



Monax Mining Limited

ABN 96 110 336 733

Consolidated Financial Statements for the year ended 30 June 2013

CORPORATE DIRECTORY

Monax Mining Limited

ACN 110 336 733
ABN 96 110 336 733
Incorporated in SA

Registered Office

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UNLEY SA 5061
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Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161
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Email: info@computershare.com.au

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

The information in the Financial Report that relates to Exploration results, Mineral Resources, Ore Reserves or targets is based on information compiled by Mr G M Ferris, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ferris is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ferris consents to the inclusion of the information in this report in the form and context in which it appears.

Monax Mining Limited and Controlled Entities

Directors' Report

The Directors present their report together with the financial report of Monax Mining Limited for the year ended 30 June 2013 and the auditor's report thereon.

Directors

The Directors of Monax Mining Limited ('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*

Independent Non-executive Chairman

Experience and expertise

Mr Kennedy has been Non-executive chairman of Monax Mining Limited since August 2004.

He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded.

Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms and is a regular presenter on topics relating to directors with the AICD and the CSA. During the 2012 year he attended the Masterclass of the Australian Institute of Directors with members of top ASX200 company boards.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Flinders Mines Limited (since 2001), Ramelius Resources Limited (since listing in March 2003), Maximus Resources Limited (since 2004), Tychean Resources Limited (formerly ERO Mining Limited) (since 2006), Marmota Energy Limited (since 2006) and formerly Beach Energy Limited (since 1991 until 2012) and Somerton Energy Limited (from 2010 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008.

Responsibilities

His special responsibilities include membership of the Audit, Governance and Remuneration Committee.

Interest in Shares and Options – 4,464,488 ordinary shares of Monax Mining Limited.

Mr Glenn Stuart Davis *LLB, BEc*

Non-executive Director

Experience and expertise

Board member since 3 August 2004. Mr Davis is a solicitor and partner of DMAW Lawyers, a firm he founded. Mr Davis brings to the Board his expertise in the execution of large legal and commercial transactions and his expertise and experience in corporate activity regulated by the Corporations Act and ASX Ltd. He also has specialist skills and knowledge about the resources industry.

Current and former directorships in the last 3 years

Chairman of Beach Energy Limited (since November 2012) (a Director since July 2007) and Director of Marmota Energy Limited (since 2007).

Responsibilities

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

Interest in Shares and Options – 2,775,455 ordinary shares of Monax Mining Limited.

Mr Gary Michael Ferris *BSc (Hons), AusIMM.,GAICD*

Managing Director

Experience and expertise

Board member since 1 September 2009. Mr Ferris is a geologist with more than 20 years experience in exploration and management and holds an Honours Degree in Geology from the University of Adelaide and a Masters Degree from the Centre for Ore Deposits and Exploration Studies, University of Tasmania.

Mr Ferris brings extensive experience in adding to the value of Monax's asset base and the execution of effective exploration programs.

Interest in Shares and Options –1,920,100 ordinary shares of Monax Mining Limited.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Mr Reginald George Nelson BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD.

Non-executive Director

Experience and expertise

Board member from 3 August 2004 until 1 August 2012. Mr Nelson is an exploration geophysicist with a career spanning four decades in the petroleum and minerals industries. He was awarded honorary Life Membership of the Society of Exploration Geophysicists in 1989 and the Prime Minister's Centenary Medal in 2002 for services to mining. He has wide experience in technical, corporate and government affairs. He was Chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006 and is a Director of the APPEA Executive Committee and remains a member of its Council. He was awarded the Reg Sprigg Medal for outstanding contribution to the oil and gas industry at the 2009 APPEA Conference in Darwin.

Current and former directorships in the last 3 years

Managing Director of Beach Energy Limited (since 1992), Ramelius Resources Limited (since 1995 until August 2012), Marmota Energy Limited (since 2007 until August 2012) and Sundance Energy Australia Limited (since 2010 until March 2012).

Responsibilities

Special responsibilities included membership of the Remuneration and Nomination Committee.

Interest in Shares and Options – 2,145,659 ordinary shares of Monax Mining Limited.

Mr Ian Roy Witton SAIT, FCPA, FAICD

Alternate Director for Glenn Stuart Davis (appointed 28 January 2011; previously appointed 13 March 2009 ceased 24 June 2010)

Experience and expertise

Mr Witton is an independent non-executive director and has been a director for 26 years. Originally trained as an auditor, he was subsequently CEO and later Managing Director for 27 years of a licensed investment dealer developing and managing investment funds, savings, loans and a retirement village. He is also a director of a pharmacy and optical company and a public charitable trust fund. His principal experience is in funds and investment management, strategic development, risk management and corporate governance.

Current and former directorships in the last 3 years

Mr Witton was previously an Alternate Director of ERO Mining Limited.

Interest in Shares and Options – 148,923 ordinary shares of Monax Mining Limited.

Mr Ewan John Vickery LLB

Alternate Director for Reginald George Nelson (appointed 7 February 2011 ceased August 2012; previously appointed 19 March 2009 ceased 25 June 2010)

Experience and expertise

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.

Current and former directorships in the last 3 years

Mr Vickery is a Director of Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004) and Tychean Resources Limited (formerly ERO Mining Limited) (since May 2013 and previously 2006 until January 2011).

Interest in Shares and Options – 55,300 ordinary shares of Monax Mining Limited.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Directors' meetings

The Company held 14 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, governance and remuneration committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director				
Robert Michael Kennedy	10	10	3	3
Reginald George Nelson	1	-	-	-
Glenn Stuart Davis	10	10	3	3
Gary Michael Ferris	11	11	-	-
Ewan John Vickery	-	-	-	-
Ian Roy Witton	1	1	-	-

Messrs Kennedy and Davis are members of the Audit, Governance and Remuneration Committee.

Mr Witton was present in meetings in the capacity of Alternate Director.

Company Secretary

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

Virginia Katherine Suttell – *B.Comm.,ACA.,GAICD.,GradDipACG*. Appointed Company Secretary and Chief Financial Officer on 21 November 2007. She is a Chartered Accountant with 20 years experience working in public practice and commerce.

Principal activities

The company's principal activity is mineral exploration.

Review of operations

The 2013 financial year has seen the Group continue to focus on copper and graphite exploration within South Australia. The Group has copper projects located within the Gawler Craton at Punt Hill, partnering with Antofagasta Minerals, and at Phar Lap and on the Yorke Peninsula as direct exploration by Monax.

During the financial year, Monax completed its second drilling program under the Punt Hill farm in agreement with Antofagasta. Seven holes totalling over 6800 metres were drilled during the program with best results being 75m @ 0.2% Cu in hole MMDD01. Antofagasta continues to earn in to the 51% milestone of the first phase of the farm in and has invested US\$3.9 million to date.

The strategic alliance with Antofagasta Minerals ('Alliance') continued into its second year with an ongoing focus on copper project generation. The Alliance announced its first Designated Project – 'Algeguckina' located in northern South Australia. Algeguckina initially comprised five tenements with two of the five explored as part of an Option to Purchase Agreement ('Agreement') entered into with Falcon Minerals Limited. However, exploration led to the downgrading of the IOCG target potential on these tenements and the Alliance withdrew from the Agreement in June 2013. Detailed ground gravity surveys over two targets on the remaining tenements have outlined two potential IOCG targets.

