



Monax Mining Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2011

CORPORATE DIRECTORY

Monax Mining Limited

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

Registered Office

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UNLEY SA 5061
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Share Registrar

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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 ("Consolidated entity") for the period ended 31 December 2011 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

Neville F Alley (*resigned 16 November 2011*)

Gary M Ferris (*Managing Director*)

Alternate Directors

Ian R Witton – alternate for Glenn S Davis

Ewan J Vickery – alternate for Reginald G Nelson

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

The six months to December 2011 saw Monax recommence drilling at its flagship Punt Hill project. The drilling was facilitated by the signing of a Part 9B Native Title Agreement with the Kokatha Uwankara Native Title claimants. A total of four holes were completed at Punt Hill with minor copper reported from one drill hole. Significant iron oxide style alteration was observed in two holes. Monax is planning further drilling in the second half of 2012.

In November 2011, Monax signed a strategic alliance with Antofagasta Minerals Adelaide Pty Limited (Antofagasta), a subsidiary of Antofagasta plc, for copper exploration within South Australia, exclusive of Monax's current portfolio in South Australia. Under the terms of the Agreement, Antofagasta will provide US\$1 million to Monax over two years for target-generation and exploration within South Australia.

Exploration on the Waddikee manganese project included two induced polarisation surveys aimed at delineating drill targets for manganese.

Drilling at the Melton copper-gold project reported significant copper results from the Miranda target and Monax increased their land position on the highly prospective Yorke Peninsula with the purchase of EL 3922 (Webling Bay).

Monax remains a major shareholder in Marmota Energy Limited (ASX:MEU) who announced their maiden resource at the Junction Dam uranium project in November 2011.

The net loss after income tax for the half-year was \$1,071,950.

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 Half-Year Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets of Monax Mining Limited 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

Monax Mining Limited and Controlled Entities

Directors' Report (continued)


the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" Mr Ferris consents to the inclusion of the information in this report in the form and context in which it appears.

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 on the following page and forms part of this Directors' Report.

Dated atAdelaide..... this14th..... day ofMarch..... 2012.

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

A handwritten signature in blue ink, consisting of a stylized 'R' and 'K' followed by a large loop.

Robert Michael Kennedy
Director

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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 2011, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 14 March 2012

Monax Mining Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year-ended 31 December 2011

	Note	Consolidated	
		Dec 2011	Dec 2010
		\$	\$
Other revenues from ordinary activities	3	193,904	156,695
Total other revenue			
Administrative expenses		127,532	120,561
Consultancy expenses		59,431	40,027
Depreciation		4,656	5,633
Employment expenses		186,123	134,479
Impairment of assets		667,828	35,087
Service fees		78,080	99,617
Exploration expenses not capitalised		91,364	-
Share of loss from equity accounted investments		50,840	-
Loss before income tax expense		(1,071,950)	(278,709)
Income tax benefit/(expense)		-	-
Loss for the period		(1,071,950)	(278,709)
Loss attributed to members of the parent entity		(1,071,950)	(278,709)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,071,950)	(278,709)
Basic earnings per share (cents)		(0.72)	(0.19)
Diluted earnings per share (cents)		(0.72)	(0.19)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2011

	Note	Consolidated	
		Dec 2011	June 2011
		\$	\$
Current assets			
Cash and cash equivalents	6	2,998,056	3,745,989
Trade and other receivables		380,378	318,691
Other current assets		21,733	20,891
Total current assets		3,400,167	4,085,571
Non-current assets			
Plant and equipment		139,151	143,678
Investments accounted for using the equity method	8	1,800,001	3,260,359
Exploration and evaluation expenditure		10,528,983	9,983,060
Deferred tax asset		549,144	971,999
Total non-current assets		13,017,279	14,359,096
Total assets		16,417,446	18,444,667
Current liabilities			
Trade and other payables		491,987	337,946
Short term provisions		39,000	24,978
Total current liabilities		530,987	362,924
Non-current liabilities			
Deferred tax liability		549,144	971,999
Long term provisions		25,255	15,443
Total non-current liabilities		574,399	987,442
Total liabilities		1,105,386	1,350,366
Net assets		15,312,060	17,094,301
Equity			
Issued capital	10	19,683,697	19,674,526
Reserves		717,068	1,436,530
Retained earnings		(5,088,705)	(4,016,755)
Total equity		15,312,060	17,094,301

