



# Monax Mining Limited

ABN 96 110 336 733

Financial Statements for the year ended 30 June 2011

## 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 5588  
Facsimile: (08) 8375 3999

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

### Share Registrar

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
Telephone: 1300 556 151  
(For overseas shareholders 61 3 9415 5000)  
Facsimile: (08) 8236 2305

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

### Auditor

Grant Thornton  
Chartered Accountants  
67 Greenhill Road  
Wayville SA 5034

# Monax Mining Limited

## Directors' Report

The Directors present their report together with the financial report of Monax Mining Limited for the year ended 30 June 2011 and the auditor's report thereon.

### *Directors*

The Directors of Monax Mining Limited ('the Company') at any time during or since the end of the financial year are as set out below. Details of Directors' qualifications, experience and special responsibilities are as follows:

**Mr Robert Michael Kennedy** *ASAIT, Grad. Dip (Systems Analysis), FCA, ACIS, Life member AIM, FAICD.*

*Non-executive Chairman.* Mr Kennedy is a chartered accountant and consultant to Kennedy & Co, Chartered Accountants, a firm he founded. He joined Monax Mining Limited in August 2004 as Non-executive Chairman. Chairman of Beach Energy Limited (since 1995 and a Director since 1991), Flinders Mines Limited (since 2001), Ramelius Resources Limited (since 1995), Maximus Resources Limited (since 2004), ERO Mining Limited (since 2006), Marmota Energy Limited (since 2006) and Somerton Energy Limited (since 2010). His special responsibilities include membership of the Audit and Corporate Governance Committee and the Remuneration and Nomination Committee. Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies including in the resource sector. Mr Kennedy leads the development of strategies for the development and future growth of the Company.

*Interest in Shares and Options – 4,464,488 ordinary shares of Monax Mining Limited and options to acquire a further 558,062 shares.*

**Mr Reginald George Nelson** *BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD.*

*Non-executive Director.* Board member since 3 August 2004. Mr Nelson is an exploration geophysicist with a career spanning four decades in the petroleum and minerals industries. He was awarded honorary Life Membership of the Society of Exploration Geophysicists in 1989 and the Prime Minister's Centenary Medal in 2002 for services to mining. He has wide experience in technical, corporate and government affairs. He was Chairman of the Australian Petroleum Production and Exploration Association (APPEA) from 2004 to 2006 and is a Director of the APPEA Executive Committee and remains a member of its Council. He was recently awarded the Reg Sprigg Medal for outstanding contribution to the oil and gas industry at the 2009 APPEA Conference in Darwin.

Special responsibilities include membership of the Remuneration and Nomination Committee.

Other listed company directorships are: Managing Director of Beach Energy Limited (since 1992), Ramelius Resources Limited (since 1995), Marmota Energy Limited (since 2007) and Sundance Energy Australia Limited (since 2010).

*Interest in Shares and Options – 2,145,659 ordinary shares of Monax Mining Limited.*

**Mr Glenn Stuart Davis** *LLB, BEc*

*Non-executive Director.* Board member since 3 August 2004. Mr Davis is a solicitor and partner of DMAW Lawyers, a firm he founded. Mr Davis brings to the Board his expertise in the execution of large legal and commercial transactions and his expertise and experience in corporate activity regulated by the Corporations Act and ASX Ltd. He also has specialist skills and knowledge about the resources industry.

Special responsibilities include membership of the Audit and Corporate Governance Committee.

Other listed company directorships are: Deputy Chairman of Beach Energy Limited (since June 2009 and a Director since July 2007) and Director of Marmota Energy Limited (since 2007).

*Interest in Shares and Options – 2,775,455 ordinary shares of Monax Mining Limited.*

**Dr Neville Foster Alley** *Phd., PSM*

*Non-executive Director.* Board member since 27 January 2005. Dr Alley is an internationally known earth science researcher and was awarded the Verco Medal for his contribution and leadership in the earth sciences and the Public Service Medal (PSM) in 2005 for outstanding contribution to geology and minerals industry. He has extensive experience at senior levels in Government in Canada and as Director, Minerals, MESA and PIRSA and has a high level understanding of Government policy, regulation and legislation. He made a significant contribution in setting the SA Government's strategies for reinvigorating the minerals industry and led the development of Government initiatives such as TEISA and PACE. Dr Alley has worked closely with Aboriginal people and the community in developing a higher profile for the resources industry.

Other listed company directorships are: InterMet Resources Limited (since 2004 until August 2008), Beach Energy Limited (since July 2007), Marmota Energy Limited (since 2007) and ERO Mining Limited (from January 2011 until June 2011) and is a Visiting Research Fellow, School of Earth and Environmental Sciences, The University of Adelaide.

*Interest in Shares and Options – 3,022,727 ordinary shares of Monax Mining Limited.*

## **Monax Mining Limited**

### **Directors' Report (continued)**

**Mr Gary Michael Ferris** *BSc (Hons), AusIMM., GAICD*

*Managing Director.* Board member since 1 September 2009. Mr Ferris is a geologist with more than 18 years experience in exploration and management and holds an Honours Degree in Geology from the University of Adelaide and a Masters Degree from the Centre for Ore Deposits and Exploration Studies, University of Tasmania.

Mr Ferris brings extensive experience in adding to the value of Monax's asset base and the execution of effective exploration programs.

Mr Ferris was formerly Managing Director of InterMet Resources Limited until August 2008.

*Interest in Shares and Options – 1,000,000 ordinary shares of Monax Mining Limited and options to acquire 3,000,000 shares of Monax Mining Limited.*

**Mr Ewan John Vickery** *LLB*

*Alternate Director for Reginald George Nelson (appointed 7 February 2011; previously appointed 19 March 2009 ceased 25 June 2010)* Mr Vickery is a corporate and business lawyer with over 30 years experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as a lead native title advisor and negotiator for numerous mining and petroleum companies. Mr Vickery is a Director of Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004) and ERO Mining Limited (2006 until January 2011).

*Interest in Shares and Options – 55,300 ordinary shares of Monax Mining Limited.*

**Mr Ian Roy Witton** *SAIT, FCPA, FAICD*

*Alternate Director for Glenn Stuart Davis (appointed 28 January 2011; previously appointed 13 March 2009 ceased 24 June 2010)* Mr Witton is an independent non-executive director and has been a director for 25 years. Originally trained as an auditor, he was subsequently CEO and later Managing Director for 27 years of a licensed investment dealer developing and managing investment funds, savings, loans and a retirement village. He is also a director of a pharmacy and optical company and a public charitable trust fund. His principal experience is in funds and investment management, strategic development, risk management and corporate governance. Mr Witton is an Alternate Director of ERO Mining Limited (previously March 2009 ceased 30 September 2009 and currently since August 2010).

*Interest in Shares and Options – 148,923 ordinary shares of Monax Mining Limited and options to acquire a further 12,366 shares.*

# Monax Mining Limited

## Directors' Report (continued)

### *Directors' meetings*

The Company held 15 meetings of Directors (including committees of Directors) during the financial year. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company (including committees of Directors) during the financial year were as follows:

Director	Directors' meetings		Audit and corporate governance committee meetings		Remuneration and nomination committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Michael Kennedy	10	10	3	3	2	2
Reginald George Nelson	10	9	-	-	2	2
Glenn Stuart Davis	10	10	3	3	-	-
Neville Foster Alley	10	10	-	-	-	-
Gary Michael Ferris	10	10	-	-	-	-
Ewan John Vickery	1	1	-	-	-	-
Ian Roy Witton	1	1	-	-	-	-

Messrs Kennedy and Davis are members of the Audit and Corporate Governance Committee and Messrs Nelson and Kennedy are members of the Remuneration and Nomination Committee.

Messrs Vickery and Witton were present in meetings in the capacity of Alternate Directors.

### *Company Secretary*

The following person held the position of Company Secretary at the end of the financial year.

**Virginia Katherine Suttell** – *B.Comm.,ACA.,GAICD.,GradDip.ACG.* Appointed Company Secretary and Chief Financial Officer on 21 November 2007. She is a Chartered Accountant with 18 years experience working in public practice and commerce.

### *Principal activities*

The company's principal activity is mineral exploration.

### *Review and results of operations*

The 2011 year has been a period of consolidation with the signing of a major farm-in agreement for the Company's flagship Punt Hill project with Chilean copper mining company Antofagasta PLC.

