



Monax Mining Limited

ABN 96 110 336 733

Consolidated Financial Statements for the year ended 30 June 2014

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

Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161
(For overseas shareholders 61 3 9415 5000)
Facsimile: (08) 8236 2305

Email: info@computershare.com.au

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

The information in the Financial Report that relates to Exploration results, Mineral Resources, Ore Reserves or targets is based on information compiled by Mr G M Ferris, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ferris is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ferris consents to the inclusion of the information in this report in the form and context in which it appears.

Monax Mining Limited and Controlled Entities

Directors' Report

The Directors present their report together with the financial report of Monax Mining Limited for the year ended 30 June 2014 and the auditor's report thereon.

Directors

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

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

Experience and expertise

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

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

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

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Ramelius Resources Limited (since listing in March 2003), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006), Marmota Energy Limited (since 2006), Tellus Resources Ltd and formerly Beach Energy Limited (from 1991 until 2012), Somerton Energy Limited (from 2010 to 2012), Adelaide Energy Limited (from 2011 to 2012) and Impress Energy Limited (from 2011 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008 and his term ended early in 2014.

Responsibilities

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

Interest in Shares and Options – 6,250,001 ordinary shares of Monax Mining Limited and 625,001 listed options.

Mr Glenn Stuart Davis *LLB, BEc, FAICD*

Non-executive Director

Experience and expertise

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

Current and former directorships in the last 3 years

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

Responsibilities

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

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

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

Managing Director

Experience and expertise

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

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

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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Mr Ian Roy Witton *SAIT, FCPA, FAICD*

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

Experience and expertise

Mr Witton is an independent non-executive director and has been a director for 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.

Current and former directorships in the last 3 years

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

Interest in Shares and Options – 248,205 ordinary shares of Monax Mining Limited and 24,821 listed options.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Directors' meetings

The Company held 20 meetings of Directors (including committees of Directors) during the financial year. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

	Directors' meetings		Audit, governance and remuneration committee meetings		Due diligence committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director						
Robert Michael Kennedy	11	11	3	3	-	-
Glenn Stuart Davis	11	11	3	3	2	2
Gary Michael Ferris	12	12	-	-	5	5
Ian Roy Witton	1	1	-	-	-	-

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

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

Company Secretary

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

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

Principal activities

The company's principal activity is mineral exploration.

Review of operations

Monax Mining Limited ("Monax") is an Adelaide based mineral explorer with projects located on the Gawler Craton region in South Australia. During the twelve months ended June 2014, Monax has been focused on copper gold exploration at Punt Hill and Alliance projects with strategic alliance partner, a wholly-owned subsidiary of major Chilean copper producer Antofagasta plc ("Antofagasta"), zinc exploration on Kangaroo Island (Parndana Project) and graphite exploration at Waddikee.

Monax further developed its relationship with Antofagasta during the year with the establishment of the Millers Creek Designated Project ("Millers Creek DP"), via its wholly-owned subsidiary, Monax Alliance Pty Ltd ("Alliance"). The Millers Creek DP comprises three Alliance tenements together with four ASX-listed Maximus Resources Limited ("Maximus") tenements located within the Woomera Prohibited Area (WPA) in South Australia's Far North.

Gravity and magnetic surveys outlined a potential iron-oxide copper-gold (IOCG) target at Oliffes Dam on the Millers Creek DP. Alliance is currently finalising the Farm-In Agreement with Maximus.

During the year, Antofagasta reached its 51% equity position on the Punt Hill IOCG Project after sole funding US\$4 million on exploration. The Chilean copper major can earn a further 19% equity in the Project (70% in total) by expending an additional US\$5 million over four years. Further drilling at Groundhog and Bottle Hill prospects has been approved by the Monax - Antofagasta Technical Committee and is planned for September 2014.

Exploration by Monax on the Parndana Project outlined a prominent gravity anomaly approximately 1km east of the Bonaventura prospect. Previous drilling by other explorers and Monax has reported high-grade zinc at this prospect. Follow-up induced polarisation survey provided positive results with a prominent chargeable anomaly coincident with the gravity anomaly.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Monax's main exploration focus during the year was the definition of the Wilclo South JORC Resource at the Waddikee Graphite Project. Due to the poor capital markets, Monax made the strategic decision to sell this project to ASX-listed Archer Exploration to focus on its base metal projects.

During the year, Monax and Marmota Energy Limited ("Marmota") executed a Sale and Purchase Agreement, which involved a combination of the transfer of tenement ownership and mineral rights between the two companies across their South Australian holdings. As part of the transaction, Monax has secured the transfer of all ownership and mineral rights relating to the highly promising Phar Lap tenement. Monax signed a memorandum of understanding (MOU) with Antofagasta for early stage exploration for the Phar Lap Project.

Operating results and financial position

During the year, the Company continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$1,262,408.

The (loss)/profit of the Company after providing for income tax amounted to \$(6,911,985) (2013: \$85,767).

The net assets of the Group have been decreased by \$6,528,278 during the financial year from \$13,527,297 at 30 June 2013 to \$6,999,019 at 30 June 2014.

Dividends

No dividends have been paid or provided by the Company since the end of the previous financial year (2013: nil).

Significant change of affairs

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

Matters subsequent to the end of the financial year

On 20 June 2014, the Company announced a 1 for 4 entitlement issue at \$0.021 per share with 1 free attaching option, exercisable at \$0.042 on or before 29 July 2015, for every two new shares subscribed for under the issue. The entitlement issue closed on 22 July 2014. The Company subsequently issued 42,814,715 ordinary shares and 21,407,394 listed options. These securities were issued to subscribers of the entitlement issue and via placement of the shortfall from the issue. The Company raised approximately \$900,000 before costs.

