



Monax Mining Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2013

CORPORATE DIRECTORY

Monax Mining Limited

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

Registered Office

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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 2013 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*)

Glenn S Davis

Gary M Ferris (*Managing Director*)

Alternate Directors

Ian R Witton – alternate for Glenn S Davis

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 in South Australia. During the six months ended December 2013, 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"), and graphite exploration at Waddikee.

In August 2013, Monax announced its maiden JORC Inferred Mineral Resource for the Wilclo South graphite deposit, part of the Company's Waddikee Graphite Project in South Australia. The Wilclo South deposit comprises a total combined Inferred resource of 6.4 million tonnes grading 8.8% total graphitic carbon (TGC) for the 550,000 tonnes of contained graphite using a 5% cut-off. The resource includes a high grade component of 1.75 Mt grading 12.5% TGC using a 10% TGC cut-off.

In November 2013, Monax announced the establishment of a Designated Project ("Millers Creek DP") with its strategic alliance partner Antofagasta, 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.

In November 2013, the Company increased its project landholding with the addition of three new Exploration Licence Applications within the tightly-held Musgrave Province, located in South Australia's Far North. The three tenements cover an area in total of 3396km² within the eastern part of the Musgrave Province where Alliance will be targeting copper and copper-nickel style mineralisation.

In December 2013, Monax announced that Antofagasta has opted to proceed to the next stage of a Farm-In Option Agreement ("Agreement") at its flagship Punt Hill Copper-Gold project in South Australia. Under the agreement, Antofagasta can earn a 51% interest (Phase 1) in the Punt Hill project, located within the Olympic Iron-Oxide copper-gold (IOCG) Province in South Australia, by expending US\$4 million over four years. Antofagasta has currently expended \$US3.95 million and has approved the next phase of exploration including further drilling, which when started, will trigger Phase 2 of the Agreement.

The net (loss)/ profit after income tax for the half-year was \$(6,658,533) (December 2012 profit \$1,911,837).

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.

Table 1 and Competent Person Statement

Wilclo South JORC Code Compliant Inferred Mineral Resource

The Mineral Resource for the Wilclo South deposit is outlined in Tables 1-3 below.

Table 1. Wilclo South Inferred Mineral Resource (no cut-off).

TOTAL INVENTORY (no cut-off)

Fault Zone	Oxidation State	Tonnage (Mt)	TGC (%)	Density (g/cc)
Upper Block	Oxide	1.32	7.3	2.3
	Fresh	3.56	7.4	2.3
Middle Block	Oxide	0.39	7.9	2.1
	Fresh	1.83	9.2	2.1
Lower Block	Oxide	0.32	7.1	2.1
	Fresh	0.40	8.5	2.1
Subtotals	Oxide	2.02	7.4	2.2
	Fresh	5.79	8.0	2.3
TOTAL INFERRED (no cut-off)		7.81	7.9	2.2

Note: totals may not exactly balance due to the effects of rounding

Table 2. Wilclo South Inferred Mineral Resource (>5% TGC cut-off).

TOTAL INVENTORY (above 5% TGC)

Fault Zone	Oxidation State	Tonnes (Mt)	TGC (%)	Density (g/cc)
Upper Block	Oxide	1.02	8.4	2.3
	Fresh	2.67	8.7	2.3
Middle Block	Oxide	0.36	8.2	2.1
	Fresh	1.72	9.5	2.1
Lower Block	Oxide	0.25	7.9	2.1
	Fresh	0.36	9.1	2.1
Subtotals	Oxide	1.63	8.3	2.2
	Fresh	4.74	9.0	2.2
TOTAL INFERRED >5% TGC		6.38	8.8	2.2

Note: totals may not exactly balance due to the effects of rounding

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Table 3. Wilclo South Inferred Mineral Resource (>10% TGC cut-off).

TOTAL INVENTORY (above 10% TGC)

Fault Zone	Oxidation State	Tonnes (Mt)	TGC (%)	Density (g/cc)
Upper Block	Oxide	0.23	11.9	2.3
	Fresh	0.76	11.9	2.3
Middle Block	Oxide	0.07	12.0	2.1
	Fresh	0.60	13.3	2.1
Lower Block	Oxide	0.03	11.8	2.1
	Fresh	0.08	14.3	2.1
Subtotals	Oxide	0.33	11.9	2.2
	Fresh	1.43	12.6	2.2
TOTAL INFERRED >10% TGC		1.75	12.5	2.2

Note: totals may not exactly balance due to the effects of rounding

The information in this report that relates to Exploration Results is based on information compiled by Mr G M Ferris, who is a Member of the Australasian 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.

