



Monax Mining Limited and Controlled Entities

Consolidated Half-Year Financial Report

31 December 2010

CORPORATE DIRECTORY

Monax Mining Limited

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

Registered Office

140 Greenhill Road
UNLEY SA 5061
Telephone: (08) 8373 6271 / (08) 8373 5588

Share Registrar

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

Auditor

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

Monax Mining Limited and Controlled Entities

Directors' Report

The directors present their report together with the half-year financial report of Monax Mining Limited ("the Company") and its controlled entities ("Consolidated entity") for the period ended 31 December 2010 and the auditor's independent review report thereon.

Directors

The names of the directors of the Company during the half-year and until the date of this report are:

Robert M Kennedy (*Non-Executive Chairman*)

Reginald G Nelson

Glenn S Davis

Neville F Alley

Gary M Ferris (*Managing Director*)

Alternate Directors

Ian R Witton (appointed 28 January 2011) – alternate for Glenn S Davis

Ewan J Vickery (appointed 7 February 2011) – alternate for Reginald G Nelson

Principal activities

The consolidated entity's principal activity is mineral exploration.

Review and results of operations

The six months to December 2010 saw Monax sign a major farmin agreement with Chilean copper producer Antofagasta Minerals SA for the Company's flagship Punt Hill copper gold project. A major gravity survey was commenced in late 2010 as the initial phase of exploration under the farmin agreement.

Monax continued to evaluate the drilling results from the Waddikee manganese project which is part of a farmin agreement with OM Manganese Pty Ltd. Monax has added two new projects in northern Queensland with deals over prospective bauxite and gold tenements.

Marmota Energy Limited continued drilling at the Junction Dam uranium project with further encouraging results. The Junction Dam project is a joint venture with Teck Australia Pty Ltd and Platsearch NL and Marmota has increased its ownership of the project to 74.5%.

The net loss after income tax for the half-year was \$340,606.

Likely developments

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

Competent Person Statement

The information in the Half-Year Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets of Monax Mining Limited is based on information compiled by Mr G M Ferris, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ferris is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" Mr Ferris consents to the inclusion of the information in this report in the form and context in which it appears.

The information in the Half-Year Financial Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets of Marmota Energy Limited is based on information compiled by Mr D J Calandro, who

Monax Mining Limited and Controlled Entities

Directors' Report (continued)

is a Member of the Australian Institute of Geoscientists. Mr Calandro is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Calandro consents to the inclusion of the information in this report in the form and context in which it appears.

Auditors independence declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Grant Thornton, to provide the directors of Monax Mining Limited with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on the following page and forms part of this Directors' Report.

Dated atAdelaide..... this16th..... day ofMarch..... 2011.

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

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a loop and a horizontal line extending to the left.

Robert Michael Kennedy
Director

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Monax Mining Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011

Monax Mining Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year-ended 31 December 2010

	Note	Consolidated	
		Dec 2010	Dec 2009
		\$	\$
Other revenues from ordinary activities	3	467,270	270,632
Total other revenue		467,270	270,632
Administrative expenses		265,757	325,401
Consultancy expenses		96,906	102,577
Depreciation		20,218	48,058
Employment expenses		423,612	553,428
Occupancy expenses		4,944	4,074
Impairment of assets		35,087	-
Other expenses from ordinary activities		19,172	11,700
Loss before income tax expense		(398,426)	(774,606)
Income tax benefit/(expense)		57,820	(85,835)
Loss for the period		(340,606)	(860,441)
Loss attributed to members of the parent entity		(340,606)	(860,441)
Total comprehensive income attributable to:			
Members of the parent entity		(293,524)	(620,446)
Non-controlling interest		(47,082)	(239,995)
		(340,606)	(860,441)
Basic earnings per share (cents)		(0.198)	(0.701)
Diluted earnings per share (cents)		(0.198)	(0.699)

