



Monax Mining Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2016

CORPORATE DIRECTORY

Monax Mining Limited

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

Registered Office

139 Greenhill Road
UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588
Facsimile: (08) 8373 5917

Email: 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

Auditor

Grant Thornton
Chartered Accountants
Level 3
170 Frome Street
Adelaide SA 5000

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 2016 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*)

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

The net loss after income tax for the half-year was \$811,353 (December 2015 loss of \$435,664).

Monax Mining Limited ("Monax") is an Adelaide-based mineral explorer with projects located across north Queensland and the Northern Territory. In the six months to December 2016, Monax primarily focused on exploration at its Litchfield Lithium Project (Northern Territory) and Percyville Gold Project (northern Queensland).

During the period, Monax signed a binding term-sheet with the owner of three Exploration Licenses in the Litchfield area, Northern Territory. The Litchfield project is located approximately 110 kilometres south of Darwin and forms part of the Litchfield Pegmatite belt which is almost 200km long and includes the Bynoe Pegmatite Field to the north. This area is highly prospective for lithium and Monax completed regional mapping, rock chip sampling and soil sampling programs, returning highly encouraging results. Monax is currently planning a drilling program for the second quarter of 2017 at the completion of the northern wet season.

During August 2016, Monax signed a binding term sheet for a Mining Lease and exploration tenement in the Percyville area, northern Queensland. Initial rock chip sampling reported high-grade gold and follow-up induced polarisation ("IP") surveys provided data to assist with a drilling program. Monax completed the maiden fourteen hole drilling program in late 2016, which returned highly encouraging results including gold up to 23g/t over 1m. The company has plans for follow-up IP surveys and additional drilling for 2017 hoping to outline possible sub-surface extensions to the outcropping veins. Monax issued 4,000,000 Monax Shares to the owners of the mining lease as an option payment (see 24 August 2016 ASX Release for details).

Drilling results for Mt Ringwood gold project were received by Monax in July 2016, however no further work was undertaken and Monax subsequently withdrew from the Mt Ringwood project late in 2016.

During the period, Monax also completed a non-renounceable entitlement issue and subsequent shortfall placement, raising in excess of \$1.5 million on the basis of one New Share for every two ordinary fully paid shares held in the Company at an issue price of \$0.010 per share.

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.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Competent Person Statement

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 engaged under a contract to provide services 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.

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 this 14th day of March 2017

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



Robert Michael Kennedy
Director

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

**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 2016, 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 K Edwards
Partner – Audit & Assurance

Adelaide, 14 March 2017

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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 2016

	Note	Consolidated	
		Dec 2016	Dec 2015
		\$	\$
Other revenues from ordinary activities	4	8,568	45,997
Total other revenue		8,568	45,997
Administrative expenses		63,955	81,969
Consultancy expenses		123,403	115,286
Depreciation		1,539	3,869
Occupancy expenses		9,500	32,815
Employment expenses		51,156	123,540
Impairment of assets		454,628	124,182
Loss on sale of asset		95,451	-
Loss before income tax expense		(791,064)	(435,664)
Income tax (expense)		(20,289)	-
Loss for the period		(811,353)	(435,664)
Loss attributed to members of the parent entity		(811,353)	(435,664)
Items that maybe reclassified to profit or loss		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		(811,353)	(435,664)
Basic earnings per share (cents)		(0.2)	(0.2)
Diluted earnings per share (cents)		(0.2)	(0.2)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2016

	Note	Consolidated	
		Dec 2016	Jun 2016
		\$	\$
Current assets			
Cash and cash equivalents	7	920,689	151,368
Trade and other receivables		49,759	36,965
Other assets		12,710	7,096
Total current assets		<u>983,158</u>	<u>195,429</u>
Non-current assets			
Plant and equipment		23,049	24,079
Investments accounted for using the equity method	10	-	-
Exploration and evaluation expenditure	8	516,858	701,577
Total non-current assets		<u>539,907</u>	<u>725,656</u>
Total assets		<u>1,523,065</u>	<u>921,085</u>
Current liabilities			
Trade and other payables		68,062	162,891
Total current liabilities		<u>68,062</u>	<u>162,891</u>
Non-current liabilities			
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>68,062</u>	<u>162,891</u>
Net assets		<u>1,455,003</u>	<u>758,194</u>
Equity			
Issued capital	12	23,090,666	21,582,504
Reserves		785,080	785,080
Retained losses		(22,420,743)	(21,609,390)
Total equity		<u>1,455,003</u>	<u>758,194</u>

