



# Monax Mining Limited and Controlled Entities

## Consolidated Half-Year Financial Report

31 December 2012

### 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  
Facsimile: (08) 8373 5917  
Email: [info@monaxmining.com.au](mailto:info@monaxmining.com.au)

**Share Registrar**

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

Facsimile: +61 8 8236 2305

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

**Auditor**

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

# Monax Mining Limited and Controlled Entities

## Directors' Report

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 2012 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 (*resigned 1 August 2012*)

Glenn S Davis

Gary M Ferris (*Managing Director*)

### *Alternate Directors*

Ian R Witton – alternate for Glenn S Davis

Ewan J Vickery – alternate for Reginald G Nelson until 1 August 2012

### *Principal activities*

The consolidated entity's principal activity is mineral exploration.

### *Review and results of operations*

Monax Mining Limited ("Monax") is an Adelaide based mineral explorer with projects located on the Gawler Craton region of South Australia. In the six months to December 2012 Monax has been focused on copper gold exploration at Punt Hill and graphite exploration at Waddikee.

Eight Holes were completed at the Company's flagship project Punt Hill fully funded under the Farm-in Agreement with Antofagasta Minerals Adelaide Pty Limited ("Antofagasta"), a subsidiary of Chilean copper producer Antofagasta plc. Expenditure on the Punt Hill project by Antofagasta totals US\$3.76 million. Antofagasta can earn 51% of the project upon reaching US\$4 million in expenditure.

In addition, during the period Monax completed its maiden drilling program for graphite at its Waddikee project located on central Eyre Peninsula in July 2012. The drilling program returned high-grade coarse flake graphite at the Wilclo South prospect and further drilling is planned for 2013.

In December 2012, Monax announced its first Designated Project under the Strategic Alliance with Antofagasta. Exploration on the Algebuckina Project will commence in the first quarter 2013 with drilling planned for mid 2013.

Calcrete sampling on the Melton copper-gold Project located on Yorke Peninsula reported encouraging copper and gold results with further sampling planned for early 2013. The Melton Project is a 50:50 joint venture with Marmota Energy Limited ("Marmota") (ASX:MEU).

In September 2012, Monax reduced its holding in Marmota, by the sale of 3.4 million shares to raise approximately \$647,000. This was a strategic decision to provide working capital for Monax to continue the exploration for graphite at its Waddikee project on South Australia's Eyre Peninsula.

The net profit after income tax for the half-year was \$1,911,837 (Dec 2011 loss \$1,071,950).

## Monax Mining Limited and Controlled Entities

### Directors' Report (continued)

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#### *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*

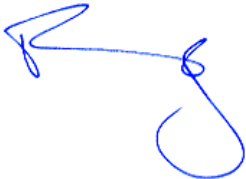
The information in the Half-Year Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets of Monax Mining Limited is based on information compiled by Mr G M Ferris, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ferris is employed full 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 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 at .....Adelaide..... this .....13th..... day of .....March..... 2013.

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



Robert Michael Kennedy  
*Director*

Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001  
T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Monax Mining Limited and Controlled Entities for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

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

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S J Gray  
Partner

Adelaide, 13 March 2013

**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year-ended 31 December 2012**

	Note	Consolidated	
		Dec 2012	Dec 2011
		\$	\$
Other revenues from ordinary activities	3	2,415,311	193,904
Total other revenue		2,415,311	193,904
Administrative expenses		138,272	127,532
Consultancy expenses		67,314	59,431
Depreciation		4,908	4,656
Employment expenses		111,268	186,123
Impairment of assets		41,687	667,828
Service fees		86,982	78,080
Exploration expenses not capitalised		-	91,364
Share of loss from equity accounted investments		53,043	50,840
<b>Profit/(loss) before income tax expense</b>		1,911,837	(1,071,950)
Income tax benefit/(expense)		-	-
<b>Profit/(loss) for the period</b>		1,911,837	(1,071,950)
Loss attributed to members of the parent entity		1,911,837	(1,071,950)
<b>Items that maybe reclassified to profit or loss:</b>			
Changes in fair value of available for sale financial assets		(551,700)	-
Income tax relating to these items		-	-
		(551,700)	-
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		1,360,137	(1,071,950)
Basic earnings per share (cents)		1.28	(0.72)
Diluted earnings per share (cents)		1.28	(0.72)

The accompanying notes form part of these financial statements.