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2010

	Note	Consolidated	
		Dec 2010	June 2010
		\$	\$
Current assets			
Cash and cash equivalents	6	10,551,736	2,933,248
Trade and other receivables		176,716	641,115
Financial assets	7	2,000,000	11,500,000
Other current assets		115,812	54,739
Total current assets		12,844,264	15,129,102
Non-current assets			
Plant and equipment		729,229	757,470
Investments		-	-
Exploration and evaluation expenditure		19,040,727	17,007,681
Total non-current assets		19,769,956	17,765,151
Total assets		32,614,220	32,894,253
Current liabilities			
Trade and other payables		615,846	565,842
Short term provisions		83,871	81,471
Total current liabilities		699,717	647,313
Non-current liabilities			
Capitalised lease incentive		55,193	65,782
Long term provisions		57,362	47,604
Total non-current liabilities		112,555	113,386
Total liabilities		812,272	760,699
Net assets		31,801,948	32,133,554
Equity			
Issued capital		19,674,526	19,674,526
Reserves		598,080	598,080
Retained earnings		(6,586,196)	(6,293,050)
		13,686,410	13,979,556
Non- controlling interests		18,115,538	18,153,998
Total equity		31,801,948	32,133,554

The accompanying notes form part of these financial statements

Monax Mining Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

	Issued capital \$	Reserves \$	Retained earnings \$	Non- controlling interest \$	Total \$
Balance at 1 July 2009	13,866,800	378,955	(3,150,747)	14,615,651	25,710,659
Proceeds from the issue of shares during the period	4,317,969	-	-	-	4,317,969
Proceeds from the issue of shares in subsidiaries (net of tax)	-	-	-	3,918,796	3,918,796
Options issued during the period	-	183,000	-	-	183,000
Transaction costs (net of tax)	(89,372)	-	-	-	(89,372)
Total comprehensive income	-	-	(620,446)	(239,995)	(860,441)
Balance as at 31 December 2009	18,095,397	561,955	(3,771,193)	18,294,452	33,180,611
Balance at 1 July 2010	19,674,526	598,080	(6,293,050)	18,153,998	32,133,554
Proceeds from the issue of shares during the period	-	-	-	-	-
Proceeds from the issue of shares in subsidiaries (net of tax)	-	-	-	-	-
Options issued during the period	-	-	-	9,000	9,000
Transaction costs (net of tax)	-	-	-	-	-
Movement in non-controlling interest	-	-	378	(378)	-
Total comprehensive income	-	-	(293,524)	(47,082)	(340,606)
Balance as at 31 December 2010	19,674,526	598,080	(6,586,196)	18,115,538	31,801,948

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2010

	Consolidated	
	Dec 2010	Dec 2009
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(697,157)	(944,735)
Cash receipts in the course of operations	81,209	4,877
Income tax rebate	57,820	314,848
Exchange loss	(19,173)	-
Interest received	582,492	360,370
Net cash provided by/(used in) operating activities	5,191	(264,640)
Cash flows from investing activities		
Payments for plant and equipment	(81,060)	(7,216)
Cash advance – joint venture activities	154,620	-
Payments for mining tenements and exploration	(1,960,263)	(1,262,105)
Net cash (used in)/provided by investing activities	(1,886,703)	(1,269,321)
Cash flows from financing activities		
Proceeds from issue of shares	-	4,317,969
Proceeds from issue of shares in subsidiaries (net of tax)	-	3,861,330
Payments associated with capital raising	-	(113,600)
Net cash provided by/(used in) financing activities	-	8,065,699
Net (decrease)/increase in cash held	(1,881,512)	6,531,738
Cash at the beginning of the half-year	14,433,248	9,677,570
Cash at the end of the half-year	12,551,736	16,209,308

The accompanying notes form part of these financial statements.

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2010

1 *Basis of preparation*

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

It is recommended that the financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Monax Mining Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements of the ASX Listing Rules.

The accounting policies described in this report have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2010 financial report.

The half year report does not include full disclosures of the type normally included in an annual financial report.

2 *Significant accounting policies*

The accounting policies applied by the consolidated entity in this consolidated half-year financial report are the same as those applied by the entity in its financial report as at and for the year ended 30 June 2010.

	Dec 2010	Dec 2009
	\$	\$
3 <i>Other revenues from ordinary activities</i>		
Included in other revenues from ordinary activities:		
Interest: other parties	386,061	265,755
Other revenue	81,209	4,877
	<u>467,270</u>	<u>270,632</u>

4 *Contingent liabilities*

There have been no material changes to the aggregate of contingent liabilities since 30 June 2010.