Subsequent to the end of the financial year, Antofagasta made the decision not to take up its option to earn an additional 19% interest in the Algeguckina Designated Project and under the terms of the Agreement, Antofagasta will retain a 51% interest and the 51/49 Phase will commence.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

The Alliance has taken advantage of the current exploration environment to continue to review projects that present opportunities for acquisition and partnering.

The Company has also focussed during the year on exploration for graphite on its Waddikee tenement, located on central Eyre Peninsula. In April 2013, Monax completed a detailed drilling program predominantly over the Wilclo South prospect with the aim to producing a JORC compliant Inferred Mineral Resource. The Inferred Resource was announced to market in August. Monax continues to believe that the Waddikee project has the potential to host several graphite projects with the Francis prospect being the next prospect to be considered on the back of high grade graphite results received.

In May 2013, Monax signed a term sheet with FMG Resources Pty Ltd, a subsidiary of Fortescue Metals Group for a prospective copper project on the northern Gawler Craton providing Monax with an exclusive period to conduct technical due diligence and to negotiate terms of a farm in and joint venture agreement. Monax has identified a prominent Iron Oxide Copper Gold style gravity target.

In addition during the period, Monax secured a large land holding within the Fowler Domain in western South Australia and continues the land access process for Phar Lap to facilitate drilling in 2014.

Operating results and financial position

During the year, the Company continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$4,686,175.

The profit/(loss) of the Company after providing for income tax amounted to \$85,767 (2012: \$(3,005,692)).

The net assets of the Group have been increased by \$123,132 during the financial year from \$13,404,165 at 30 June 2012 to \$13,527,297 at 30 June 2013.

Dividends

No dividends have been paid or provided by the Company since the end of the previous financial year (2012: nil).

Significant change of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year

On 1 July 2013, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 26 August 2013, the Company announced an Inferred Mineral Resource for Graphite at its Wilclo South prospect on the Waddikee tenement.

On 16 September 2013, the Company announced a one for three, non-renounceable Rights Issue with an issue price of 3 cents per share. A maximum number of shares to be issued is 50,071,601 to raise approximately \$1.5 million (before costs).

Subsequent to year end, Monax Mining Limited disposed of 11.1 million shares in Marmota Energy Limited through an on market sale.

There has not arisen in the interval between 30 June 2013 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.

Future developments, prospects and business strategy

The Group's strategy is to explore for copper and graphite across its portfolio of projects in South Australia.

The Board of Monax Mining considers that, in the current environment of constrained capital, the best interests of shareholders in the Company will be served through a balanced approach of direct exploration by Monax and by seeking strategic alliances/joint ventures with other parties.

The primary focus of exploration will be directed at copper mineralisation in the Gawler Craton and on the Company's graphite project at the Waddikee tenement on Eyre Peninsula South Australia. The Company is confident that with the

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

ongoing Alliance with Antofagasta Minerals as well as the application of Monax expertise across these projects, the Company will be able to deliver exploration success.

Environmental regulation and performance statement

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

Indemnification and insurance of officers

Indemnification

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

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

Insurance premiums

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

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

Options

At the date of this report unissued ordinary shares of Monax Mining Limited under option are:

Expiry date*	Exercise price	Number of options	Vested	Unvested	Amount paid/payable by recipient (\$)
23/12/2013	\$0.0517	10,000	10,000	-	-
05/03/2015	\$0.0917	425,000	425,000	-	-
28/07/2016	\$0.051	225,000	225,000	-	-
23/07/2017	\$0.053	325,000	325,000	-	-

* 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. There were no amounts unpaid on shares issued.

Proceedings on behalf of the Company

No person has applied to the Court 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. The Company was not a party to any such proceedings during the year.

Non-audit services

There were no non-audit services provided by the external auditors of the parent or its related entities during the year ended 30 June 2013.

Auditor of the Company

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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2013 is set out immediately following the end of the Directors' report.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited

Remuneration policy

The remuneration policy of Monax Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering other incentives based on performance in achieving key objectives as approved by the Board. The Board of Monax Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other key management personnel of the Company is as follows.

Remuneration and Nomination

The Audit, Governance and Remuneration Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and senior executives. Details of the committee's members and its responsibilities are set out in the Corporate Governance Statement.

Non-executive Remuneration Policies

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 of Monax Mining Limited 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 fees paid to Non-Executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by the Audit, Governance and Remuneration Committee which consults independent advice from time to time.

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.

Executive Remuneration Policies

The remuneration of the Managing Director is determined by the Non-executive Directors on the Audit, Governance and Remuneration 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.

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 Audit, Governance and Remuneration 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 remuneration structure and packages offered to executives are summarised below:

- Fixed remuneration
- Short term incentive (STI) – 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 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.
- Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board. From time to time, the Company may grant retention rights as considered appropriate by the Audit, Governance and Remuneration Committee and the Board, as a long term incentive for key management personnel. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

Executive Remuneration Policies(continued)

- Long term incentive (LTI) (continued) - 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.

Service Agreements

The employment conditions of the Managing Director, Mr Ferris is formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement. The Company may terminate the contract without notice in instances of serious misconduct. Ms Suttell is employed by Groundhog Services Partnership to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited. The employment conditions are set out in a contract of employment and include a three month notice period. Mr Ferris was appointed 1 September 2009 and his employment conditions include a three month notice period.

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.

Remuneration of Directors and key management personnel

This report details the nature and amount of remuneration for each key management person of the entity 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 entity during the whole of the financial year are:

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr GS Davis	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr RG Nelson	Director – Non-executive (until August 2012)
Mr IR Witton	Alternate Director (from 28 January 2011)
Mr EJ Vickery	Alternate Director (from 7 February 2011 to August 2012)
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(b) Directors' remuneration

2013 primary benefits	Directors' fees \$	Salary, fees and leave \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Directors						
Mr RM Kennedy	77,064	-	6,936	-	84,000	-
Mr RG Nelson	3,673	-	331	-	4,004	-
Mr GS Davis ¹	48,038	-	-	-	48,038	-
Mr GM Ferris	-	243,090	16,470	13,921	273,481	5%
Mr EJ Vickery ²	-	-	-	-	-	-
Mr IR Witton ²	3,670	-	330	-	4,000	-
	132,445	243,090	24,067	13,921	413,523	3.4%
2012 primary benefits	Directors' fees \$	Salary, fees and leave \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Directors						
Mr RM Kennedy	73,395	-	6,605	-	80,000	-
Mr RG Nelson	41,973	-	3,777	-	45,750	-
Mr GS Davis ¹	45,750	-	-	-	45,750	-
Dr NF Alley	13,761	-	1,239	-	15,000	-
Mr GM Ferris	-	236,225	15,775	34,660	286,660	12.09%
Mr EJ Vickery ²	1,835	-	165	-	2,000	-
Mr IR Witton ²	1,835	-	165	-	2,000	-
	178,549	236,225	27,726	34,660	477,160	7.2%

There were no cash bonuses paid or non-cash items in 2013 or 2012.

