



**MONAX  
MINING LIMITED**

**ABN: 96 110 336 733**

**Exploration Office**  
Level 3, 100 Pirie Street  
Adelaide SA 5000  
[info@monaxmining.com.au](mailto:info@monaxmining.com.au)

Tel: +61 8 8232 8320  
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[www.monaxmining.com.au](http://www.monaxmining.com.au)

## **ASX RELEASE**

### **For Immediate Release**

28 September 2018

### **2018 Annual Report, Notice of Annual General Meeting and Sample Proxy Form**

Attached are electronic copies of the Monax Mining Limited 2018 Annual Report, Notice of Annual General Meeting and Sample Proxy Form which have been mailed to shareholders.

Yours faithfully

Kaitlin Smith  
Company Secretary



# 2018 Annual Report



MONAX  
MINING LIMITED



# Corporate Directory

## PRINCIPAL REGISTERED OFFICE

Monax Mining Limited  
Level 3, 100 Pirie Street  
ADELAIDE SA 5000

Email: [info@monaxmining.com.au](mailto:info@monaxmining.com.au)  
Website: [www.monaxmining.com.au](http://www.monaxmining.com.au)

## EXPLORATION OFFICE

Level 3, 100 Pirie Street  
ADELAIDE SA 5000  
Telephone: (08) 8232 8320  
Facsimile: (08) 8232 8811

## POSTAL ADDRESS

Level 3, 100 Pirie Street  
ADELAIDE SA 5000

## DIRECTORS AND SENIOR MANAGEMENT

GLENN STUART DAVIS  
LLB, Bsc, FAICD  
Non-executive Chairman

IAN JAMES GORDON  
Bcom, MAICD  
Non-executive Director  
Managing Director

PAUL CHARLES PAYNE  
B.AppSc Grad Dip Min Ec, FAusImm  
Non-Executive Director

KATLIN LOUISE SMITH  
BComm (Acc), CA  
Company Secretary

## STOCK EXCHANGE CODE

Shares: MOX  
Listed on Australian Stock Exchange Limited  
Home Exchange: Adelaide  
Level 19, 91 King William Street  
Adelaide SA 5000

## SHARE REGISTRAR

### Location of Share Register

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000  
Telephone: 1300 556 161 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Facsimile: +61 8 8236 2305  
Email: [info@computershare.com.au](mailto:info@computershare.com.au)

## AUDITORS

Grant Thornton  
Chartered Accountants  
Level 3, 170 Frome Street  
ADELAIDE SA 5000

## LAWYERS

DMAW Lawyers  
Level 3, 80 King William Street  
ADELAIDE SA 5000

## Annual General Meeting

The 2018 Annual General Meeting will be held at DMAW Lawyers, Level 6, 80 King William Street, Adelaide, South Australia on 31<sup>st</sup> October 2018 commencing at 10:00am.

A formal notice is mailed to shareholders with the distribution of this report.

## Corporate Governance Statement

Under ASX Listing Rule 4.10.3 the Company Corporate Governance Statement can be located at the URL on the Company's website:

<http://www.monaxmining.com.au/site/corporate/governance.html>



**MONAX  
MINING LIMITED**

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# Monax Mining Limited and Controlled Entities

## Review of Operations

Dear Fellow Shareholders

I am pleased to present to you the fourteenth annual report for your Company's 2017-18 financial year.

Over the past year Monax has focused its efforts on gold exploration within the Western Australian goldfields. Monax entered in a joint-venture with Ramelius Resources to earn up to a 60% interest in the Western Queen Project by spending \$2m over a three-year period. Upon entering the joint venture, Monax began work to concurrently plan a drill program to test mineralisation, while reviewing and verifying existing drill data to estimate a new Mineral Resource at both Western Queen and Western Queen South. Subsequently, a new drilling program was launched in March 2018 to test the high-grade zone below the Western Queen open pit with a diamond drill hole. While the hole did intersect the expected mineralisation zone, no significant gold intercepts were recorded. Concurrently to the drilling programs, sampling of pegmatites identified in the northern area of the Project was also undertaken.

