS Volcanic hosted massive sulphide that is hosted in the volcanic rock not produced by the volcanism.

Volcanism/volcanic Volcanic activity/rock or feature formed by volcanic activity.

Wedge off In this context it means undertaking inclined drilling from a pre-existing drillhole.

Zn Symbol for the element zinc.



Monax Mining Limited

2008 FINANCIAL REPORT

Copper Uranium Punt Hill Waddikee Ambrosia Monax Nickel Mining Manganese Gold Lead South Australia

Directors' Report

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 38 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).

Directors' Report

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 of 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 with 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 the 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 Resources Limited (since 2004 until August 2008), Beach Petroleum Limited (since July 2007) and Marmota Energy Limited (since 2007).

MONAX
MINING LIMITED

Directors' Report

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.

Alternate Directors

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 Limited (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 on 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 and Corporate Governance Committee Meetings		Remuneration and Nomination Committee Meetings	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Director						
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 Witton	1	1	–	–	–	–

Messrs Kennedy and Davis are members of the Audit and 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.

Monax Mining Limited

Directors' Report

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, 8 km 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.

Directors' Report

Review and results of operations (continued)

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 50 m below surface. In February this year Monax completed a 150 m 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 km^2 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 $0.246 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 – Non-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 items $	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 items $	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.

(f) 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.

Directors' Report

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.

Directors' Report

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	$0.246	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

(a) 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.

(b) 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.

Directors' Report

Proceedings on behalf of the Company

No person has applied to the Court under s237 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 s237 of the Corporations Act 2001.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and 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 the 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 s307C 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

Auditor's Independence Declaration

Grant Thornton

Grant Thornton South Australian Partnership
ABN 27 244 906 724

Level 1,
67 Greenhill Rd
Wayville SA 5034
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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:\AR\INDEPENDENCE DEC\2008\MONAX MINING LTD & CONTROLLED ENTITIES_JUN 08.DOC

Income Statement

For the year ended 30 June 2008

		Consolidated		Parent Entity	
	Note	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 (cents)	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

Balance Sheet

For the year ended 30 June 2008

		Consolidated		Parent Entity	
	Note	2008 $	2007 $	2008 $	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.

Statement of Changes in Equity

For the year ended 30 June 2008

Consolidated Group	Share capital ordinary $	Share based payments reserve* $	Available for sale reserve $	Retained profits/ (losses) $	Minority interest $	Total $
Balance as 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	Share capital ordinary $	Share based payments reserve* $	Available for sale reserve $	Retained profits/ (losses) $	Minority interest $	Total $
Balance as 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.

Cash Flow Statement

For the year ended 30 June 2008

		Consolidated		Parent Entity	
	Note	2008 $	2007 $	2008 $	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 and equipment		(322,474)	(168,305)	(60,614)	(168,305)
Payments for exploration and 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.

Notes to the Financial Statements

For the year ended 30 June 2008

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 Monax Mining 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 group.

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.

Notes to the Financial Statements

For the year ended 30 June 2008

1 Statement of significant accounting policies (continued)

(d) Income tax (continued)

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 are reviewed annually by Directors to ensure they are 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 asset's 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 Group 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.

1 Statement of significant accounting policies (continued)

(f) Exploration and evaluation expenditure (continued)

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 for 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).

1 Statement of significant accounting policies (continued)

(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 Balance Sheet.

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

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.

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.

Notes to the Financial Statements

For the year ended 30 June 2008

	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	
	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 on 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 – Non-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.

5 Remuneration of Directors and key management personnel (continued)

(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 MP 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	–

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

5 *Remuneration of Directors and key management personnel (continued)*

(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 remuneration	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

(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.

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

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

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

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

5 Remuneration of Directors and key management personnel (continued)

(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 remuneration	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		–	–	–	–	–	–	–
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.

	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)

	Consolidated		Parent Entity	
	2008 No.	2007 No.	2008 No.	2007 No.
(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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
10 Other current assets				
Prepayments	33,317	16,982	17,723	16,982
11 Financial assets – current				
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	–

(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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
13 Financial assets – non-current (continued)				
(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.

(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:

Number	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 (MOX)	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.

		Consolidated		Parent Entity	
		2008 $	2007 $	2008 $	2007 $

15 Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in:					
Exploration and evaluation phase	(a)	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.

(a) Reconciliation

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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	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

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.

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

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
18 Issued capital				
Issued and paid-up share capital 70,647,057 (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 end of year	1,200,000		1,300,000	
Exercisable at end of year	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 $0.246 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	$0.246
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), which relates, in full, to equity-settled share-based payment transactions.

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
20 Retained profits /(losses)				
Retained (losses) at beginning of 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.

21 Financial risk management policies (continued)
(b) Interest rate risk (continued)

	Weighted average effective interest rate		Interest bearing		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

(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	
	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)

21 Financial risk management policies (continued)

(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 Group 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.

(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	
	2008 $	2007 $	2008 $	2007 $

22 Commitments and contingent liabilities (continued)

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

23 Notes to the Statements of Cash Flows

Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by/(used in) operating activities

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)

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

24 Employee entitlements

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Aggregate liability for employee entitlements, including on-costs					
Current	17	74,147	47,247	50,388	47,247
Non-current	17	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.

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

Director	Transaction	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 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.