During the year Monax has undertaken a significant gravity survey at Punt Hill which has produced up to eight priority drill targets. In August 2011, Monax undertook a successful heritage clearance with the Kokatha Uwankara Native Title company and gained clearance for six drill sites over new targets. Drilling is planned to commence in October 2011.

The Company also continued drilling on the Waddikee manganese project with further good results at Jamieson Tank and high-grade manganese reported from the Hodgins prospect. A second drilling program at the Melton project was completed with copper reported from three holes.

Due to the delay in the grant of the Cape York tenements, limited field exploration was undertaken during the year. Reconnaissance surface sampling showed Al<sub>2</sub>O<sub>3</sub> up to 44.5% which is highly encouraging and drilling is planned for October 2011 after Aboriginal heritage clearances.

# **Monax Mining Limited**

## **Directors' Report (continued)**

### ***Preparation of Financial Statements***

In preparing the financial statement at 30 June 2011 the following entities have not been consolidated on the grounds that they are no longer deemed to be controlled in accordance with Australian Accounting Standards. Monax Mining Ltd holds 24.1% of Marmota Energy Limited which does not represent control however it has been determined that significant influence remains by virtue of this shareholding.

- Marmota Energy Limited
- Groundhog Services Pty Ltd

These entities have been equity accounted from 1 January 2011 in the 30 June 2011 financial statements and are recognised as investments in associates.

Comparatives reflect the comparable position of Monax Mining Ltd as a standalone entity at 30 June 2010. The financial statements contain a reconciliation of the reported 2010 consolidated statement of financial position to that reported in this annual report.

### ***Results***

During the year, the Company continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$1,758,102.

The loss of the Company after providing for income tax amounted to \$117,648 (2010: \$3,074,601).

### ***Dividends***

No dividends have been paid or provided by the Company since the end of the previous financial year.

### ***State of affairs***

There have been no significant changes in the state of affairs of the Company during the year.

### ***Events subsequent to reporting date***

On 1 July 2011, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 28 July 2011, 225,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan. The exercise price of the options is 5.1 cents with an expiry date of 28 July 2016.

There has not arisen in the interval between 30 June 2011 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future years.

### ***Likely developments***

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

### ***Environmental regulation and performance statement***

The Company's operations are subject to significant environmental regulations under both Commonwealth and South Australian legislation in relation to discharge of hazardous waste and materials arising from any mining activities and development conducted by the Company on any of its tenements. To date the Company has only carried out exploration activities and there have been no known breaches of any environmental obligations.

### ***Indemnification and insurance of officers***

#### **Indemnification**

The Company is required to indemnify the Directors and other officers of the company against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

## Monax Mining Limited

### Directors' Report (continued)

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

#### Insurance premiums

Since the end of the previous year the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

#### Options

At the date of this report unissued ordinary shares of Monax Mining Limited under option are:

Expiry date*	Exercise price	Number of options	Vested	Unvested	Amount paid/payable by recipient (\$)
13/02/2012	\$0.666	150,000	150,000	-	-
18/07/2013	\$0.246	215,000	215,000	-	-
13/12/2013	\$0.0517	10,000	10,000	-	-
31/07/2012	\$0.10	3,000,000	3,000,000	-	-
30/11/2011	\$0.15	18,309,654	18,309,654	-	-
05/03/2015	\$0.0917	400,000	400,000	-	-
28/07/2016	\$0.051	225,000	225,000	-	-

\* All options may be exercised at any time before expiry. Option holders will receive one ordinary share in the capital of the Company for each option exercised.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

There were no amounts unpaid on shares issued.

#### Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

#### Non-audit services

There were no non-audit services provided by the external auditors during the year ended 30 June 2011.

#### Auditor of the Company

The auditor of the Company for the financial year was Grant Thornton.

#### Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2011 is set out immediately following the end of the Directors' report.

## **Monax Mining Limited**

### **Directors' Report (continued)**

#### **Remuneration Report – audited (continued)**

##### ***Remuneration policy***

The remuneration policy of Monax Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering other incentives based on performance in achieving key objectives as approved by the Board. The Board of Monax Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other key management personnel of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors of Monax Mining Limited has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors on the Remuneration and Nomination Committee and approved by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Remuneration and Nomination Committee is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of Monax given the nature of the Company's business as a mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

From time to time, the Company may grant retention rights as considered appropriate by the Remuneration and Nomination Committee and the Board, as a long term incentive for key management personnel. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

The employment conditions of the Managing Director, Mr Ferris is formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Directors' contract may be terminated at any time by mutual agreement. The Company may terminate the contract without notice in instances of serious misconduct. Ms Suttell is employed by Groundhog Services Partnership to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited. The employment conditions are set out in a contract of employment and include a three month notice period. Mr Ferris was appointed 1 September 2009 and employment conditions include a three month notice period.

##### ***Shares issued on exercise of remuneration options***

No shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

## Monax Mining Limited

### Directors' Report (continued)

#### Remuneration Report – audited (continued)

##### *Share rights granted*

During the 2011 financial year a total of 2,100,000 retention rights with a fair value of \$153,300 were granted to key management personnel.

##### *Directors' interests in shares and options*

Directors' relevant interests in shares and options of the Company are disclosed in Note 5 to the accounts.

##### **Remuneration of Directors and key management personnel**

This report details the nature and amount of remuneration for each key management person of the entity and for the executives receiving the highest remuneration.

##### **(a) Directors and key management personnel**

The names and positions held by Directors and key management personnel of the entity during the whole of the financial year are:

<b>Directors</b>	<b>Position</b>
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr EJ Vickery	Alternate Director (from 7 February 2011)
Mr IR Witton	Alternate Director (from 28 January 2011)
<b>Key management personnel</b>	
Ms VK Suttell	Chief Financial Officer / Company Secretary

# Monax Mining Limited

## Directors' Report (continued)

### Remuneration Report – audited (continued)

#### (b) Directors' remuneration

2011 primary benefits	Directors' fees	Salary, fees and leave	Non cash items	Cash bonus	Super contributions	Long service leave	Options/ rights	Total	Proportion of remuneration relating to performance
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>									
Mr RM Kennedy	73,395	-	-	-	6,605	-	-	80,000	-
Mr RG Nelson	41,973	-	-	-	3,777	-	-	45,750	-
Mr GS Davis <sup>1</sup>	45,750	-	-	-	-	-	-	45,750	-
Dr NF Alley	36,697	-	-	-	3,303	-	-	40,000	-
Mr GM Ferris	-	224,801	-	-	15,199	-	58,892	298,892	19.7%
Mr EJ Vickery <sup>2</sup>	1,835	-	-	-	165	-	-	2,000	-
Mr IR Witton <sup>2</sup>	1,835	-	-	-	165	-	-	2,000	-
	201,485	224,801	-	-	29,214	-	58,892	514,392	11.5%

2010 primary benefits	Directors' fees	Salary, fees and leave	Non cash items	Cash bonus	Super contributions	Long service leave	Options/ rights	Total	Proportion of remuneration relating to performance
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>									
Mr RM Kennedy	70,413	-	-	-	6,337	-	-	76,750	-
Mr RG Nelson	40,252	-	-	-	3,623	-	-	43,875	-
Mr GS Davis <sup>1</sup>	43,875	-	-	-	-	-	-	43,875	-
Dr NF Alley	35,207	-	-	-	3,168	-	-	38,375	-
Mr GM Ferris	-	187,949	-	4,000	12,051	-	183,000	387,000	1%
Mr MP Schwarz	-	32,872	4,718	-	2,410	-	-	40,000	-
Mr EJ Vickery <sup>2</sup>	2,000	-	-	-	-	-	-	2,000	-
Mr IR Witton <sup>2</sup>	2,000	-	-	-	-	-	-	2,000	-
	193,747	220,821	4,718	4,000	27,589	-	183,000	633,875	0.6%

1. Director's fees for Mr Davis are paid to a related entity of the Director.

2. Messrs Vickery and Witton received remuneration for their services as alternate directors.

**Monax Mining Limited**  
**Directors' Report (continued)**  
**Remuneration Report – audited (continued)**

**(c) Key management personnel remuneration**

2011 primary benefits	Salary, fees and leave \$	Non cash items \$	Cash bonus \$	Super contributions \$	Long service leave \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
<b>Key management personnel excluding Directors</b>								
Ms VK Suttell**	100,574	4,326	-	7,600	-	23,558	136,058	17.3%
	100,574	4,326	-	7,600	-	23,558	136,058	17.3%

2010 primary benefits	Salary, fees and leave \$	Non cash items \$	Cash bonus \$	Super contributions \$	Long service leave \$	Options/ rights \$	Total \$	Proportion of remuneration relating to performance
<b>Key management personnel excluding Directors</b>								
Ms VK Suttell**	78,135	-	2,000	6,923	-	14,875	101,933	16.5%
	78,135	-	2,000	6,923	-	14,875	101,933	16.5%

\*\* Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Until 30 June 2010, Ms Suttell was employed by Groundhog Services Pty Ltd to act as Company Secretary and Chief Financial Officer for Marmota Energy Limited and Monax Mining Limited. Effective 1 July 2010, Ms Suttell is employed by the Groundhog Services Partnership.