Based on the results of the drilling program downgrading the opportunity to extend the high-grade resource below and to the north of the Western Queen pit, and sampling of pegmatites returning insufficient lithium chemistry to warrant further investigation, Monax subsequently made the decision to withdraw from the Joint Venture with Ramelius.

In May 2018 the company signed an option agreement to acquire a 90% interest in E45/4462 located at Moolyella in the Pilbara WA. Under the option agreement Monax will pay \$18,000 for an option to purchase 90% of E45/4462 until 31 December 2018, which can be extended to 31 December 2019 by a further payment of \$30,000. The 90% interest may be purchased by Monax at any time during the option period, or extended option period, by payment of \$50,000 and the issue of 15m shares in Monax to the tenement holder. Monax completed a field visit to the Project to collect samples of outcropping pegmatites to be analysed for lithium and other elements, with results expected to be available in the September quarter of 2018.

Subsequent to the financial year-end, the company's focus on opportunities in the battery metals space resulted in a farm-in to the Limestone Well Vanadium Project in mid-west WA in August 2018. Monax agreed to terms to farm-in to two tenements held by Mithril Resources Limited at Limestone Well located 90km south east of Meekatharra, adjoining the Barrambie Titanium/Vanadium Project held by Neometals Limited. The terms of the agreement allow for Monax to earn an initial 60% interest by expenditure of \$1.5m over three years. If Mithril elects not to contribute at 40%, Monax may then earn a further 20% by expenditure of a further \$1m over two years. Monax to spend a minimum of \$150,000 in the first year before it can withdraw.

This year's report cannot close without mention of the untimely and sad passing of Robert ("Bob") Kennedy. Bob was the founding chairman of Monax, a position he held for 14 years until his passing. His intellect and energy will be sorely missed.

Finally, I would like to thank all of our Shareholders for your continued support. The Board and management team continue to work diligently to provide value accretion on new project opportunities during the upcoming financial year.

Yours faithfully  
Glenn Davis  
Chairman

# Monax Mining Limited and Controlled Entities

## Review of Operations

### Operation Report

#### Western Queen

The Western Queen Project comprises a set of tenements located 90km north-west of the township of Mt Magnet, WA. The Project consists of two mining leases and a miscellaneous licence that cover approximately 10km<sup>2</sup> and 5km strike of the Warda Warra greenstone belt. The Project had previously been mined for gold by Ramelius Resources, Equigold and Harmony Gold, producing 214,000 ounces of gold from the Western Queen and Western Queen South mines.

Monax entered in a joint-venture with Ramelius Resources to earn up to a 60% interest in the Western Queen Project by spending \$2m over a three-year period.

Previous drilling below the Western Queen and Western Queen South pits identified high grade gold shoots open at depth, with potential for further discoveries between the two pits and along strike.

Upon entering the joint venture, Monax began work to concurrently plan a drill program to test mineralisation, while reviewing and verifying existing drill data to estimate a new Mineral Resource at both Western Queen and Western Queen South.

A five hole diamond drilling program commenced in November 2017, and was completed by mid December 2017, with the best intercepts from the program including:

- 3.3m at 7.98 g/t Au from 271m downhole
- 4m at 2.7 g/t Au from 291m downhole
- 3m at 2.59 g/t Au from 216m downhole
- 2m at 2.87 g/t Au from 258m downhole