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

2. Messrs Vickery and Witton received remuneration for their services as alternate directors.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(c) Key management personnel remuneration

2013 primary benefits	Salary, fees and leave \$	Non-cash items \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Key management personnel excluding Directors						
Ms VK Suttell**	105,007	4,163	12,500	5,569	127,239	4.4%
	105,007	4,163	12,500	5,569	127,239	4.4%
2012 primary benefits	Salary, fees and leave \$	Non cash items \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Key management personnel excluding Directors						
Ms VK Suttell**	105,341	4,897	7,888	13,864	131,990	10.5%
	105,341	4,897	7,888	13,864	131,990	10.5%

There were no cash bonuses paid in 2013 or 2012.

** Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Ms Suttell is employed by the Groundhog Services Partnership.

Mr Ferris was appointed Managing Director of Monax Mining Limited on 1 September 2009. Pursuant to his service agreement, Mr Ferris is paid a total package of \$259,560 per annum inclusive of superannuation guarantee contributions on an ongoing employment basis with a three month notice period. On commencement of employment, Mr Ferris was granted 3,000,000 options for ordinary shares with a fair market value of \$183,000. 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. These options lapsed 31 July 2012.

(d) Director related entities

Information of amounts paid to director related entities is set out in Note 24 to the financial statements.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(c) Post-employment/retirement benefits

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

Options and rights granted

No options were granted to Key Management Personnel during the 2013 financial year:

Options	Grant Details			For the financial year ended 30 June 2013					Overall		
	Date	No.	Value \$	Exercised No.	Exercised \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Unvested %	Lapsed %
Key Management Personnel			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
Monax Mining Limited											
Mr G Ferris	17.12.2009	3,000,000	183,000	-	-	(3,000,000)	(183,000)	3,000,000	100%	-	100%
Ms V Suttell	05.03.2010	175,000	14,875	-	-	-	-	175,000	100%	-	-
		3,175,000	197,875	-	-	(3,000,000)	(183,000)	3,175,000			

Note 1 - The value of options granted as remuneration and as shown in the above table has been determined in accordance with applicable accounting standards.

Note 2 - All options exercised resulted in the issue of ordinary shares in Monax Mining Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.

Note 3 - The value of options that has been exercised during the year as shown in the above table was determined as at the time of exercise.

Note 4 - The value of options that has lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions have been satisfied.

No share rights were granted to Key Management Personnel during the 2013 financial year:

Retenti - on Rights	Grant Details			For the financial year ended 30 June 2013					Overall		
	Date	No.	Value \$	Exercised No.	Exercised \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Unvested %	Lapsed %
Key Management Personnel											
Mr G Ferris*	17.11.2010	1,500,000	109,500	1,000,000	73,000	-	-	1,000,000	66.67	33.33	-
Ms V Suttell*	17.11.2010	600,000	43,800	400,000	29,200	-	-	400,000	66.67	33.33	-
		2,100,000	153,300	1,400,000	102,200	-	-	1,400,000			

*Retention rights vest one third on each of 1 July 2011, 1 July 2012 and 1 July 2013.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

Description of options/rights issued as remuneration

Details of the options granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per option/right at grant date	Amount paid/payable by recipient
18.07.2008	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	From issue date to 18.07.2013	\$0.246	\$0.155	-
05.03.2010	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	From issue date to 05.03.2015	\$0.0917	\$0.085	-
Rights						
17.11.2010	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	One third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013	\$nil	\$0.073	-

Option values at grant date were determined using the Black-Scholes valuation model.

Retention rights values at grant date were determined using the binomial valuation model.

The Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:



Robert Michael Kennedy
Director

Dated at Adelaide this 20th day of September 2013.

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MONAX MINING LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Monax Mining Limited for the year ended 30 June 2013, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 20 September 2013

Grant Thornton South Australian Partnership ABN 27 244 906 724

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Monax Mining Limited and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	Consolidated	
		2013	2012
		\$	\$
Revenue	2	471,129	304,838
Other income	2	2,085,000	-
Total revenue		2,556,129	304,838
Administration expenses	3	210,106	197,985
Consulting expenses	3	114,448	106,222
Depreciation expense	3	9,667	8,798
Employment expenses	3	229,647	344,573
Service fees		170,899	156,532
Exploration expenses not capitalised		-	86,795
Share of loss from equity accounted investments	12(b)	53,043	1,430,530
Impairment of assets	3	1,682,552	979,095
Profit/(loss) before income tax expense		85,767	(3,005,692)
Income tax benefit/(expense)	4	-	-
Profit/(loss) after income tax expense		85,767	(3,005,692)
Loss attributed to members of the parent entity		85,767	(3,005,692)
Other comprehensive income		-	-
Total comprehensive income for the period		85,767	(3,005,692)
Basic earnings per share (cents)	7	0.06	(2.0)
Diluted earnings per share (cents)	7	0.06	(2.0)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Consolidated Entities

Consolidated Statement of Financial Position

As at 30 June 2013

		Consolidated	
	Note	2013	2012
		\$	\$
Current assets			
Cash and cash equivalents	8	1,396,231	2,409,725
Trade and other receivables	9	225,217	237,443
Other current assets	10	30,220	21,244
Total current assets		<u>1,651,668</u>	<u>2,668,412</u>
Non-current assets			
Plant and equipment	11	93,742	130,108
Exploration and evaluation assets	16	11,737,172	9,886,721
Investments accounted for using the equity method	12	1	1,073,829
Available for sale financial assets	13	782,428	-
Deferred tax asset		244,057	322,148
Total non-current assets		<u>12,857,400</u>	<u>11,412,806</u>
Total assets		<u>14,509,068</u>	<u>14,081,218</u>
Current liabilities			
Trade and other payables	17	614,152	290,694
Short term provisions	18	87,482	38,646
Total current liabilities		<u>701,634</u>	<u>329,340</u>
Non-current liabilities			
Deferred tax liability		244,057	322,148
Long term provisions	18	36,080	25,565
Total non-current liabilities		<u>280,137</u>	<u>347,713</u>
Total liabilities		<u>981,771</u>	<u>677,053</u>
Net assets		<u>13,527,297</u>	<u>13,404,165</u>
Equity			
Issued capital	19	19,683,697	19,683,697
Reserves	27	780,280	742,915
Retained losses		(6,936,680)	(7,022,447)
Total Equity		<u>13,527,297</u>	<u>13,404,165</u>

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Issued capital (Note 19)	Reserves	Retained losses	Total
Consolidated	\$	\$	\$	\$
Balance at 1 July 2011	19,674,526	1,436,530	(4,016,755)	17,094,301
<i>Transactions with owners in their capacity as owners:</i>				
Proceeds from the issue of shares during the period	9,171	-	-	9,171
Fair value of options issued to employees	-	62,385	-	62,385
Revaluation of associate to fair value	-	(756,000)	-	(756,000)
	19,683,697	742,915	-	16,409,857
Total comprehensive income	-	-	(3,005,692)	(3,005,692)
Balance at 30 June 2012	19,683,697	742,915	(7,022,447)	13,404,165
<i>Transactions with owners in their capacity as owners:</i>				
Fair value of options issued to employees	-	37,365	-	37,365
	19,683,697	780,280	(7,022,447)	13,441,530
Total comprehensive income	-	-	85,767	85,767
Balance at 30 June 2013	19,683,697	780,280	(6,936,680)	13,527,297