Information in this report that relates to Mineral Resources was compiled by Ms Sharron Sylvester, who is a Member of the Australian Institute of Geoscientists (RPGEO 10125). Ms Sylvester is a full-time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012 and consents to the release of the information compiled 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..... this11th..... day ofMarch..... 2014.

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



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 2013, 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 AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 11 March 2014

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Monax Mining Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2013

	Note	Consolidated	
		Dec 2013	Dec 2012
		\$	\$
Other revenues from ordinary activities	3	47,878	2,415,311
Total other revenue		47,878	2,415,311
Administrative expenses		134,793	138,272
Consultancy expenses		50,848	67,314
Depreciation		10,276	4,908
Occupancy expenses		42,163	-
Employment expenses		109,933	111,268
Impairment of assets		6,176,695	41,687
Service fees		48,717	86,982
Loss on disposal of available for sale asset		121,991	-
Share of loss from equity accounted investments		-	53,043
Profit/(loss) before income tax expense		(6,647,538)	1,911,837
Income tax (expense)		(10,995)	-
Profit/(loss) for the period		(6,658,533)	1,911,837
Loss attributed to members of the parent entity		(6,658,533)	1,911,837
Items that maybe reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		(118,656)	(551,700)
Income tax relating to these items		-	-
		(118,656)	(551,700)
Other comprehensive income		-	-
Total comprehensive income for the period		(6,777,189)	1,360,137
Basic earnings per share (cents)		(4.4)	1.28
Diluted earnings per share (cents)		(4.4)	1.28

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2013

	Note	Consolidated	
		Dec 2013	Jun 2013
		\$	\$
Current assets			
Cash and cash equivalents	6	1,338,782	1,396,231
Trade and other receivables		53,658	225,217
Available for sale financial assets	10	206,059	-
Other assets		5,656	30,220
Total current assets		1,604,155	1,651,668
Non-current assets			
Plant and equipment		101,711	93,742
Investments accounted for using the equity method	9	1	1
Available for sale financial assets	10	-	782,428
Exploration and evaluation expenditure	7	5,832,825	11,737,172
Deferred tax asset		208,460	244,057
Total non-current assets		6,142,997	12,857,400
Total assets		7,747,152	14,509,068
Current liabilities			
Trade and other payables		573,403	614,152
Provisions		36,012	87,482
Total current liabilities		609,415	701,634
Non-current liabilities			
Deferred tax liability		208,460	244,057
Provisions		86,850	36,080
Total non-current liabilities		295,310	280,137
Total liabilities		904,725	981,771
Net assets		6,842,427	13,527,297
Equity			
Issued capital	12	19,776,016	19,683,697
Reserves		661,624	780,280
Retained losses		(13,595,213)	(6,936,680)
Total equity		6,842,427	13,527,297

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 2013

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
Balance at 1 July 2012	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
	19,683,697	760,790	(7,022,447)	13,422,040
Total comprehensive income	-	(551,700)	1,911,837	1,360,137
Balance as at 31 December 2012	<u>19,683,697</u>	<u>209,090</u>	<u>(5,110,610)</u>	<u>14,782,177</u>
Balance at 1 July 2013	19,683,697	780,280	(6,936,680)	13,527,297
Transactions with owners in their capacity as owners:				
Shares issued during the period	117,974	-	-	117,974
Cost associated with shares issued during the period	(25,655)	-	-	(25,655)
	19,776,016	780,280	(6,936,680)	13,619,616
Total comprehensive income	-	(118,656)	(6,658,533)	(6,777,189)
Balance as at 31 December 2013	<u>19,776,016</u>	<u>661,624</u>	<u>(13,595,213)</u>	<u>6,842,427</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 2013

