



# **Monax Mining Limited and Controlled Entities**

## **Annual Financial Report**

**30 June 2009**

### **CORPORATE DIRECTORY**

#### **Monax Mining Limited**

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

#### **Registered Office**

140 Greenhill Road  
UNLEY SA 5061  
Telephone: (08) 8373 5588  
Facsimile: (08) 8375 3999

**Email:** [info@monaxmining.com.au](mailto:info@monaxmining.com.au)

#### **Share Registrar**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
Telephone: 1300 556 151  
(For overseas shareholders 61 3 9415 5000)  
Facsimile: (08) 8236 2305

**Email:** [info@computershare.com.au](mailto:info@computershare.com.au)

#### **Auditor**

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

## **Monax Mining Limited and controlled entities**

### **Directors' Report (continued)**

The Directors present their report together with the financial report of Monax Mining Limited ("the Company") and controlled entities for the year ended 30 June 2009 and the auditor's report thereon.

#### ***Directors***

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

**Mr Robert Michael Kennedy** *ASAIT, Grad. Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD.*

*Non-executive Chairman.* Mr Kennedy is a chartered accountant and consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He joined Monax Mining Limited in August 2004 as Non-executive Chairman. Chairman of Beach Petroleum Limited (since 1995 and a Director since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 1995), Maximus Resources Limited (since 2004), Eromanga Uranium Limited (since 2007) and Marmota Energy Limited (since 2006). His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies including in the resources sector. Mr Kennedy leads the development of strategies for the development and future growth of the Company.

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

*Non-executive Director.* Board member since 3 August 2004. Mr Nelson is an exploration geophysicist with experience spanning four decades in most aspects of 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 from 2004 to 2006 and is a Director of the APPEA Executive Committee and remains a member of its Council. He was recently awarded the Reg Sprigg Medal for outstanding contribution to the oil and gas industry at the 2009 APPEA Conference in Darwin.

Special responsibilities include membership of the Remuneration and Nomination Committee.

Other listed company directorships are: Managing Director of Beach Petroleum Limited (since 1992) and Director of Anzon Australia Limited (between 2004 and December 2005), Ramelius Resources Limited (since 1995) and Marmota Energy Limited (since 2007).

**Mr Glenn Stuart Davis** *LLB, BEc*

*Non-executive Director.* Board member since 3 August 2004. 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.

Special responsibilities include membership of the Audit and Corporate Governance Committee.

Other listed company directorships are: Deputy Chairman of Beach Petroleum Limited (since June 2009 and a Director since July 2007) and Director of Marmota Energy Limited (since 2007).

**Dr Neville Foster Alley** *Phd., PSM*

*Non-executive Director.* Board member since 27 January 2005. Dr Alley is an internationally known earth science researcher and was awarded the Verco Medal for his contribution and leadership in the earth sciences and the Public Service Medal (PSM) in 2005 for outstanding contribution to geology and minerals industry. He has extensive experience at senior levels in Government in Canada and as Director, Minerals, MESA and PIRSA and has a high level understanding of Government policy, regulation and legislation. He made a significant contribution in setting the SA Government's strategies for reinvigorating the minerals industry and led the development of Government initiatives such as TEISA and PACE. Dr Alley has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry.

Other listed company directorships are: InterMet Resources Limited (since 2004 until August 2008), Beach Petroleum Limited (since July 2007) and Marmota Energy Limited (since 2007) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

## **Monax Mining Limited and controlled entities**

### **Directors' Report (continued)**

#### **Mr Michael Peter Schwarz BSc (Hons), AIG**

*Managing Director.* Board member since 29 September 2005 until 31 August 2009. A former leader of Primary Industries and Resources SA's (PIRSA) Gawler Craton program. He has led research projects with the SA Government, Geoscience Australia and various universities into the geological evolution and mineralisation of the Gawler Craton. He has a high level of IT skills, an excellent knowledge of mineralisation models and modern geological concepts and is highly energetic, innovative and leading edge in his approach to mineral exploration.

#### **Mr Gary Michael Ferris BSc (Hons), AusIMM**

*Managing Director.* Board member since 1 September 2009. Mr Ferris is a geologist with more than 18 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's brings extensive experience in adding to the value of Monax's asset base and the execution of effective exploration programs.

Mr Ferris was formerly Managing Director of InterMet Resources Limited until August 2008.

#### **Mr Ewan John Vickery LLB**

*Alternate Director for Reginald George Nelson (appointed 19 March 2009)* Mr Vickery is a corporate and business lawyer with over 30 years experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as a lead native title advisor and negotiator for numerous mining and petroleum companies. Mr Vickery is a Director of Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004) and Eromanga Uranium (since 2006).

#### **Mr Ian Roy Witton SAIT,FCPA,FAICD**

*Alternate Director for Glenn Stuart Davis (appointed 13 March 2009)* Mr Witton is an independent non-executive director and has been a director for 25 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. Mr Witton is a an Alternate Director of Eromanga Uranium Limited (since March 2009).

## Monax Mining Limited and controlled entities

### Directors' Report (continued)

#### *Directors' meetings*

The Company held 19 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:

Director	Directors' meetings		Audit and corporate governance committee meetings		Remuneration and nomination committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Michael Kennedy	15	14	3	3	1	1
Reginald George Nelson	15	14	-	-	1	1
Glenn Stuart Davis	15	13	3	3	-	-
Neville Foster Alley	15	13	-	-	-	-
Michael Peter Schwarz	15	15	-	-	-	-
Ewan John Vickery	2	2	-	-	-	-
Ian Roy Witton	2	2	-	-	-	-

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

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

#### *Company Secretary*

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

**Virginia Katherine Suttell** – *B.Comm., ACA*. Appointed Company Secretary and Chief Financial Officer on 21 November 2007. She is a Chartered Accountant with 16 years experience working in public practice and commerce.

#### *Principal activities*

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

#### *Review and results of operations*

The 2008-09 financial year has seen Monax Mining Limited continue to undertake exploration for a variety of commodities within its exploration portfolio.

High grade manganese mineralisation was discovered at surface on the Jamieson Tank Prospect at the Waddikee tenement. Results from a drilling program and subsequent laboratory scale beneficiation study have highlighted the potential to produce a near surface, low cost manganese operation.

At Punt Hill, iron-oxide copper gold exploration focussed on drill testing of a deep induced polarisation target and work is currently underway to define further drill targets at relatively shallow depths in the northern part of the tenement where basement targets are expected to be as shallow as 400m.

At the Bonaventura Prospect on Kangaroo Island, Monax Mining Limited received all assays from the first diamond drilling program on its Parndana tenement. Diamond drilling tested the depths of high-grade, zinc and lead mineralisation and potential extensions of the mineralisation along several structures recently revealed by a program of mapping, trenching and surface sampling. Eight oriented diamond drill holes were drilled into two of the structures in an attempt to extend the zone of high-grade mineralisation previously identified. Detailed structural measurements were taken to aid the 3D interpretation of structural controls on high grade mineralised shoots.