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	Consolidated	
		2013	2012
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		353,760	12,125
Cash payments in the course of operations		(602,455)	(700,664)
Interest received		92,368	204,811
Net cash (used in) operating activities	23(b)	<u>(156,327)</u>	<u>(483,728)</u>
Cash flows from investing activities			
Payments for plant and equipment		(2,831)	(21,048)
Payments for exploration and evaluation assets		(4,686,175)	(2,013,269)
Cash advance joint venture activities		3,129,790	1,205,950
Proceeds from sale of investments		713,883	-
Proceeds from sale of mining tenements		25,000	-
Payments associated with sale of investments		(1,844)	-
Loans to related entities		(34,990)	(33,340)
Net cash (used in) investing activities		<u>(857,167)</u>	<u>(861,707)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	9,171
Net cash provided by financing activities		<u>-</u>	<u>9,171</u>
Net (decrease) in cash held		(1,013,494)	(1,336,264)
Cash at the beginning of the financial year		<u>2,409,725</u>	<u>3,745,989</u>
Cash at the end of the financial year	23(a)	<u>1,396,231</u>	<u>2,409,725</u>

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

1 Statement of significant accounting policies

The financial report includes the financial statements and notes of Monax Mining Limited and Consolidated Entity ("Group").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. The Company is a for-profit entity for the purpose of preparing financial statements.

The following report covers Monax Mining Limited, a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

(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 2013 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.

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. 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 15 to the financial statements.

Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

(c) Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(income) and deferred income tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(c) *Income tax (continued)*

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income 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.

(d) *Plant and equipment*

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

Plant and equipment

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

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

Depreciation

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

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

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) *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.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(e) *Exploration and evaluation expenditure (continued)*

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

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

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

(f) *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.

(g) *Financial instruments*

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through the profit or loss', in which case the costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Where available, quoted prices, in an active market are used to determine fair value.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments:

- (i) **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.
- (ii) **Financial liabilities**
Non-derivative financial liabilities are subsequently measured at amortised cost.
- (iii) **Available for sale financial assets**
Available for sale financial assets are non derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise the investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

(h) *Impairment of non-financial 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 Statement of Profit or Loss and Other Comprehensive Income.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity settled compensation

The Company operates equity settled share-based payment employee share option schemes. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions. The fair value of retention rights is ascertained using the binomial valuation model.

(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.

(l) Revenue

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

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

(m) Goods and services tax

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

Receivables and payables are stated in the Statement of Financial Position inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(n) Interests in joint ventures

The Company's share of the assets, liabilities, reserves and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the Company's interests are shown at Note 14.

(o) Investments in associates

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Company's share of post-acquisition reserves and profits/(losses) of its associates. Details of the Company's interest in associates is shown at Note 12.

(p) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days or recognition of the liability.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Comparative figures

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

(s) 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 Company.

Key estimates – impairment

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

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Key judgements- exploration and evaluation expenditure

The entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(t) New and amended standards adopted by the Group

AASB 2010-8 Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets (Applies to annual reporting periods beginning on or after 1 January 2012)

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment properties are measured using the fair value model in AASB 140 Investment Properties. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

These amendments have had no impact on the Group.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(t) *New and amended standards adopted by the Group (continued)*

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

(u) *Recently issued accounting standards to be applied in future accounting periods*

The Group notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2013. These standards have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
- The remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)*

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(u) *Recently issued accounting standards to be applied in future accounting periods (continued)*

- AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

In addition, AASB 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the joint arrangements in place relate to joint operations.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The Group is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

(iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

The Group does not have any defined benefit plans. Therefore, these amendments will have no impact on the Group.

(v) AASB Interpretation 20 Stripping Costs in the Production Phase of Surface Mining

This interpretation clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories, if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, (if certain recognition criteria are met, as an addition to, or enhancement of, an existing asset).

The Group does not operate a surface mine. Therefore, there will be no impact on the financial statements when this interpretation is first adopted for reporting periods commencing from 1 January 2013.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(u) *Recently issued accounting standards to be applied in future accounting periods (continued)*

(vi) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*
The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.

(vii) *AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*
This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

When this AASB 2012-2 is first adopted for the year ended 30 June 2014, there will be no impact on the Group as the Group does not have any netting arrangements in place.

(viii) *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

(ix) *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 36)*
These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

(x) *Interpretation 21 Levies*

Interpretation 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

Interpretation 21 is an interpretation of AASB 37 Provisions, Contingent Liabilities and Contingent Assets. AASB 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the Group is not subject to any levies addressed by this interpretation.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

(v) *Parent entity financial information*

The financial information for the parent entity, Monax Mining Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements.

(w) *Going Concern*

The financial report has been prepared on the basis of going concern.

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a net loss of \$1,985,973 (2012: loss \$3,005,692), excluding the one off gain of \$2,071,740 outlined in Note 12(a) and operations were funded by a net cash outlay of \$1,727,377 from operating and investing activities excluding the proceeds from the sale of Marmota Energy Limited shares of \$713,883. The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the results that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(x) *Authorisation for issue of financial statements*

The financial statements were authorised for issue by the Board of Directors on 20th September 2013.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

		Consolidated	
		2013	2012
		\$	\$
2	<i>Revenue from ordinary activities</i>		
	Other revenues:		
	<i>From operating activities</i>		
	Interest received from other parties	92,369	171,340
	Other revenue	378,760	133,498
		471,129	304,838
	<i>Other income</i>		
	Realised gain on sale of investment in associates	12 546,109	-
	Gain on reclassification of financial assets	12 1,525,632	-
	Gain on disposal of available for sale asset	13,259	-
		2,085,000	-
	Total revenue from ordinary activities	2,556,129	304,838
3	<i>Profit from ordinary activities before income tax has been determined after</i>		
	<i>Expenses</i>		
	Administration expenses		
	ASX fees	22,822	24,470
	Share registry fees	37,365	37,311
	Insurance	43,907	37,417
	Audit and other services	33,570	32,570
	Other	72,442	66,217
		210,106	197,985
	Consulting expenses		
	Legal fees	24,033	20,998
	Corporate consulting	80,065	76,836
	Accounting and secretarial services	10,350	8,388
		114,448	106,222
	Depreciation expenses		
	Plant and equipment	9,667	8,798
	Employment expenses		
	Salaries and wages	726,308	549,890
	Directors' fees	140,041	190,860
	Superannuation	59,012	43,152
	Provisions	22,484	23,791
	Share-based payments	37,365	62,385
	Other	34,808	23,957
	Reallocation to exploration costs	(790,371)	(549,462)
		229,647	344,573
	Impairment of assets		
	Available for sale asset	1,636,974	-
	Exploration	16 45,578	979,095
		1,682,552	979,095

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$

4 *Income tax benefit/(expense)*

The components of tax expense comprise:

Current income tax	-	-
Deferred income tax	-	-
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	-	-

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 benefit/(expense) calculated at 30% on loss from ordinary activities (2012: 30%)	(25,730)	901,708
Tax losses utilised	(95,005)	-
Deferred tax asset in respect of tax losses not brought to account	-	(607,979)
Unrealised gains	625,500	-
Non deductible impairment expense	(504,765)	(293,729)
Income tax benefit/(expense) attributable to loss from ordinary activities	-	-

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%	(5,421,397)	(4,798,779)
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Temporary differences	6,745	19,263
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Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 *Key management personnel disclosures*

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2013. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2013	2012
	\$	\$
Short term employee benefits	484,705	525,012
Post employment benefits	36,567	35,614
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	19,490	48,524
	540,762	609,150

Detailed remuneration disclosures are provided in the remuneration report.