There has not arisen in the interval between 30 June 2014 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

Future developments, prospects and business strategy

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

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

The primary focus of exploration will be directed at copper mineralisation in the Gawler Craton and on the Company's lead zinc project at the Parndana tenement on Kangaroo Island South Australia. The Company believes that with the ongoing Alliance with Antofagasta Minerals as well as the application of Monax expertise across these projects, it is well placed for potential exploration success.

Environmental regulation and performance statement

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

Indemnification and insurance of officers

Indemnification

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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

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

Insurance premiums

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

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

Options

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

Expiry date*	Exercise price	Number of options	Vested	Unvested	Amount paid/payable by recipient (\$)
05/03/2015	\$0.0917	425,000	425,000	-	-
28/07/2016	\$0.051	225,000	225,000	-	-
23/07/2017	\$0.053	325,000	325,000	-	-
29/07/2014	\$0.042	21,407,394	21,407,394,	-	-

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

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. There were no amounts unpaid on shares issued.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit services

There were no non-audit services provided by the external auditors of the parent or its related entities during the year ended 30 June 2014.

Auditor of the Company

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

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 2014 is set out immediately following the end of the Directors' report.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited

Remuneration policy

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

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

Remuneration and Nomination

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

Non-executive Remuneration Policies

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors of Monax Mining Limited has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The fees paid to Non-Executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by the Audit, Governance and Remuneration Committee which consults independent advice from time to time.

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

Executive Remuneration Policies

The remuneration of the Managing Director is determined by the Non-executive Directors on the Audit, Governance and Remuneration Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

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

- Fixed remuneration
- Short term incentive (STI) – The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Monax given the nature of the Company's business as a mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.
- Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board. From time to time, the Company may grant retention rights as considered appropriate by the Audit, Governance and Remuneration Committee and the Board, as a long term incentive for key management personnel. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

Executive Remuneration Policies(continued)

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

At this time, there is no relationship between remuneration of Key Management Personnel and the Company's performance over the last five years.

Service Agreements

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

Shares issued on exercise of remuneration options

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

Remuneration of Directors and key management personnel

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

(a) Directors and key management personnel

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

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr GS Davis	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr IR Witton	Alternate Director
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(b) Directors' remuneration

	Short term employee benefits		Long term employee benefits	Share-based payments		
2014 primary benefits	Directors' fees	Salary, fees and leave	Super contributions	Options/ rights	Total	Proportion of remuneration relating to performance
	\$	\$	\$	\$	\$	
Directors						
Mr RM Kennedy	76,888	-	7,112	-	84,000	-
Mr GS Davis ¹	48,038	-	-	-	48,038	-
Mr GM Ferris	-	241,785	17,775	-	259,560	-
Mr IR Witton ²	2,000	-	-	-	2,000	-
	126,926	241,785	24,887	-	393,598	-
2013 primary benefits	Directors' fees	Salary, fees and leave	Super contributions	Options/ rights	Total	Proportion of remuneration relating to performance
	\$	\$	\$	\$	\$	
Directors						
Mr RM Kennedy	77,064	-	6,936	-	84,000	-
Mr RG Nelson	3,673	-	331	-	4,004	-
Mr GS Davis ¹	48,038	-	-	-	48,038	-
Mr GM Ferris	-	243,090	16,470	13,921	273,481	5%
Mr IR Witton ²	3,670	-	330	-	4,000	-
	132,445	243,090	24,067	13,921	413,523	3.4%

There were no cash bonuses paid or non-cash items in 2014 or 2013.

1. Director's fees for Mr Davis are paid to a related entity of the Director.
2. Mr Witton received remuneration for his services as an alternate director.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(c) Key management personnel remuneration

	Short term employee benefits	Long term employee benefits	Share-based payments		
2014 primary benefits	Fixed Remuneration \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Key management personnel excluding Directors					
Ms VK Suttell**	111,228	10,442	-	121,670	-
	111,228	10,442	-	121,670	-
2013 primary benefits	Fixed Remuneration \$	Super contributions \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
Key management personnel excluding Directors					
Ms VK Suttell**	109,170	12,500	5,569	127,239	4.4%
	109,170	12,500	5,569	127,239	4.4%

There were no cash bonuses paid in 2014 or 2013.

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

Mr Ferris was appointed Managing Director of Monax Mining Limited on 1 September 2009. Pursuant to his service agreement, Mr Ferris is paid a total package of \$259,560 per annum inclusive of superannuation guarantee contributions on an ongoing employment basis with a three month notice period. On commencement of employment, Mr Ferris was granted 3,000,000 options for ordinary shares with a fair market value of \$183,000. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company. These options lapsed 31 July 2012.

(d) Director related entities

Information of amounts paid to director related entities is set out in Note 23 to the financial statements.