## **Monax Mining Limited and controlled entities**

### **Directors' Report (continued)**

Gold exploration on Kangaroo Island continued with the results of the first drilling under the old gold workings at Kohinoor Mine showing the drillhole intersected mineralised quartz veins and fault breccia. Re-evaluation of the target after access to underground workings shows that the main gold lode was not intersected with this drillhole. The first rock chip sampling of underground workings since the 1890's has been undertaken and four other areas of known gold mineralisation have been preliminarily sampled with rock chips or soil samples.

In addition, Monax Mining Limited continued uranium exploration under joint venture arrangements with Marmota Energy Limited on 7,000 km<sup>2</sup> of the Company's tenements. Drilling on the Mulyungarie tenement in the Olary Province produced results indicating the potential for palaeochannel hosted rollfront uranium mineralisation which are currently being followed up.

#### ***Results***

During the year, the Company continued exploration activities at its tenements, total cash expenditure on exploration and evaluation activities totalled \$4,853,836.

The consolidated loss of the consolidated group after providing for income tax and minority equity interests amounted to \$393,265 (2008: 1,012,099).

#### ***Dividends***

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

#### ***State of affairs***

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

#### ***Events subsequent to balance date***

Mr Michael Peter Schwarz resigned as Managing Director effective 31 August 2009 and Mr Gary Michael Ferris was appointed Managing Director, 1 September 2009.

On 1 September 2009, the Company announced a Share Purchase Plan which opened on 23 September 2009. The maximum number of shares able to be issued under the plan is 21,194,117 to raise approximately \$1.6 million.

On 23 September 2009, 10,533,332 ordinary shares were issued under a share placement, raising \$790,000 before costs.

Other than the matters discussed above, there has not arisen in the interval between 30 June 2009 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

#### ***Likely developments***

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

#### ***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.

## Monax Mining Limited and controlled entities

### Directors' Report (continued)

#### *Indemnification and insurance of officers*

##### **Indemnification**

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

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

##### **Insurance premiums**

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

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

#### *Proceedings on behalf of the Company*

No person has applied to the Court 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 during the year ended 30 June 2009.

#### *Auditor of the Company*

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

#### *Auditor's Independence Declaration*

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2009 is set out immediately following the end of the Directors' report.

#### *Options*

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

Expiry date*	Exercise price	Number of Options	Vested	Unvested	Amount paid/payable by recipient (\$)
30/06/2010	\$0.40	2,500,000	2,500,000	-	-
12/04/2011	\$0.26	750,000	750,000	-	-
13/02/2012	\$0.666	450,000	450,000	-	-
18/07/2013	\$0.246	365,000	365,000	-	-
13/12/2013	\$0.0517	260,000	260,000	-	-

\* 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.

## **Monax Mining Limited and controlled entities**

### **Directors' Report (continued)**

#### **Remuneration Report – audited (continued)**

##### ***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.

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

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

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

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

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

The employment conditions of the Managing Director, Mr Schwarz and the Managing Director – Marmota Energy Limited, Mr Calandro are formalised in contracts of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Directors' contracts may be terminated at any time by mutual agreement. The Company may terminate these contracts without notice in instances of serious misconduct. Dr Alley has an employment contract as an Executive Director with Marmota Energy Limited for a period of one year, expiring in December 2009. Ms Suttell is employed by Groundhog Services Pty Ltd to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited, for a term of three years, expiring on 12 November 2010. Mr Schwarz resigned from the Company effective 31 August 2009. Mr Gary Ferris was appointed 1 September 2009.

##### ***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.

## Monax Mining Limited and controlled entities

### Directors' Report (continued)

#### Remuneration Report – audited (continued)

##### *Directors' interests in shares and options*

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

Apart from the options granted to Directors in their capacity as employees of the Company under the Employee Share Option Plan as detailed in Note 19 to the accounts, no other options were granted to Directors or key management personnel of the Company during the financial year.

##### Remuneration of Directors and key management personnel

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

##### (a) Directors and key management personnel

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

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

\*Dr Neville Alley was an Executive Director of Marmota Energy Limited during the financial year.

##### (b) Directors' remuneration

<b>2009 primary benefits</b>	<b>Directors fees</b>	<b>Salary</b>	<b>Non cash items</b>	<b>Cash bonus</b>	<b>Super contributions</b>	<b>Options</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Directors</b>							
Mr RM Kennedy	134,863	-	-	-	12,137	-	147,000
Mr RG Nelson	77,064	-	-	-	6,936	-	84,000
Mr GS Davis*	84,000	-	-	-	-	-	84,000
Dr NF Alley	33,715	104,359	-	-	12,427	-	150,501
Mr MP Schwarz	-	200,741	25,514	1,000	13,745	7,250	248,250
Mr EJ Vickery**	5,000	-	-	-	-	-	5,000
Mr IR Witton**	5,000	-	-	-	-	-	5,000
	<b>339,642</b>	<b>305,100</b>	<b>25,514</b>	<b>1,000</b>	<b>45,245</b>	<b>7,250</b>	<b>723,751</b>



## Monax Mining Limited and controlled entities

### Directors' Report (continued)

### Remuneration Report – audited (continued)

#### (b) Directors' remuneration (continued)

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

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

\*\* Messrs Vickery and Witton received remuneration for their services as alternate directors in the 2009 financial year.

^ Messrs Vickery and Witton were alternate directors in the 2008 financial year and received no remuneration for their services.

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

#### (c) Service agreements

During the financial year, the Company reviewed the employment agreement of the Managing Director. Pursuant to his service agreement, Mr Schwarz was paid a total package of \$241,000 per annum inclusive of superannuation guarantee contributions. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company. Mr Schwarz resigned as Managing Director effective 31 August 2009.

The Managing Director - Marmota Energy Limited was appointed in 2007. The salary was reviewed in July 2008 and set at \$240,000 per annum inclusive of superannuation guarantee contributions. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

The Executive Director - Marmota Energy Limited was appointed in 2007. He was contracted for a term of one year expiring in December 2008. His contract was renewed for a further term of one year, expiring in December 2009. The salary was set at \$87,200 per annum inclusive of superannuation contributions. There were neither post employment retirement or termination benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

#### (d) Director related entities

During the year to 30 June 2009 the Company paid legal fees totalling \$86,964 to a Director related entity of Mr Davis.

# Monax Mining Limited and controlled entities

## Directors' Report (continued)

### Remuneration Report – audited (continued)

#### (e) Key management personnel remuneration

2009 primary benefits	Salary and superannuation \$	Bonus \$	Non cash benefits \$	Options \$	Total \$
<b>Key management personnel excluding Directors</b>					
Mr DJ Calandro*	209,908	1,000	30,092	9,500	250,500
Ms VK Suttell**	160,320	1,000	-	18,275	179,595
	370,228	2,000	30,092	27,775	430,095

2008 Primary Benefits	Salary and superannuation \$	Bonus \$	Non cash benefits \$	Options \$	Total \$
<b>Key management personnel excluding Directors</b>					
Mr DJ Calandro*	213,400	-	-	-	213,400
Ms VK Suttell**	96,960	-	-	-	96,960
Mr DA Francese***	-	-	-	-	-
Mr DS Cosentino****	-	-	-	-	-
	310,360	-	-	-	310,360

\*Mr Calandro was appointed Managing Director of Marmota Energy Limited on 9 July 2007.