(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 GS Davis	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr RG Nelson	Director – Non-executive (until August 2012)
Mr IR Witton	Alternate Director (from 28 January 2011)
Mr EJ Vickery	Alternate Director (from 7 February 2011 until August 2012)
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

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

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options together with the terms and condition of the options can be found in the remuneration report.

(ii) Share holdings

The number of shares in the company held during the financial year by each director of Monax Mining Limited and other key management personnel of the Company, including their personal related parties, are set out below. There were no shares granted during the year as remuneration.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 Key management personnel disclosures (continued)

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

Shares in Monax Mining Limited	Balance 1/07/12	Received as remuneration	Options/ rights exercised	Net change other ¹	Balance 30/06/13	Total held in escrow 30/06/13
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Mr GM Ferris	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
Held by Directors' personally related entities						
Mr RM Kennedy	4,464,488	-	-	-	4,464,488	-
Mr RG Nelson	2,145,659	-	-	-	2,145,659	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Mr GM Ferris	1,000,000	-	500,000	(79,900)	1,420,100	-
Mr EJ Vickery	55,300	-	-	-	55,300	-
Mr IR Witton	148,923	-	-	-	148,923	-
Total held by Directors	10,589,825	-	500,000	(79,900)	11,009,925	-
Key management personnel excluding Directors						
Ms VK Suttell	238,727	-	200,000	-	438,727	-
Total	10,828,552	-	700,000	(79,900)	11,448,652	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 Key management personnel disclosures (continued)

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

Shares in Monax Mining Limited	Balance 1/07/11	Received as remuneration	Options/ rights exercised	Net change other ¹	Balance 30/06/12	Total held in escrow 30/06/12
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr GM Ferris	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
Held by Directors' personally related entities						
Mr RM Kennedy	4,464,488	-	-	-	4,464,488	-
Mr RG Nelson	2,145,659	-	-	-	2,145,659	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Dr NF Alley	3,108,919	-	-	-	3,108,919	-
Mr GM Ferris	500,000	-	500,000	-	1,000,000	-
Mr EJ Vickery	55,300	-	-	-	55,300	-
Mr IR Witton	148,923	-	-	-	148,923	-
Total held by Directors	13,198,744	-	500,000	-	13,698,744	-
Key management personnel excluding Directors						
Ms VK Suttell	38,727	-	200,000	-	238,727	-
Total	13,237,471	-	700,000	-	13,937,471	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 Key management personnel disclosures (continued)

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

(iii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below.

Options in Monax Mining Limited	Option class	Balance 1/07/12	Received as remuneration	Options exercised	Net change other	Balance 30/06/13	Total vested 30/06/13	Total exercisable 30/06/13
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris	(b)	3,000,000	-	-	(3,000,000)	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Total held by Directors		3,000,000	-	-	(3,000,000)	-	-	-
Key management personnel excluding Directors								
Ms VK Suttell	(a)	75,000	-	-	-	75,000	75,000	75,000
	(c)	175,000	-	-	-	175,000	175,000	175,000
Total		3,250,000	-	-	(3,000,000)	250,000	250,000	250,000

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 Key management personnel disclosures (continued)

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

Options in Monax Mining Limited	Option class	Balance 1/07/11	Received as remuneration	Options exercised	Net change other	Balance 30/06/12	Total vested 30/06/12	Total exercisable 30/06/12
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy	(d)	558,062	-	-	(558,062)	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr GM Ferris	(b)	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton	(d)	12,366	-	-	(12,366)	-	-	-
Total held by Directors		3,570,428	-	-	(570,428)	3,000,000	3,000,000	3,000,000
Key management personnel excluding Directors								
Ms VK Suttell	(a)	75,000	-	-	-	75,000	75,000	75,000
	(c)	175,000	-	-	-	175,000	175,000	175,000
Total		3,820,428	-	-	(570,428)	3,250,000	3,250,000	3,250,000

(a) Unlisted options exercisable at \$0.246 by 18/07/2013

(b) Unlisted options exercisable at \$0.10 by 31/07/2012

(c) Unlisted options exercisable at \$0.0917 by 05/03/2015

(d) Listed options exercisable at \$0.15 by 30/11/2011

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

5 Key management personnel disclosures (continued)

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

(iv) Share rights holdings

The number of rights over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below.

Rights	Period	Opening Balance	Received as remuneration	Exercised/ Vested	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr RG Nelson	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr GS Davis	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Dr NF Alley	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Mr GM Ferris	2013	1,000,000	-	(500,000)	-	500,000	-	-
	2012	1,500,000	-	(500,000)	-	1,000,000	-	-
Ms VK Suttell	2013	400,000	-	(200,000)	-	200,000	-	-
	2012	600,000	-	(200,000)	-	400,000	-	-
Total	2013	1,400,000	-	(700,000)	-	700,000	-	-
	2012	2,100,000	-	(700,000)	-	1,400,000	-	-

Other key management personnel transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 24: Related parties.

	Consolidated	
	2013	2012
	\$	\$

6 Auditors' remuneration

Audit services:

Auditors of the Company – Grant Thornton South

Australian Partnership

Audit and review of the financial reports

33,500	32,500
33,500	32,500

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

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

215,000 unlisted options exercisable at \$0.246 by 18/07/2013

10,000 unlisted options exercisable at \$0.0517 by 23/12/2013

425,000 unlisted options exercisable at \$0.0917 by 05/03/2015

225,000 unlisted options exercisable at \$0.051 by 28/07/2016

325,000 unlisted options exercisable at \$0.053 by 23/07/2017

Options granted to employees under the Monax Mining Limited Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	Consolidated	
	2013	2012
	\$	\$

(c) Earnings used in the calculation of earnings per share

Profit/(loss) after income tax expense	85,767	(3,005,692)
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(d) Weighted average number of shares outstanding during the year used in calculating earnings per share

Number for basic and diluted earnings per share		
Ordinary shares	148,814,803	148,760,531

8 *Cash and cash equivalents*

Cash at bank	781,231	144,725
Deposits at call	615,000	2,265,000
	1,396,231	2,409,725

9 *Trade and other receivables*

Current

Trade receivables	193	35,773
Loan to related party	164,688	141,059
Other receivables	60,336	60,611
	225,217	237,443

Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired. (2012: nil)

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$

10 Other current assets

Prepayments	30,220	21,244
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11 Plant and equipment

Plant and equipment

At cost	273,901	388,950
Accumulated depreciation	(180,159)	(258,842)
Net book value	93,742	130,108

Reconciliations

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

Plant and equipment

Carrying amount at beginning of year	130,108	143,678
Additions	10,776	21,048
Disposals	-	-
Depreciation	(47,142)	(34,618)
Carrying amount at end of year	93,742	130,108

12 Investments in associates

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
Unlisted				2013	2012	2013	2012
Marmota Energy Limited	Mineral exploration	Australia	Ord	-	23.7%	-	1,073,828
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Partnership	Administration services	n/a	n/a	50%	50%	-	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

12 Investments in associates (continued)

(a) Movements during the year in equity accounted investments in associated entities

	Consolidated	
	2013	2012
	\$	\$
Balance at the beginning of the financial year	1,073,829	3,260,359
New investments during the year	-	-
Impairment - reversal of available for sale reserve	-	(756,000)
Share of associated entity's (loss)/ profit after income tax	(53,043)	(1,430,530)
Sale of investments during period (i)	(101,417)	-
Change in investment status	(919,368)	-
Balance at the end of the financial year	1	1,073,829

- (i) During the period, the Group sold on market 3.4 million shares in Marmota Energy Limited. This sale combined with the dilutionary share issues made by Marmota resulted in a reduction in ownership interest to 14.29% effective 26 September 2012. The investment in Marmota is now classified as an available for sale financial asset and accounted for accordingly.

