



Monax Mining Limited and Controlled Entities

Consolidated Half Year Financial Report

31 December 2008

CORPORATE DIRECTORY

Monax Mining Limited

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

Registered Office

140 Greenhill Road
UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588

Share Registrar

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)

Facsimile: +61 8 8236 2305

Email: info@computershare.com.au

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Monax Mining Limited and Controlled Entities

Directors' Report

The directors present their report together with the half-year financial report of Monax Mining Limited ("the Company") and its controlled entities for the period ended 31 December 2008 and the auditor's independent review report thereon.

Directors

The names of the directors of the Company during the half-year and until the date of this report are:

Robert M Kennedy (*Non-Executive Chairman*)

Reginald G Nelson

Glenn S Davis

Dr Neville F Alley

Michael P Schwarz (*Managing Director*)

Principal activities

The consolidated entity's principal activity is copper gold, uranium, nickel and mineral exploration.

Review and results of operations

The six months to December 2008 saw Monax undertaking further geological and geophysical activity which included a focus on the Waddikee Manganese Project on Eyre Peninsula, the Punt Hill iron oxide copper gold (IOCG) project north of Port Augusta and further analysis of drill samples from the diamond drill program on the Parndana tenement in early 2008.

At the Waddikee Project, encouraging assay results from samples taken from the RC drilling program in May were received and beneficiation testing commenced. Preliminary results of the beneficiation testing have confirmed the potential for raising the manganese content to 42% Mn with recovery levels up to 88%. Final results are expected in early 2009.

At the Punt Hill prospect, further drill testing of IOCG targets was completed and an extensive collection of geophysical datasets across the tenement collected. Drilling results have been received with new drill hole GHDD6 returning 159m @ 0.47% Cu, 5.3g/t Ag, 0.12g/t Au, 0.48% Zn and 0.12% Pb, the best results to date.

Work during the six months to 31 December 2008, on the Parndana tenement on Kangaroo Island saw the continued logging and analysis of core from the eight diamond drill holes from March 2008.

During the half year ending 31 December 2008, Monax's subsidiary Marmota Energy Limited, undertook and completed a strategic review of all of its projects and renewed the focus of vital dollars on projects with the highest chance of potential success, thus maintaining a strong cash position whilst undertaking targeted exploration.

During the period, Marmota Energy Limited completed its first phase of drill testing of the Ambrosia palaeodrainages and identified the presence of uranium in a number of drill holes. Several holes intersected lignites and carbonaceous sand, which act as the reducing agents necessary to aid in the deposition of uranium mineralisation in rollfront and tabular systems.

Marmota completed all contracted geophysical data acquisition across its tenements during the period, resulting in the identification of a number of new palaeochannels and uranium prospective formations.

The net loss after extraordinary items and income tax for the half-year was \$406,592

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Likely developments

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

Competent Person Statement

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

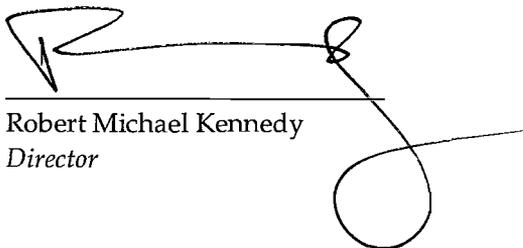
The information in the Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets of Marmota Energy Limited is based on information compiled by Mr D J Calandro, who is a Member of the Australian Institute of Geoscientists. Mr Calandro is employed full time by the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

Auditors independence declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton, to provide the directors of Monax Mining Limited with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out following this Report.

Dated at Adelaide this 2nd day of March 2009.

Signed in accordance with a resolution of the Board of Directors:



Robert Michael Kennedy
Director



Grant Thornton

Grant Thornton South Australian
Partnership
ABN 27 244 906 724

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Monax Mining Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 2 day of March 2009

Monax Mining Limited and Controlled Entities

Consolidated Income Statement

For the half-year-ended 31 December 2008

	Note	Consolidated	
		Dec 2008	Dec 2007
		\$	\$
Other revenues from ordinary activities	4	437,165	203,083
Total revenue		437,165	203,083
Administrative expenses		271,229	341,265
Consultancy expenses		75,325	160,286
Depreciation		38,389	12,653
Employment expenses		456,790	363,755
Occupancy expenses		8,730	37,959
Other expenses from ordinary activities		13,167	50,368
(Loss)/profit from ordinary activities before related income tax expense		(426,465)	(763,203)
Income tax (expense)/benefit relating to ordinary activities		(2,362)	-
(Loss)/profit from ordinary activities after related income tax expense		(428,827)	(763,203)
Net (loss)/profit attributable to minority interests		(22,235)	(61,278)
Net (loss)/profit attributable to members of the parent company		(406,592)	(701,925)
Basic earnings per share (cents)		(0.061)	(1.36)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Balance Sheet

As at 31 December 2008

	Note	Consolidated	
		Dec 2008	June 2008
		\$	\$
Current assets			
Cash and cash equivalents	5	7,492,496	7,067,576
Trade and other receivables		105,453	730,927
Financial assets	6	4,000,000	8,000,000
Other current assets		70,401	33,317
Total current assets		11,668,350	15,831,820
Non-current assets			
Property, plant and equipment		822,100	571,193
Investments		-	-
Exploration and evaluation expenditure		13,795,574	10,894,087
Total non-current assets		14,617,674	11,465,280
Total assets		26,286,024	27,297,100
Current liabilities			
Trade and other payables		229,962	1,003,494
Short term provisions		86,452	74,147
Total current liabilities		316,414	1,077,641
Non-current liabilities			
Capitalised lease incentive		97,206	-
Long term provisions		45,433	46,014
Total non-current liabilities		142,639	46,014
Total liabilities		459,053	1,123,655
Net assets		25,826,971	26,173,445
Equity			
Contributed equity		13,866,801	13,872,313
Reserves		378,955	314,840
Retained (losses)/profits		(3,164,074)	(2,757,482)
		11,081,682	11,429,671
Minority interests		14,745,289	14,743,774
Total equity		25,826,971	26,173,445