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 2011

	Issued capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2010	19,674,526	598,080	(3,899,107)	16,373,499
Revaluation of associate to fair value	-	756,000	-	756,000
Total comprehensive income	-	-	(278,709)	(278,709)
Balance as at 31 December 2010	<u>19,674,526</u>	<u>1,354,080</u>	<u>(4,177,816)</u>	<u>16,850,790</u>
Balance at 1 July 2011	19,674,526	1,436,530	(4,016,755)	17,094,301
Proceeds from the issue of shares during the period	9,171	-	-	9,171
Options issued during the period	-	36,538	-	36,538
Revaluation of associate to fair value	-	(756,000)	-	(756,000)
Total comprehensive income	-	-	(1,071,950)	(1,071,950)
Balance as at 31 December 2011	<u>19,683,697</u>	<u>717,068</u>	<u>(5,088,705)</u>	<u>15,312,060</u>

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2011

	Consolidated	
	Dec 2011	Dec 2010
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(566,914)	(251,117)
Interest received	106,984	189,229
Net cash provided by/(used in) operating activities	(459,930)	(61,888)
Cash flows from investing activities		
Payments for plant and equipment	(12,319)	-
Cash advance – joint venture activities	896,250	301,987
Payments for mining tenements and exploration	(1,181,105)	(398,060)
Net cash (used in)/provided by investing activities	(297,174)	(96,073)
Cash flows from financing activities		
Proceeds from issue of shares	9,171	-
Net cash provided by/(used in) financing activities	9,171	-
Net (decrease)/increase in cash held	(747,933)	(157,961)
Cash at the beginning of the half-year	3,745,989	4,807,701
Cash at the end of the half-year	2,998,056	4,649,740

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 2011

1 Basis of preparation

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2011, except for the adoption of *Improvements to AASBs 2010* (2010 Improvements) as of 1 January 2011. The 2010 Improvements made several minor amendments to AASBs. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Amendments to AASB 134 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements. The Group's interim financial statements as of 31 December 2011 reflect these amended disclosure requirements, where applicable.

In preparing the financial statements at 31 December 2011, the following entities have not been consolidated on the grounds that from 1 January 2011 they were no longer deemed to be controlled in accordance with Australian Accounting Standards.

- Marmota Energy Limited
- Groundhog Services Pty Ltd

Comparatives for the period ended 31 December 2010 reflect the comparable position of Monax Mining Limited as a standalone entity.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Monax Mining Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements of the ASX Listing Rules.

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

2 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 2011.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

	Dec 2011	Dec 2010
	\$	\$
3 Other revenues from ordinary activities		
Included in other revenues from ordinary activities:		
Interest: other parties	99,655	135,701
Other revenue	94,249	20,994
	193,904	156,695

4 Contingent liabilities

There have been no material changes to the aggregate of contingent liabilities since 30 June 2011.

5 Commitments

There have been no material changes to commitments disclosed in the 30 June 2011 annual report.

	Dec 2011	June 2011
	\$	\$
6 Cash and cash equivalents		
Cash at bank	233,056	480,989
Deposits at call	2,765,000	3,265,000
	2,998,056	3,745,989

7 Controlled entities

(a) Entities forming part of the Monax Mining Limited consolidated group are as follows:

	Country of incorporation	Percentage owned (%)	
		Dec 2011	June 2011
Parent entity:			
Monax Mining Limited	Australia		
Subsidiaries of Monax Mining Limited:			
Monax Alliance Pty Ltd	Australia	100%	-

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

8 Investments in associates

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				Dec 2011	June 2011	Dec 2011	June 2011
Unlisted				Dec 2011	June 2011	Dec 2011	June 2011
Marmota Energy Limited	Mineral Exploration	Australia	Ord	23.8	23.9	1,800,000	3,260,358
	Administration	Australia	Ord	50	50	1	1
Groundhog Services Pty Ltd	services						
	Administration	n/a	n/a	50	-	-	-
Groundhog Partnership	services						

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

8 *Investments in associates (continued)*

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

	Dec 2011	June 2011
	\$	\$
Balance at the beginning of the financial year	3,260,359	3,240,001
New investments during the year	-	-
Impairment	(1,409,518)	-
Share of associated entity's profit after income tax	(50,840)	20,358
Balance at the end of the financial year	<u>1,800,001</u>	<u>3,260,359</u>

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

	Dec 2011	June 2011
	\$	\$
Share of associate's profit before income tax	(50,840)	20,358
Share of associate's income tax expense	-	-
Share of associate's profit after income tax expense	<u>(50,840)</u>	<u>20,358</u>

(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:

	Note	Dec 2011	June 2011
		\$	\$
Current assets		4,431,122	6,636,556
Non-current assets		<u>23,624,929</u>	<u>21,733,893</u>
Total assets		28,056,051	28,370,449
Current liabilities		(656,239)	(795,738)
Non-current liabilities		<u>(93,853)</u>	<u>(98,143)</u>
Total liabilities		<u>(750,092)</u>	<u>(893,881)</u>
Net assets		<u>27,305,959</u>	<u>27,476,568</u>

(d) Market value of listed investment in associate	1,800,000	2,052,000
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Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

9 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated 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 Consolidated 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 Consolidated entity.