Mr Ferris was appointed Managing Director of Monax Mining Limited on 1 September 2009. Pursuant to his service agreement, Mr Ferris is paid a total package of \$252,000 per annum inclusive of superannuation guarantee contributions on an ongoing employment basis with a three month notice period. On commencement of employment, Mr Ferris was granted 3,000,000 options for ordinary shares with a fair market value of \$183,000. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company.

**(d) Director related entities**

Information of amounts paid to director related entities is set out in Note 23 to the financial statements.

# Monax Mining Limited

## Directors' Report (continued)

### Remuneration Report – audited (continued)

#### (e) Post-employment/retirement benefits

There were no post employment retirement benefits paid or payable to directors and key management personnel.

#### Options and rights granted

Apart from the options granted to directors in their capacity as employees of the Company under the Employee Share Option Plan and share rights as detailed below, no other options or rights were granted to directors or key management personnel of the company during the financial year.

Options	Grant Details			For the financial year ended 30 June 2011					Overall		
	Date	No.	Value \$	Exercised No.	Exercised \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Unvested %	Lapsed %
<b>Key Management Personnel</b>			(Note 1)	(Note 2)	(Note 3)		(Note 4)				
<b>Monax Mining Limited</b>											
Mr G Ferris	17.12.2009	3,000,000	183,000	-	-	-	-	3,000,000	100%	-	-
Ms V Suttell	05.03.2010	175,000	14,875	-	-	-	-	175,000	100%	-	-
		<u>3,175,000</u>	<u>197,875</u>					<u>3,175,000</u>			

Note 1 - The value of options granted as remuneration and as shown in the above table has been determined in accordance with applicable accounting standards.

Note 2 - All options exercised resulted in the issue of ordinary shares in Monax Mining Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.

Note 3 - The value of options that has been exercised during the year as shown in the above table was determined as at the time of exercise.

Note 4 - The value of options that has lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions have been satisfied.

During the year, share rights were granted to key management personnel as detailed below:

Retenti - on Rights	Grant Details			For the financial year ended 30 June 2011					Overall		
	Date	No.	Value \$	Exercised No.	Exercised \$	Lapsed No.	Lapsed \$	Vested No.	Vested %	Unvested %	Lapsed %
<b>Key Management Personnel</b>											
Mr G Ferris*	17.11.2010	1,500,000	109,500	-	-	-	-	-	-	-	-
Ms V Suttell*	17.11.2010	600,000	43,800	-	-	-	-	-	-	-	-
		<u>2,100,000</u>	<u>153,300</u>								

\*Retention rights vest one third on each of 1 July 2011, 1 July 2012 and 1 July 2013.

# Monax Mining Limited

## Directors' Report (continued)

### Remuneration Report – audited (continued)

#### Description of options/rights issued as remuneration

Details of the options granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per option/right at grant date	Amount paid/payable by recipient
23.12.2008	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	From issue date to 23.12.2013	\$0.0517	\$0.029	-
18.07.2008	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	From issue date to 18.07.2013	\$0.246	\$0.155	-
05.03.2010	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	From issue date to 05.03.2015	\$0.0917	\$0.085	-
<b>Rights</b>						
17.11.2010	Monax Mining Limited	1:1 Ordinary shares in Monax Mining Limited	One third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013	\$0.00	\$0.073	-

Option values at grant date were determined using the Black-Scholes valuation model.

Retention rights values at grant date were determined using the binomial valuation model.

The Report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:



Robert Michael Kennedy  
Director

Dated at Adelaide this 19<sup>th</sup> day of September 2011.

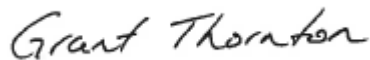
Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://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 audit of Monax Mining Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



P S Paterson  
Partner

Adelaide, 19 September 2011

**Monax Mining Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2011**

	Note	2011 \$	2010 \$
Other revenues	2	344,622	240,317
Total revenue			
Administration expenses	3	221,287	221,822
Consulting expenses	3	83,882	118,654
Depreciation expense	3	15,221	17,691
Employment expenses	3	352,403	476,967
Service fees		158,408	128,124
Impairment of assets	3	74,008	2,289,402
<b>Profit/(loss) before income tax expense</b>		(560,587)	(3,012,343)
Income tax benefit/(expense)	4	442,939	(62,258)
<b>Profit/(loss) after income tax expense</b>		(117,648)	(3,074,601)
Other comprehensive income		-	-
Total comprehensive income for the period		(117,648)	(3,074,601)
Basic earnings per share (cents)	7	(0.079)	(0.264)
Diluted earnings per share (cents)	7	(0.079)	(0.264)

The accompanying notes form part of these financial statements.

**Monax Mining Limited**  
**Statement of Financial Position**  
**As at 30 June 2011**

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	8	3,745,989	807,700
Trade and other receivables	9	318,691	491,533
Other current assets	10	20,891	19,283
Financial assets	11	-	4,000,000
<b>Total current assets</b>		<u>4,085,571</u>	<u>5,318,516</u>
<b>Non-current assets</b>			
Plant and equipment	12	143,678	178,215
Exploration and evaluation expenditure	15	9,983,060	8,864,116
Financial assets	13	3,260,359	2,160,001
Deferred tax asset		971,999	647,999
<b>Total non-current assets</b>		<u>14,359,096</u>	<u>11,850,331</u>
<b>Total assets</b>		<u>18,444,667</u>	<u>17,168,847</u>
<b>Current liabilities</b>			
Trade and other payables	16	337,946	118,119
Short term provisions	17	24,978	22,900
<b>Total current liabilities</b>		<u>362,924</u>	<u>141,019</u>
<b>Non-current liabilities</b>			
Deferred tax liability		971,999	647,999
Long term provisions	17	15,443	6,330
<b>Total non-current liabilities</b>		<u>987,442</u>	<u>654,329</u>
<b>Total liabilities</b>		<u>1,350,366</u>	<u>795,348</u>
<b>Net assets</b>		<u>17,094,301</u>	<u>16,373,499</u>
<b>Equity</b>			
Issued capital	18	19,674,526	19,674,526
Reserves		1,436,530	598,080
Retained earnings		(4,016,755)	(3,899,107)
<b>Total Equity</b>		<u>17,094,301</u>	<u>16,373,499</u>

The accompanying notes form part of these financial statements. Refer Note 27

**Monax Mining Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2011**

	Issued capital	Reserves	Retained earnings	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	13,866,800	378,955	(824,506)	13,421,249
Shares issued during the period	5,952,995	-	-	5,952,995
Transaction costs associated with the issue of shares net of tax	(145,269)	-	-	(145,269)
Fair value of options issued to employees	-	219,125	-	219,125
Total comprehensive income	-	-	(3,074,601)	(3,074,601)
<b>Balance at 30 June 2010</b>	19,674,526	598,080	(3,899,107)	16,373,499
Proceeds from the issue of shares during the period	-	-	-	-
Transaction costs associated with the issue of shares net of tax	-	-	-	-
Fair value of options issued to employees	-	82,450	-	82,450
Revaluation of associate to fair value	-	756,000	-	756,000
Total comprehensive income	-	-	(117,648)	(117,648)
<b>Balance at 30 June 2011</b>	19,674,526	1,436,530	(4,016,755)	17,094,301

The accompanying notes form part of these financial statements.