\*\*Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Ms Suttell is employed by Groundhog Services Pty Ltd and acts as Company Secretary and Chief Financial Officer for Marmota Energy Limited and Monax Mining Limited.

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

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

#### Key management personnel post-employment/retirement benefits

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

Dated at Adelaide this 24<sup>th</sup> day of September 2009.

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

Robert Michael Kennedy  
Director



# Grant Thornton

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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 audit of Monax Mining Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants



S J Gray  
Partner

Signed at Wayville on this 24<sup>th</sup> day of September 2009

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## Monax Mining Limited and controlled entities

### Income Statement

For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Other revenues from ordinary activities	2	665,569	838,826	104,810	9,702,359
Total revenue		665,569	838,826	104,810	9,702,359
Administration expenses	3	369,068	456,576	168,048	291,682
Consultants	3	215,564	374,550	95,786	269,400
Depreciation	3	88,771	34,051	27,373	24,601
Employment expenses	3	814,740	729,983	296,073	418,984
Occupancy expenses		11,933	87,937	3,140	62,225
Service fees	3	-	76,756	132,571	6,870
Loss on disposal of plant and equipment		13,167	-	13,167	-
Impairment of assets	3	-	-	5,130,720	-
Other expenses from ordinary activities		-	51,350	-	-
<b>Profit/(loss) from ordinary activities before related income tax expense</b>		(847,674)	(972,377)	(5,762,068)	8,628,597
Income tax (expense)/benefit relating to ordinary activities	4	302,536	(51,422)	302,551	(2,898,298)
<b>Profit/(loss) from ordinary activities after related income tax expense</b>		(545,138)	(1,023,799)	(5,459,517)	5,730,299
Net loss attributable to minority interests		151,873	11,700	-	-
<b>Net (loss)/profit attributable to members of the parent company</b>		(393,265)	(1,012,099)	(5,459,517)	5,730,299
Basic earnings per share (cents)	7	(0.56)	(1.73)	(7.73)	9.8
Diluted earnings per share (cents)	7	(0.56)	(1.64)	(7.73)	9.3

The above Income Statement should be read in conjunction with the accompanying notes.

# Monax Mining Limited and controlled entities

## Balance Sheet

As at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	8	2,216,680	7,067,576	1,057,170	3,040,999
Trade and other receivables	9	564,779	730,927	443,665	285,162
Other current assets	10	51,742	33,317	15,540	17,723
Financial assets	11	7,460,890	8,000,000	-	-
<b>Total current assets</b>		<b>10,294,091</b>	<b>15,831,820</b>	<b>1,516,375</b>	<b>3,343,884</b>
<b>Non-current assets</b>					
Plant and equipment	12	735,463	571,193	219,848	269,853
Financial assets	13	-	-	2,160,001	3,168,001
Exploration and evaluation expenditure	15	15,181,484	10,894,087	9,720,383	8,168,172
<b>Total non-current assets</b>		<b>15,916,947</b>	<b>11,465,280</b>	<b>12,100,232</b>	<b>11,606,026</b>
<b>Total assets</b>		<b>26,211,038</b>	<b>27,297,100</b>	<b>13,616,607</b>	<b>14,949,910</b>
<b>Current liabilities</b>					
Trade and other payables	16	294,867	1,003,494	149,122	164,717
Short term provisions	17	75,355	74,147	27,199	50,388
<b>Total current liabilities</b>		<b>370,222</b>	<b>1,077,641</b>	<b>176,321</b>	<b>215,105</b>
<b>Non-current liabilities</b>					
Capitalised lease incentive		86,789	-	-	-
Long term provisions	17	43,368	46,014	19,037	35,364
Deferred tax liability	4	-	-	647,999	950,396
<b>Total non-current liabilities</b>		<b>130,157</b>	<b>46,014</b>	<b>667,036</b>	<b>985,760</b>
<b>Total liabilities</b>		<b>500,379</b>	<b>1,123,655</b>	<b>843,357</b>	<b>1,200,865</b>
<b>Net assets</b>		<b>25,710,659</b>	<b>26,173,445</b>	<b>12,773,250</b>	<b>13,749,045</b>
<b>Equity</b>					
Issued capital	18	13,866,800	13,872,313	13,866,800	13,872,313
Reserves		378,955	314,840	378,955	(4,110,280)
Retained profits/(losses)		(3,150,747)	(2,757,482)	(1,472,505)	3,987,012
		11,095,008	11,429,671	12,773,250	13,749,045
Minority interests		14,615,651	14,743,774	-	-
<b>Total equity</b>		<b>25,710,659</b>	<b>26,173,445</b>	<b>12,773,250</b>	<b>13,749,045</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## Monax Mining Limited and controlled entities

### Statement of Changes in Equity

#### For the year ended 30 June 2009

Consolidated Group	\$	\$	\$	\$	\$	\$
	Issued capital	Share-based options reserve*	Available-for-sale reserve	Retained profits / (losses)	Minority interest	Total
<b>Balance at 1 July 2007</b>	10,715,640	314,840	-	(1,745,383)	-	9,285,097
Initial outside equity interest	-	-	-	-	14,735,723	14,735,723
Shares issued during the period	3,276,657	-	-	-	19,751	3,296,408
Transaction costs associated with the issue of shares net of tax	(119,984)	-	-	-	-	(119,984)
Profit/(loss) attributable to shareholders	-	-	-	(1,012,099)	(11,700)	(1,023,799)
<b>Balance at 30 June 2008</b>	13,872,313	314,840	-	(2,757,482)	14,743,774	26,173,445
Transaction costs associated with the issue of shares net of tax	(5,513)	-	-	-	-	(5,513)
Fair value of Options issued to employees	-	64,115	-	-	23,750	87,865
Profit/(loss) attributable to shareholders	-	-	-	(393,265)	(151,873)	(545,138)
<b>Balance at 30 June 2009</b>	13,866,800	378,955	-	(3,150,747)	14,615,651	25,710,659
<b>Parent Entity</b>	\$	\$	\$	\$	\$	\$
	Issued capital	Share-based options reserve*	Available-for-sale reserve	Retained profits / (losses)	Minority interest	Total
<b>Balance at 1 July 2007</b>	10,715,640	314,840	-	(1,743,287)	-	9,287,193
Shares issued during the period	3,276,657	-	-	-	-	3,276,657
Transaction costs associated with the issue of shares net of tax	(119,984)	-	-	-	-	(119,984)
Write down of available-for-sale investment to fair value	-	-	(4,425,120)	-	-	(4,425,120)
Profit/(loss) attributable to shareholders	-	-	-	5,730,299	-	5,730,299
<b>Balance at 30 June 2008</b>	13,872,313	314,840	(4,425,120)	3,987,012	-	13,749,045
Transaction costs associated with the issue of shares net of tax	(5,513)	-	-	-	-	(5,513)
Fair value of Options issued to employees	-	64,115	-	-	-	64,115
Write off of available-for-sale investment impairment to profit and loss	-	-	4,425,120	-	-	4,425,120
Profit/(loss) attributable to shareholders	-	-	-	(5,459,517)	-	(5,459,517)
<b>Balance at 30 June 2009</b>	13,866,800	378,955	-	(1,472,505)	-	12,773,250