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 2016

	Issued capital	Reserves	Retained losses	Total
	\$	\$	\$	\$
Balance at 1 July 2015	21,034,163	785,080	(20,985,181)	834,062
Transactions with owners in their capacity as owners:				
Shares issued during the period	393,202	-	-	393,202
Cost associated with shares issued during the period	(14,942)	-	-	(14,942)
	378,260	-	-	378,260
(Loss) attributable to members of the parent company	-	-	(435,664)	(435,664)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(435,664)	(435,664)
Balance as at 31 December 2015	21,412,423	785,080	(21,420,845)	776,658
Balance at 1 July 2016	21,582,504	785,080	(21,609,390)	758,194
Transactions with owners in their capacity as owners:				
Shares issued during the period	1,555,502	-	-	1,555,502
Cost associated with shares issued during the period	(47,340)	-	-	(47,340)
	1,508,162	-	-	1,508,162
(Loss) attributable to members of the parent company	-	-	(811,353)	(811,353)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(811,353)	(811,353)
Balance as at 31 December 2016	23,090,666	785,080	(22,420,743)	1,455,003

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 2016

	Consolidated	
	Dec 2016	Dec 2015
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	-	-
Cash payments in the course of operations	(264,500)	(369,836)
Proceeds from Grants	-	41,379
Interest received	8,568	4,618
Net cash (used in) operating activities	(255,932)	(323,839)
Cash flows from investing activities		
Proceeds from plant and equipment	-	13,649
Joint venture payments	-	(323,847)
Payments for plant and equipment	(2,077)	-
Payments for mining tenements and exploration	(402,022)	(198,559)
Proceeds from sale of mining tenements	22,000	-
Loans to related entities	-	-
Net cash (used in)/provided by investing activities	(382,099)	(508,757)
Cash flows from financing activities		
Proceeds from issue of shares	1,503,501	145,500
Payments associated with the issue of shares	(96,149)	(14,942)
Net cash provided by financing activities	1,407,352	130,558
Net increase/(decrease) in cash held	769,321	(702,038)
Cash at the beginning of the half-year	151,368	1,071,929
Cash at the end of the half-year	920,689	369,891

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 2016

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 2016 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 2016 is available upon request from the Company's registered office at 139 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 2016 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 2016.

3 Critical accounting estimates and judgements

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

Key estimates – impairment

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

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

Key judgements- exploration and evaluation expenditure

The entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2016

reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

These financial statements were authorised for issue by the board of directors on 14 March 2017.

	Dec 2016	Dec 2015
	\$	\$
4		
<i>Other revenues from ordinary activities</i>		
Included in other revenues from ordinary activities:		
Interest: other parties	8,568	4,618
Other revenue	-	41,379
	<hr/>	<hr/>
	8,568	45,997

5 ***Contingent liabilities***

There have been no material changes to the aggregate of contingent liabilities since 30 June 2016.

6 ***Commitments***

There have been no material changes to commitments disclosed in the 30 June 2016 annual report.

7 ***Cash and cash equivalents***

	Dec 2016	Jun 2016
	\$	\$
Cash at bank and at call	920,689	151,368
	<hr/>	<hr/>
	920,689	151,368

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2016

8 Exploration and evaluation expenditure

	Consolidated	
	Dec 2016	Jun 2016
	\$	\$
Movement:		
Carrying amount at beginning of year	701,577	180,697
Additional costs capitalised during the year	365,360	689,973
Loss on sale of tenements	(95,451)	-
Impairment	(454,628)	(169,093)
Carrying amount at end of year	<u>516,858</u>	<u>701,577</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	105,092	281,371
Exploration and evaluation phase		
- Joint Venture	<u>411,766</u>	<u>420,206</u>
	<u>516,858</u>	<u>701,577</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.

9 Controlled entities

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

	Country of incorporation	Percentage owned (%)	
		Dec 2016	Jun 2016
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 2016

10 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 2016	Jun 2016	Dec 2016	Jun 2016
Unlisted							
Groundhog Partnership	Administration services	n/a	n/a	50	50	-	-

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, Bullock Creek, Oodnadatta, Mt Litchfield, Croydon, Mt Ringwood and Percyville 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 2016

11 Operating segments continued

Details of the performance of each of these operating segments for the six month periods ended 31 December 2016 and 31 December 2015 are set out below:

December 2016	Gawler Craton	Kangaroo Island	North Queensland	Bullock Creek	Oodnadatta	Mt Litchfield	Croydon	Mt Ringwood	Percyville	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	128,107	-	-	-	-	158,190	20,930	-	209,631	516,858
<i>Segment asset increases for the period:</i>										
Sale of tenement	(20,000)	-	-	-	-	-	-	-	-	(20,000)
Capital expenditure	11,611	974	(84)	(756)	-	152,140	2,380	9,464	209,631	385,360
Impairment	(184,672)	(974)	(3,504)	756	-	-	-	(266,234)	-	(454,628)
Loss on sale of tenement	(95,451)	-	-	-	-	-	-	-	-	(95,451)
	(288,512)	-	(3,588)	-	-	152,140	2,380	(256,770)	209,631	(184,719)
<i>Reconciliation of segment assets to group assets</i>										
Cash and cash equivalents										920,689
Trade and other receivables										49,759
Other current assets										12,710
Plant and equipment										23,049
Total consolidated assets	128,107	-	-	-	-	158,190	20,930	-	209,631	1,523,065