**Monax Mining Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2011**

	Note	2011	2010
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		68,780	47,448
Cash payments in the course of operations		(655,902)	(903,136)
Income tax rebate/refund		118,939	304,914
Interest received		336,358	66,844
<b>Net cash (used in)/provided by operating activities</b>	22(b)	<u>(131,825)</u>	<u>(483,930)</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(7,517)	(3,475)
Payments for exploration and evaluation assets		(1,758,102)	(1,492,533)
Cash advance joint venture activities		843,540	-
Loans to related entities		(7,807)	-
Security deposit		-	(15,000)
<b>Net cash (used in)/provided by investing activities</b>		<u>(929,886)</u>	<u>(1,511,008)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	5,952,995
Payment of transaction costs associated with capital raising		-	(207,527)
<b>Net cash provided by/(used in) financing activities</b>		<u>-</u>	<u>5,745,468</u>
<b>Net (decrease)/increase in cash held</b>		(1,061,711)	3,750,530
<b>Cash at the beginning of the financial year</b>		<u>4,807,700</u>	<u>1,057,170</u>
<b>Cash at the end of the financial year</b>	22(a)	<u>3,745,989</u>	<u>4,807,700</u>

The accompanying notes form part of these financial statements.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**1 Statement of significant accounting policies**

The financial report includes the financial statements and notes of Monax Mining Limited ('Company').

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporation Act 2001.

The following report covers Monax Mining Limited, a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

**(b) Income tax**

The income tax expense/(benefit) for the year comprises current income tax expense/(income) and deferred income tax (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### (c) *Plant and equipment*

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

##### *Plant and equipment*

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### *Depreciation*

All fixed assets are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Plant and equipment	5% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (d) *Exploration and evaluation expenditure*

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### (e) *Leases*

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### (f) *Financial instruments*

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through the profit or loss', in which case the costs are expensed to the Statement of Comprehensive Income immediately.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties. Where available, quoted prices, in an active market are used to determine fair value.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments:

- (i) Loans and receivables  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets except for those not expected to mature within 12 months after the end of the reporting period.
- (ii) Financial liabilities  
Non-derivative financial liabilities are subsequently measured at amortised cost.
- (iii) Available-for-sale financial assets  
Available-for-sale financial assets are non derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise the investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

##### *Impairment*

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired.

#### (g) *Impairment of assets*

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

#### (h) *Employee benefits*

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### **(h) Employee benefits (continued)**

##### *Equity settled compensation*

The Company operates equity settled share-based payment employee share option schemes. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions. The fair value of retention rights is ascertained using the binomial valuation model.

#### **(i) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **(j) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### **(k) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of goods and services tax (GST).

#### **(l) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Statement of Financial Position inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### **(m) Interests in joint ventures**

The Company's share of the assets, liabilities, reserves and expenses of joint venture operations are included in the appropriate items of the financial statements. Details of the Company's interests are shown at Note 14.

#### **(n) Investments in associates**

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Company's share of post-acquisition reserves and profits/(losses) of its associates. Details of the Company's interest in associates is shown at Note 13.

#### **(o) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days or recognition of the liability.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

**(p) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(q) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. (Refer Note 27)

**(r) 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 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.

**(s) Carbon tax impact**

On 10 July 2011, the Commonwealth Government announced the ‘Securing a Clean Energy Future – the Australian Government’s Climate Change Plan’. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Company as legislation must be voted on and passed by both houses of Parliament. In addition, as the Company will not fall within the ‘Top 500 Australian Polluters’, the impact of the Carbon Scheme may be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism may pass on their burden to their customers in the form of increased prices.

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### *(t) Adoption of the new and revised accounting standards*

During the current year the Company adopted all of the new and revised Australia Accounting Standards and Interpretations applicable to its operations which became mandatory.

#### **Recently issued accounting standards to be applied in future reporting periods**

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the Company in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Company.

- i) Consolidated Financial Statements  
IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation- Special Purpose Entities". The new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Company from 1 July 2013 and it is believed there will be insignificant impact.
- ii) Joint Arrangements  
IFRS 11: "Joint Arrangements" was issued by the IASB in May 2011 and provides for a more realistic reflection of joint venture arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interest in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted. Management is assessing the impact on the Company, but at this stage it is believed there will be insignificant impact.
- iii) Disclosure of Interests in Other Entities  
IFRS 12: "Disclosure of Interests in other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms on interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investments in Associates" as a result of above new standard. These amendments are applicable from 1 July 2013.
- iv) Fair Value Measurement  
IFRS 13: "Fair Value Measurements" was issued by the IASB in May 2011 and provides a precise definition of fair value, as a single source of fair value measurement and prescribes disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to the Company from 1 July 2013 and at this stage it is believed there will be no impact.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

*(t) Adoption of the new and revised accounting standards (continued)*

v) Other

In addition to the above recently issued accounting standards that are applicable in future years, we note the following new accounting standards that are applicable in future years:

- AASB 124: “Related Party Disclosures”;
- AASB 2009-12: “Amendments to Australian Accounting Standards”;
- AASB 2010-4: “Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project”;
- AASB 2010-5: “Amendments to Australian Accounting Standards”;
- AASB 2010-8: “Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets” and
- AASB 2011-4: “Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements”.

*(u) Authorisation for issue of financial statements*

The financial statements were authorised for issue by the Board of Directors on 19 September 2011.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

	Note	2011	2010
		\$	\$
<b>2</b>			
<b><i>Revenue from ordinary activities</i></b>			
<b>Other revenues:</b>			
<b><i>From operating activities</i></b>			
Interest received from other parties		260,464	192,869
Share of associate's net profit		20,358	-
Other revenue		63,800	47,448
<b>Total revenue from ordinary activities</b>		<b>344,622</b>	<b>240,317</b>
<b>3</b>			
<b><i>Profit from ordinary activities before income tax has been determined after</i></b>			
<b><i>Expenses</i></b>			
<b>Administration expenses</b>			
ASX fees		20,239	35,700
Share registry fees		26,530	47,619
Insurance		31,559	30,097
Audit and other services		35,337	24,750
Other		107,622	83,656
		<b>221,287</b>	<b>221,822</b>
<b>Consulting expenses</b>			
Legal fees		11,970	10,851
Corporate consulting		64,312	95,834
Accounting and secretarial services		7,600	11,969
		<b>83,882</b>	<b>118,654</b>
<b>Depreciation expenses</b>			
Plant and equipment		15,221	17,691
<b>Employment expenses</b>			
Salaries and wages		378,941	398,644
Directors' fees		215,500	206,874
Superannuation		29,070	35,276
Provisions		11,191	(17,006)
Share-based payments		82,450	219,125
Other		12,299	30,463
Reallocation to exploration costs		(377,048)	(396,409)
		<b>352,403</b>	<b>476,967</b>
<b>Impairment of assets</b>		<b>74,008</b>	<b>2,289,402</b>

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

	Note	2011	2010
		\$	\$
<b>4</b>	<b><i>Income tax benefit/(expense)</i></b>		
The components of tax expense comprise:			
Current income tax		442,939	(62,258)
Deferred income tax		-	-
Tax portion of capital raising costs		-	-
Income tax benefit/(expense) reported in the statement of comprehensive income		<u>442,939</u>	<u>(62,258)</u>

The prima facie income tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie income tax benefit/(expense) calculated at 30% on loss from ordinary activities		168,176	903,703
Tax losses utilised		178,026	-
Deferred tax asset in respect of tax losses not brought to account		-	(216,882)
Impairment expense previously brought to account		(22,202)	(686,821)
Research and development tax offset		118,939	-
Over provision in the prior year		-	-
Tax portion of capital raising costs		-	(62,258)
Income tax benefit/(expense) attributable to loss from ordinary activities		<u>442,939</u>	<u>(62,258)</u>

#### Income tax losses

Deferred tax asset arising from carried forward tax losses not recognised at reporting date as the asset is not regarded as meeting the probable criteria

- tax losses at 30%		(3,611,956)	(3,902,864)
Temporary differences		12,126	8,769

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### 5 Key management personnel disclosures

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2011. The totals of remuneration paid to key management personnel during the year are as follows:

	2011	2010
	\$	\$
Short term employee benefits	531,186	497,421
Post employment benefits	36,814	34,512
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	82,450	203,875
	<u>650,450</u>	<u>735,808</u>

Detailed remuneration disclosures are provided in the remuneration report.