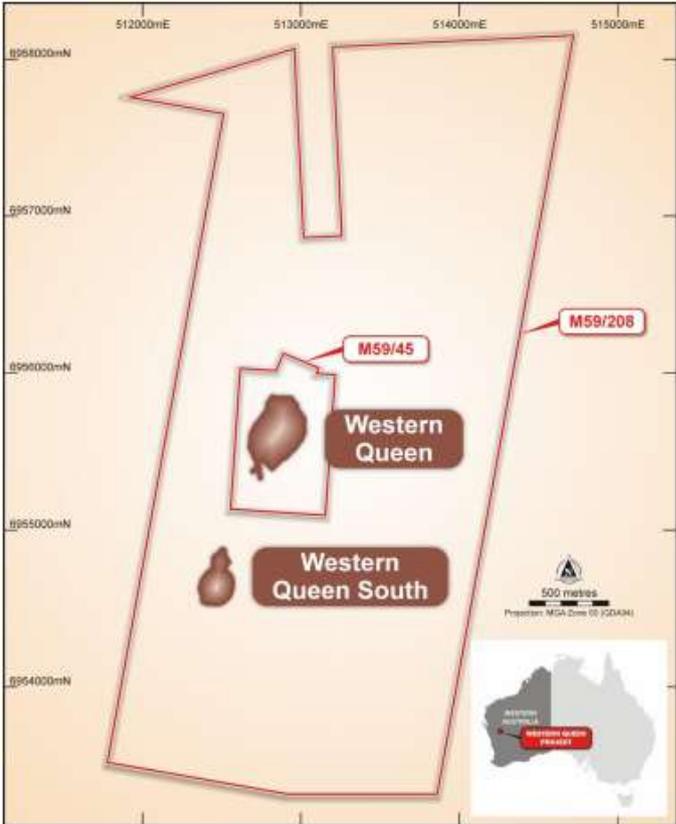


Figure 1 - Western Queen Location Plan

**Monax Mining Limited and Controlled Entities**  
**Review of Operations**

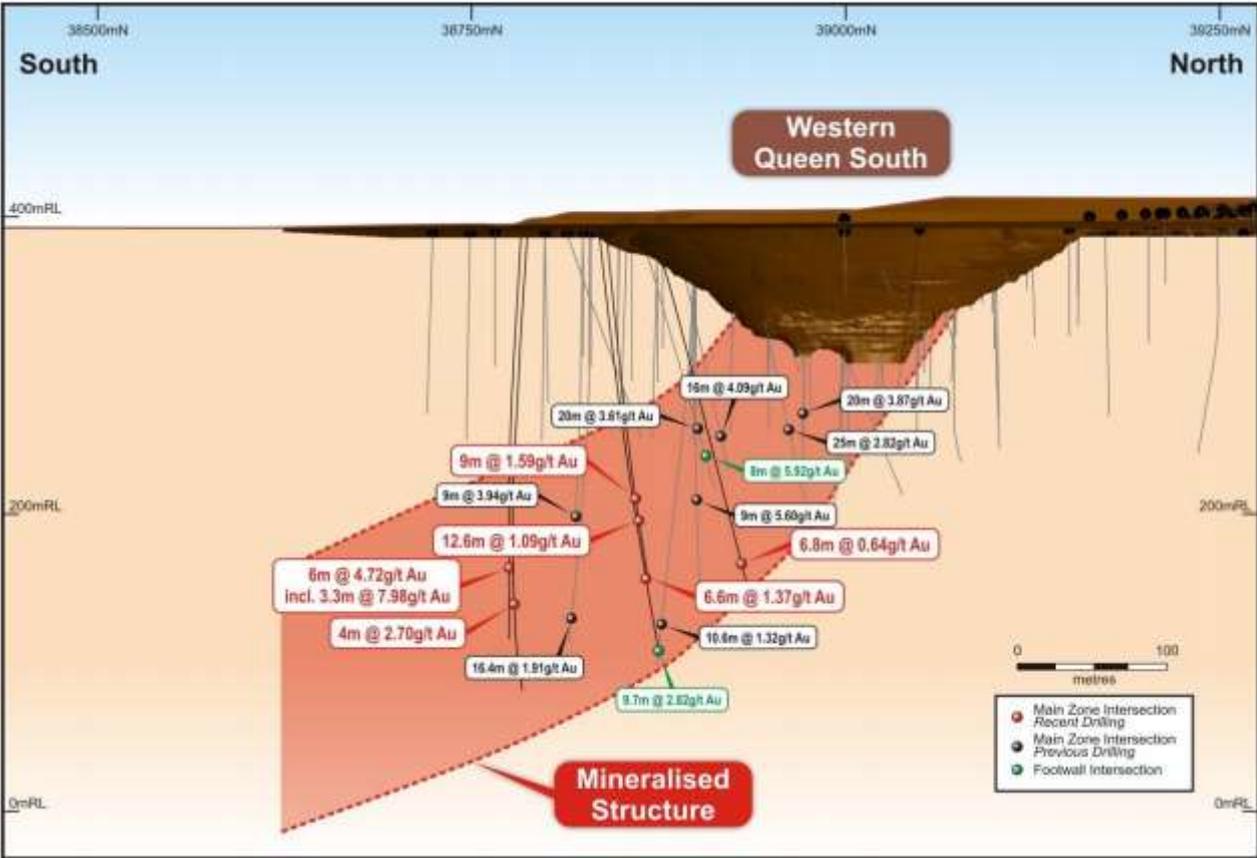


Figure 2 - Western Queen South deposit showing drilling results

The drill program confirmed the continuity of high grade mineralisation at least 60m beyond previous drilling, providing further confidence in the Resource Estimation work being carried out. In January 2018, the company reported a new Mineral Resource estimate at Western Queen, a total Indicated and Inferred Resource of 0.96Mt at 3.9g/t Au for 120,000 ounces.

Table 1 - Western Queen Mineral Resource Estimate

**Western Queen Gold Deposit**  
**January 2018 Mineral Resource Estimate (2.0g/t Au Cut-off)**

Deposit	Indicated		Inferred		Total		
	Tonnes t	Au g/t	Tonnes t	Au g/t	Tonnes t	Au g/t	Au Ounces
WQ South	243,000	3.5	590,000	2.9	832,000	3.1	83,000
WQ Central			130,000	9.0	130,000	9.0	38,000
<b>Total</b>	<b>243,000</b>	<b>3.5</b>	<b>719,000</b>	<b>4.0</b>	<b>962,000</b>	<b>3.9</b>	<b>120,000</b>

Subsequently, a new drilling program was launched in March 2018 to test the high-grade zone below the Western Queen open pit with a diamond drill hole. While the hole did intersect the expected mineralisation zone, no significant gold intercepts were record. Concurrently to the drilling programs, sampling of pegmatites identified in the northern area of the Project was also undertaken. Based on the results of the drilling program downgrading the opportunity to extend the high-grade resource below and to the north of the Western Queen pit, and sampling of pegmatites returning insufficient lithium chemistry to warrant further investigation, Monax subsequently made the decision to withdraw from the Joint Venture with Ramelius.

# Monax Mining Limited and Controlled Entities

## Review of Operations

### Moolyella

In May 2018 the company signed an option agreement to acquire a 90% interest in E45/4462 located at Moolyella in the Pilbara WA. Under the option agreement Monax will pay \$18,000 for an option to purchase 90% of E45/4462 until 31 December 2018, which can be extended to 31 December 2019 by a further payment of \$30,000. The 90% interest may be purchased by Monax at any time during the option period, or extended option period, by payment of \$50,000 and the issue of 15m shares in Monax to the tenement holder.

The Project is located approximately 20km east of Marble Bar, covering a total area of 90km<sup>2</sup>, which had historically been subject to extensive tin and tantalum production from the late 1890's through to 1986.