5 *Commitments*

There have been no material changes to commitments disclosed in the 30 June 2010 annual report.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2010

	Dec 2010	June 2010
	\$	\$
6		
<i>Cash and cash equivalents</i>		
Cash at bank	946,736	678,248
Deposits at call	9,605,000	2,255,000
	<u>10,551,736</u>	<u>2,933,248</u>

Cash and cash equivalents comprise the following:

Monax Mining Limited	4,649,740	807,701
Marmota Energy Limited	5,744,311	1,947,192
Groundhog Services Pty Ltd	157,685	178,355
	<u>10,551,736</u>	<u>2,933,248</u>

Monax Mining Limited does not have direct access to cash assets held by Marmota Energy Limited.

7 *Financial assets*

Interest bearing term deposits	2,000,000	11,500,000
		<u>11,500,000</u>

Current financial assets comprise the following:

Monax Mining Limited	-	4,000,000
Marmota Energy Limited	2,000,000	7,500,000
	<u>2,000,000</u>	<u>11,500,000</u>

Monax Mining Limited does not have direct access to financial assets held by Marmota Energy Limited.

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2010

8 *Controlled entities*

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

	Country of incorporation	Percentage owned (%)	
		Dec 2010	June 2010
Parent entity:			
Monax Mining Limited	Australia		
Subsidiaries of Monax Mining Limited:			
Marmosa Pty Ltd	Australia	23.9	24.1
Marmota Energy Limited*	Australia	23.9	24.1
Groundhog Services Pty Ltd	Australia	61.9	62.1
Groundhog Services Partnership	Australia	61.9	-

* Monax Mining Limited holds, 23.9% of the issued capital of Marmota Energy Limited. In addition, four of the Company's Directors have been appointed to the Board of Marmota. As a result, the Company has been consolidated for the purposes of this half-year financial report.

9 *Operating Segments*

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated entity has identified its operating segments to be Gawler Craton, Curnamona, Kangaroo Island, North America and North Queensland based on different geological regions and the similarity of assets within those regions. This is the basis on which internal reports are provided to the Board of Directors for assessing performance and determining the allocation of resources within the Consolidated entity.

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

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2010

9 Operating Segments continued

Details of the performance of each of these operating segments for the six month periods ended 31 December 2010 and 31 December 2009 are set out below:

December 2010	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Segment results						
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
	-	-	-	-	-	-
Interest income						386,061
Other revenue						81,209
Net financing costs						-
Other expenses						(865,697)
Profit/(loss) before tax						(398,427)
Income tax benefit/(expense)						57,820
Net profit after tax						<u>(340,607)</u>
December 2009	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Segment results						
Gross segment result before depreciation, amortisation and impairment	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
	-	-	-	-	-	-
Interest income						265,755
Other revenue						4,877
Net financing costs						-
Other expenses						(1,045,238)
Profit/(loss) before tax						(774,606)
Income tax benefit/(expense)						(85,835)
Net profit after tax						<u>(860,441)</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2010

9 Operating Segments continued

December 2010	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment assets	15,712,829	2,572,735	-	367,472	387,691	19,040,727
<i>Segment asset increases for the period:</i>						
Capital expenditure	777,379	767,426	35,087	228,557	259,684	2,068,133
Impairment	-	-	(35,087)	-	-	(35,087)
	<u>777,379</u>	<u>767,426</u>	<u>-</u>	<u>228,557</u>	<u>259,684</u>	<u>2,033,046</u>
<i>Reconciliation of segment assets to group assets</i>						
Cash and cash equivalents						10,551,736
Trade and other receivables						176,716
Other current assets						115,812
Financial assets						2,000,000
Plant and equipment						729,229
Total consolidated assets						<u>32,614,220</u>
June 2010	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment assets	14,935,450	1,805,309	-	138,915	128,007	17,007,681
<i>Segment asset increases for the period:</i>						
Capital expenditure	2,275,452	1,312,582	260,643	138,915	128,007	4,115,599
Impairment	-	-	(2,289,402)	-	-	(2,289,402)
	<u>2,275,452</u>	<u>1,312,582</u>	<u>(2,028,759)</u>	<u>138,915</u>	<u>128,007</u>	<u>1,826,197</u>
<i>Reconciliation of segment assets to group assets</i>						
Cash and cash equivalents						2,933,248
Trade and other receivables						641,115
Other current assets						54,739
Financial assets						11,500,000
Plant and equipment						757,470
Total consolidated assets						<u>32,894,253</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2010