#### (a) Directors and key management personnel

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Directors	Position
Mr RM Kennedy	Chairman – Non-executive
Mr RG Nelson	Director – Non-executive
Mr GS Davis	Director – Non-executive
Dr NF Alley	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr EJ Vickery	Alternate Director (from 7 February 2011)
Mr IR Witton	Alternate Director (from 28 January 2011)
<b>Key management personnel</b>	
Ms VK Suttell	Chief Financial Officer / Company Secretary

#### (b) Directors and key management personnel equity remuneration, holdings and transactions

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options together with the terms and condition of the options can be found in the remuneration report.

(ii) Share holdings

The number of shares in the company held during the financial year by each director of Monax Mining Limited and other key management personnel of the Company, including their personal related parties, are set out below. There were no shares granted during the year as remuneration.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 5 Key management personnel disclosures (continued)

#### (b) Directors and key management personnel equity remuneration, holdings and transactions

Shares in Monax Mining Limited	Balance 1/07/10	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/11	Total held in escrow 30/06/11
<b>Held by Directors in own name</b>						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr GM Ferris	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	4,464,488	-	-	-	4,464,488	-
Mr RG Nelson	2,145,659	-	-	-	2,145,659	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Dr NF Alley	3,108,919	-	-	-	3,108,919	-
Mr GM Ferris	-	-	-	500,000	500,000	-
Mr EJ Vickery	55,300	-	-	-	55,300	-
Mr IR Witton	98,923	-	-	50,000	148,923	-
Total held by Directors	12,648,744	-	-	550,000	13,198,744	-
<b>Key management personnel excluding Directors</b>						
Ms VK Suttell	38,727	-	-	-	38,727	-
Total	12,687,471	-	-	550,000	13,237,471	-

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 5 Key management personnel disclosures (continued)

#### (b) Directors and key management personnel equity remuneration, holdings and transactions

Shares in Monax Mining Limited	Balance 1/07/09	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Balance 30/06/10	Total held in escrow 30/06/10
<b>Held by Directors in own name</b>						
Mr RM Kennedy	-	-	-	-	-	-
Mr RG Nelson	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Dr NF Alley	-	-	-	-	-	-
Mr GM Ferris	-	-	-	-	-	-
Mr M Schwarz	-	-	-	-	-	-
Mr EJ Vickery	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
<b>Held by Directors' personally related entities</b>						
Mr RM Kennedy	3,031,391	-	-	1,433,097	4,464,488	-
Mr RG Nelson	2,040,001	-	-	105,658	2,145,659	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Dr NF Alley	3,056,090	-	-	52,829	3,108,919	-
Mr GM Ferris	-	-	-	-	-	-
Mr MP Schwarz	1,650,000	-	-	-	1,650,000	-
Mr EJ Vickery	55,300	-	-	-	55,300	-
Mr IR Witton	21,363	-	-	77,560	98,923	-
Total held by Directors	12,629,600	-	-	1,669,144	14,298,744	-
<b>Key management personnel excluding Directors</b>						
Ms VK Suttell	38,727	-	-	-	38,727	-
Total	12,668,327	-	-	1,669,144	14,337,471	-

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**5 Key management personnel disclosures (continued)**

**(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)**

(iii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below.

Options in Monax Mining Limited	Option class	Balance 1/07/10	Received as remuneration	Options exercised	Net change other	Balance 30/06/11	Total vested 30/06/11	Total exercisable 30/06/11
<b>Held by Directors in own name</b>								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
<b>Directors' personally related entities</b>								
Mr RM Kennedy	(k)	558,062	-	-	-	558,062	558,062	558,062
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr GM Ferris	(i)	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton	(k)	12,366	-	-	-	12,366	12,366	12,366
Total held by Directors		3,570,428	-	-	-	3,570,428	3,570,428	3,570,428
<b>Key management personnel excluding Directors</b>								
Ms VK Suttell	(g)	75,000	-	-	-	75,000	75,000	75,000
	(j)	175,000	-	-	-	175,000	175,000	175,000
Total		3,820,428	-	-	-	3,820,428	3,820,428	3,820,428

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**5 Key management personnel disclosures (continued)**

**(b) Directors and key management personnel equity remuneration, holdings and transactions (continued)**

(iv) Option holdings (continued)

Options in Monax Mining Limited	Option class	Balance 1/07/09	Received as remuneration	Options exercised	Net change other	Balance 30/06/10	Total vested 30/06/10	Total exercisable 30/06/10
<b>Held by Directors in own name</b>								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr RG Nelson		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Dr NF Alley		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr MP Schwarz		-	-	-	-	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
<b>Directors' personally related entities</b>								
Mr RM Kennedy	(e)	350,000	-	-	(350,000)	-	-	-
	(k)	-	-	-	558,062	558,062	558,062	558,062
Mr RG Nelson	(e)	350,000	-	-	(350,000)	-	-	-
Mr GS Davis	(e)	350,000	-	-	(350,000)	-	-	-
Dr NF Alley	(e)	400,000	-	-	(400,000)	-	-	-
Mr GM Ferris	(i)	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000
Mr MP Schwarz	(f)	750,000	-	-	(750,000)	-	-	-
	(h)	250,000	-	-	(250,000)	-	-	-
Mr EJ Vickery		-	-	-	-	-	-	-
Mr IR Witton	(k)	-	-	-	12,366	12,366	12,366	12,366
Total held by Directors		2,450,000	3,000,000	-	(1,879,572)	3,570,428	3,570,428	3,570,428
<b>Key management personnel excluding Directors</b>								
Ms VK Suttell	(g)	75,000	-	-	-	75,000	75,000	75,000
	(j)	-	175,000	-	-	175,000	175,000	175,000
Total		2,525,000	3,175,000	-	(1,879,572)	3,820,428	3,820,428	3,820,428

- (e) Unlisted options exercisable at \$0.40 by 30/06/2010  
(f) Unlisted options exercisable at \$0.26 by 12/04/2011  
(g) Unlisted options exercisable at \$0.246 by 18/07/2013  
(h) Unlisted options exercisable at \$0.0517 by 23/12/2013  
(i) Unlisted options exercisable at \$0.10 by 31/07/2012  
(j) Unlisted options exercisable at \$0.0917 by 05/03/2015  
(k) Listed options exercisable at \$0.15 by 30/11/2011

1. Net change other refers to shares purchased and/or sold during the financial year and shares no longer held by Directors or their related entities.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 5 Key management personnel disclosures (continued)

#### (b) Directors and key management personnel equity remuneration, holdings and transactions (continued)

##### (v) Share rights holdings

The number of rights over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below.

Rights	Period	Opening Balance	Received as remuneration	Exercised	Net change other	Balance period end	Total vested period end	Total exercisable period end
Mr RM Kennedy	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr RG Nelson	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr GS Davis	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Dr NF Alley	2011	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-
Mr GM Ferris	2011	-	1,500,000	-	-	1,500,000	-	-
	2010	-	-	-	-	-	-	-
Ms VK Suttell	2011	-	600,000	-	-	600,000	-	-
	2010	-	-	-	-	-	-	-
<b>Total</b>		-	2,100,000	-	-	2,100,000	-	-

#### Other key management personnel transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with key management personnel, refer to Note 23: Related parties.

	2011	2010
	\$	\$

### 6 Auditors' remuneration

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports

	35,300	24,750
	<u>35,300</u>	<u>24,750</u>

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### 7 *Earnings per share*

##### (a) Classification of securities

All ordinary shares have been included in basic earnings per share.