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

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

## Monax Mining Limited and controlled entities

### Cash Flow Statement

For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		75,000	-	75,000	-
Cash payments in the course of operations		(1,167,230)	(1,803,400)	(602,388)	(1,089,788)
Interest received		918,518	327,631	135,223	105,986
<b>Net cash provided by/(used in) operating activities</b>	22(b)	<u>(173,712)</u>	<u>(1,475,769)</u>	<u>(392,165)</u>	<u>(983,802)</u>
<b>Cash flows from investing activities</b>					
Payments for plant and equipment		(354,583)	(322,474)	(18,283)	(60,614)
Payments for exploration and evaluation assets		(4,853,836)	(4,199,411)	(1,540,137)	(2,129,804)
Acquisition of subsidiary (net of cash)		-	14,755,474	-	-
Acquisition of associate		-	-	-	(1)
<b>Net cash provided by/(used in) investing activities</b>		<u>(5,208,419)</u>	<u>10,233,589</u>	<u>(1,558,420)</u>	<u>(2,190,419)</u>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		-	3,276,657	-	3,276,657
Payment of transaction costs associated with capital raising		(7,875)	(171,406)	(7,875)	(171,406)
Loans		-	-	(25,369)	(94,535)
<b>Net cash provided by/(used in) financing activities</b>		<u>(7,875)</u>	<u>3,105,251</u>	<u>(33,244)</u>	<u>3,010,716</u>
<b>Net increase/(decrease) in cash held</b>		<u>(5,390,006)</u>	<u>11,863,071</u>	<u>(1,983,829)</u>	<u>(163,505)</u>
<b>Cash at the beginning of the financial year</b>		<u>15,067,576</u>	<u>3,204,505</u>	<u>3,040,999</u>	<u>3,204,504</u>
<b>Cash at the end of the financial year</b>	22(a)	<u>9,677,570</u>	<u>15,067,576</u>	<u>1,057,170</u>	<u>3,040,999</u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### *1 Statement of significant accounting policies*

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

#### *(a) Basis of preparation*

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001.

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

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 2009 and the result of all subsidiaries for the year then ended. Monax Mining Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

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

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

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Balance Sheet and the Consolidated Income Statement.

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 (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.



# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### (c) *Income tax (continued)*

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.

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 Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

#### (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:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Plant and equipment	5% – 33%

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

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

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

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### (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.

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 profit and loss 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 Group 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) **Held-to-maturity investments**

Held-to-maturity investments are non derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(ii) **Financial Liabilities**

Non-derivative financial liabilities are subsequently measured at amortised cost.

## **Monax Mining Limited and controlled entities**

### **Notes to the financial statements**

#### **For the year ended 30 June 2009**

**(g) *Financial instruments (continued)***

**(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 assets***

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

**(i) *Employee benefits***

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

**(j) *Provisions***

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

**(k) *Cash and cash equivalents***

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

**(l) *Revenue***

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).

## **Monax Mining Limited and controlled entities**

### **Notes to the financial statements**

#### **For the year ended 30 June 2009**

**(m) Goods and services tax**

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

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

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

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

**(n) Interests in joint ventures**

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

**(o) Investments in associates**

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

**(p) 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.

**(q) Comparative figures**

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

**(r) Critical accounting estimates and judgements**

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

*Key estimates – impairment*

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

## **Monax Mining Limited and controlled entities**

### **Notes to the financial statements**

#### **For the year ended 30 June 2009**

The group 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.

#### **(s) *New accounting standards for application in future periods***

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Groups' Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe that impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet at the beginning of the comparative period will be required.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008)(AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

#### **(t) *Going concern basis of accounting***

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

The cash flow projections of the parent entity evidence that the parent entity will require capital for continued operations.

The parent entity will be seeking to raise equity to fund operations, including exploration and working capital. The parent entity's ability to continue as a going concern is contingent on obtaining additional capital as required. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the parent entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

## Monax Mining Limited and controlled entities

### Notes to the financial statements

#### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>2 Revenue from ordinary activities</b>					
<b>Other revenues:</b>					
<i>From operating activities</i>					
Interest received from other parties		665,569	750,083	104,810	137,758
Profit on sale of subsidiary		-	-	-	9,489,599
Other revenue		-	88,743	-	75,002
<b>Total revenue from ordinary activities</b>		<b>665,569</b>	<b>838,826</b>	<b>104,810</b>	<b>9,702,359</b>
<b>3 Profit from ordinary activities before income tax expense has been determined after</b>					
<b>Expenses</b>					
<b>Administration expenses</b>					
ASX fees		31,163	7,069	16,016	8,658
Share registry fees		63,898	85,598	28,372	53,615
Insurance		59,537	53,825	22,715	30,729
Audit and other services		47,000	44,400	24,000	21,000
Other		167,470	265,684	76,945	177,680
		<b>369,068</b>	<b>456,576</b>	<b>168,048</b>	<b>291,682</b>
<b>Consulting expenses</b>					
Legal fees		68,699	37,738	18,495	28,527
Corporate consulting		100,000	165,352	40,000	125,352
Accounting and secretarial services		46,865	170,900	37,291	115,521
Other		-	560	-	-
		<b>215,564</b>	<b>374,550</b>	<b>95,786</b>	<b>269,400</b>
<b>Depreciation expenses</b>					
Plant and equipment		88,771	34,051	27,373	24,601
<b>Employment expenses</b>					
Salaries and wages		1,314,459	980,126	474,277	595,957
Directors fees		371,750	242,085	204,250	160,417
Superannuation		119,359	97,869	51,323	65,006
Provisions		(1,439)	56,827	(39,516)	22,417
Share-based payments		87,865	-	64,115	-
Other		104,874	154,490	48,814	104,458
Reallocation to exploration costs		(1,182,128)	(801,414)	(507,190)	(529,271)
		<b>814,740</b>	<b>729,983</b>	<b>296,073</b>	<b>418,984</b>
<b>Service fees</b>		<b>-</b>	<b>76,756</b>	<b>132,571</b>	<b>6,870</b>
<b>Loss on sale of plant and equipment</b>		<b>13,167</b>	<b>-</b>	<b>13,167</b>	<b>-</b>
<b>Impairment of available-for-sale financial assets</b>		<b>-</b>	<b>-</b>	<b>5,130,720</b>	<b>-</b>

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>4 Income tax expense</b>					
The components of tax expense comprise:					
Current income tax (expense)/benefit		(15)	-	-	-
Deferred income tax (expense)/benefit		-	-	-	(2,846,876)
Tax portion of capital raising costs		(2,363)	(51,422)	(2,363)	(51,422)
Income tax (expense)/benefit reported in the income statement		(2,378)	(51,422)	(2,363)	(2,898,298)
The prima facie income tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie income tax (expense)/benefit calculated at 30% on loss from ordinary activities		254,302	291,713	1,728,620	(2,588,579)
Deferred tax asset in respect of tax losses not brought to account		(254,302)	(291,713)	(1,728,620)	(258,297)
Research and development tax offset		304,914	-	304,914	-
Tax portion of capital raising costs		(2,378)	(51,422)	(2,363)	(51,422)
Income tax (expense)/benefit attributable to loss from ordinary activities		302,536	(51,422)	302,551	(2,898,298)
<b>Deferred tax liability</b>					
The balance of deferred tax liabilities comprises temporary differences attributable to:					
Deferred capital gain on sale of subsidiary		-	-	647,999	950,396
Deferred tax liability		-	-	647,999	950,396
<b>Income tax losses</b>					
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%		5,249,690	3,879,561	3,455,828	3,009,544