(e) Post-employment/retirement benefits

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

(i) Share holdings

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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

Shares in Monax Mining Limited	Balance 1/07/13	Received as remuneration	Options/ rights exercised	Net change other ¹	Balance 30/06/14	Total held in escrow 30/06/14
Held by Directors in own name						
Mr RM Kennedy	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Mr GM Ferris	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
Held by Directors' personally related entities						
Mr RM Kennedy	4,464,488	-	-	535,512	5,000,000	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Mr GM Ferris	1,420,100	-	500,000	-	1,920,100	-
Mr IR Witton	148,923	-	-	49,641	198,564	-
Total held by Directors	8,808,966	-	500,000	585,153	9,894,119	-
Key management personnel excluding Directors						
Ms VK Suttell	438,727	-	200,000	-	638,727	-
Total	9,247,693	-	700,000	585,153	10,532,846	-

(ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below. No options were granted to Key Management Personnel during the 2014 financial year:

Options in Monax Mining Limited	Option class	Balance 1/07/13	Received as remuneration	Options exercised	Net change other ¹	Balance 30/06/14	Total vested 30/06/14	Total exercisable 30/06/14
Held by Directors in own name								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Directors' personally related entities								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
Total held by Directors		-	-	-	-	-	-	-
Key management personnel excluding Directors								
Ms VK Suttell	(a)	75,000	-	-	(75,000)	-	-	-
	(b)	175,000	-	-	-	175,000	175,000	175,000
Total		250,000	-	-	(75,000)	175,000	175,000	175,000

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

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

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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Remuneration Report – audited (continued)

(iii) Share rights holdings

The number of rights over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below. No share rights were granted to Key Management Personnel during the 2014 financial year:

Rights 2014	Opening Balance	Received as remuneration	Exercised/ Vested	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	-	-	-	-	-	-	-
Mr GS Davis	-	-	-	-	-	-	-
Dr NF Alley	-	-	-	-	-	-	-
Mr GM Ferris	500,000	-	(500,000)	-	-	-	-
Ms VK Suttell	200,000	-	(200,000)	-	-	-	-
Total	700,000	-	(700,000)	-	-	-	-

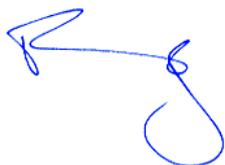
(f) Related Party Disclosures

During the financial year ended 30 June 2014, Monax used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a partner. Monax paid \$63,785 during the financial year (2013 \$31,008) to DMAW Lawyers for legal and advisory services. As at 30 June 2014, \$24,082 is payable for invoices received but not yet paid.

During the financial year ended 30 June 2014, Monax paid Marmota Energy Limited, a company that Mr Kennedy and Mr Davis are directors, an amount of \$108 (2013 \$40,127) for exploration and joint logistics.

During the financial year ended 30 June 2014, Monax paid Groundhog Services Pty Ltd and the Groundhog Services Partnership, a company that Mr Ferris is a director, \$202,777 (2013 \$431,461) for the provision of administration and logistical services.

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



Robert Michael Kennedy
Director

Dated at Adelaide this 23rd day of September 2014.

Level 1,
67 Greenhill Rd
Wayville SA 5034

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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 2014, 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 AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Partner – Audit & Assurance

Adelaide, 23 September 2014

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Monax Mining Limited and Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Revenue	2	124,601	471,129
Other income	2	-	2,085,000
Total revenue		124,601	2,556,129
Administration expenses	3	184,334	210,106
Consulting expenses	3	67,707	114,448
Depreciation expense	3	21,523	9,667
Employment expenses	3	232,433	229,647
Occupancy expenses		4,231	-
Service fees		140,720	170,899
Share of loss from equity accounted investments	11(b)	-	53,043
Impairment of assets	3	6,290,139	1,682,552
Loss on disposal of available for sale asset		79,262	-
(Loss) /profit before income tax expense		(6,895,748)	85,767
Income tax (expense)/benefit	4	(16,237)	-
(Loss)/profit after income tax expense		(6,911,985)	85,767
(Loss)/profit attributed to members of the parent entity		(6,911,985)	85,767
Other comprehensive income			
<i>Items that may be classified to profit or loss</i>			
Change in fair value of available for sale assets		(132,802)	-
Total other comprehensive income		(132,802)	-
Total comprehensive income for the period		(7,044,787)	85,767
Basic earnings per share (cents)	6	(4.49)	0.06
Diluted earnings per share (cents)	6	(4.49)	0.06

The accompanying notes form part of these financial statements.

Monax Mining Limited and Consolidated Entities

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Current assets			
Cash and cash equivalents	7	1,280,943	1,396,231
Trade and other receivables	8	353,212	225,217
Other current assets	9	18,161	30,220
Total current assets		<u>1,652,316</u>	<u>1,651,668</u>
Non-current assets			
Plant and equipment	10	82,369	93,742
Exploration and evaluation assets	15	5,796,162	11,737,172
Investments accounted for using the equity method	11	1	1
Available for sale financial assets	12	91,953	782,428
Deferred tax asset		27,585	244,057
Total non-current assets		<u>5,998,070</u>	<u>12,857,400</u>
Total assets		<u>7,650,386</u>	<u>14,509,068</u>
Current liabilities			
Trade and other payables	16	494,427	614,152
Short term provisions	17	86,953	87,482
Total current liabilities		<u>581,380</u>	<u>701,634</u>
Non-current liabilities			
Deferred tax liability		27,585	244,057
Long term provisions	17	42,402	36,080
Total non-current liabilities		<u>69,987</u>	<u>280,137</u>
Total liabilities		<u>651,367</u>	<u>981,771</u>
Net assets		<u>6,999,019</u>	<u>13,527,297</u>
Equity			
Issued capital	18	20,200,206	19,683,697
Reserves	26	647,478	780,280
Retained losses		(13,848,665)	(6,936,680)
Total Equity		<u>6,999,019</u>	<u>13,527,297</u>

