



Monax Mining Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2014

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

Share Registrar

Computershare Investor Services Pty Ltd
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ADELAIDE SA 5000
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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 2014 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

The net (loss)/ profit after income tax for the half-year was \$(375,985) (December 2013 \$6,658,533).

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 2014 Monax has been focused on copper gold exploration at Punt Hill, base metal exploration at Parndana and diamond exploration on its Margaret Dam tenement.

In November 2014, the strategic alliance between Monax and a wholly owned subsidiary of Chilean copper producer Antofagasta plc ("Antofagasta") successfully concluded. The three year alliance resulted in two Designated Projects ("DP"). The Millers Creek DP and Musgrave DP are fully funded by Antofagasta.

Monax completed two holes at the Punt Hill Project, fully funded by joint venture partner Antofagasta. Further encouraging copper results were reported from the drill hole at the Groundhog prospect.

In November 2013, Monax signed a Farm-In Agreement with Western Australian Nickel Producer Western Areas Limited ("Western Areas") for the Western Gawler Craton Project. Under the terms of the Farm-In Agreement, Western Areas can earn an initial 75% interest in the tenements by spending \$800,000 within 2.5 years. Upon earning a 75% interest in the tenements, Western Areas has the right to earn a further 15% interest (for a total of 90%) by expending a further \$400,000 within 1.5 years. Western Areas have completed a high-resolution aeromagnetic survey over the entire project area and an extensive regional drilling program is planned for mid-2015.

Exploration on the Parndana Project comprised detailed gravity and induced polarisation ("IP") surveys. Monax completed two drill holes at the project with re-evaluation of the drilling showing that the target was not tested by the drilling. A subsequent soil sampling program outlined a coherent lead-zinc anomaly coincident with a significant resistive anomaly. Monax is planning further drilling to test the soil and IP anomaly.

In November 2014, Monax announced it had outlined a potential kimberlite on its Margaret Dam tenement. Detailed ground magnetic and gravity surveys provided further data which showed a coherent kimberlite target at approximately 80m below the surface. Monax is planning a two hole drilling program to test the target in mid-2015.

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

Likely developments

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

Competent Person Statement

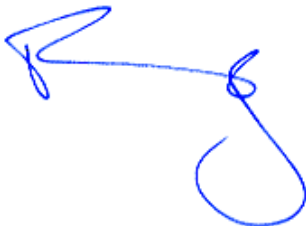
The information in this report that relates to Exploration Results is based on information compiled by Mr G M Ferris, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ferris is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience 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.

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..... this 10th..... day ofMarch..... 2015.

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



Robert Michael Kennedy
Director

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67 Greenhill Rd
Wayville SA 5034

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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 2014, 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 AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Partner – Audit & Assurance

Adelaide, 10 March 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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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 2014

	Note	Consolidated	
		Dec 2014	Dec 2013
		\$	\$
Other revenues from ordinary activities	3	144,770	47,878
Total other revenue		144,770	47,878
Administrative expenses		83,214	134,793
Consultancy expenses		33,171	50,848
Depreciation		10,398	10,276
Occupancy expenses		2,123	42,163
Employment expenses		116,669	109,933
Impairment of assets		161,095	6,176,695
Service fees		76,711	48,717
Loss on disposal of available for sale asset		-	121,991
Other expenses		6,446	-
Profit/(loss) before income tax expense		(345,057)	(6,647,538)
Income tax (expense)		(30,928)	(10,995)
Profit/(loss) for the period		(375,985)	(6,658,533)
Loss attributed to members of the parent entity		(375,985)	(6,658,533)
Items that maybe reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		132,802	(118,656)
Income tax relating to these items		-	-
		132,802	(118,656)
Other comprehensive income		-	-
Total comprehensive income for the period		(243,183)	(6,777,189)
Basic earnings per share (cents)		(0.18)	(4.4)
Diluted earnings per share (cents)		(0.18)	(4.4)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2014

	Note	Consolidated	
		Dec 2014	Jun 2014
		\$	\$
Current assets			
Cash and cash equivalents	6	1,391,219	1,280,943
Trade and other receivables		74,564	353,212
Other assets		18,738	18,161
Total current assets		1,484,521	1,652,316
Non-current assets			
Plant and equipment		63,360	82,369
Investments accounted for using the equity method	9	1	1
Available for sale financial assets	10	63,660	91,953
Exploration and evaluation expenditure	7	6,438,014	5,796,162
Deferred tax asset		19,097	27,585
Total non-current assets		6,584,132	5,998,070
Total assets		8,068,653	7,650,386
Current liabilities			
Trade and other payables		313,370	494,427
Provisions		119,886	86,953
Total current liabilities		433,256	581,380
Non-current liabilities			
Deferred tax liability		19,097	27,585
Provisions		26,507	42,402
Total non-current liabilities		45,604	69,987
Total liabilities		478,860	651,367
Net assets		7,589,793	6,999,019
Equity			
Issued capital	12	21,034,163	20,200,206
Reserves		780,280	647,478
Retained losses		(14,224,650)	(13,848,665)
Total equity		7,589,793	6,999,019