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 5 Remuneration of Directors and key management personnel

##### (a) Directors and key management personnel

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

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

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

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

Shares in Monax Mining Limited	Balance 1/07/08	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/09	Total held in escrow 30/06/09
<b>Held by Directors in own name</b>						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr MP Schwarz	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	3,031,391	-	-	-	3,031,391	-
Mr RG Nelson	2,040,001	-	-	-	2,040,001	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Dr NF Alley	3,056,090	-	-	-	3,056,090	-
Mr MP Schwarz	1,650,000	-	-	-	1,650,000	-
Mr EJ Vickery	55,300	-	-	-	55,300	-
Mr IR Witton	21,363	-	-	-	21,363	-
Total held by Directors	12,629,600	-	-	-	12,629,600	-
<b>Key management personnel excluding Directors</b>						
Mr DJ Calandro	-	-	-	-	-	-
Ms VK Suttell	38,727	-	-	-	38,727	-
Total	12,668,327	-	-	-	12,668,327	-



# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

Shares in Monax Mining Limited	Balance 1/07/07	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/08	Total held in escrow 30/06/08
<b>Held by Directors in own name</b>						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	50,000	-	-	22,727	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr MP Schwarz	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	50,000	-	-	22,727	72,727	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	2,485,937	-	-	545,454	3,031,391	-
Mr RG Nelson	2,040,001	-	-	-	2,040,001	-
Mr GS Davis	2,480,001	-	-	222,727	2,702,728	-
Dr NF Alley	3,022,000	-	-	34,090	3,056,090	-
Mr MP Schwarz	1,650,000	-	-	-	1,650,000	-
Mr EJ Vickery	30,000	-	-	25,300	55,300	-
Mr IR Witton	10,000	-	-	11,363	21,363	-
Total held by Directors	11,767,939	-	-	861,661	12,629,600	-
<b>Key management personnel excluding Directors</b>						
Mr DJ Calandro	-	-	-	-	-	-
Ms VK Suttell	-	-	-	38,727	38,727	-
Mr DA Francese	47,025	-	-	-	47,025	-
Mr DS Cosentino	22,000	-	-	-	22,000	-
Total	11,836,964	-	-	900,388	12,737,352	-

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

Options in Monax Mining Limited	Option class	Balance 1/07/08	Received as remuneration	Options exercised	Net change other	Balance 30/06/09	Total vested 30/06/09	Total exercisable 30/06/09
<b>Held by Directors in own name</b>								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr MP Schwarz		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
<b>Directors' personally related entities</b>								
Mr RM Kennedy	(d)	350,000	-	-	(350,000)	-	-	-
	(e)	350,000	-	-	-	350,000	350,000	350,000
Mr RG Nelson	(d)	350,000	-	-	(350,000)	-	-	-
	(e)	350,000	-	-	-	350,000	350,000	350,000
Mr GS Davis	(d)	350,000	-	-	(350,000)	-	-	-
	(e)	350,000	-	-	-	350,000	350,000	350,000
Dr NF Alley	(d)	400,000	-	-	(400,000)	-	-	-
	(e)	400,000	-	-	-	400,000	400,000	400,000
Mr MP Schwarz	(f)	750,000	-	-	-	750,000	750,000	750,000
	(h)	-	250,000	-	-	250,000	250,000	250,000
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Total held by Directors		3,650,000	250,000	-	(1,450,000)	2,450,000	2,450,000	2,450,000
<b>Key management personnel excluding Directors</b>								
Mr DJ Calandro		-	-	-	-	-	-	-
Ms VK Suttell	(g)	-	75,000	-	-	75,000	75,000	75,000
Total		3,650,000	325,000	-	(1,450,000)	2,525,000	2,525,000	2,525,000

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

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

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

- (a) Listed Options exercisable at \$1.20 by 31/12/2007 as a result of bonus option issue
- (b) Unlisted Options exercisable at \$1.20 by 31/12/2007 as a result of bonus option issue
- (c) Unlisted Options exercisable at \$0.25 by 30/06/2008
- (d) Unlisted Options exercisable at \$0.30 by 30/06/2009
- (e) Unlisted Options exercisable at \$0.40 by 30/06/2010
- (f) Unlisted Options exercisable at \$0.26 by 12/04/2011
- (g) Unlisted Options exercisable at \$0.246 by 18/07/2013
- (h) Unlisted Options exercisable at \$0.0517 by 23/12/2013

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

Shares in Marmota Energy Limited Held by Directors in own name	Balance 1/07/08	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/09	Total held in escrow 30/06/09
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr MP Schwarz	1	-	-	-	1	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	5	-	-	-	5	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	3,146,666	-	-	-	3,146,666	2,740,000
Mr RG Nelson	940,000	-	-	-	940,000	900,000
Mr GS Davis	2,950,000	-	-	-	2,950,000	2,825,000
Dr NF Alley	2,700,000	-	-	-	2,700,000	2,700,000
Mr MP Schwarz	3,040,000	-	-	-	3,040,000	3,040,000
Mr EJ Vickery	200,000	-	-	-	200,000	-
Mr IR Witton	40,000	-	-	-	40,000	-
<b>Total held by Directors</b>	13,016,671	-	-	-	13,016,671	12,205,000
<b>Key management personnel excluding Directors</b>						
Mr DJ Calandro	2,080,000	-	-	-	2,080,000	2,040,000
Ms VK Suttell	30,000	-	-	-	30,000	-
<b>Total</b>	15,126,671	-	-	-	15,126,671	14,245,000

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

Shares in Marmota Energy Limited	Balance 1/07/07	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/08	Total held in escrow 30/06/08
<b>Held by Directors in own name</b>						
Mr RM Kennedy	1	-	-	-	1	-
Mr RG Nelson	1	-	-	-	1	-
Mr GS Davis	1	-	-	-	1	-
Dr NF Alley	1	-	-	-	1	-
Mr MP Schwarz	1	-	-	-	1	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	5	-	-	-	5	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	5,700,000	-	-	(2,553,334)	3,146,666	2,740,000
Mr RG Nelson	3,300,000	-	-	(2,360,000)	940,000	900,000
Mr GS Davis	3,000,000	-	-	(50,000)	2,950,000	2,825,000
Dr NF Alley	3,000,000	-	-	(300,000)	2,700,000	2,700,000
Mr MP Schwarz	3,040,000	-	-	-	3,040,000	3,040,000
Mr EJ Vickery	-	-	-	200,000	200,000	-
Mr IR Witton	-	-	-	40,000	40,000	-
<b>Total held by Directors</b>	<b>18,040,005</b>	<b>-</b>	<b>-</b>	<b>(5,023,334)</b>	<b>13,016,671</b>	<b>12,205,000</b>
<b>Key management personnel excluding Directors</b>						
Mr DJ Calandro	-	-	-	2,080,000	2,080,000	2,040,000
Ms VK Suttell	-	-	-	30,000	30,000	-
Mr DA Francese	-	-	-	720,000	720,000	720,000
Mr DS Cosentino	-	-	-	8,000	8,000	4,000
<b>Total</b>	<b>18,040,005</b>	<b>-</b>	<b>-</b>	<b>(2,185,334)</b>	<b>15,854,671</b>	<b>14,969,000</b>