##### (b) Classification of securities as potential ordinary shares

150,000 unlisted options exercisable at \$0.666 by 14/02/2012  
215,000 unlisted options exercisable at \$0.246 by 18/07/2013  
10,000 unlisted options exercisable at \$0.0517 by 23/12/2013  
3,000,000 unlisted options exercisable at \$0.10 by 31/07/2012  
425,000 unlisted options exercisable at \$0.0917 by 05/03/2015  
18,309,658 listed options exercisable at \$0.15 by 30/11/2011

Options granted to employees under the Monax Mining Limited Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	2011	2010
	\$	\$

##### (c) Earnings used in the calculation of earnings per share

Profit/(loss) after income tax expense	(117,648)	(3,074,601)
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##### (d) Weighted average number of shares outstanding during the year used in calculating earnings per share

Number for basic earnings per share		
Ordinary shares	148,053,668	116,140,759
Number for diluted earnings per share		
Ordinary shares and options	148,061,894	116,265,401

#### 8 *Cash and cash equivalents*

Cash at bank	480,989	192,700
Deposits at call	3,265,000	615,000
	<u>3,745,989</u>	<u>807,700</u>

#### 9 *Trade and other receivables*

##### Current

Trade debtors	98,387	129,133
Loan to related party	129,807	122,000
Other debtors	90,497	240,400
	<u>318,691</u>	<u>491,533</u>

Other debtors represent accrued interest receivable, research and development tax offset receivable and GST refunds. Receivables are not considered past due and/or impaired.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

	Note	2011 \$	2010 \$
<b>10</b>	<b><i>Other current assets</i></b>		
	Prepayments	20,891	19,283

**11** ***Financial assets***

**Held-to-maturity investments**

Fixed interest short term deposit	-	4,000,000
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**12** ***Plant and equipment***

**Plant and equipment**

At cost	367,902	360,386
Accumulated depreciation	(224,224)	(182,171)
Net book value	143,678	178,215

**Reconciliations**

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

***Plant and equipment***

Carrying amount at beginning of year	178,215	219,848
Additions	7,517	3,476
Disposals	-	-
Accumulated depreciation	(42,054)	(45,109)
Carrying amount at end of year	143,678	178,215

**13** ***Investments in associates***

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2011	2010	2011	2010
Unlisted							
Marmota Energy Limited	Mineral Exploration	Australia	Ord	23.9	24.0	3,260,358	2,160,000
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50	50	1	1
Groundhog Partnership	Administration services	n/a	n/a	50	-	-	-

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

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

As discussed in Note 27 Marmota Energy Limited and Groundhog Services Pty Ltd are no longer consolidated. The de-consolidation was effective 1 January 2011. In accordance with Australian Accounting Standards the investment in Marmota Energy Limited has been marked to market value on de-consolidation and equity accounted for the six months ended 30 June 2011. The corresponding comparative is recognised at fair market value with reference to its quoted price on the ASX on 30 June 2010.

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

	2011	2010
	\$	\$
Balance at the beginning of the financial year	-	-
New investments during the year	3,240,001	-
Share of associated entity's profit after income tax	20,358	-
Balance at the end of the financial year	3,260,359	-

Refer Note 27, equity accounted investments from 1 January 2011.

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

	2011	2010
	\$	\$
Share of associate's profit before income tax	20,358	-
Share of associate's income tax expense	-	-
Share of associate's profit after income tax expense	20,358	-

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

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

Note	2011	2010
	\$	\$
Current assets	6,636,556	10,117,280
Non-current assets	21,733,893	18,142,911
Total assets	28,370,449	28,260,191
Current liabilities	(795,738)	(812,987)
Non-current liabilities	(98,143)	(107,056)
Total liabilities	(893,881)	(920,043)
Net assets	27,476,568	27,340,148

(d) Market value of listed investment in associate	2,052,000	2,160,000
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**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**14 Interests in unincorporated joint ventures**

Monax Mining Limited has the following interests in unincorporated joint ventures

No	State	Agreement Name	Parties	Summary
1	SA	Ambrosia Farm-in & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MOX gives MSA the right to explore for all minerals in the area covered by Exploration Licence EL 4510 (formerly EL 3358). During the financial year MSA has achieved its second earn in and has a 50% interest.
2	SA	Mineral Rights Transfer & Joint Venture Agreement	Marmosa Pty Ltd (MSA) and Monax Mining Limited (MOX)	MSA transfers to MOX 100% of its interests in minerals other than uranium and 30% of its interests in uranium for areas covered by the following Exploration Licences: EL 3907, EL 3909 and EL 3910. MSA and MOX enter into a joint venture to explore for uranium.
3	SA	Farmin Agreement	OM (Manganese) Limited (OMM) and Monax Mining Limited (MOX)	MOX gives OMM the exclusive right to conduct exploration for all minerals except uranium and non-ferrous minerals (subject to an election by OMM in accordance with the agreement) on area covered by Exploration Licence EL 3357. Once OMM has spent \$2 million it will have earned 60% interest. Minimum expenditure of \$250,000 in the first year must be spent before OMM can withdraw from the agreement and the \$4 million must be incurred within 4 years.
4	SA	Melton Joint Venture	Monax Mining Limited (MOX) and Marmota Energy Limited (MEU)	MEU will have the right to explore for all minerals in the area covered by Exploration Licences EL 4000 and EL 3911. MEU and MOX operate a 50:50 joint venture
5	SA	Punt Hill Farm-in Agreement	Monax Mining Limited (MOX) and Antofagasta Minerals SA (AMS)	MOX gives AMS the right to explore for all minerals in the area covered by Exploration Licences EL 4642 and EL 4548. AMS has the right to earn 51% interest in the tenement by expending US\$4 million over 4 years.

	Note	2011	2010
		\$	\$

**15 Exploration and evaluation expenditure**

Costs carried forward in respect of areas of interest in:

Exploration and evaluation phase	(i)	9,983,060	8,864,116
Total exploration and evaluation expenditure		9,983,060	8,864,116

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.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**15 Exploration and evaluation expenditure (continued)**

**(i) Reconciliation**

A reconciliation of the carrying amount of exploration and/or evaluation phase expenditure is set out below.

	2011	2010
	\$	\$
Carrying amount at beginning of year	8,864,116	9,720,382
Additional costs capitalised during the year	1,192,952	1,433,136
Impairment of exploration asset	(74,008)	(2,289,402)
Carrying amount at end of year	9,983,060	8,864,116

**16 Trade and other payables**

Trade creditors	31,867	46,528
Other creditors and accruals	277,512	61,189
Amounts payable to Director related entities*	28,567	10,402
	337,946	118,119

\* Details of amounts payable to Director related entities are detailed in Note 23.

**17 Provisions**

**Current**

Employee benefits	24,978	22,900
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**Non-current**

Employee benefits	15,443	6,330
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**Provision for long service leave**

A provision for long service leave has been recognised for employee benefits. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

	2011	2010
	\$	\$
<b>Provisions</b>		
Opening balance at beginning of year	29,230	46,236
Additional provisions	11,191	(17,006)
Balance at end of year	40,421	29,230

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**18 Issued capital**

	2011	2010
	\$	\$
<b>Issued and paid-up share capital</b>		
148,053,668 (2010: 148,053,668) ordinary shares, fully paid	19,674,526	19,674,526
<b>(a) Ordinary shares</b>		
Balance at the beginning of year:	19,674,526	13,866,800
Shares issued during the year:		
Nil (2010: 34,887,449) shares issued to shareholders as part of a Share Purchase Plan and Placement at \$0.075	-	2,616,558
Nil (2010: 36,619,158) shares issued to shareholders as part of a Rights Issue and Placement at \$0.075	-	2,746,437
Nil (2010: 5,900,000) shares issued to shareholders as part of a Placement at \$0.10	-	590,000
Nil (2010: 4) shares issued to option holders on the exercise of options at \$0.15	-	-
Less transaction costs arising from issue of shares net of tax	-	(145,269)
Balance at end of year	19,674,526	19,674,526

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

In the event of winding up of the Company ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

**(b) Options/rights**

For information relating to the Monax Mining Limited Employee Share Option Plan including details of any options issued, exercised and lapsed during the financial year, refer to Note 19.

For information relating to share options and share rights issued to executive Directors during the financial year, refer to Note 5.

At 30 June 2011, there were 24,209,654 (30 June 2010: 22,109,654) unissued shares for which the following options/rights were outstanding.

- 150,000 unlisted options exercisable at \$0.666 by 14/12/2012
- 215,000 unlisted options exercisable at \$0.246 by 18/07/2013
- 10,000 unlisted options exercisable at \$0.0517 by 23/12/2013
- 3,000,000 unlisted options exercisable at \$0.10 by 31/07/2012
- 425,000 unlisted options exercisable at \$0.0917 by 05/03/2015
- 18,309,654 listed options exercisable at \$0.15 by 30/11/2011
- 2,100,000 share rights vesting 1/3 each of 01/07/2011, 01/07/2012 and 01/07/2013

**(c) Capital Management**

Management effectively manages the company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly. These responses include share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. Capital is shown as issued capital in the Statement of Financial Position.

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### 19 Share-based payments

Share-based payment arrangements are in line with the Monax Mining Limited Employee Share Option plan and retention rights scheme, details of which are outlined in the directors' report.