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

Consolidated	Issued capital (Note 18) \$	Reserves \$	Retained losses \$	Total \$
Balance at 1 July 2012	19,683,697	742,915	(7,022,447)	13,404,165
<i>Transactions with owners in their capacity as owners:</i>				
Fair value of options issued to employees	-	37,365	-	37,365
	19,683,697	780,280	(7,022,447)	13,441,530
Profit attributable to members of the parent entity	-	-	85,767	85,767
Total comprehensive income	-	-	85,767	85,767
Balance at 30 June 2013	19,683,697	780,280	(6,936,680)	13,527,297
<i>Transactions with owners in their capacity as owners:</i>				
Proceeds from the issue of shares during the year	554,288	-	-	554,288
Costs associated with the issue of shares during the year	(37,779)	-	-	(37,779)
	20,200,206	780,280	(6,936,680)	14,043,806
Profit attributable to members of the parent entity	-	-	(6,911,985)	(6,911,985)
Other comprehensive income	-	(132,802)	-	(132,802)
Total comprehensive income	-	(132,802)	(6,911,985)	(7,044,787)
Balance at 30 June 2014	20,200,206	647,478	(13,848,665)	6,999,019

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated	
		2014	2013
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		92,008	353,760
Cash payments in the course of operations		(610,156)	(602,455)
Interest received		34,064	92,368
Net cash (used in) operating activities	22(b)	<u>(484,084)</u>	<u>(156,327)</u>
Cash flows from investing activities			
Payments for plant and equipment		(27,653)	(2,831)
Payments for exploration and evaluation assets		(1,262,408)	(4,686,175)
Cash advance joint venture activities		466,173	3,129,790
Proceeds from sale of investments		510,929	713,883
Proceeds from sale of mining tenements		10,000	25,000
Payments associated with sale of investments		-	(1,844)
Loans to related entities		171,483	(34,990)
Net cash (used in) investing activities		<u>(131,476)</u>	<u>(857,167)</u>
Cash flows from financing activities			
Proceeds from issue of shares		554,288	-
Payments associated with issue of shares		(54,016)	-
Net cash provided by financing activities		<u>500,272</u>	<u>-</u>
Net (decrease) in cash held		(115,288)	(1,013,494)
Cash at the beginning of the financial year		1,396,231	2,409,725
Cash at the end of the financial year	22(a)	<u>1,280,943</u>	<u>1,396,231</u>

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

1 *Statement of significant accounting policies*

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

(a) *Basis of preparation*

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

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

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

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

(b) *Principles of consolidation*

The Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(c) *Income tax*

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

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

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

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

(c) *Income tax (continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

(d) *Plant and equipment*

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

Plant and equipment

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

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

Depreciation

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) *Exploration and evaluation expenditure*

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

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

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

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

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

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

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

(f) *Leases*

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

(g) *Financial instruments*

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the interest rate method or cost. Where available, quoted prices, in an active market are used to determine fair value.

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

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

Impairment

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

(h) *Impairment of non-financial assets*

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be wholly settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

Equity settled compensation

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

(j) Provisions

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

(k) Cash and cash equivalents

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

(l) Revenue

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

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

(m) Goods and services tax

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

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

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

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

(n) Interests in joint operations

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation. Details of the Company's interests are shown at Note 13.

(o) Investments in associates

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Company's share of post-acquisition reserves and profits/(losses) of its associates. Details of the Company's interest in associates is shown at Note 11.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

(p) Trade and other payables

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

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(r) Comparative figures

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

(s) Critical accounting estimates and judgements

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

Key estimates – impairment

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

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

Key judgements- exploration and evaluation expenditure

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

(t) New and amended standards adopted by the Group

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

- AASB 10 Consolidated Financial Statements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 10 provides a revised approach to determining which investees should be consolidated. The standard changes the requirements for determining whether an entity is consolidated by revising the definition of control and adding further guiding principles. The application of AASB 10 does not have any impact on the amounts recognised in the consolidated entity's Financial Statements.
- AASB 11 Joint Arrangements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method. The application of AASB 11 does not have any impact on the consolidated entity's Financial Statements.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

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

- AASB 12 Disclosure of Interests in Other Entities which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 12 includes all of the disclosures that were previously in AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interest in Joint Ventures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The revised standard requires a number of disclosures which are consistent with previous disclosures made by the consolidated entity and has no impact on the consolidated entity's financial position or performance.
- AASB 13 Fair value measurement, which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 13 establishes a single source of guidance under accounting standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASBs when fair value is required or permitted. The required additional disclosures relating to AASB 13 are provided in Note 28.
- AASB 119 Employee Benefits which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The revised standard has no material impact on the consolidated entity's financial position or performance.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] which has been issued and is effective for accounting periods beginning on or after 1 July 2013. It removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of new and revised Australian Accounting Standards and Interpretations has had no significant impact on the group's accounting policies or the amounts reported during the financial year although it has resulted in minor changes to the group's presentation of its financial statements.

Accounting policies have been consistently applied with those of the previous financial year, unless otherwise stated.