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 2014

	Issued capital \$	Reserves \$	Retained losses \$	Total \$
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)
	<u>19,776,016</u>	<u>780,280</u>	<u>(6,936,680)</u>	<u>13,619,616</u>
(Loss) attributable to members of the parent company	-	-	(6,658,533)	(6,658,533)
Other comprehensive income	-	(118,656)	-	(118,656)
	<u>-</u>	<u>(118,656)</u>	<u>(6,658,533)</u>	<u>(6,777,189)</u>
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>
Balance at 1 July 2014	20,200,206	647,478	(13,848,665)	6,999,019
Transactions with owners in their capacity as owners:				
Shares issued during the period	899,152	-	-	899,152
Cost associated with shares issued during the period	(65,195)	-	-	(65,195)
	<u>833,957</u>	<u>-</u>	<u>-</u>	<u>833,957</u>
(Loss) attributable to members of the parent company	-	-	(375,985)	375,895
Other comprehensive income	-	132,802	-	132,802
	<u>-</u>	<u>132,802</u>	<u>(375,985)</u>	<u>(243,183)</u>
Balance as at 31 December 2014	<u>21,034,163</u>	<u>780,280</u>	<u>(14,224,650)</u>	<u>7,589,793</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 2014

	Consolidated	
	Dec 2014	Dec 2013
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	144,770	127,366
Cash payments in the course of operations	(335,243)	(467,858)
Interest received	254	16,861
Net cash (used in) operating activities	(190,219)	(323,631)
Cash flows from investing activities		
Payments for plant and equipment	-	(27,113)
Joint venture receipts	826,933	473,386
Payments for mining tenements and exploration	(1,625,762)	(748,017)
Proceeds from sale of investment	-	335,722
Proceeds from sale of mining tenements	290,000	-
Loans to related entities	3,307	150,880
Net cash (used in)/provided by investing activities	(505,522)	184,858
Cash flows from financing activities		
Proceeds from issue of shares	899,152	117,974
Payments associated with the issue of shares	(93,135)	(36,650)
Net cash provided by financing activities	806,017	81,324
Net increase/(decrease) in cash held	110,276	(57,449)
Cash at the beginning of the half-year	1,280,943	1,396,231
Cash at the end of the half-year	1,391,219	1,338,782

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 2014

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 2014 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 2014 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 2014 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 2014, except for the application of the following standards as of 1 July 2014:

AASB 1031: Materiality

AASB 1055: Budgetary Reporting

AASB 2013-1, Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements

AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-5, Investment Entities

AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments

AASB 2014-2, Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements

AASB 2014-1, Amendments to Australian Accounting Standards Part A, B and C

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

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.

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 10 March 2015.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2014

	Dec 2014	Dec 2013
	\$	\$
3		
<i>Other revenues from ordinary activities</i>		
Included in other revenues from ordinary activities:		
Interest: other parties	31,109	16,861
Other revenue	113,661	31,017
	<u>144,770</u>	<u>47,878</u>

4 ***Contingent liabilities***

There have been no material changes to the aggregate of contingent liabilities since 30 June 2014.

5 ***Commitments***

There have been no material changes to commitments disclosed in the 30 June 2014 annual report.

6 ***Cash and cash equivalents***

	Dec 2014	Jun 2014
	\$	\$
Cash at bank	1,376,219	780,943
Deposits at call	15,000	500,000
	<u>1,391,219</u>	<u>1,280,943</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2014

7 Exploration and evaluation expenditure

	Consolidated	
	Dec 2014	Jun 2014
	\$	\$
Movement:		
Carrying amount at beginning of year	5,796,162	11,737,172
Additional costs capitalised during the year	641,852	679,683
Sale of Interest	-	(330,554)
Impairment	-	(6,290,139)
Carrying amount at end of year	<u>6,438,014</u>	<u>5,796,162</u>
Closing balance comprises:		
Exploration and evaluation		
- 100% owned	1,011,523	432,820
Exploration and evaluation phase		
- Joint Venture	<u>5,426,491</u>	<u>5,363,342</u>
	<u>6,438,014</u>	<u>5,796,162</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