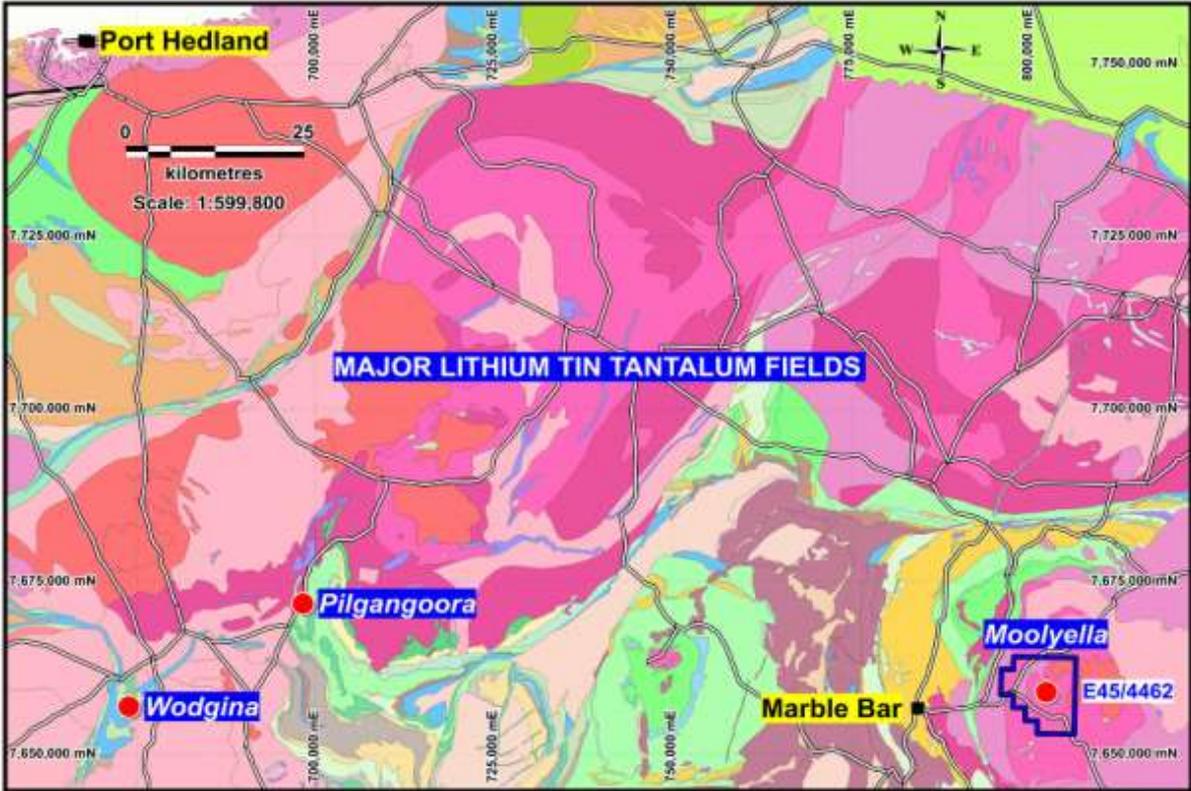


Figure 3 - Moolyella Project Location

Monax completed a field visit to the Project to collect samples of outcropping pegmatites to be analysed for lithium and other elements, with results expected to be available in the September quarter of 2018.

### Percyville Gold Project

No work was completed at the Percyville Project during the year. The company reviewed the results of work previously carried out and is currently planning to divest this Project.

### Croydon Gold Project

No work was completed at the Croydon Project during the year. In November 2017 the company announced that the Project was divested to Wilson Minerals Pty Ltd for an initial payment of \$20,000 on completion of the sale, and two further payments of \$100,000 each on the application for and grant of a mining lease. Monax will also receive an NSR Royalty of 2% on any minerals produced, which Wilson Minerals can elect to buy back by paying Monax a further \$250,000.

# Monax Mining Limited and Controlled Entities

## Review of Operations

### Subsequent Events

The company’s focus on opportunities in the battery metals space resulted in the announcement of a farm-in to the Limestone Well Vanadium Project in mid-west WA in August 2018.

Monax agreed to terms to farm-in to two tenements held by Mithril Resources Limited at Limestone Well located 90km south east of Meekatharra, adjoining the Barrambie Titanium/Vanadium Project held by Neometals Limited.