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group:

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Year ended 30 June 2015:

AASB 1031: Materiality

AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-5, Investment Entities

AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments

AASB 2014-1, Amendments to Australian Accounting Standards

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

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

Year ended 30 June 2017: Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortisation are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

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

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.
- This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

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

(v) Parent entity financial information

The financial information for the parent entity, Monax Mining Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

(w) Going Concern

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

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a net loss of \$6,911,985 and operations were funded by a net cash outlay of \$1,126,489 from operating and investing activities excluding the proceeds from the sale of Marmota Energy Limited shares of \$510,929. The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the results that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(x) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 23rd September 2014.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

		Consolidated	
		2014	2013
		\$	\$
2	Revenue		
	Other revenues:		
	From operating activities		
	Interest received from other parties	32,593	92,369
	Other revenue	92,008	378,760
		124,601	471,129
	Other income		
	Realised gain on sale of investment in associates	-	546,109
	Gain on reclassification of financial assets	-	1,525,632
	Gain on disposal of available for sale asset	-	13,259
		-	2,085,000
	Total revenue	124,601	2,556,129
3	Profit before income tax has been determined after		
	Expenses		
	Administration expenses		
	ASX fees	23,054	22,822
	Share registry fees	23,670	37,365
	Insurance	31,749	43,907
	Audit and other services	26,070	33,570
	Other	79,791	72,442
		184,334	210,106
	Consulting expenses		
	Legal fees	17,232	24,033
	Corporate consulting	43,625	80,065
	Accounting and secretarial services	6,850	10,350
		67,707	114,448
	Depreciation expenses		
	Plant and equipment	21,523	9,667
	Employment expenses		
	Salaries and wages	669,132	726,308
	Directors' fees	134,033	140,041
	Superannuation	61,432	59,012
	Provisions	(6)	22,484
	Share-based payments	-	37,365
	Other	17,184	34,808
	Reallocation to exploration costs	(649,342)	(790,371)
		232,433	229,647
	Impairment of assets		
	Available for sale asset	-	1,636,974
	Exploration	6,290,139	45,578
		6,290,139	1,682,552

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$

4 *Income tax benefit/(expense)*

The components of tax expense comprise:

Current income tax	-	-
Deferred income tax	-	-
Tax portion of capital raising costs	(16,237)	-
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	(16,237)	-

The prima facie income tax on profit before income tax is reconciled to the income tax as follows:

Prima facie income tax benefit/(expense) calculated at 30% on loss (2013: 30%)	2,068,724	(25,730)
Tax losses utilised	(181,682)	(95,005)
Tax portion of capital raising costs	(16,237)	-
Unrealised gains	-	625,500
Non deductible impairment expense	(1,887,042)	(504,765)
Income tax benefit/(expense) attributable to loss	(16,237)	-

Income tax losses

Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria

- tax losses at 30%	(5,530,993)	(5,421,397)
Temporary differences	111	6,745

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$

5 *Auditors' remuneration*

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports

26,000 33,500

26,000 33,500

6 *Earnings per share*

(a) Classification of securities

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

(b) Classification of securities as potential ordinary shares

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

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

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

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

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

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

	Consolidated	
	2014	2013
	\$	\$

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

(Loss)/profit after income tax expense (6,911,985) 85,767

(d) Weighted average number of shares outstanding during the year used in calculating earnings per share

Number for basic and diluted earnings per share

Ordinary shares

153,861,520 148,814,803

	Consolidated	
	2014	2013
	\$	\$

7 *Cash and cash equivalents*

Cash at bank

780,943 781,231

Deposits at call

500,000 615,000

1,280,943 1,396,231

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
8 Trade and other receivables		
Current		
Trade receivables	318,890	193
Loan to related party	34,322	164,688
Other receivables	-	60,336
	<u>353,212</u>	<u>225,217</u>

Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired (2013: nil).

9 Other current assets

Prepayments	<u>18,161</u>	<u>30,220</u>
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10 Plant and equipment

Plant and equipment

At cost	301,554	273,901
Accumulated depreciation	<u>(219,185)</u>	<u>(180,159)</u>
Net book value	<u>82,369</u>	<u>93,742</u>

Reconciliations

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

Plant and equipment

Carrying amount at beginning of year	93,742	130,108
Additions	27,654	10,776
Disposals	-	-
Depreciation	<u>(39,027)</u>	<u>(47,142)</u>
Carrying amount at end of year	<u>82,369</u>	<u>93,742</u>

11 Investments in associates

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2014	2013	2014	2013
Unlisted							
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Partnership	Administration services	n/a	n/a	50%	50%	-	-

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

11 Investments in associates (continued)

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

	Consolidated	
	2014	2013
	\$	\$
Balance at the beginning of the financial year	1	1,073,829
New investments during the year	-	-
Impairment - reversal of available for sale reserve	-	-
Share of associated entity's (loss)/ profit after income tax	-	(53,043)
Sale of investments during period (i)	-	(101,417)
Change in investment status	-	(919,368)
Balance at the end of the financial year	1	1

- (i) During the 2013 year, the Group sold on market 3.4 million shares in Marmota Energy Limited. This sale combined with the dilutionary share issues made by Marmota resulted in a reduction in ownership interest to 14.29% effective 26 September 2012. The investment in Marmota is now classified as an available for sale financial asset and accounted for accordingly.