This transaction resulted in the recognition of a gain, calculated as follows:

Net gain on disposal:

Proceeds of disposal (net of costs)	647,526
Carrying value of investment at date of disposal	(101,417)
	<u>546,109</u>

Gain on reclassification of financial asset

Plus fair value of investment retained	2,445,000
Less carrying amount of investment on the date of loss of significant influence	(919,368)
	<u>1,525,632</u>

Total gain realised and unrealised on investment in Marmota Energy Limited

2,071,741

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

12 Investments in associates (continued)

(b) Equity accounted profits of associates are broken down as follows:

	Consolidated	
	2013	2012
	\$	\$
Share of associate's (loss)/profit before income tax	(53,043)	(1,427,944)
Share of associate's income tax (expense)	-	(2,586)
Share of associate's (loss)/profit after income tax expense	(53,043)	(1,430,530)

(c) Summarised presentation of aggregate assets, liabilities and performance of associates

The Company's share of the results of its principle associates and its aggregated assets and liabilities are as follows:

	Consolidated	
	2013	2012
	\$	\$
Current assets	374,980	2,909,276
Non-current assets	47,299	16,565,177
Total assets	422,279	19,474,453
Current liabilities	(339,292)	(1,030,396)
Non-current liabilities	(82,985)	(98,852)
Total liabilities	(422,277)	(1,129,248)
Net assets	2	18,345,205

13 Available for sale financial assets

	Consolidated	
	2013	2012
	\$	\$
Available for sale investments		
- Marmota Energy Limited (related party)	782,428	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

14 *Interests in unincorporated joint ventures*

Monax Mining Limited has the following interests in unincorporated joint ventures

No	State	Agreement Name	Parties	Summary
1	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 4510. MSA has a 50% interest.
2	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 5123 and EL 5124. MSA and MOX enter into a joint venture to explore for uranium.
3	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Energy Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 5209 and EL 5122. MEU and MOX operate a 50:50 joint venture
4	SA	Punt Hill Farm-in Agreement	Monax Mining Limited (MOX) and Antofagasta Minerals SA (AMS)	MOX gives AMS the right to explore for all minerals in the area covered by Exploration Licences EL 4642 and EL 4548. AMS has the right to earn 51% interest in the tenement by expending US\$4 million over 4 years.

15 *Controlled entities*

(a) **Controlled entities consolidated**

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 1(b):

	Country of incorporation	Percentage owned (%)	
		2013	2012
Subsidiaries of Monax Mining Limited:			
Monax Alliance Pty Ltd	Australia	100	100

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$

16 *Exploration and evaluation assets*

Movement:

Carrying amount at beginning of year	9,886,721	9,983,060
Additional costs capitalised during the year	1,923,529	882,756
Sale of interest	(27,500)	-
Impairment of exploration asset	(45,578)	(979,095)
Carrying amount at end of year	11,737,172	9,886,721

Closing balance comprises:

Exploration and evaluation		
- 100% owned	10,011,660	8,359,451
Exploration and evaluation phase		
- Joint Venture	1,725,512	1,527,270
	11,737,172	9,886,721

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.

17 *Trade and other payables*

Trade payables	118,960	25,231
Other payables and accruals	488,525	258,983
Amounts payable to Director related entities*	6,667	6,480
	614,152	290,694

* Details of amounts payable to Director related entities are detailed in Note 24.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

18 Provisions

	Consolidated	
	2013	2012
	\$	\$
Current		
Employee benefits	87,482	38,646
Non-current		
Employee benefits	36,080	25,565

Provision for long service leave

A provision for long service leave has been recognised for employee benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provisions

Opening balance at beginning of year	87,482	40,421
Additional provisions	36,080	23,790
Balance at end of year	123,562	64,211

19 Issued capital

	Consolidated	
	2013	2012
	\$	\$
Issued and paid-up share capital		
149,514,803 (2012: 148,814,803) ordinary shares, fully paid	19,683,697	19,683,697
(a) Ordinary shares		
Balance at the beginning of year:	19,683,697	19,674,526
Shares issued during the year:		
Nil (2012: 61,135) shares issued to option holders on the exercise of options at \$0.15	-	9,171
700,000 (2012: 700,000) shares issued on vesting of share rights	-	-
Balance at end of year	19,683,697	19,683,697

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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

In the event of winding up of the Company ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

19 Issued capital (continued)

(b) Options/rights

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 20.

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

At 30 June 2013, there were 1,900,000 (30 June 2012: 5,275,000) unissued shares for which the following options/rights were outstanding.

215,000 unlisted options exercisable at \$0.246 by 18/07/2013
10,000 unlisted options exercisable at \$0.0517 by 23/12/2013
425,000 unlisted options exercisable at \$0.0917 by 05/03/2015
225,000 unlisted options exercisable at \$0.051 by 28/07/2016
325,000 unlisted options exercisable at \$0.053 by 23/07/2017
700,000 share rights vesting 01/07/2013

(c) Capital Management

Management effectively manages the company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. These responses include share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. Capital is shown as issued capital in the Statement of Financial Position.

20 Share-based payments

Share-based payment arrangements are in line with the Monax Mining Limited Employee Share Option plan and retention rights scheme, details of which are outlined in the directors' report.

(i) Options

Listed below are summaries of options granted:

	2013		2012	
Monax Mining Limited	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	3,875,000	0.0579	3,800,000	0.0584
Granted – July 2012	325,000	0.053	225,000	0.051
Exercised	-	-	-	-
Expired	-	-	-	-
Lapsed	3,000,000	-	150,000	-
Outstanding at year-end	1,200,000	0.1023	3,875,000	0.0579
Exercisable at year-end	1,200,000	-	3,875,000	-

On 5 March 2010, 425,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.0917 each. These options are exercisable on or before 5 March 2015.

On 17 December 2009, 3,000,000 share options were granted to Mr GM Ferris to take up ordinary shares at an exercise price of \$0.10 each. The options are exercisable on or before 31 July 2012. These options lapsed.

On 23 December 2008, 260,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.0517 each. These options are exercisable on or before 23 December 2013. 250,000 of these options have lapsed.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

20 *Share-based payments (continued)*

On 18 July 2008, 365,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.246 each. These options are exercisable on or before 18 July 2013. 150,000 of these options have lapsed.

On 15 February 2007, 450,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.666 each. These options are exercisable on or before 14 March 2012. These options have lapsed.