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2016

11 Operating segments continued

June 2016	Gawler Craton	Kangaroo Island	North Queensland	Bullock Creek	Oodnadatta	Mt Litchfield	Croydon	Mt Ringwood	Percyville	Total
Segment assets	416,619	-	3,588	-	-	6,050	18,550	256,770	-	701,577
<i>Segment asset increases for the period:</i>										
Capital expenditure (less disposals)	346,292	23,726	12,532	24,457	1,596	6,050	18,550	256,770	-	689,973
Sale of tenement	-	-	-	-	-	-	-	-	-	-
Impairment	(110,370)	(23,726)	(8,944)	(24,457)	(1,596)	-	-	-	-	(169,093)
	235,922	-	3,588	-	-	6,050	18,550	256,770	-	520,880
<i>Reconciliation of segment assets to group assets</i>										
Cash and cash equivalents										151,368
Trade and other receivables										36,965
Other current assets										7,096
Plant and equipment										24,079
Investments accounted for using the equity method										-
Total consolidated assets	416,619	-	3,588	-	-	6,050	18,550	256,770	-	921,085

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2016

11 Operating segments continued

December 2016	Gawler Craton	Kangaroo Island	North Queensland	Bullock Creek	Oodnadatta	Mt Litchfield	Croydon	Mt Ringwood	Percyville	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-	-	-	-	-
Segment results										
Impairment	(184,672)	(974)	(3,504)	756	-	-	-	(266,234)	-	(454,628)
Loss on sale of tenements	(95,451)	-	-	-	-	-	-	-	-	(95,451)
Interest income	-	-	-	-	-	-	-	-	-	8,568
Other expenses	-	-	-	-	-	-	-	-	-	(249,553)
Profit/(loss) before tax	(280,123)	(974)	(3,504)	756	-	-	-	(266,234)	-	(791,064)
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	(20,289)
Net profit after tax	(280,123)	(974)	(3,504)	756	-	-	-	(266,234)	-	(811,353)
December 2015										
Segment revenue	41,379	-	-	-	-	-	-	-	-	41,379
Segment results										
Impairment	(99,848)	(17,548)	(6,786)	-	-	-	-	-	-	(124,182)
Interest income	-	-	-	-	-	-	-	-	-	4,618
Other expenses	-	-	-	-	-	-	-	-	-	(357,479)
Profit/(loss) before tax	(58,469)	(17,548)	(6,786)	-	-	-	-	-	-	(435,664)
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	-
Net profit after tax	(58,469)	(17,548)	(6,786)	-	-	-	-	-	-	(435,664)

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2016

12 Issued capital

	Dec 2016	Jun 2016
	\$	\$
Issued and paid-up share capital		
457,960,718 (June 2016: 303,610,625) ordinary shares, fully paid	23,090,666	21,582,504
	<u>23,090,666</u>	<u>21,582,504</u>
Ordinary shares		
Balance at the beginning of the period	21,582,504	21,034,163
Shares issued during the year		
- 21,385,924 Shares issued to Antofagasta for 100% interest of Punt Hill tenement		149,701
- 14,000,000 Shares issued pursuant to resolution for acquisition of option agreement to explore NT mining leases		98,000
- 14,550,000 Shares issued under Share Purchase Plan		145,500
- 39,601,386 shares issued under placement		198,007
- 53,819,173 share issued under a Non-renounceable rights issue	538,192	-
- 96,530,920 shortfall shares issued under a Non-renounceable rights issue	965,310	-
- 4,000,000 shares issued pursuant to an option agreement	52,000	-
Less transaction costs arising from issue of shares net of tax	(47,340)	(42,867)
Balance at end of period	23,090,666	21,582,504

As at 31 December 2016, there were 1,525,000 (June 2016: 1,750,000) unissued shares for which the following options and right were outstanding.

- o 325,000 unlisted options exercisable at \$0.053 by 23 July 2017
- o 1,200,000 unlisted options exercisable at \$0.026 by 12 May 2020

13 Events subsequent to reporting date

Other than detailed below, there has not arisen in the interval between 31 December 2016 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.

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2016

The Consolidated Entity incurred a net loss of \$811,353. For the half-year ended 31 December 2016 there was a net cash outflow of \$638,031 from operations and investing activities. 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 2016

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 2016 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 14 March 2017

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



Robert Michael Kennedy
Director

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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 (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 2016 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 2016 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 related to Going Concern

We draw attention to Note 14 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$811,353 and a net cash outflow of \$638,031 from operating and investing activities during the period ended 31 December 2016. 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. Our opinion is not modified in relation to this matter.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S K Edwards
Partner – Audit & Assurance

Adelaide, 14 March 2017