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

	Consolidated	
	2014	2013
	\$	\$
Share of associate's (loss)/profit before income tax	-	(53,043)
Share of associate's income tax (expense)	-	-
Share of associate's (loss)/profit after income tax expense	-	(53,043)

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

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

	Consolidated	
	2014	2013
	\$	\$
Current assets	2	374,980
Non-current assets	-	47,299
Total assets	2	422,279
Current liabilities	-	(339,292)
Non-current liabilities	-	(82,985)
Total liabilities	-	(422,277)
Net assets	2	2

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

12 Available for sale financial assets

	Consolidated	
	2014	2013
	\$	\$
Available for sale investments		
- Marmota Energy Limited (related party)	91,953	782,428

13 Interests in unincorporated joint operation

Monax Mining Limited has the following interests in unincorporated joint operation

No	State	Agreement Name	Parties	Summary
1	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Energy Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 5209 and EL 5122. MOX and MEU operate a 25:75 joint venture
2	SA	Punt Hill Farm-in Agreement	Monax Mining Limited (MOX) and Antofagasta Minerals SA (AMS)	MOX gives AMS the right to explore for all minerals in the area covered by Exploration Licences EL 4642 and EL 4548. AMS has the right to earn 51% interest in the tenement by expending US\$4 million over 4 years.

14 Controlled entities

(a) Controlled entities consolidated

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

	Country of incorporation	Percentage owned (%)	
		2014	2013
Subsidiaries of Monax Mining Limited:			
Monax Alliance Pty Ltd	Australia	100	100

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
15 Exploration and evaluation assets		
Movement:		
Carrying amount at beginning of year	11,737,172	9,886,721
Additional costs capitalised during the year	679,683	1,923,529
Sale of interest	(330,554)	(27,500)
Impairment of exploration asset ¹	(6,290,139)	(45,578)
Carrying amount at end of year	<u>5,796,162</u>	<u>11,737,172</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	432,820	10,011,660
Exploration and evaluation phase		
- Joint Venture	<u>5,363,342</u>	<u>1,725,512</u>
	<u>5,796,162</u>	<u>11,737,172</u>

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.

¹ The impairment of the exploration asset in 2014 relates predominantly to the impairment within the Gawler Craton Area of Interest. The asset was impaired based on what the company believes it is readily able to explore or obtain interest in from a third party. Prior years' impairment was associated with the North Queensland Area of Interest where exploration had ceased.

16 Trade and other payables

Trade payables	154,740	118,960
Other payables and accruals	315,605	488,525
Amounts payable to Director related entities*	<u>24,082</u>	<u>6,667</u>
	<u>494,427</u>	<u>614,152</u>

* Details of amounts payable to Director related entities are detailed in Note 23.

17 Provisions

Current

Employee benefits	<u>86,953</u>	<u>87,482</u>
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Non-current

Employee benefits	<u>42,402</u>	<u>36,080</u>
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Provision for long service leave

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

Provisions

Opening balance at beginning of year	123,562	87,482
Additional provisions	<u>5,793</u>	<u>36,080</u>
Balance at end of year	<u>129,355</u>	<u>123,562</u>

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

18 Issued capital

	Consolidated	
	2014	2013
	\$	\$
Issued and paid-up share capital		
171,257,603 (2013: 149,514,803) ordinary shares, fully paid	20,200,206	19,683,697
(a) Ordinary shares		
Balance at the beginning of year:	19,683,697	19,683,697
Shares issued during the year:		
17,110,346 (2013: Nil) shares issued under placement	436,314	-
3,932,454 (2013: Nil) shares issued under a non-renounceable rights issue	117,974	-
700,000 (2013: 700,000) shares issued on vesting of share rights	-	-
Less transaction costs arising from the issue of shares net of tax	(37,779)	-
Balance at end of year	20,200,206	19,683,697

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

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

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

(b) Options/rights

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

No share options or share rights were issued to executive Directors during the financial year.

At 30 June 2014, there were 975,000 (30 June 2013: 1,900,000) unissued shares for which the following options/rights were outstanding.

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

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

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

(c) Capital Management

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

19 *Share-based payments*

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

(i) *Options*

Listed below are summaries of options granted:

Monax Mining Limited	2014			2013		
	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life
Outstanding at the beginning of the year	1,200,000	0.1023		3,875,000	0.0579	
Granted – July 2012	-			325,000	0.053	
Exercised	-			-		
Expired	-			-		
Lapsed	<u>(225,000)</u>			<u>(3,000,000)</u>		
Outstanding at year-end	<u>975,000</u>	0.0694	655 days	<u>1,200,000</u>	0.1023	834 days
Exercisable at year-end	<u>975,000</u>			<u>1,200,000</u>		

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

On 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 were exercisable on or before 23 December 2013.

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

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

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

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

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

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

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

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

19 *Share-based payments (continued)*

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

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

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

(ii) *Retention Rights*

On 17 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, vested over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares were issued to the executives. The fair value of these rights at grant date was \$153,300 and was fully recognised by June 2013 in the share based payments reserve. The fair value of the rights was determined by obtaining an independent valuation and considering the market price of the underlying shares at the date the rights were granted and assuming that all holders continued to be employees of the Company, adjusted for the risk that vesting conditions are not met.

Each right was issued for no consideration. Once exercised, the right entitled the holder to one fully paid ordinary share in Monax Mining Limited.