**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2012**

	Note	Consolidated	
		Dec 2012	June 2012
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	6	2,625,435	2,409,725
Trade and other receivables		353,452	237,443
Other current assets		24,331	21,244
<b>Total current assets</b>		<b>3,003,218</b>	<b>2,668,412</b>
<b>Non-current assets</b>			
Plant and equipment		115,510	130,108
Investments accounted for using the equity method	9	1	1,073,829
Available for sale financial assets	8	1,920,800	-
Exploration and evaluation expenditure	7	10,494,485	9,886,721
Deferred tax asset		567,239	322,148
<b>Total non-current assets</b>		<b>13,098,035</b>	<b>11,412,806</b>
<b>Total assets</b>		<b>16,101,253</b>	<b>14,081,218</b>
<b>Current liabilities</b>			
Trade and other payables		636,683	290,694
Short term provisions		81,558	38,646
<b>Total current liabilities</b>		<b>718,241</b>	<b>329,340</b>
<b>Non-current liabilities</b>			
Deferred tax liability		567,239	322,148
Long term provisions		33,596	25,568
<b>Total non-current liabilities</b>		<b>600,835</b>	<b>347,713</b>
<b>Total liabilities</b>		<b>1,319,076</b>	<b>677,053</b>
<b>Net assets</b>		<b>14,782,177</b>	<b>13,404,165</b>
<b>Equity</b>			
Issued capital	12	19,683,697	19,683,697
Reserves		209,090	742,915
Retained losses		(5,110,610)	(7,022,447)
<b>Total equity</b>		<b>14,782,177</b>	<b>13,404,165</b>

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 2012**

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
<b>Balance at 1 July 2011</b>	19,674,526	1,436,530	(4,016,755)	17,094,301
Transactions with owners in their capacity as owners:				
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)
	<u>19,683,697</u>	<u>717,068</u>	<u>(4,016,755)</u>	<u>16,384,010</u>
Total comprehensive income	-	-	(1,071,950)	(1,071,950)
<b>Balance as at 31 December 2011</b>	<u>19,683,697</u>	<u>717,068</u>	<u>(5,088,705)</u>	<u>15,312,060</u>
<b>Balance at 1 July 2012</b>	19,683,697	742,915	(7,022,447)	13,404,165
Transactions with owners in their capacity as owners:				
Options issued during the period	-	17,875	-	17,875
	<u>19,683,697</u>	<u>760,790</u>	<u>(7,022,447)</u>	<u>13,422,040</u>
Total comprehensive income	-	(551,700)	1,911,837	1,360,137
<b>Balance as at 31 December 2012</b>	<u>19,683,697</u>	<u>209,090</u>	<u>(5,110,610)</u>	<u>14,782,177</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 2012

	Consolidated	
	Dec 2012	Dec 2011
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	255,290	-
Cash payments in the course of operations	(438,939)	(566,914)
Interest received	67,631	106,984
<b>Net cash (used in) operating activities</b>	<b>(116,018)</b>	<b>(459,930)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(3,000)	(12,319)
Joint venture receipts	2,649,058	896,250
Payments for mining tenements and exploration	(2,951,723)	(1,181,105)
Proceeds from sale of investment	649,208	-
Proceeds from sale of mining tenements	25,000	-
Loans to related entities	(35,133)	-
Payments associated with sale of investments	(1,682)	-
<b>Net cash provided/(used in) by investing activities</b>	<b>331,728</b>	<b>(297,174)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	9,171
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>9,171</b>
<b>Net increase/(decrease) in cash held</b>	<b>215,710</b>	<b>(747,933)</b>
<b>Cash at the beginning of the half-year</b>	<b>2,409,725</b>	<b>3,745,989</b>
<b>Cash at the end of the half-year</b>	<b>2,625,435</b>	<b>2,998,056</b>