Options in Marmota Energy Limited	Option class	Balance 1/07/08	Received as remuneration	Options exercised	Net change Other <sup>1</sup>	Balance 30/06/09	Total vested 30/06/09	Total exercisable 30/06/09
<b>Held by Directors in own name</b>								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr MP Schwarz		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
<b>Directors' personally related entities</b>								
Mr RM Kennedy	(a)	1,350,000	-	-	-	1,350,000	1,350,000	-
Mr RG Nelson	(a)	450,000	-	-	-	450,000	450,000	-
Mr GS Davis	(a)	1,350,000	-	-	-	1,350,000	1,350,000	-
Dr NF Alley	(a)	1,350,000	-	-	-	1,350,000	1,350,000	-
Mr MP Schwarz	(a)	1,520,000	-	-	-	1,520,000	1,520,000	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
<b>Total held by Directors</b>		<b>6,020,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,020,000</b>	<b>6,020,000</b>	<b>-</b>
<b>Key management personnel excluding Directors</b>								
Mr DJ Calandro	(a)	1,000,000	-	-	-	1,000,000	1,000,000	-
	(b)	-	250,000	-	-	250,000	250,000	250,000
Ms VK Suttell	(b)	-	175,000	-	-	175,000	175,000	175,000
<b>Total</b>		<b>7,020,000</b>	<b>425,000</b>	<b>-</b>	<b>-</b>	<b>7,445,000</b>	<b>7,445,000</b>	<b>425,000</b>

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

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

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

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

(b) Unlisted Options exercisable at \$0.04 by 23/12/2013

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

No options previously granted to Directors or Director related entities were exercised during the year.

#### 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 26: Related parties.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

#### 6 Auditors' remuneration

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports

Provision of an independent accountants report

47,000	42,000	24,000	21,000
-	2,400	-	-
47,000	44,400	24,000	21,000

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 7 Earnings per share

##### (a) Classification of securities

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

##### (b) Classification of securities as potential ordinary shares

2,500,000 unlisted options exercisable at \$0.40 by 30/06/2010

750,000 unlisted options exercisable at \$0.26 by 12/04/2011

450,000 unlisted options exercisable at \$0.666 by 14/02/2012

365,000 unlisted options exercisable at \$0.246 by 18/07/2013

260,000 unlisted options exercisable at \$0.0517 by 23/12/2013

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

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

##### Profit/(loss) from ordinary activities after related income tax expense and minority interest

(393,265)	(1,012,099)	(5,459,517)	5,730,299
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##### (d) Weighted average number of shares outstanding during the year used in calculating earnings per share

Number for basic earnings per share

Ordinary shares

70,647,057	58,363,452	70,647,057	58,363,452
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Number for diluted earnings per share

Ordinary shares and options

70,647,057	61,562,976	70,647,057	61,562,976
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#### 8 Cash and cash equivalents

Cash at bank

221,680	1,072,576	92,170	725,999
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Deposits at call

1,995,000	5,995,000	965,000	2,315,000
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2,216,680	7,067,576	1,057,170	3,040,999
-----------	-----------	-----------	-----------

#### 9 Trade and other receivables

##### Current

Other debtors

564,779	730,927	321,665	166,834
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Loan to subsidiary

-	-	122,000	118,328
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564,779	730,927	443,665	285,162
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Other receivables represent accrued interest receivable, research and development tax offset receivable and GST refunds. Receivables are not considered past due and/or impaired.

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>10 Other current assets</b>					
Prepayments		51,742	33,317	15,540	17,723
<b>11 Financial assets</b>					
<b>Held-to-maturity investments</b>					
Fixed interest short term deposit		7,460,890	8,000,000	-	-
<b>12 Plant and equipment</b>					
<b>Plant and equipment</b>					
At cost		1,002,926	676,156	356,910	356,505
Accumulated depreciation		(267,463)	(104,963)	(137,062)	(86,652)
Net book value		735,463	571,193	219,848	269,853
<b>Reconciliations</b>					
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:					
<b>Plant and equipment</b>					
Carrying amount at beginning of year		571,193	255,446	269,853	255,446
Additions		348,102	390,362	18,283	70,712
Disposals		(21,332)	-	(17,878)	-
Accumulated depreciation		(162,500)	(74,615)	(50,410)	(56,305)
Carrying amount at end of year		735,463	571,193	219,848	269,853



# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>13 Financial assets – non-current</b>					
Available-for-sale investments	(b)	-	-	2,160,000	3,168,000
Unlisted investments	(c)	-	-	1	1
		-	-	2,160,001	3,168,001

(a) Controlled entities consolidated

	Country of incorporation	Percentage owned (%)	
		2009	2008
		Parent entity:	
Monax Mining Limited	Australia		
Subsidiaries of Monax Mining Limited:			
Marmosa Pty Ltd	Australia	-	-
Marmota Energy Limited	Australia	29.8	29.8
Groundhog Services Pty Ltd	Australia	64.9	64.9
Subsidiaries of Marmota Energy Limited:			
Marmosa Pty Ltd	Australia	100	100

Marmota Energy Limited has been consolidated in these financial statements as four of the five directors of Marmota Energy Limited are directors of Monax Mining Limited, as such Monax Mining Limited is considered to control Marmota Energy Limited.

(b) Available-for sale- investments

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shares in listed companies (Marmota Energy Limited) at fair value	-	-	2,160,000	3,168,000

Available-for-sale financial assets comprise investments in the ordinary issued capital of Marmota Energy Limited. The fair value of listed available-for-sale investments has been determined directly by reference to published price quotation at 30 June 2009 in an active market. As at 30 June 2009, this investment has been considered to be impaired due to the prolonged and significant fall in its value with the cumulative value of all writedowns previously charged to the available-for-sale reserve now recognised in the income statement as an impairment loss.

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$

#### 13 Financial assets – non-current (continued)

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

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2009	2008	2009	2008
Unlisted							
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1

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

#### 14 Joint ventures

The parent entity has the following interests in unincorporated joint ventures

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

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$

#### 15 Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phase	(i)	15,181,484	10,894,087	9,720,383	8,168,172
Total exploration and evaluation expenditure		15,181,484	10,894,087	9,720,383	8,168,172

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

#### (i) Reconciliation

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Carrying amount at beginning of year	10,894,087	6,259,490	8,168,172	6,259,490
Additional costs capitalised during the year	4,287,397	4,634,597	1,552,211	1,908,682
Carrying amount at end of year	15,181,484	10,894,087	9,720,383	8,168,172

#### 16 Trade and other payables

Trade creditors	86,073	680,001	42,890	66,991
Other creditors and accruals	196,047	323,492	100,755	90,167
Amounts payable to Director related entities*	12,747	1	5,477	7,559
	294,867	1,003,494	149,122	164,717

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

#### 17 Provisions

##### Current

Employee entitlements	75,355	74,147	27,199	50,388
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##### Non-current

Employee entitlements	43,368	46,014	19,037	35,364
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##### Provision for long service leave

A provision for long service leave has been recognised for employee entitlements. 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.