On 28 July 2011, 225,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.051 each. These options are exercisable on or before 28 July 2016.

On 23 July 2012, 325,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.053 each. These options are exercisable on or before 23 July 2017.

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

All options granted to executive directors and key management personnel are over ordinary shares in Monax Mining Limited which confer a right of one ordinary share for every option held. The life of the options is based on the days remaining until expiry.

No options were granted to Executive Directors and key management personnel as share-based payments during the year.

The options hold no voting or dividends rights and are unlisted. The options lapse six months subsequent to the cessation of employment with the Company. There are no vesting conditions attached to the options.

The fair value of the options granted was calculated by using the Black-Scholes option pricing model applying the following inputs.

	July 2012	July 2011	March 2010	December 2009	December 2008	July 2008
Weighted average fair value (Black-Scholes)	\$0.055	\$0.05	\$0.085	\$0.061	\$0.029	\$0.155
Weighted average exercise price	\$0.053	\$0.051	\$0.0917	\$0.10	\$0.05	\$0.246
Weighted average life of the option	1,826 days	1,826 days	1,825 days	956 days	1,825 days	1,825 days
Underlying share price	\$0.06	\$0.06	\$0.10	\$0.08	\$0.03	\$0.19
Expected share price volatility	152%	113%	122%	151%	201%	117%
Risk free interest rate	2.27%	4.25%	4.00%	3.75%	4.25%	7.25%

The life of the options is based on the days remaining until expiry. Volatility is based on historical share prices.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

20 *Share-based payments (continued)*

(ii) *Retention Rights*

On 17 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, will vest over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares will be issued to the executives. The fair value of these rights at grant date was \$153,300 of which \$19,490 was recognised during the 2013 financial year in the share based payments reserve and Statement of Profit or Loss and Other Comprehensive Income. At reporting date 1,400,000 rights had vested. The fair value of the rights was determined by obtaining an independent valuation and considering the market price of the underlying shares at the date the rights were granted and assuming that all holders continued to be employees of the Company, adjusted for the risk that vesting conditions are not met. Each right is issued for no consideration. Once exercisable, a right entitles the holder to one fully paid ordinary share in Monax Mining Limited. The aggregate value of rights at the grant date is \$153,300 of which \$19,490 was expensed in the 2013 financial year. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The notional value of rights as at grant date has been determined in accordance with AASB2. The calculations are performed using the binomial valuation methodology. The total minimum value of rights if vesting conditions are not met is nil.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	2013	2012
	\$	\$
Options issued under employee option plan	17,875	11,250
Retention rights issued	19,490	51,135
	37,365	62,385

21 *Financial risk management*

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2013	2012
	\$	\$
Financial assets		
Cash and cash equivalents	1,396,231	2,409,725
Loans and receivables	225,217	237,443
	1,621,448	2,647,168
Financial liabilities		
Trade and other payables	614,152	290,694
	614,152	290,694

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

21 *Financial risk management (continued)*

Financial risk management policies

The Board of Directors are responsible for monitoring and managing financial risk exposures of the Company.

Specific financial risk exposures and management

The main risks the Company is exposed to includes liquidity risk, credit risk and interest rate risk.

(a) *Liquidity risk*

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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 Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

(b) *Credit risk exposures*

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

The maximum exposure to credit risk on financial assets, excluding investments, of the entity which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

No receivables are considered past due or impaired at reporting date.

(c) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The company has no long term financial liabilities upon which it pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate is both fixed and variable according to the financial asset.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2013 approximately 44% of Company deposits are fixed. It is the policy of the Company to keep between 90% and 100% of surplus cash in high yielding deposits.

(d) *Sensitivity analysis*

Interest rate

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting 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.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

21 *Financial risk management (continued)*

Interest rate sensitivity analysis

At reporting date, 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	
	2013	2012
	\$	\$
Change in loss		
Increase in interest rates by 2%	27,925	48,195
Decrease in interest rates by 2%	(27,925)	(48,195)
Change in equity		
Increase in interest rates by 2%	27,925	48,195
Decrease in interest rates by 2%	(27,925)	(48,195)

(e) *Net fair values of financial assets and liabilities*

The financial assets and liabilities of the group are recognised on the Consolidated Statement of Financial Position at their fair value in accordance with the accounting policies in Note 1. Measurement of fair value is grouped into levels based on the degree to which fair value is observable in accordance with AASB 7 Financial Instruments: Disclosures.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following is an analysis of financial instruments measured subsequent to initial recognition at fair value

Available for sale financial assets are measured at fair value using the closing price on the reporting dates as listed on the Australian Securities Exchange Limited (ASX). Available for sale financial assets are recognised as a Level 1 in the fair value hierarchy as defined under AASB 7 Financial Instruments: Disclosures.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

22 *Commitments and contingent liabilities*

(a) *Exploration expenditure commitments*

In order to maintain current rights of tenure to exploration tenements, the entity will be required to outlay in the year ending 30 June 2014 amounts of approximately \$2,407,850 (2012: 1,190,000) 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.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

22 Commitments and contingent liabilities (continued)

(b) Operating lease commitments

Effective 1 July 2008, Groundhog Services Pty Ltd 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. This lease expired August 2013.

In July 2013, Monax Mining Limited entered into a non-cancellable operating lease for a two year period for office and warehouse accommodation.

	Minimum lease payments due			Total \$
	Within 1 year \$	1 to 5 years \$	After 5 years \$	
June 2013	57,000	58,710	-	115,710
June 2012	-	-	-	-

(c) Contingent liabilities

As at 30 June 2013, there were no contingent liabilities. (2012: nil)

(d) Bank Guarantees

The Group has negotiated a bank guarantee in favour of a service provider. The total nominal amount of this guarantee at the reporting date is \$15,000 (2012: nil). This bank guarantee is fully secured by cash on term deposit.

Note	Consolidated	
	2013 \$	2012 \$

23 Notes to the statement of cash flows

(a) Cash at the end of the financial year consists of the following:

Cash at bank and at call	8	1,396,231	2,409,725
		1,396,231	2,409,725

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$

23 Notes to the statements of cash flows (continued)

(b) Reconciliation of profit from ordinary activities after income tax to net cash outflow from operating activities

Loss from ordinary activities after income tax	85,767	(3,005,692)
Add/(less) items classified as investing/ financing activities		
Share of associate net (profit)/loss	53,043	1,430,530
Add/(less) non cash items		
Depreciation	9,667	8,798
Share-based payments	37,365	62,385
Impairment of asset	1,682,552	979,095
Gain on reclassification of financial assets	(1,525,632)	-
Gain on disposal of available for sale asset	(13,259)	-
Realised gain on sale of investment in associates	(546,109)	-
Changes in operating assets and liabilities		
(Increase)/decrease in other assets	(8,976)	(353)
(Increase)/decrease in trade and other receivables	678	81,248
(Decrease)/increase in trade and other payables	9,226	(63,529)
(Decrease)/increase in provisions	59,351	23,790
Net cash (used in) operating activities	(156,327)	(483,728)

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

24 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 re-imbursement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

Director	Transaction	Note	Consolidated	
			2013	2012
			\$	\$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		31,008	23,271
RM Kennedy, GS Davis, NF Alley and RG Nelson	Payments to a Director related entity for exploration and joint logistics.	(i)	40,127	12,053
GM Ferris	Payments to a Director related entity for administration services.	(ii)	431,461	373,858

(i) This amount relates to the exploration undertaken on behalf of Monax Mining Limited by Marmota Energy Limited for access and participation in projects in South Australia.