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 2012

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#### *1 Basis of preparation of interim report*

Monax Mining Limited (Monax or the Company) is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the consolidated entity for the year ended 30 June 2012 is available upon request from the Company's registered office at 140 Greenhill Road, Unley SA or at [www.monaxmining.com.au](http://www.monaxmining.com.au).

The interim consolidated financial statements are a general purpose report prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001. This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, this interim financial report does not include full disclosures of the type normally included in the annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Monax during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

#### *2 Significant accounting policies*

The interim financial statements have been prepared in accordance with the accounting policies adopted in the consolidated entity's last annual financial statements for the year ended 30 June 2012, and have been consistently applied by the entities in the consolidated entity.

#### **New and revised accounting standards applicable for the first time to the current half-year reporting period**

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

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

These financial statements were authorised for issue by the board of directors on 13 March 2013.

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

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	Dec 2012	Dec 2011
	\$	\$
<b>3</b>		
<b><i>Other revenues from ordinary activities</i></b>		
Included in other revenues from ordinary activities:		
Interest: other parties	60,193	99,655
Realised gain on sale of investment in associates	546,109	-
Gain on reclassification of financial assets	1,525,632	-
Other revenue	283,377	94,249
	<u>2,415,311</u>	<u>193,904</u>

**4** ***Contingent liabilities***

There have been no material changes to the aggregate of contingent liabilities since 30 June 2012.

**5** ***Commitments***

There have been no material changes to commitments disclosed in the 30 June 2012 annual report.

	Dec 2012	June 2012
	\$	\$
<b>6</b>		
<b><i>Cash and cash equivalents</i></b>		
Cash at bank	860,435	144,725
Deposits at call	1,765,000	2,265,000
	<u>2,625,435</u>	<u>2,409,725</u>

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

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**7 Exploration and evaluation expenditure**

	Consolidated	
	Dec 2012	June 2012
	\$	\$
<b>Movement:</b>		
Carrying amount at beginning of year	9,886,721	9,983,060
Additional costs capitalised during the year	649,451	882,756
Impairment	(41,687)	(979,095)
Carrying amount at end of year	<u>10,494,485</u>	<u>9,886,721</u>
<b>Closing balance comprises:</b>		
Exploration and evaluation		
- 100% owned	8,892,519	8,359,451
Exploration and evaluation phase		
- Joint Venture	<u>1,601,966</u>	<u>1,527,270</u>
	<u>10,494,485</u>	<u>9,886,721</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.

**8 Controlled entities**

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

	Country of incorporation	Percentage owned (%)	
		Dec 2012	June 2012
<b>Parent entity:</b>			
Monax Mining Limited	Australia		
<b>Subsidiaries of Monax Mining Limited:</b>			
Monax Alliance Pty Ltd	Australia	100%	100%

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

**9 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 2012	June 2012	Dec 2012	June 2012
Unlisted				Dec 2012	June 2012	Dec 2012	June 2012
Marmota Energy Limited	Mineral Exploration Administration	Australia	Ord	-	23.7	-	1,073,828
		Australia	Ord	50	50	1	1
Groundhog Services Pty Ltd services							
Groundhog Services Partnership	Administration services	Australia		-	50	-	-

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

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

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

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

Net gain on disposal:	
Proceeds of disposal (net of costs)	647,526
Carrying value of investment at date of disposal	(101,417)
	<u>546,109</u>
Gain on reclassification of financial asset	
Plus fair value of investment retained	2,445,000
Less carrying amount of investment on the date of loss of significant influence	(919,368)
	<u>1,525,632</u>
Total gain realised and unrealised on investment in Marmota Energy Limited	<u>2,071,740</u>