25 Related parties (continued)

Directors' transactions with the Company (continued)

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

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

For the year ended 30 June 2008

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

(a) the financial statements and notes, as set out on pages 47 to 74, 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

(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.

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

MONAX MINING LIMITED

Independent Audit Report

For the year ended 30 June 2008

Grant Thornton

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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.

Our Ref: H/AR/2008/MONAX MINING LTD & CONTROLLED ENTITIES_JUN 08.DOC

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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.

Independent Audit Report

For the year ended 30 June 2008

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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

Shareholder Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current at 23 September 2008

Distribution of Equity Securities
Ordinary Share Capital
Fully paid ordinary shares are held by 1,526 individual shareholders.

Options
Options are held by 14 individual option holders.

Substantial shareholders
There are no substantial holding notices given to the Company.

Voting rights
Fully paid ordinary shares
Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Distribution of equity security holders

Category	**Holders of ordinary shares**	**Holders of 30/6/2009 $0.30 options**	**Holders of 30/6/2010 $0.40 options**	**Holders of 12/4/2011 $0.26 options**	**Holders of 13/2/2012 $0.666 options**	**Holders of 18/7/2013 $0.26 options**
1 – 1,000	176					
1,001 – 5,000	406					
5,001 – 10,000	273					
10,001 – 100,000	598	1	1		1	5
100,001 and over	73	7	7	1	2	–
Total Number of security holders	1,526	8	8	1	3	5

The number of shareholders holding less than a marketable parcel of ordinary shares is 469.

MONAX MINING LIMITED

Shareholder Information

On market buy-back

There is no current on-market buy-back.

Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders at 23 September 2008 are as follows:

Name	**Number of fully paid ordinary shares held**	**Percentage held %**
Merrill Lynch (Australia) Nominees Pty Ltd	5,009,857	7.09
Havilah Resources NL	4,916,667	6.96
HSBC Custody Nominees (Australia) Limited-GSCO ECSA	3,871,146	5.48
Mr Neville Foster Alley & Mrs Bronwen Dianne Ireland <Prospects account>	3,022,727	4.28
Triple Eight Gold Pty Ltd <The Blue Sky A/C>	2,857,813	4.05
Aloren (No 148) Pty Ltd	2,702,728	3.83
Mr Rodolfo Antonio Messina Gomez <Rodolfo A M Gomez S/F A/C>	2,527,617	3.58
ANZ Nominees Limited <Cash Income A/C>	2,030,700	2.87
Mr Reg Nelson & Mrs Susan Nelson <Groundhog Account>	2,030,000	2.87
N & R Smart Pty Ltd <Smart Family Super Fund A/C>	1,815,000	2.57
S A Digger Pty Ltd <Digger A/C>	1,500,000	2.12
Westtin Pty Ltd	1,000,000	1.42
Fortis Clearing Nominees P/L <Settlement A/C>	939,800	1.33
Citicorp Nominees Pty Limited	883,983	1.25
HSBC Custody Nominees (Australia) Limited	735,670	1.04
Mr Shane Robin Gale	676,050	0.96
Mr Meng Zhai	554,500	0.78
ARCO Four Investments Pty Ltd <The Ocramid Holdings Fam A/C>	510,000	0.72
Chesser Nominees Pty Ltd <Exploration CA Partners A/C>	500,000	0.71
DJ Coughlan Drilling Pty Ltd	500,000	0.71
	38,584,258	54.62

Unquoted equity securities

Options

Details of options on issue which are unquoted are as follows:

Expiry date	**Exercise price**	**Number of options**	**Number unquoted**	**Number of holders**
30/6/2009	$0.30	2,500,000	2,500,000	8
30/6/2010	$0.40	2,500,000	2,500,000	8
12/4/2011	$0.26	750,000	750,000	1
13/2/2012	$0.666	450,000	450,000	3
13/7/2013	$0.246	365,000	365,000	5

Corporate Directory

Principal Registered Office
Monax Mining Limited
140 Greenhill Road UNLEY SA 5061
GPO Box 1373 ADELAIDE SA 5001
Telephone: (08) 8373 5588
Facsimile: (08) 83735917
Email: info@monaxmining.com.au
Website: www.monaxmining.com.au

Keswick Exploration Office
11a Croydon Road
KESWICK SA 5035
Telephone: (08) 8375 3900
Facsimile: (08) 8375 3999

Directors and Senior Management

Robert Michael Kennedy
ASIT, Grad. Dip. (Systems Analysis)
FCA, ACIS, FAIM, FAICD
Non-executive Chairman

Michael Peter Schwarz
BSc (Hons), AIG
Managing Director

Neville Foster Alley
Phd
Non-executive Director

Reginald George Nelson
BSc (MATHS), FAusIMM, FAICD
Non-executive Director

Glenn Stuart Davis
LLB, BEc
Non-executive Director

Virginia Katherine Suttell
BComm, ACA
Company Secretary

Stock Exchange Code
MOX: Shares
Listed on Australian Stock Exchange Limited
Home Exchange: Adelaide
Level 25, 91 King William Street
Adelaide SA 5000

Share Registrar
Location of Share Register:
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)
Facsimile: +61 8 8236 2305
Email: info@computershare.com.au

Auditors
Grant Thornton
Chartered Accountants
67 Greenhill Road
WAYVILLE SA 5034

Lawyers
DMAW Lawyers
Level 3, 80 King William Street
ADELAIDE SA 5000

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