	Consolidated	
	Dec 2013	Dec 2012
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	127,366	255,290
Cash payments in the course of operations	(467,858)	(438,939)
Interest received	16,861	67,631
Net cash (used in) operating activities	(323,631)	(116,018)
Cash flows from investing activities		
Payments for plant and equipment	(27,113)	(3,000)
Joint venture receipts	473,386	2,649,058
Payments for mining tenements and exploration	(748,017)	(2,951,723)
Proceeds from sale of investment	335,722	649,208
Proceeds from sale of mining tenements	-	25,000
Loans to related entities	150,880	(35,133)
Payments associated with sale of investments	-	(1,682)
Net cash provided by investing activities	184,858	331,728
Cash flows from financing activities		
Proceeds from issue of shares	117,974	-
Payments associated with the issue of shares	(36,650)	-
Net cash provided by financing activities	81,324	-
Net (decrease)/increase in cash held	(57,449)	215,710
Cash at the beginning of the half-year	1,396,231	2,409,725
Cash at the end of the half-year	1,338,782	2,625,435

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 2013

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 2013 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 2013 is available upon request from the Company's registered office at 140 Greenhill Road, Unley SA or at 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 2013 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 half-year 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 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements; and
- AASB 119 Employee Benefits (September 2011)

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances as the group has no arrangements within the scope of the above standards.

In addition to the above, the following mandatory accounting standards were required to be adopted by the consolidated entity during the current period and their effect on the half-year financial statements as below:

- AASB 112 Disclosure of Interests in Other Entities; 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; 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 15.

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2013

Other mandatory accounting standards issued and required to be adopted by the consolidated entity have not been included above as they are not expected to have a material impact on the Consolidated half-year Financial Statements.

These financial statements were authorised for issue by the board of directors on 11 March 2014.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2013

	Dec 2013	Dec 2012
	\$	\$
3		
<i>Other revenues from ordinary activities</i>		
Included in other revenues from ordinary activities:		
Interest: other parties	16,861	60,193
Realised gain on sale of investment in associates	-	546,109
Gain on reclassification of financial assets	-	1,525,632
Other revenue	31,017	283,377
	<u>47,878</u>	<u>2,415,311</u>

4 ***Contingent liabilities***

There have been no material changes to the aggregate of contingent liabilities since 30 June 2013.

5 ***Commitments***

There have been no material changes to commitments disclosed in the 30 June 2013 annual report.

	Dec 2013	Jun 2013
	\$	\$
6		
<i>Cash and cash equivalents</i>		
Cash at bank	723,782	781,231
Deposits at call	615,000	615,000
	<u>1,338,782</u>	<u>1,396,231</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2013

7 Exploration and evaluation expenditure

	Consolidated	
	Dec 2013	Jun 2013
	\$	\$
Movement:		
Carrying amount at beginning of year	11,737,172	9,886,721
Additional costs capitalised during the year	272,348	1,923,529
Sale of Interest	-	(27,500)
Impairment	(6,176,695)	(45,578)
Carrying amount at end of year	<u>5,832,825</u>	<u>11,737,172</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	5,586,557	10,011,660
Exploration and evaluation phase		
- Joint Venture	<u>246,268</u>	<u>1,725,512</u>
	<u>5,832,825</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.

8 Controlled entities

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

	Country of incorporation	Percentage owned (%)	
		Dec 2013	Jun 2013
Parent entity:			
Monax Mining Limited	Australia		
Subsidiaries of Monax Mining Limited:			
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 2013

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 2013	Jun 2013	Dec 2013	Jun 2013
Unlisted							
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50	50	1	1

Groundhog Services Pty Ltd is in the process of being wound up and the assets have been transferred to Groundhogs Services Partnership and its Partners, Monax Mining Limited and Marmota Energy Limited.

10 Available for sale financial assets

	Dec 2013	Jun 2013
	\$	\$
Current		
Available for sale investments	206,059	-
	206,059	-
Non current		
Available for sale investments	-	782,428
	-	782,428

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 2013

11 Operating segments continued

Details of the performance of each of these operating segments for the six month periods ended 31 December 2013 and 31 December 2012 are set out below:

December 2013	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment assets	5,586,557	246,268	-	5,832,825
<i>Segment asset increases for the period:</i>				
Capital expenditure	223,419	48,778	151	272,348
Impairment	(6,176,544)	-	(151)	(6,176,695)
	(5,953,125)	48,778	-	(5,904,347)
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents	-	-	-	1,338,782
Trade and other receivables	-	-	-	53,658
Other current assets	-	-	-	5,656
Plant and equipment	-	-	-	101,711
Investments accounted for using the equity method	-	-	-	1
Available for sale financial assets	-	-	-	206,059
Deferred tax asset	-	-	-	208,460
Total consolidated assets	5,586,557	246,268	-	7,747,152
June 2013				
Segment assets	11,539,682	197,490	-	11,737,172
<i>Segment asset increases for the period:</i>				
Capital expenditure (less disposals)	1,652,961	197,490	45,578	1,896,029
Impairment	-	-	(45,578)	(45,578)
	1,652,961	197,490	-	1,850,451
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents	-	-	-	1,396,231
Trade and other receivables	-	-	-	225,217
Other current assets	-	-	-	30,220
Plant and equipment	-	-	-	93,742
Investments accounted for using the equity method	-	-	-	1
Available for sale financial assets	-	-	-	782,428
Deferred tax asset	-	-	-	244,057
Total consolidated assets	11,539,682	197,490	-	14,509,068