# Monax Mining Limited and Controlled Entities

## Condensed Notes to the Financial Statements

For the half-year ended 31 December 2012

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### 9 *Investments in associates (continued)*

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

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

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

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

	Dec 2012	June 2012
	\$	\$
Current assets	330,033	2,909,276
Non-current assets	76,655	16,565,177
Total assets	406,688	19,474,453
Current liabilities	(319,475)	(1,030,396)
Non-current liabilities	(87,211)	(98,852)
Total liabilities	(406,686)	(1,129,248)
Net assets	2	18,345,205

### 10 *Available for sale financial assets*

	Dec 2012	June 2012
	\$	\$
Available for sale investments	1,920,800	-
	1,920,800	-

### 11 *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.

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

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**11 Operating segments (continued)**

Details of the performance of each of these operating segments for the six month periods ended 31 December 2012 and 31 December 2011 are set out below:

<b>December 2012</b>	<b>Gawler Craton</b>	<b>Kangaroo Island</b>	<b>North Queensland</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Segment revenue</b>	258,378	-	25,000	283,378
<b>Segment results</b>				
Gross segment result before depreciation, amortisation and impairment	258,378	-	25,000	283,378
Impairment	-	-	-	-
	<u>258,378</u>	<u>-</u>	<u>25,000</u>	<u>283,378</u>
Interest income				60,193
Gain on sale of associate				2,071,740
Share of associate's net profit/(loss)				(53,043)
Impairment of assets				(41,687)
Other expenses				<u>(408,744)</u>
<b>Profit/(loss) before tax</b>				1,911,837
Income tax benefit/(expense)				<u>-</u>
<b>Net profit after tax</b>				<u><u>1,911,837</u></u>
<b>December 2011</b>				
<b>Segment revenue</b>	94,249	-	-	94,249
<b>Segment results</b>				
Gross segment result before depreciation, amortisation and impairment	94,249	-	-	94,249
Impairment	-	(14,310)	-	(14,310)
	<u>94,249</u>	<u>(14,310)</u>	<u>-</u>	<u>79,939</u>
Interest income				99,655
Share of associate's net profit/(loss)				(50,840)
Impairment of assets				(653,518)
Other expenses				<u>(547,186)</u>
<b>Profit/(loss) before tax</b>				(1,071,950)
Income tax benefit/(expense)				<u>-</u>
<b>Net profit after tax</b>				<u><u>(1,071,950)</u></u>

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

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**11 Operating segments continued**

December 2012	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
<b>Segment assets</b>	10,392,019	102,466	-	10,494,485
<i>Segment asset increases for the period:</i>				
Capital expenditure	505,298	102,466	41,687	649,451
Impairment	-	-	(41,687)	(41,687)
	<u>505,298</u>	<u>102,466</u>	<u>-</u>	<u>607,764</u>
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents				2,625,435
Trade and other receivables				353,452
Other current assets				24,331
Plant and equipment				115,510
Investments accounted for using the equity method				1
Available for sale financial assets				1,920,800
Deferred tax asset				567,239
<b>Total consolidated assets</b>	<u>10,392,019</u>	<u>102,466</u>	<u>-</u>	<u>16,101,253</u>
<b>June 2012</b>				
<b>Segment assets</b>	9,886,721	-	-	9,886,721
<i>Segment asset increases for the period:</i>				
Capital expenditure	489,980	65,529	327,247	882,756
Impairment	-	(65,529)	(913,566)	(979,095)
	<u>489,980</u>	<u>-</u>	<u>(586,319)</u>	<u>(96,339)</u>
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents				2,409,725
Trade and other receivables				237,443
Other current assets				21,244
Plant and equipment				130,108
Investments accounted for using the equity method				1,073,829
Deferred tax asset				322,148
<b>Total consolidated assets</b>	<u>9,886,721</u>	<u>-</u>	<u>-</u>	<u>14,081,218</u>