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$

#### 18 Issued capital

##### Issued and paid-up share capital

70,647,057(2008: 70,647,057) ordinary shares, fully paid

13,866,800	13,872,313	13,866,800	13,872,313
------------	------------	------------	------------

##### (a) Ordinary shares

Balance at the beginning of year:	13,872,313	10,715,640	13,872,313	10,715,640
Shares issued during the year:				
Nil (2008: 5,400) shares issued to option holders on exercise of options at \$1.20	-	6,480	-	6,480
Less transaction costs arising from issue of shares net of tax	(5,513)	(119,984)	(5,513)	(119,984)
Nil (2008: 8,181,818) shares issued at \$0.22 per share through placement	-	1,800,000	-	1,800,000
Nil (2008: 4,781,715) shares issued at \$0.22 per share through share purchase plan	-	1,051,977	-	1,051,977
Nil (2008: 100,000) shares issued to option holder on exercise of options at \$0.182	-	18,200	-	18,200
Nil (2008: 1,600,000) shares issued to option holders on exercise of options at \$0.25	-	400,000	-	400,000
Balance at end of year	13,866,800	13,872,313	13,866,800	13,872,313

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

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

##### (b) Options

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

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

At 30 June 2009, there were 4,325,000 (30 June 2008: 6,200,000) unissued shares for which the following options were outstanding.

2,500,000 unlisted options exercisable at \$0.40 by 30/06/2010  
 750,000 unlisted options exercisable at \$0.26 by 12/04/2011  
 450,000 unlisted options exercisable at \$0.666 by 14/12/2012  
 365,000 unlisted options exercisable at \$0.246 by 18/07/2013  
 260,000 unlisted options exercisable at \$0.0517 by 23/12/2013

## Monax Mining Limited and controlled entities

### Notes to the financial statements

#### For the year ended 30 June 2009

#### 19 Share-based payments

The following share-based payment arrangements existed at 30 June 2009:

Monax Mining Limited	2009		2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	1,200,000	0.41	1,300,000	0.36
Granted – July 2008	365,000	0.246	-	-
Granted – December 2008	260,000	0.0517	-	-
Exercised	-	-	(100,000)	0.18
Expired	-	-	-	-
Outstanding at year-end	<u>1,825,000</u>		<u>1,200,000</u>	
Exercisable at year-end	<u>1,825,000</u>		<u>1,200,000</u>	

Marmota Energy Limited	2009		2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	-	-	-	-
Granted – December 2008	625,000	0.04	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	<u>625,000</u>		<u>-</u>	
Exercisable at year-end	<u>625,000</u>		<u>-</u>	

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. The options are exercisable on or before 18 July 2013.

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.

On 23 December 2008, 625,000 share options were granted to employees under the Marmota Energy Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.04 each. These options are exercisable on or before 23 December 2013.

The options are non transferable except as allowed under the Monax Mining Limited Employee Share Option Plan or the Marmota Energy Limited Employee Share Option Plan and are not quoted securities. At balance 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 or Marmota Energy 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.

Included under employee benefits expense in the income statement is \$87,865 (2008: \$nil), and relates, in full, to equity-settled share-based payment transactions.

## Monax Mining Limited and controlled entities

### Notes to the financial statements

#### For the year ended 30 June 2009

##### 19 *Share-based payments (continued)*

Options granted to Executive Directors and key management personnel as share-based payments are as follows:

###### *Monax Mining Limited*

Grant Date	Number
18 July 2008	75,000
23 December 2008	250,000

###### *Marmota Energy Limited*

Grant Date	Number
23 December 2008	425,000

The weighted average fair value of the options granted in July 2008 under the Monax Mining Limited Employee Share Option Plan was \$0.155 and in December 2008, \$0.029 This price was calculated by using the Black-Scholes option pricing model applying the following inputs:

##### **July 2008 issue**

Weighted average exercise price	\$0.246
Weighted average life of the option	1,825 days
Underlying share price	\$0.19
Expected share price volatility	117%
Risk free interest rate	7.25%

##### **December 2008 issue**

Weighted average exercise price	\$0.05
Weighted average life of the option	1,825 days
Underlying share price	\$0.03
Expected share price volatility	201%
Risk free interest rate	4.25%

The weighted average fair value of the options granted in December 2008 under the Marmota Energy Limited Employee Share Option Plan is \$0.038 This price was calculated by using the Black-Scholes option pricing model applying the following inputs:

##### **December 2008 issue**

Weighted average exercise price	\$0.04
Weighted average life of the option	1,825 days
Underlying share price	\$0.04
Expected share price volatility	181%
Risk free interest rate	4.25%

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

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 20 Financial risk management

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

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:

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents		2,216,680	7,067,576	1,057,170	3,040,999
Held-to-maturity investments					
- Fixed interest securities		7,460,890	8,000,000	-	-
Loans and receivables		564,779	730,927	443,665	285,162
		<u>10,242,349</u>	<u>15,798,503</u>	<u>1,500,835</u>	<u>3,326,161</u>
Financial liabilities					
Trade and other payables		294,867	1,003,494	149,122	164,747
		<u>294,867</u>	<u>1,003,494</u>	<u>149,122</u>	<u>164,747</u>

#### (a) Treasury risk management

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the consolidated group in managing its cash flows and it does so by reviewing its cash flow requirements in light of planned exploration and overhead activity.

#### (b) 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.

- (i) Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2008 approximately 97.7% of group deposits are fixed. It is the policy of the group to keep between 90% and 100% of surplus cash in high yielding deposits. It has, where possible placed funds on deposit with financial institutions in order to receive the benefit of available government guarantees.

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 20 Financial risk management (continued)

As at 30 June 2009, the Group has cash at bank of \$221,680 (2008: 1,072,576) with the weighted average effective interest rate for the period being 4.8% (2008: 3.6%). As at 30 June 2009, the Group holds deposits of \$9,455,890 (2008: 13,995,000) with the weighted average effective interest rate for the period being 5.63% (2008: 7.78%).

#### (c) Price risk

##### (i) Investment in Marmota Energy Limited

The consolidated entity is exposed to price risk through its investment in Marmota Energy Limited. Share price is constantly monitored to determine appropriate action in relation to the holding of this investment. The share holding of the investment in Marmota Energy Limited at 30 June 2009 was 29.8%.

##### (ii) Sensitivity analysis - changes in share price

Based upon the investment holding at the end of the financial year, if share price were to change by +/- 10%, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Impact on post-tax profit</i>				
Share price + 10%	-	-	215,000	316,800
Share price - 10%	-	-	(215,000)	(316,800)
<i>Impact on equity</i>				
Share price + 10%	-	-	215,000	316,800
Share price - 10%	-	-	(215,000)	(316,800)

#### d) 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 Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

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

#### (e) Liquidity risk

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

The Group manages liquidity risk by monitoring forecast cash flows.



# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 20 *Financial risk management (continued)*

##### *(f) Net fair values of financial assets and liabilities*

Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

The net fair values of financial assets and liabilities are determined by the entity on the following bases:

- (i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates.
- (ii) Non monetary financial assets and financial liabilities are recognised at their carrying values recognised in the balance sheet.