Expenses arising from share-based payment transactions

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

	Consolidated	
	2014	2013
	\$	\$
Options issued under employee option plan	-	17,875
Retention rights issued	-	19,490
	-	37,365

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

20 *Financial risk management*

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

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

	Consolidated	
	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	1,280,943	1,396,231
Loans and receivables	353,212	225,217
Available for sale investments	91,953	782,428
	<u>1,726,108</u>	<u>2,403,876</u>
Financial liabilities		
Trade and other payables	494,427	614,152
	<u>494,427</u>	<u>614,152</u>

Financial risk management policies

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

Specific financial risk exposures and management

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

(a) *Liquidity risk*

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

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

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

(b) *Credit risk exposures*

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

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

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

(c) *Interest rate risk*

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

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

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2014 approximately 39% of Company deposits are fixed.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

20 *Financial risk management (continued)*

(c) *Interest rate risk (continued)*

Interest rate

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

Interest rate sensitivity analysis

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

	Consolidated	
	2014	2013
	\$	\$
Change in loss		
Increase in interest rates by 2%	25,619	27,925
Decrease in interest rates by 2%	(25,619)	(27,925)
Change in equity		
Increase in interest rates by 2%	25,619	27,925
Decrease in interest rates by 2%	(25,619)	(27,925)

21 *Commitments and contingent liabilities*

(a) *Exploration expenditure commitments*

In order to maintain current rights of tenure to exploration tenements, the entity will be required to outlay in the year ending 30 June 2014 amounts of approximately \$1,645,850 (2013: \$2,407,850) 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.

(b) *Operating lease commitments*

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

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
	\$	\$	\$	\$
June 2014	58,710	-	-	58,710
June 2013	57,000	58,710	-	115,710

(c) *Contingent liabilities*

As at 30 June 2014, there were no contingent liabilities (2013: nil).

(d) *Bank Guarantees*

The Group has negotiated a bank guarantee in favour of a service provider. The total nominal amount of this guarantee at the reporting date is \$15,000 (2013: \$15,000). This bank guarantee is fully secured by cash on term deposit.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

22 Notes to the statement of cash flows

	Note	Consolidated	
		2014	2013
		\$	\$

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

Cash at bank and at call	7	1,280,943	1,396,231
		<u>1,280,943</u>	<u>1,396,231</u>

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

Loss after income tax		(6,911,985)	85,767
Add/(less) items classified as investing/ financing activities			
Share of associate net loss		-	53,043
Add/(less) non cash items			
Depreciation		21,523	9,667
Share-based payments		-	37,365
Impairment of asset		6,290,139	1,682,552
Gain on reclassification of financial assets		-	(1,525,632)
Loss/(Gain) on disposal of available for sale asset		79,262	(13,259)
Realised gain on sale of investment in associates		-	(546,109)
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		12,059	(8,976)
(Increase)/decrease in trade and other receivables		(127,995)	678
(Decrease)/increase in trade and other payables		147,120	9,226
(Decrease)/increase in provisions		5,793	59,351
Net cash (used in) operating activities		<u>(484,084)</u>	<u>(156,327)</u>

23 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.

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

23 Related parties (continued)

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

Director	Transaction	Note	Consolidated	
			2014	2013
			\$	\$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		63,785	31,008
RM Kennedy, GS Davis, NF Alley and RG Nelson	Payments to a Director related entity for exploration and joint logistics.	(i)	108	40,127
GM Ferris	Payments to a Director related entity for administration services.	(ii)	202,777	431,461

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

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

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

	Consolidated	
	2014	2013
	\$	\$
Current receivables		
Loan to related party*	34,322	164,688
	<u>34,322</u>	<u>164,688</u>
Current payables		
Amounts payable to related parties**	24,082	6,667
	<u>24,082</u>	<u>6,667</u>

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

** Amounts payable to associates represents amounts payable to DMAW Lawyers, Marmota Energy Limited and Groundhog Services Pty Ltd.

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2014. The totals of remuneration paid to key management personnel during the year are as follows:

	Consolidated	
	2014	2013
	\$	\$
Short term employee benefits	479,939	484,705
Post employment benefits	35,329	36,567
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	19,490
	<u>515,268</u>	<u>540,762</u>

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

24 Operating segments

Segment information

Description of segments

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

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

Basis of accounting for purposes of reporting by operating segment

Accounting policies adopted

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

Details of the performance of each of these operating segments for the financial years ended 30 June 2014 and 30 June 2013 are set out below:

(i) Segment performance

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	92,008	353,760	-	-	-	25,000	92,008	378,760
Segment results								
Gross segment result before depreciation, amortisation and impairment	92,008	353,760	-	-	-	25,000	92,008	378,760
Depreciation and amortisation	-	-	-	-	-	-	-	-
Loss on disposal of tenement	(30,554)	-	-	-	-	-	(30,554)	-
Impairment	(6,282,805)	-	-	-	(7,334)	(45,578)	(6,290,139)	(45,578)
	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,228,685)	333,182
Interest income	-	-	-	-	-	-	32,593	92,369
Share of associates' net profit	-	-	-	-	-	-	-	(53,043)
Realised gain on sale of investment in associate	-	-	-	-	-	-	-	546,109
Gain on reclassification of financial asset	-	-	-	-	-	-	-	1,525,632
Gain on disposal of available for sale asset	-	-	-	-	-	-	-	13,259
Impairment of available for sale asset	-	-	-	-	-	-	-	(1,636,974)
Other expenses	-	-	-	-	-	-	(699,656)	(734,767)
Loss before tax	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,895,748)	85,767
Income tax benefit/(expense)	-	-	-	-	-	-	(16,237)	-
Loss after tax	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,911,985)	85,767