(ii) This amount relates to the provision of administration and logistical services by Groundhog Services Pty Ltd.

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

	Consolidated	
	2013	2012
	\$	\$
Current receivables		
Loan to related party*	164,688	141,059
	164,688	141,059
Current payables		
Amounts payable to associates**	6,667	6,480
	6,667	6,480

*Loans to related parties represents amounts receivable from Marmota Energy Limited and Groundhog Services Pty Ltd, both associated companies.

** Amounts payable to associates represents amounts payable to Marmota Energy Limited and Groundhog Services Pty Ltd, both associated companies.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

25 Operating segments

Segment information

Description of segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The entity has identified its operating segments to be Gawler Craton, Kangaroo Island and North Queensland based on different geological regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Board of Directors for assessing performance and determining the allocation of resources within the entity.

The entity operates primarily in one business, namely the exploration of minerals.

Basis of accounting for purposes of reporting by operating segment

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Details of the performance of each of these operating segments for the financial years ended 30 June 2013 and 30 June 2012 are set out below:

(i) Segment performance

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	353,760	133,498	-	-	25,000	-	378,760	133,498
Segment results								
Gross segment result before depreciation, amortisation and impairment	353,760	133,498	-	-	25,000	-	378,760	133,498
Depreciation and amortisation	-	-	-	-	-	-	-	-
Impairment	-	-	-	(65,529)	(45,578)	(913,566)	(45,578)	(979,095)
	353,760	133,498	-	(65,529)	(20,578)	(913,566)	333,182	(845,597)
Interest income	-	-	-	-	-	-	92,369	171,340
Share of associates' net profit	-	-	-	-	-	-	(53,043)	(1,430,530)
Realised gain on sale of investment in associate	-	-	-	-	-	-	546,109	-
Gain on reclassification of financial asset	-	-	-	-	-	-	1,525,632	-
Gain on disposal of available for sale asset	-	-	-	-	-	-	13,259	-
Impairment of Available for sale asset	-	-	-	-	-	-	(1,636,974)	-
Other expenses	-	-	-	-	-	-	(734,767)	(900,905)
Loss before tax	353,760	133,498	-	(65,529)	(20,578)	(913,566)	85,767	(3,005,692)
Income tax benefit/(expense)	-	-	-	-	-	-	-	-
Loss after tax	353,760	133,498	-	(65,529)	(20,578)	(913,566)	85,767	(3,005,692)

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

25 Operating segments (continued)

(ii) Segment assets

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	11,539,682	9,886,721	197,490	-	-	-	11,737,172	9,886,721
<i>Segment asset increases for the period:</i>								
Capital expenditure	1,652,961	489,980	197,490	65,529	45,578	327,247	1,896,029	882,756
Impairment	-	-	-	(65,529)	(45,578)	(913,566)	(45,578)	(979,095)
	1,652,961	489,980	197,490	-	-	(586,319)	1,850,451	(96,339)
<i>Reconciliation of segment assets to company assets</i>								
Cash and cash equivalents	-	-	-	-	-	-	1,396,231	2,409,725
Trade and other receivables	-	-	-	-	-	-	225,217	237,443
Other current assets	-	-	-	-	-	-	30,220	21,244
Plant and equipment	-	-	-	-	-	-	93,742	130,108
Investment in Associates	-	-	-	-	-	-	1	1,073,829
Available for sale financial assets	-	-	-	-	-	-	782,428	-
Deferred tax asset	-	-	-	-	-	-	244,057	322,148
Total assets	11,539,682	9,886,721	197,490	-	-	-	14,509,068	14,081,218

(iii) Segment liabilities

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Segment liabilities	111,628	21,012	-	-	-	-	111,628	21,012
<i>Reconciliation of segment liabilities to company liabilities</i>								
Trade and other payables	-	-	-	-	-	-	502,524	269,682
Short term provisions	-	-	-	-	-	-	87,482	38,646
Deferred tax liability	-	-	-	-	-	-	244,057	322,148
Long term provisions	-	-	-	-	-	-	36,080	25,565
Total liabilities	111,628	21,012	-	-	-	-	981,771	677,053

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

26 *Events subsequent to reporting date*

On 1 July 2013, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 16 September 2013, the Company announced a one for three non-renounceable Rights Issue with an issue price of 3 cents per share. A maximum number of shares to be issued is 50,071,601 to raise approximately \$1.5 million (before costs).

Other than the matters noted above, there has not arisen in the interval any matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Company, the results of those operations, or the state of the Company in future years.

27 *Reserves*

Share options reserve - recording items recognised as expenses on valuation of employee share options and share rights, and the revaluation of associate entity fair value.

Available for sale reserves – comprises gains and losses relating to these types of financial instruments.

28 *Monax Mining Limited company information*

	2013 \$	2012 \$
Parent entity		
Assets		
Current assets	1,587,732	2,668,412
Non-current assets	12,857,402	11,412,806
Total assets	14,445,134	14,081,218
Liabilities		
Current liabilities	663,615	329,340
Non-current liabilities	254,409	347,713
Total liabilities	918,024	677,053
Equity		
Issued capital	19,683,697	19,683,697
Retained losses	(6,936,867)	(7,022,447)
Share-based payments reserve	780,280	742,915
Total equity	13,527,110	13,404,165
Financial performance		
Loss for the year	85,767	(3,005,692)
Total comprehensive income	85,767	(3,005,692)
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	115,710	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2013

29 *Company details*

The registered office of the Company is:

140 Greenhill Road
UNLEY SA 5061

The principal place of business is

Unit 2, 81 Harrison Road
DUDLEY PARK SA 5008

Monax Mining Limited

Directors' declaration

For the year ended 30 June 2013

Directors' declaration

1 The Directors of Monax Mining Limited declare that:

- (a) the financial statements and notes, as set out on pages 15 to 54, are in accordance with the Corporations Act 2001, and:
 - (i) giving a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the entity; and
 - (ii) complying with Accounting Standards; and
 - (iii) Monax Mining Limited complies with International Financial Reporting Standards as described in Note 1.
- (b) The Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - (ii) The financial statements and notes for the financial year comply with the accounting standards; and
 - (iii) The financial statement and notes for the financial year give a true and fair view;
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Adelaide this 20th day of September 2013.



Robert Michael Kennedy
Director

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

Report on the financial report

We have audited the accompanying financial report of Monax Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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.

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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 Company's preparation of the financial report that gives a true and fair view 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 Company'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 opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Monax Mining Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1(w) in the financial report which indicates that the consolidated entity incurred a net loss of \$1,985,973 excluding the one off gain of \$2,071,740 outlined in Note 12(a). In addition, the Group incurred a net cash outflow of \$1,727,377 from operating and investing activities excluding the proceeds from the sale of Martmota Energy Limited shares of \$713,883.

These conditions, along with other matters as set forth in Note 1(w), indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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 on the remuneration report

In our opinion, the remuneration report of Monax Mining Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



S J Gray
Partner

Adelaide, 20 September 2013