##### (i) Options

Listed below are summaries of options granted:

Monax Mining Limited	2011		2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	3,800,000	0.0584	1,825,000	0.330
Granted – December 2009	-	-	3,000,000	0.061
Granted – March 2010	-	-	425,000	0.085
Exercised	-	-	-	-
Expired	-	-	-	-
Lapsed	-	-	(1,450,000)	-
Outstanding at year-end	<u>3,800,000</u>	0.0584	<u>3,800,000</u>	0.0584
Exercisable at year-end	<u>3,800,000</u>	-	<u>3,800,000</u>	-

On 5 March 2010, 425,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.0917 each. These options are exercisable on or before 5 March 2015.

On 17 December 2009, 3,000,000 share options were granted to Mr GM Ferris to take up ordinary shares at an exercise price of \$0.10 each. The options are exercisable on or before 31 July 2012.

On 23 December 2008, 260,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.0517 each. These options are exercisable on or before 23 December 2013. 250,000 of these options have lapsed.

On 18 July 2008, 365,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.246 each. These options are exercisable on or before 18 July 2013. 150,000 of these options have lapsed.

On 15 February 2007, 450,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.666 each. These options are exercisable on or before 14 March 2012. 300,000 of these options have lapsed.

The options are non-transferable except as allowed under the Monax Mining Limited Employee Share Option Plan and are not quoted securities. At reporting date, no share options had been exercised.

All options granted to executive directors and key management personnel are over ordinary shares in Monax Mining Limited which confer a right of one ordinary share for every option held. The life of the options is based on the days remaining until expiry.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 19 Share-based payments (continued)

#### (i) Options (continued)

No options were granted to Executive Directors and key management personnel as share-based payments during the year.

The options hold no voting or dividends rights and are unlisted. The options lapse six months subsequent to the cessation of employment with the Company. There are no vesting conditions attached to the options.

The fair value of the options granted was calculated by using the Black Scholes option pricing model applying the following inputs.

	March 2010	December 2009	December 2008	July 2008	February 2007
Weighted average fair value (Black Scholes)	\$0.085	\$0.061	\$0.029	\$0.155	\$0.545
Weighted average exercise price	\$0.0917	\$0.10	\$0.05	\$0.246	\$0.666
Weighted average life of the option	1,825 days	956 days	1,825 days	1,825 days	1,825 days
Underlying share price	\$0.10	\$0.08	\$0.03	\$0.19	\$0.83
Expected share price volatility	122%	151%	201%	117%	69.84%
Risk free interest rate	4.00%	3.75%	4.25%	7.25%	5.0%

The life of the options is based on the days remaining until expiry. Volatility is based on historical share prices.

#### (ii) Retention Rights

On 17 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, will vest over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares will be issued to the executives. The fair value of these rights at grant date was \$153,300 of which \$82,450 was recognised during the 2011 financial year in the share based payments reserve and Statement of Comprehensive Income. At reporting date, none of the 2,100,000 rights had vested. The fair value of the rights was determined by obtaining an independent valuation and considering the market price of the underlying shares at the date the rights were granted and assuming that all holders continued to be employees of the Company, adjusted for the risk that vesting conditions are not met.

Each right is issued for no consideration. Once exercisable, a right entitles the holder to one fully paid ordinary share in Monax Mining Limited. The aggregate value of rights at the grant date is \$153,300 of which \$82,450 was expensed in the 2011 financial year. \$70,850 is to be expensed in subsequent years. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The notional value of equity instruments which do not vest during the reporting period is determined at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The notional value of rights as at grant date has been determined in accordance with AASB2. The calculations are performed using an appropriate valuation methodology. The total minimum value of rights if vesting conditions are not met is nil.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**19 Share-based payments (continued)**

**Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were as follows:

	Consolidated	
	2011	2010
	\$	\$
Options issued under employee option plan	-	219,125
Retention rights issued	82,450	-
	<u>82,450</u>	<u>219,125</u>

**20 Financial risk management**

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2011	2010
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents		3,745,989	807,700
Held-to-maturity investments			
- Fixed interest securities		-	4,000,000
Loans and receivables		318,691	491,533
		<u>4,064,680</u>	<u>5,299,233</u>
<b>Financial liabilities</b>			
Trade and other payables		337,946	118,119
		<u>337,946</u>	<u>118,119</u>

**Financial risk management policies**

The Board of Directors are responsible for monitoring and managing financial risk exposures of the Company.

**Specific financial risk exposures and management**

The main risks the Company is exposed to includes liquidity risk, credit risk and interest rate risk.

**(a) Liquidity risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 20 *Financial risk management (continued)*

#### (b) *Credit risk exposures*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the entity which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

No receivables are considered past due or impaired at reporting date.

#### (c) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The company has no long term financial liabilities upon which it pays interest. Cash is held in an interest yielding cheque account and on short term call deposit where the interest rate is both fixed and variable according to the financial asset.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2011 approximately 87.5% of Company deposits are fixed. It is the policy of the Company to keep between 90% and 100% of surplus cash in high yielding deposits.

#### (d) *Sensitivity analysis*

##### *Interest rate*

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. It should be noted that the company does not have borrowings and any impacts would be in relation to deposit yields on cash investments.

##### *Interest rate sensitivity analysis*

At reporting date, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2011	2010
	\$	\$
Change in loss		
Increase in interest rates by 2%	74,920	96,140
Decrease in interest rates by 2%	(74,920)	(96,140)
Change in equity		
Increase in interest rates by 2%	74,920	96,140
Decrease in interest rates by 2%	(74,920)	(96,140)

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 20 *Financial risk management (continued)*

#### (e) *Net fair values of financial assets and liabilities*

Fair values are amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The net fair values of financial assets and liabilities are determined by the entity on the following bases:

- (i) Monetary financial assets and financial liabilities not readily traded in an organised financial market are carried at book value and where relevant adjusted for any changes in exchange rates.
- (ii) Non-monetary financial assets and financial liabilities are recognised at their carrying values recognised in the Statement of Financial Position.

The carrying amount of financial assets and liabilities is equivalent to fair value at reporting date.

### 21 *Commitments and contingent liabilities*

#### (a) *Exploration expenditure commitments*

In order to maintain current rights of tenure to exploration tenements, the entity will be required to outlay in the year ending 30 June 2012 amounts of approximately \$1,308,000 to meet minimum expenditure requirements pursuant to various joint venture requirements and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

#### (b) *Operating lease commitments*

Effective 1 July 2008, Groundhog Services Pty Ltd will provide company secretarial and financial services, tenement management, office administration, logistical support and office accommodation. Groundhog has entered into a non-cancellable operating lease commencing in August 2008 for a five year period for office and warehouse accommodation.

#### (c) *Contingent liabilities*

As at 30 June 2011, there were no contingent liabilities.

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

		2011	2010
		\$	\$
<b>22 Notes to the statements of cash flows</b>			
<b>(a) Cash at the end of the financial year consists of the following:</b>			
Cash at bank and at call	8	3,745,989	807,700
Financial assets	11	-	4,000,000
		<u>3,745,989</u>	<u>4,807,700</u>
<b>(b) Reconciliation of profit from ordinary activities after income tax to net cash outflow from operating activities</b>			
Profit/(Loss) from ordinary activities after income tax		(117,648)	(3,074,601)
Add/(less) items classified as investing/financing activities			
Share of associate net (profit)/loss		(20,358)	-
Add/(less) non cash items			
Depreciation		15,221	17,691
Share-based payments		82,450	219,125
Impairment of asset		74,008	2,289,402
Income tax expense/ (benefit)		(324,000)	62,258
Changes in operating assets and liabilities			
(Increase)/decrease in prepayments		(1,608)	3,743
(Increase)/decrease in receivables		172,842	(47,868)
(Decrease)/increase in accounts payable		(23,923)	63,326
(Decrease)/increase in loans		-	-
(Decrease)/increase in provisions		11,191	(17,006)
Net cash provided by/(used in) operating activities		<u>(131,825)</u>	<u>(483,930)</u>

# Monax Mining Limited

## Notes to the financial statements

For the year ended 30 June 2011

### 23 Related parties

#### Directors' transactions with the Company

A number of Directors of the Company, or their Director related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with Directors and their Director related entities were no more favourable to the Directors and their Director related entities than those available, or which might reasonably be expected to be available, on similar transactions to Non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year (excluding re-imburement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

Director	Transaction	Note	2011 \$	2010 \$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		18,980	35,674
RM Kennedy, GS Davis, NF Alley and RG Nelson	Payments to a Director related entity for exploration and joint logistics.	(i)	456,091	557,205
GM Ferris	Payments to a Director related entity for administration services.	(ii)	368,726	302,094

(i) This amount relates to the exploration undertaken on behalf of Monax Mining Limited by Marmota Energy Limited for access and participation in projects in South Australia.