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

	Country of incorporation	Percentage owned (%)	
		Dec 2014	Jun 2014
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 2014

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 2014	Jun 2014	Dec 2014	Jun 2014
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 2014	Jun 2014
	\$	\$
Non-current Available for sale investments	63,660	91,953
	<u>63,660</u>	<u>91,953</u>

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 2014

11 Operating segments continued

Details of the performance of each of these operating segments for the six month periods ended 31 December 2014 and 31 December 2013 are set out below:

December 2014	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment assets	5,586,434	844,046	7,534	6,438,014
<i>Segment asset increases for the period:</i>				
Capital expenditure	217,396	419,227	5,229	641,852
Impairment	-	-	-	-
	<u>217,396</u>	<u>419,227</u>	<u>5,229</u>	<u>641,852</u>
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents	-	-	-	1,391,219
Trade and other receivables	-	-	-	74,564
Other current assets	-	-	-	18,738
Plant and equipment	-	-	-	63,360
Investments accounted for using the equity method	-	-	-	1
Available for sale financial assets	-	-	-	63,660
Deferred tax asset	-	-	-	19,097
Total consolidated assets	<u>5,586,434</u>	<u>844,046</u>	<u>7,534</u>	<u>8,068,653</u>
June 2014				
Segment assets	5,369,038	424,819	2,305	5,796,162
<i>Segment asset increases for the period:</i>				
Capital expenditure (less disposals)	442,715	227,329	9,639	679,683
Sale of tenement	(330,554)	-	-	(330,554)
Impairment	(6,282,805)	-	(7,334)	(6,290,139)
	<u>(6,170,644)</u>	<u>227,329</u>	<u>2,305</u>	<u>(5,941,011)</u>
<i>Reconciliation of segment assets to group assets</i>				
Cash and cash equivalents	-	-	-	1,280,943
Trade and other receivables	-	-	-	353,212
Other current assets	-	-	-	18,161
Plant and equipment	-	-	-	82,369
Investments accounted for using the equity method	-	-	-	1
Available for sale financial assets	-	-	-	91,953
Deferred tax asset	-	-	-	27,585
Total consolidated assets	<u>5,369,038</u>	<u>424,819</u>	<u>2,305</u>	<u>7,650,386</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2014

11 Operating segments continued

December 2014	Gawler Craton	Kangaroo Island	North Queensland	Total
	\$	\$	\$	\$
Segment revenue	110,184	-	-	110,184
Segment results				
Gross segment result before depreciation, amortisation and impairment	110,184	-	-	110,184
Impairment	-	-	-	-
	110,184	-	-	110,184
Interest income	-	-	-	31,109
Other income	-	-	-	3,477
Other expenses	-	-	-	(489,827)
Profit/(loss) before tax	110,184	-	-	(345,057)
Income tax benefit/(expense)	-	-	-	(30,928)
Net profit after tax	110,184	-	-	(375,985)
December 2013				
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)

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2014

12 Issued capital

	Dec 2014	Jun 2014
	\$	\$
Issued and paid-up share capital		
214,073,315 (June 2014: 171,257,603) ordinary shares, fully paid	21,034,163	20,200,206
	<u>21,034,163</u>	<u>20,200,206</u>
Ordinary shares		
Balance at the beginning of the period	20,200,206	19,683,697
Shares issued during the year		
- Nil (June 2014: 700,000) shares issued on vesting of share rights	-	-
- 28,158,294 (June 2014: 3,932,454) shares issued under a non renounceable rights issue	591,324	117,974
- 14,656,421 (June 2014: 17,110,346) shares issued under placement	307,786	436,314
- 997 (June 2014: Nil) shares issued on exercise of options	42	-
Less transaction costs arising from issue of shares net of tax	(65,195)	(37,779)
Balance at end of period	21,034,163	20,200,206

As at 31 December 2014, there were 22,381,397 (June 2014: 975,000) unissued shares for which the following options and right were outstanding.

- o 21,406,397 listed options exercisable at \$0.042 by 29 July 2015
- 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 2014 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2014

14 *Going Concern*

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

The Consolidated Entity incurred a net loss of \$375,985. In addition, the Group incurred a net cash outflow of \$695,741 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.

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 2014

Directors' declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 6 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 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..... this10th..... day ofMarch..... 2015.

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



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 2014, 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 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 Monax Mining Limited consolidated entity’s financial position as at 31 December 2014 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 2014 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 \$375,985 during the period ended 31 December 2014. In addition, the Group incurred a net cash outflow of \$695,741 from operating and investing activities. 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 AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Partner – Audit & Assurance

Adelaide, 10 March 2015