#### 21 *Commitments and contingent liabilities*

##### *(a) Exploration expenditure commitments*

In order to maintain current rights of tenure to exploration tenements, the consolidated entity will be required to outlay in the year ending 30 June 2010 amounts of approximately \$2,075,000 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.

Entity	Minimum expenditure obligations \$
Monax Mining Limited	585,000
Marmota Energy Limited	1,490,000

##### *(b) Operating lease commitments*

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

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Non-cancellable operating lease expense commitments</b>					
Future operating lease commitments not provided for in the financial statements and payable:					
Within one year		161,686	177,546	-	39,690
One year or later and no later than five years		536,912	676,433	-	-
Later than five years		-	22,165	-	-
		<u>698,598</u>	<u>876,144</u>	<u>-</u>	<u>39,690</u>

##### *(c) Contingent liabilities*

In 2007 Marmosa Pty Ltd was acquired by Marmota Energy Limited from Monax Mining Limited. Revenue SA is currently considering whether stamp duty is payable on the basis that Marmosa Pty Ltd is a land rich company, rather than payable on the shares transferred. The matter is being disputed and the maximum potential stamp duty liability is \$158,000.

## Monax Mining Limited and controlled entities

### Notes to the financial statements

#### For the year ended 30 June 2009

	Consolidated		Parent Entity		
	2009	2008	2009	2008	
	\$	\$	\$	\$	
<b>22 Notes to the statements of cash flows</b>					
<b>(a) Cash at the end of the financial year consists of the following:</b>					
Cash at bank and at call	8	2,216,680	7,067,576	1,057,170	3,040,999
Financial assets	11	7,460,890	8,000,000	-	-
		<u>9,677,570</u>	<u>15,067,576</u>	<u>1,057,170</u>	<u>3,040,999</u>
<b>(b) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities</b>					
Profit/(Loss) from ordinary activities after income tax		(545,138)	(1,023,799)	(5,459,517)	5,730,299
Add/(less) non cash items					
Depreciation		88,771	34,051	27,373	24,601
Share-based payments		87,865	-	64,115	-
Impairment of financial asset		-	-	5,130,720	-
Income tax expense/ (benefit)		(302,536)	51,422	(302,551)	2,898,298
Profit on sale of subsidiary		-	-	-	(9,489,599)
Loss on sale of plant and equipment		13,167	-	13,167	-
(Increase)/decrease in prepayments		(18,425)	(16,335)	2,183	(741)
(Increase)/decrease in receivables		471,062	(608,400)	150,083	(44,307)
(Decrease)/increase in accounts payable		20,214	82,166	23,860	(80,629)
(Decrease)/increase in loans		12,747	(51,700)	(2,081)	(44,141)
(Decrease)/increase in provisions		(1,439)	56,826	(39,517)	22,417
Net cash provided by/(used in) operating activities		<u>(173,712)</u>	<u>(1,475,769)</u>	<u>(392,165)</u>	<u>(983,802)</u>
<b>23 Employee entitlements</b>					
Aggregate liability for employee entitlements, including on-costs					
Current		75,355	74,147	27,199	50,388
Non-current		43,368	46,014	19,037	35,364
		<u>118,723</u>	<u>120,161</u>	<u>46,236</u>	<u>85,752</u>
<b>Number of employees</b>					
Number of employees at year end		12	10	4	6

# Monax Mining Limited and controlled entities

## Notes to the financial statements

### For the year ended 30 June 2009

#### 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		Parent Entity	
			2009	2008	2009	2008
			\$	\$	\$	\$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		86,964	150,280	19,631	42,988
RM Kennedy and RG Nelson	Payments to a Director related entity for Company Secretarial services and associated costs.	(i)	-	38,492	-	38,492
Related entity	Payments to a Director related entity for office administration and logistical support.		-	-	281,682	6,870

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

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current receivables				
Trade debtors	-	-	-	-
Loan to subsidiary	-	-	122,000	118,328
	-	-	122,000	118,328
Current payables				
Trade creditors	-	299	-	299
Amounts payable to Director related entities *	12,747	-	5,478	7,559
	12,747	299	5,478	7,858

\* Amounts payable to director related entities represents amounts payable to DMAW Lawyers for which Mr Davis is a partner.

## **Monax Mining Limited and controlled entities**

### **Notes to the financial statements**

#### **For the year ended 30 June 2009**

##### **25 *Segment reporting***

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

##### **26 *Events subsequent to balance date***

Mr Michael Peter Schwarz resigned as Managing Director effective 31 August 2009 and Mr Gary Michael Ferris was appointed Managing Director, 1 September 2009.

On 1 September 2009, the Company announced a Share Purchase Plan which opened on 23 September 2009. The maximum number of shares able to be issued under the plan is 21,194,117 to raise approximately \$1.6 million.

On 23 September 2009, 10,533,332 ordinary shares were issued under a share placement, raising \$790,000 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 – the share options reserve records items recognised as expenses on valuation of employee share options.

Available-for-sale reserve – the available-for-sale reserve records revaluation of available-for-sale investments. Amounts are recognised in the profit and loss when the associated assets are sold or impaired.

In accordance with AASB 136, and as a consequence of a significant and prolonged decline in the market value of the available-for-sale investment, the available-for-sale reserve has been transferred to an impairment expense in the income statement.

##### **28 *Company details***

The registered office of the Company is:

140 Greenhill Road  
UNLEY SA 5061

The principal place of business is

Unit I, 5 Butler Boulevard  
Burbridge Business Park  
ADELAIDE AIRPORT SA 5950

# Monax Mining Limited

## Directors' Declaration

For the year ended 30 June 2009

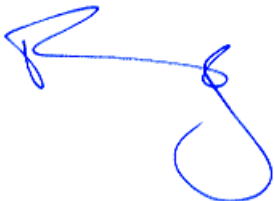
### Directors' Declaration

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

- (a) the financial statements and notes, as set out on pages 12 to 44, are in accordance with the Corporations Act 2001, and:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2009 and of the performance for the year ended on that date of the Company and consolidated group; and
  - (ii) complying with Accounting Standards; and
- (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 24<sup>th</sup> day of September 2009.



Robert Michael Kennedy  
Director



# Grant Thornton

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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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

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

### **Auditor's responsibility**

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

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

### **Auditor's responsibility *Cont***

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Monax Mining Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Material Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our opinion attention is drawn to Note 1(t) – going concern basis of accounting to the Annual Financial Report. These conditions 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. The financial report has been prepared on the basis of going concern. The company will require additional capital for the continued development of their existing projects and working capital.



# Grant Thornton

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

### **Material Uncertainty Regarding Continuation as a Going Concern Cont**

The company's ability to continue as a going concern is contingent upon successfully raising additional capital. If additional funds are not raised, the going concern basis may not be appropriate, with the result that the company and consolidated entity may have to realise their assets and extinguish their liabilities, other than in the ordinary course of business and in amounts different from those stated in the Annual Financial Report. No allowance for such circumstances has been made 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 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's opinion**

In our opinion the Remuneration Report of Monax Mining Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON  
South Australian Partnership  
Chartered Accountants



S.J. Gray  
Partner

Signed at Wayville on this 24<sup>th</sup> day of September 2009