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2013

11 Operating segments continued

December 2013	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment revenue	31,017	-	-	31,017
Segment results				
Gross segment result before depreciation, amortisation and impairment	31,017	-	-	31,017
Impairment	(6,176,544)	-	(151)	(6,176,695)
	(6,145,527)	-	(151)	(6,145,678)
Interest income	-	-	-	16,861
Loss on sale of available for sale asset	-	-	-	(121,991)
Other expenses	-	-	-	(396,730)
Profit/(loss) before tax	(6,145,527)	-	-	(6,647,538)
Income tax benefit/(expense)	-	-	-	(10,995)
Net profit after tax	(6,145,527)	-	-	(6,658,533)
December 2012				
Segment revenue	258,378	-	25,000	283,378
Segment results				
Gross segment result before depreciation, amortisation and impairment	258,378	-	25,000	283,378
Impairment	-	-	(41,687)	(41,687)
	258,378	-	(16,687)	241,691
Interest income	-	-	-	60,193
Gain on sale of associate	-	-	-	2,071,740
Share of associate's net profit/(loss)	-	-	-	(53,043)
Other expenses	-	-	-	(408,744)
Profit/(loss) before tax	258,378	-	(16,687)	1,911,837
Income tax benefit/(expense)	-	-	-	-
Net profit after tax	258,378	-	(16,687)	1,911,837

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2013

12 Issued capital

	Dec 2013	Jun 2013
	\$	\$
Issued and paid-up share capital		
154,147,257 (June 2013: 149,514,803) ordinary shares, fully paid	19,776,016	19,683,697
Ordinary shares		
Balance at the beginning of the period	19,683,697	19,683,697
Shares issued during the year		
- 700,000 (June 2013: 700,000) shares issued to rightsholders as part of an Employee Incentive Scheme	-	-
- 3,932,454 (June 2013: Nil) shares issued under a non renounceable rights issue	117,974	-
Less transaction costs arising from issue of shares net of tax	(25,655)	-
Balance at end of period	19,776,016	19,683,697

As at 31 December 2013, there were 975,000 (June 2013: 1,900,000) unissued shares for which the following options and right were outstanding.

- 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

13 Events subsequent to reporting date

There has not arisen in the interval between 31 December 2013 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.

14 Going Concern

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

The Consolidated Entity incurred a net loss of \$6,658,533. In addition, the Group incurred a net cash outflow of \$474,495 from operations and investing activities excluding the proceeds from the sale of Marmota Energy Limited shares of \$335,722. 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
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2013

15 *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:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) 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.

Monax Mining Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2013

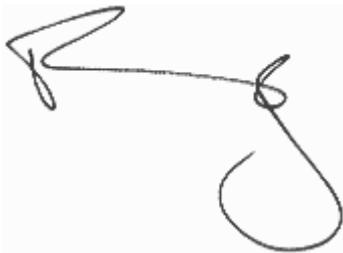
Directors' declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 6 to 18, 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 2013 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..... this11th..... day ofMarch..... 2014.

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

A handwritten signature in black ink, appearing to read 'R. Kennedy', with a large loop at the end.

Robert Michael Kennedy
Director

Level 1,
67 Greenhill Rd
Wayville SA 5034

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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 2013, 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 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 Monax Mining Limited 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 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 half-year 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 2013 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.

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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 2013 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 14 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$6,658,533 during the period ended 31 December 2013. In addition, the Group incurred a net cash outflow of \$474,495 from operating and investing activities, excluding the proceeds from the one off sale of Marmota Energy Limited shares of \$335,722. These conditions, along with other matters as set forth in Note 14, 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 half-year financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Partner – Audit & Assurance

Adelaide, 11 March 2014