(ii) This amount relates to the provision of administration and logistical services by Groundhog Services Pty Ltd.

Amounts receivable from and payable to Directors and their Director related entities at reporting date arising from these transactions were as follows:

	2011 \$	2010 \$
Current receivables		
Trade debtors	-	-
Loan to related party	129,807	122,000
	<u>129,807</u>	<u>122,000</u>
Current payables		
Trade creditors	-	-
Amounts payable to associates	28,567	10,402
	<u>28,567</u>	<u>10,402</u>

\* Amounts payable to associates represents amounts payable to Marmota Energy Limited and Groundhog Service Pty Ltd, both associated companies.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**24 Operating segments**

**Segment information**

*Description of segments*

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

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

**Basis of accounting for purposes of reporting by operating segment**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Details of the performance of each of these operating segments for the financial years ended 30 June 2011 and 30 June 2010 are set out below:

**(i) Segment information**

June 2011	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Segment revenue</b>	63,800	47,448	-	-	-	-	63,800	47,448
<b>Segment results</b>								
Gross segment result before depreciation, amortisation and impairment	63,800	47,448	-	-	-	-	63,800	47,448
Depreciation and amortisation	-	-	-	-	-	-	-	-
Impairment	-	-	(74,008)	(2,289,402)	-	-	(74,008)	(2,289,402)
	63,800	47,448	(74,008)	(2,289,402)	-	-	(10,208)	(2,241,954)
Interest income							260,464	192,869
Share of associates' net profit							20,358	-
Other expenses							(831,201)	(963,258)
<b>Profit/(loss) before tax</b>							(560,587)	(3,012,343)
Income tax benefit/(expense)							442,939	(62,258)
<b>Net profit/(loss) after tax</b>							(117,648)	(3,074,601)

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**24 Operating segments (continued)**

**(ii) Segment assets**

	Gawler Craton		Kangaroo Island		North Queensland		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>	9,396,742	8,725,201	-	-	586,318	138,915	9,983,060	8,864,116

*Segment asset increases for the period:*

Capital expenditure	671,540	1,033,578	74,008	260,643	447,403	138,915	1,192,951	1,433,136
Impairment	-	-	(74,008)	(2,289,402)	-	-	(74,008)	(2,289,402)
	671,540	1,033,578	-	(2,028,759)	447,403	138,915	1,118,943	(856,266)

*Reconciliation of segment assets to company assets*

Cash and cash equivalents							3,745,989	807,700
Trade and other receivables							318,691	491,533
Other current assets							20,891	19,283
Financial assets – current							-	4,000,000
Plant and equipment							143,678	178,215
Financial assets – non current							3,260,359	2,160,001
Deferred tax asset							971,199	647,999
<b>Total assets</b>							<u>18,444,667</u>	<u>17,168,847</u>

**(iii) Segment liabilities**

<b>Segment liabilities</b>	3,734	44,836	-	-	24,423	-	28,157	44,836
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*Reconciliation of segment liabilities to company liabilities*

Trade and other payables							309,789	73,283
Short term provisions							24,978	22,900
Deferred tax liability							971,999	647,999
Long term provisions							15,443	6,330
<b>Total liabilities</b>							<u>1,350,366</u>	<u>795,348</u>

# Monax Mining Limited

## Notes to the financial statements

### For the year ended 30 June 2011

#### **25** *Events subsequent to reporting date*

On 1 July 2011, 700,000 share rights vested and resulted in the issue of 500,000 fully paid ordinary shares to the Managing Director and 200,000 fully paid ordinary shares to the Company Secretary.

On 28 July 2011, 225,000 share options were granted to employees under the Monax Mining Limited Employee Share Option Plan. The exercise price of the options is 5.1 cents with an expiry date of 28 July 2016.

Other than the matters noted above, there has not arisen in the interval any matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Company, the results of those operations, or the state of the Company in future years.

#### **26** *Reserves*

Reserves include the share options reserve recording items recognised as expenses on valuation of employee share options and share rights, and the revaluation of associate entity fair value.

#### **27** *Comparative Information*

In preparing the financial statement at 30 June 2011 the following entities have not been consolidated on the grounds that they are no longer deemed to be controlled in accordance with Australian Accounting Standards. Monax Mining Ltd holds 24.1% of Marmota Energy Ltd which does not represent control however it has been determined that significant influence remains by virtue of this shareholding.

- Marmota Energy Ltd
- Groundhog Services Pty Ltd

These entities have been equity accounted from 1 January 2011 in the 30 June 2011 financial statements and are recognised as investments in associates.

Comparatives reflect the comparable position of Monax Mining Ltd as a standalone entity at 30 June 2010. The financial statements contain a reconciliation of the reported 2010 consolidated statement of financial position to that reported in this annual report.

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**27 Comparative Information (continued)**

Total equity is reconciled below:

	\$ 2010 Consolidated
<b>Current assets</b>	
Cash and cash equivalents	2,933,248
Trade and other receivables	641,115
Other current assets	54,739
Financial assets	11,500,000
<b>Total current assets</b>	<u>15,129,102</u>
<b>Non-current assets</b>	
Plant and equipments	757,470
Exploration and evaluation expenditure	17,007,681
<b>Total non-current assets</b>	<u>17,765,151</u>
<b>Total assets</b>	<u><u>32,894,253</u></u>
<b>Current liabilities</b>	
Trade and other payables	565,842
Short term provisions	81,471
<b>Total current liabilities</b>	<u>647,313</u>
<b>Non-current liabilities</b>	
Capitalised lease incentive	65,782
Long term provisions	47,604
<b>Total non-current liabilities</b>	<u>113,386</u>
<b>Total liabilities</b>	<u>760,699</u>
<b>Net assets</b>	<u><u>32,133,554</u></u>
<b>Equity</b>	
Issued capital	19,674,526
Reserves	598,080
Retained earnings	<u>(6,293,050)</u>
	13,979,556
Minority interests	<u>18,153,998</u>
<b>Total Equity</b>	<u><u>32,133,554</u></u>
<i>Less:</i> Equity in entities no longer consolidated:	
- Marmota Energy Ltd	(16,408,052)
- Groundhog Services Pty Ltd	(2)
- Correction to recognise deferred tax asset in Monax Mining Limited eliminated on consolidation	647,999
<b>Monax total equity 30 June 2010</b>	<u><u>16,373,499</u></u>

**Monax Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2011**

**28**    *Company details*

The registered office of the Company is:

140 Greenhill Road  
UNLEY SA 5061

The principal place of business is

Unit I, 5 Butler Boulevard  
Burbridge Business Park  
ADELAIDE AIRPORT SA 5950

# Monax Mining Limited

## Directors' declaration

For the year ended 30 June 2011

### Directors' declaration

- 1 The Directors of Monax Mining Limited declare that:
- (a) the financial statements and notes, as set out on pages 14 to 50, are in accordance with the Corporations Act 2001, and:
    - (i) giving a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the entity; and
    - (ii) complying with Accounting Standards; and
    - (iii) Monax Mining Limited complies with International Financial Reporting Standards as described in Note 1.
  - (b) The Chief Executive Officer and Chief Financial Officer have declared that:
    - (i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
    - (ii) The financial statements and notes for the financial year comply with the accounting standards; and
    - (iii) The financial statement and notes for the financial year give a true and fair view;
  - (c) 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Adelaide this 19<sup>th</sup> day of September 2011.



Robert Michael Kennedy  
Director

Level 1,  
67 Greenhill Rd  
Wayville SA 5034  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

### **Report on the financial report**

We have audited the accompanying financial report of Monax Mining Limited (the "Company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

### **Directors responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### **Auditor's opinion**

In our opinion:

- a the financial report of Monax Mining Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Monax Mining Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP  
Chartered Accountants



P S Paterson  
Partner

Adelaide, 19 September 2011