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

24 Operating segments (continued)

(ii) Segment assets

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	5,369,038	11,539,682	424,819	197,490	2,305	-	5,796,162	11,737,172
<i>Segment asset increases for the year:</i>								
Capital expenditure	442,715	1,652,961	227,329	197,490	9,639	45,578	679,683	1,896,029
Sale of tenement	(330,554)	-	-	-	-	-	(330,554)	-
Impairment	(6,282,805)	-	-	-	(7,334)	(45,578)	(6,290,139)	(45,578)
	(6,170,644)	1,652,961	227,329	197,490	2,305	-	(5,941,011)	1,850,451
<i>Reconciliation of segment assets to company assets</i>								
Cash and cash equivalents	-	-	-	-	-	-	1,280,943	1,396,231
Trade and other receivables	-	-	-	-	-	-	353,212	225,217
Other current assets	-	-	-	-	-	-	18,161	30,220
Plant and equipment	-	-	-	-	-	-	82,369	93,742
Investment in associates	-	-	-	-	-	-	1	1
Available for sale financial assets	-	-	-	-	-	-	91,953	782,428
Deferred tax asset	-	-	-	-	-	-	27,585	244,057
Total assets	5,369,038	11,539,682	424,819	197,490	2,305	-	7,650,386	14,509,068

(iii) Segment liabilities

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Segment liabilities	59,313	111,628	87,096	-	-	-	146,409	111,628
<i>Reconciliation of segment liabilities to company liabilities</i>								
Trade and other payables	-	-	-	-	-	-	348,018	502,524
Short term provisions	-	-	-	-	-	-	37,285	87,482
Deferred tax liability	-	-	-	-	-	-	27,585	244,057
Long term provisions	-	-	-	-	-	-	92,070	36,080
Total liabilities	59,313	111,628	87,096	-	-	-	651,367	981,771

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

25 *Events subsequent to reporting date*

On 20 June 2014, the Company announced a 1 for 4 entitlement issue at \$0.021 per share with 1 free attaching option, exercisable at \$0.042 on or before 29 July 2015, for every two new shares subscribed for under the issue. The entitlement issue closed on 22 July 2014. The Company subsequently issued 42,814,715 ordinary shares and 21,407,394 listed options. These securities were issued to subscribers of the entitlement issue and via placement of the shortfall from the issue. The Company raised approximately \$900k 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.

26 *Reserves*

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

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

	Consolidated	
	2014	2013
	\$	\$
<i>Reserves</i>		
<i>Share option reserve</i>		
Opening balance at beginning of year	780,280	742,915
Fair value of options issued to employees	-	37,365
Balance at end of year	<u>780,280</u>	<u>780,280</u>
<i>Available for sale reserve</i>		
Opening balance at beginning of year	-	-
Revaluation of available for sale asset	(132,802)	-
Balance at end of year	<u>(132,802)</u>	<u>-</u>
Total Reserves	<u>647,478</u>	<u>780,280</u>

Monax Mining Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2014

27 *Monax Mining Limited company information*

	2014	2013
	\$	\$
Parent entity		
Assets		
Current assets	1,584,389	1,587,732
Non-current assets	5,998,068	12,857,402
Total assets	<u>7,582,457</u>	<u>14,445,134</u>
Liabilities		
Current liabilities	560,892	663,615
Non-current liabilities	24,393	254,409
Total liabilities	<u>585,285</u>	<u>918,024</u>
Equity		
Issued capital	20,200,206	19,683,697
Retained losses	(13,850,512)	(6,936,867)
Available for sale reserve	(132,802)	-
Share-based payments reserve	780,280	780,280
Total equity	<u>6,997,172</u>	<u>13,527,110</u>
Financial performance		
Loss for the year	(6,913,646)	85,767
Other comprehensive income	(132,802)	-
Total comprehensive income	<u>(7,046,448)</u>	<u>85,767</u>
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	58,710	115,710

28 *Fair value measurement of assets and liabilities*

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

All financial instruments were valued using level 1 valuation techniques. There were no changes in valuation techniques for financial instruments in the period. Available for sale financial assets are measured at fair value using the closing price on the reporting dates as listed on the Australian Securities Exchange limited (ASX). The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

29 *Company details*

The registered office of the Company is:

140 Greenhill Road
UNLEY SA 5061

The principal place of business is

Unit 2, 81 Harrison Road
DUDLEY PARK SA 5008

Monax Mining Limited

Directors' declaration

For the year ended 30 June 2014

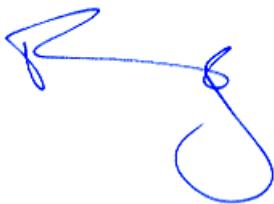
Directors' declaration

1 The Directors of Monax Mining Limited declare that:

- (a) the financial statements and notes, as set out on pages 14 to 42, are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the entity; and
 - (ii) comply with Accounting Standards; and
 - (iii) Monax Mining Limited complies with International Financial Reporting Standards as described in Note 1.
- (b) The Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - (ii) The financial statements and notes for the financial year comply with the accounting standards; and
 - (iii) The financial statement and notes for the financial year give a true and fair view;
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Adelaide this 23rd day of September 2014.



Robert Michael Kennedy
Director

Level 1,
67 Greenhill Rd
Wayville SA 5034

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

Report on the financial report

We have audited the accompanying financial report of Monax Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Monax Mining Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualification to the audit opinion expressed above, we draw attention to Note 1(w) to the financial report, which indicates that the consolidated entity incurred a net loss of \$6,911,985 during the year ended 30 June 2014. In addition, the Group incurred a net cash outflow of \$1,126,489 from operating and investing activities, excluding the proceeds from the sale of Marmota Energy Limited shares of \$510,929.

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

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Monax Mining Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Partner – Audit & Assurance

Adelaide, 23 September 2014