9 Operating Segments continued

December 2010	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities	120,103	48,019	-	27,500	125,136	320,758
<i>Reconciliation of segment liabilities to group liabilities</i>						
Trade and other payables						295,088
Short term provisions						83,871
Capitalised lease incentive						55,193
Long term provisions						57,362
Total consolidated liabilities						<u>812,272</u>
June 2010	Gawler Craton	Curnamona	Kangaroo Island	North Queensland	North America	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities	58,325	254,118	-	-	65,901	378,344
<i>Reconciliation of segment liabilities to group liabilities</i>						
Trade and other payables						187,498
Short term provisions						81,471
Capitalised lease incentive						65,782
Long term provisions						47,604
Total consolidated liabilities						<u>760,699</u>

Monax Mining Limited and Controlled Entities
Condensed Notes to the Financial Statements
For the half-year ended 31 December 2010

10 Issued Capital

	Dec 2010	June 2010
	\$	\$
Issued and paid-up share capital		
148,053,668 (June 2010: 148,053,668) ordinary shares, fully paid	19,674,526	19,674,526
	<u>19,674,526</u>	<u>19,674,526</u>
Ordinary shares		
Balance at the beginning of the period	19,674,526	13,866,800
Shares issued during the year		
- Nil (June 2010: 34,887,449) shares issued to shareholders as part of a Share Purchase Plan and Placement at \$0.075	-	2,616,558
- Nil (June 2010: 36,619,158) shares issued to shareholders as part of a Rights Issue and Placement at \$0.075	-	2,746,437
- Nil (June 2010: 5,900,000) shares issued to shareholders as part of a Placement at \$0.10	-	590,000
- Nil (June 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 period	19,674,526	19,674,526

Monax Mining Limited and Controlled Entities

Condensed Notes to the Financial Statements

For the half-year ended 31 December 2010

10 *Issued Capital continued*

As at 31 December 2010, there were 22,109,654 (June 2010: 22,109,654) unissued shares for which the following options were outstanding.

- o 18,309,654 listed options exercisable at \$0.15 by 30 November 2012
- o 3,000,000 unlisted options exercisable at \$0.10 by 31 July 2012
- o 150,000 unlisted options exercisable at \$0.666 by 14 December 2012
- o 215,000 unlisted options exercisable at \$0.246 by 18 July 2013
- o 10,000 unlisted options exercisable at \$0.0517 by 23 December 2013
- o 425,000 unlisted options exercisable at \$0.0917 by 5 March 2015

11 *Share based payments*

On 21 December 2010, Marmota Energy Limited granted share options to an employee. The terms and conditions of the grant made during the six months ended 31 December 2010 are as follows:

2010

Grant date	Number of instruments	Vesting conditions	Contractual life of options
21 December	125,000	On issue	1,826 days

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

Fair value at grant date	\$0.072 per option
Share price	\$0.09
Exercise price	\$0.083
Expected volatility	105%
Option life	1,826 days
Risk-free interest rate	4.75%

12 *Events subsequent to balance date*

There has not arisen in the interval between 31 December 2010 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future years.

Monax Mining Limited and Controlled Entities

Directors' Declaration

For the half-year ended 31 December 2010


Directors' declaration

The Directors of the Company declare that:

- (a) the half-year financial statements and notes, set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting;
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated atAdelaide..... this16th..... day ofMarch..... 2011.

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



Robert Michael Kennedy
Director

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

We have reviewed the accompanying half-year financial report of Monax Mining Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Monax Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Monax Mining Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



P S Paterson
Partner

Adelaide, 16 March 2011