The accompanying notes form part of these financial statements

Monax Mining Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2008

	Contributed Equity	Reserves	Retained Profits / (Losses)	Minority Interests.	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	10,715,640	314,840	(1,745,383)	-	9,285,097
Initial outside equity interest	-	-	-	14,735,723	14,735,723
Options issued during the period	-	-	-	-	-
Transaction costs (net of tax)	(11,725)	-	-	16,192	4,467
(Loss)/profit attributable to shareholders	-	-	(701,925)	(61,278)	(763,203)
Balance as at 31 December 2007	10,703,915	314,840	(2,447,308)	14,690,637	23,262,084
Balance at 1 July 2008	13,872,313	314,840	(2,757,482)	14,743,774	26,173,445
Options issued during the period	-	64,115	-	23,750	87,865
Transaction costs (net of tax)	(5,512)	-	-	-	(5,512)
(Loss)/profit attributable to shareholders	-	-	(406,592)	(22,235)	(428,827)
Balance as at 31 December 2008	13,866,801	378,955	(3,164,074)	14,745,289	25,826,971

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Cash Flow Statement

For the half-year ended 31 December 2008

	Consolidated	
	Dec 2008	Dec 2007
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(600,941)	(1,093,817)
Cash receipts in the course of operations	75,000	-
Interest received	829,502	113,043
Net cash provided by/(used in) operating activities	303,561	(980,774)
Cash flows from investing activities		
Payments for property, plant and equipment	(351,761)	(137,054)
Payments for mining tenements and exploration	(3,519,005)	(1,235,038)
Payments for subsidiaries net of cash acquired	-	14,857,151
Net cash provided by/(used in) investing activities	(3,870,766)	13,485,059
Cash flows from financing activities		
Proceeds from issue of shares	-	24,680
Payments associated with capital raising	(7,875)	(36,405)
Net cash provided by/(used in) financing activities	(7,875)	(11,725)
Net increase/(decrease) in cash held	(3,575,080)	12,492,560
Cash at the beginning of the half-year	15,067,576	3,204,505
Cash at the end of the half-year	11,492,496	15,697,065

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2008

1 *Basis of preparation*

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Monax Mining Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies described in this report have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half year report does not include a full disclosures of the type normally included in an annual financial report.

2 *Reporting basis and conventions*

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

3 *Significant accounting policies*

The accounting policies applied by the consolidated entity in this consolidated half-year financial report are the same as those applied by the entity in its financial report as at and for the year ended 30 June 2008.

Dec 2008	Dec 2007
\$	\$

4 *Other revenues from ordinary activities*

Included in other revenues from ordinary activities:

Interest: other parties	437,165	203,083
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Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2008

	Note	Dec 2008 \$	June 2008 \$
5	<i>Cash and cash equivalents</i>		
	Cash and cash equivalents comprise the following:		
	Monax Mining Limited	1,703,681	3,040,999
	Marmota Energy Limited	5,670,486	3,917,560
	Groundhog Services Pty Ltd	118,329	109,017
		<u>7,492,496</u>	<u>7,067,576</u>

Monax Mining Limited does not have direct access to cash assets held by Marmota Energy Limited

6 ***Financial assets***

Current financial assets comprise the following:

Monax Mining Limited	-	-
Marmota Energy Limited	4,000,000	8,000,000
Groundhog Services Pty Ltd	-	-
	<u>4,000,000</u>	<u>8,000,000</u>

Monax Mining Limited does not have direct access to financial assets held by Marmota Energy Limited.

7 ***Contingent liabilities***

There have been no changes to contingent liabilities since 30 June 2008.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2008

8 *Controlled entities*

(a) **Controlled entities consolidated**

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

* Monax Mining Limited holds, 29.8% of the issued capital of Marmota Energy Limited. In addition, four of the Company's Directors have been appointed to the Board of Marmota. As a result, the Company has been consolidated for the purposes of this financial report.

9 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Monax Mining Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2008

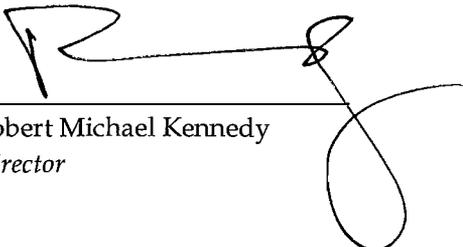
Directors' declaration

In the opinion of the directors of Monax Mining Limited ("the Company"):

- (a) the half-year financial statements and notes, set out on pages 5 to 11, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the six months ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 2nd day of March 2009.

Signed in accordance with a resolution of the directors:



Robert Michael Kennedy
Director



Grant Thornton

**Grant Thornton South Australian
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MONAX MINING LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Monax Mining Ltd (the Company) and consolidated entity, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MONAX MINING LIMITED (Cont)

Auditor's responsibility

As the auditor of Monax Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Monax Mining Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 2 day of March 2009