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

Details of the performance of each of these operating segments for the six month periods ended 31 December 2011 and 31 December 2010 are set out below:

December 2011	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment revenue	94,249	-	-	94,249
Segment results				
Gross segment result before depreciation, amortisation and impairment	94,249	-	-	94,249
Impairment	-	(14,310)	-	(14,310)
	94,249	(14,310)	-	79,939
Interest income				99,655
Share of associate's net profit/(loss)				(50,840)
Impairment of assets				(653,518)
Other expenses				(547,186)
Profit/(loss) before tax				(1,071,950)
Income tax benefit/(expense)				-
Net profit after tax				<u>(1,071,950)</u>
December 2010				
Segment revenue	20,994	-	-	20,994
Segment results				
Gross segment result before depreciation, amortisation and impairment	20,994	-	-	20,994
Impairment	-	(35,087)	-	(35,087)
	20,994	(35,087)	-	(14,093)
Interest income				135,701
Other expenses				(400,317)
Profit/(loss) before tax				(278,709)
Income tax benefit/(expense)				-
Net profit after tax				<u>(278,709)</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

9 Operating Segments continued

December 2011	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment assets	9,619,701	-	909,282	10,528,983
<i>Segment asset increases for the period:</i>				
Capital expenditure	222,959	14,310	322,963	560,232
Impairment	-	(14,310)	-	(14,310)
	222,959	-	322,963	545,922
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents				2,998,056
Trade and other receivables				380,378
Other current assets				21,733
Plant and equipment				139,151
Investments accounted for using the equity method				1,800,001
Deferred tax asset				549,144
Total consolidated assets				<u>16,417,446</u>
 June 2011				
Segment assets	9,396,742	-	586,318	9,983,060
<i>Segment asset increases for the period:</i>				
Capital expenditure	671,540	74,008	447,403	1,192,951
Impairment	-	(74,008)	-	(74,008)
	671,540	-	447,403	1,118,943
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents				3,745,989
Trade and other receivables				318,691
Other current assets				20,891
Plant and equipment				143,678
Investments accounted for using the equity method				3,260,359
Deferred tax asset				971,999
Total consolidated assets				<u>18,444,667</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2011

10 Issued Capital

	Dec 2011	June 2011
	\$	\$
Issued and paid-up share capital		
148,814,803 (June 2011: 148,053,668) ordinary shares, fully paid	19,683,697	19,674,526
	<u>19,683,697</u>	<u>19,674,526</u>
Ordinary shares		
Balance at the beginning of the period	19,674,526	19,674,526
Shares issued during the year		
- 700,000 (June 2011:Nil) shares issued to rightsholders as part of an Employee Incentive Scheme	-	-
- 61,135 (June 2011:Nil) shares issued to option holders on the exercise of options at \$0.15	9,171	-
Less transaction costs arising from issue of shares net of tax	-	-
Balance at end of period	19,683,697	19,674,526

As at 31 December 2011, there were 5,425,000 (June 2011: 24,209,654) unissued shares for which the following options and right were outstanding.

- o 3,000,000 unlisted options exercisable at \$0.10 by 31 July 2012
- o 150,000 unlisted options exercisable at \$0.666 by 14 December 2012
- o 215,000 unlisted options exercisable at \$0.246 by 18 July 2013
- o 10,000 unlisted options exercisable at \$0.0517 by 23 December 2013
- o 425,000 unlisted options exercisable at \$0.0917 by 5 March 2015
- o 225,000 unlisted options exercisable at \$0.051 by 28 July 2016
- o 1,400,000 share rights vesting 1/2 each of 1 July 2012 and 1 July 2013

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2011

11 *Share based payments*

On 28 July 2011, Monax Mining Limited granted share options to an employee. The terms and conditions of the grant made during the six months ended 31 December 2011 are as follows:

2011

Grant date	Number of instruments	Vesting conditions	Contractual life of options
28 July	225,000	On issue	1,826 days

Fair value of share options and assumptions used in determining fair value:

Fair value at grant date	\$0.005 per option
Share price	\$0.06
Exercise price	\$0.05
Expected volatility	113%
Option life	1,826 days
Risk-free interest rate	4.25%

12 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2011 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 2011


Directors' declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 16, 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 2011 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) 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.

Dated atAdelaide..... this14th..... day ofMarch..... 2012.

This declaration is made in accordance with a resolution of the directors:



Robert Michael Kennedy
Director

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

We have reviewed the accompanying half-year financial report of Monax Mining Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the 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 controls 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 the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report 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 2011 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.

As the auditor of Monax Mining Limited, 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 Limited 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 2011 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 14 March 2012