**Monax Mining Limited and Controlled Entities**  
**Condensed Notes to the Financial Statements**  
**For the half-year ended 31 December 2012**

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**12 Issued capital**

	Dec 2012	June 2012
	\$	\$
<b>Issued and paid-up share capital</b>		
148,814,803 (June 2012: 148,814,803) ordinary shares, fully paid	19,683,697	19,683,697
	<u>19,683,697</u>	<u>19,674,526</u>
<b>Ordinary shares</b>		
<b>Balance at the beginning of the period</b>		
Shares issued during the year		
- 700,000 (June 2012: 700,000) shares issued to rightsholders as part of an Employee Incentive Scheme	-	-
- Nil (June 2012: 61,135) 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	-	-
<b>Balance at end of period</b>	<u>19,683,697</u>	<u>19,683,697</u>

As at 31 December 2012, there were 1,900,000 (June 2012: 5,275,000) unissued shares for which the following options and right were outstanding.

- 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 325,000 unlisted options exercisable at \$0.053 by 23 July 2017
- o 700,000 share rights vesting 1 July 2013



# Monax Mining Limited and Controlled Entities

## Condensed Notes to the Financial Statements

### For the half-year ended 31 December 2012

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#### 13 *Share based payments*

On 23 July 2012, Monax Mining Limited granted share options to an employee. The terms and conditions of the grant made during the six months ended 31 December 2012 are as follows:

2012

Grant date	Number of instruments	Vesting conditions	Contractual life of options
23 July	325,000	On issue	1,826 days

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

Fair value at grant date	\$0.055 per option
Share price	\$0.06
Exercise price	\$0.053
Expected volatility	152%
Option life	1,826 days
Risk-free interest rate	2.27%

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

There has not arisen in the interval between 31 December 2012 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.

#### 15 *Going Concern*

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

The Consolidated Entity incurred a net loss of \$159,903, excluding the one off gain of \$2,071,740 outlined in Note 9(a). In addition, the Group incurred a net cash outflow of \$433,498 from operations and investing activities excluding the proceeds from the one off sale of Martmota Energy Limited shares of \$649,208. The Consolidated Entity's planned expenditure exceeds its current cash held and the Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital.

If the additional capital is not obtained, the going concern basis may not be appropriate with the result that the company and consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business in amounts different from those stated in the financial report.

# Monax Mining Limited and Controlled Entities

## Directors' Declaration

For the half-year ended 31 December 2011

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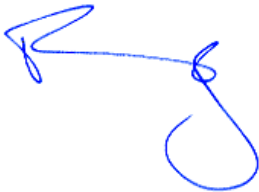
### Directors' declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 17, 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 2012 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 at .....Adelaide..... this .....13th..... day of .....March..... 2013.

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



Robert Michael Kennedy  
*Director*

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MONAX MINING LIMITED AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Monax Mining Limited and Controlled Entities ("Group"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated Group, comprising both the Group 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 Monax Mining Limited and Controlled Entities are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **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 Group, 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Monax Mining Limited and Controlled Entities consolidated Group's financial position as at 31 December 2012 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 and Controlled Entities, 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 and Controlled Entities is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated Group's financial position as at 31 December 2012 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.

### **Material uncertainty regarding continuation as a going concern**

Without qualifying our conclusion expressed above, we draw attention to Note 15 – Going Concern to the half-year financial statements which indicate that the consolidation entity incurred a net loss of \$159,903, excluding the one off gain of \$2,071,740 outlined in Note 9(a). In addition, the Group incurred a net cash outflow of \$433,498 from operating and investing activities excluding the proceeds from the one off sale of Martmota Energy Limited shares of \$649,208. These conditions, as set out in Note 15, 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 at the amounts stated in the half-year financial report.

*Grant Thornton*

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



S J Gray  
Partner

Adelaide, 13 March 2013