The terms of the agreement allow for Monax to earn an initial 60% interest by expenditure of \$1.5m over three years. If Mithril elects not to contribute at 40%, Monax may then earn a further 20% by expenditure of a further \$1m over two years. Monax to spend a minimum of \$150,000 in the first year before it can withdraw.

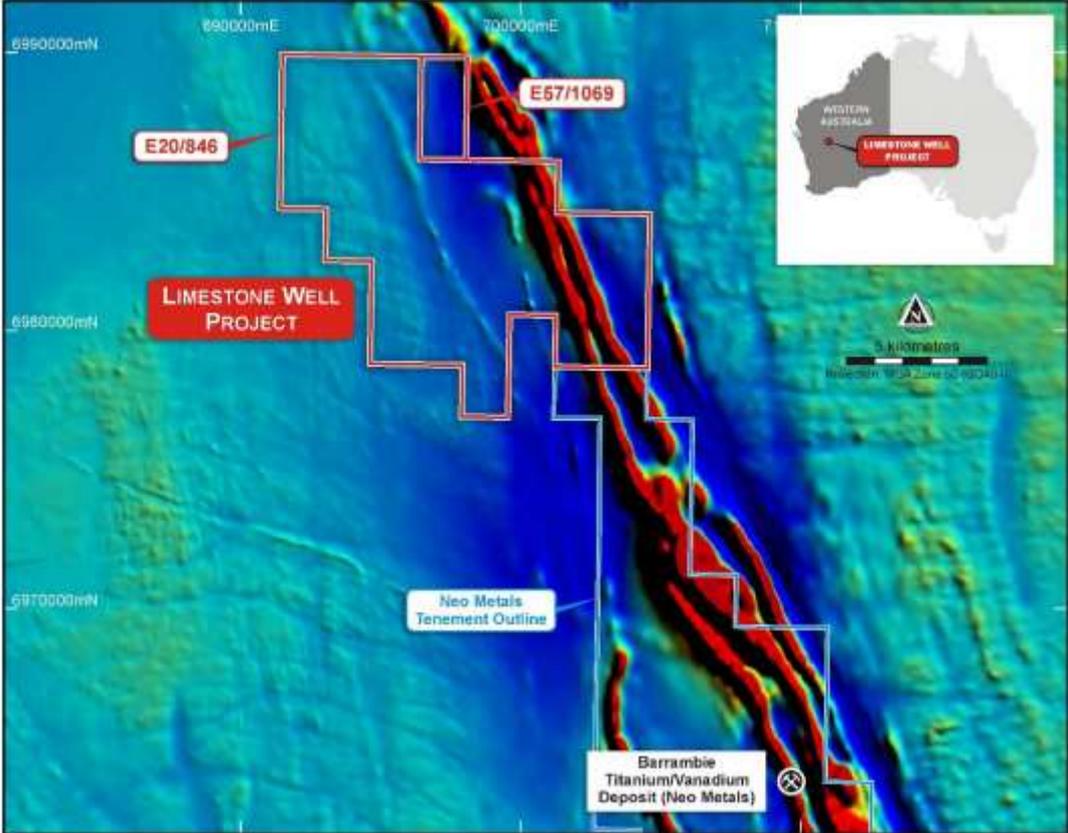


Figure 4 - Magnetic image showing the Limestone Well Project and prospective rock units

There has not arisen in the interval between 30 June 2018 and the date of this report any item, any other 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.



# 2018 Financial Report Monax Mining limited

# Monax Mining Limited and Controlled Entities

## Directors' Report

The Directors present their report together with the financial report of Monax Mining Limited for the year ended 30 June 2018 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 Glenn Stuart Davis** *LLB, BEc, FAICD*

Chairman *appointed 17 April 2018*

Independent Non-executive Director *appointed 3 August 2004*

#### **Experience and expertise**

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.

#### **Other current directorships**

Chairman of Beach Energy Limited (since November 2012) (a Director since July 2007).

#### **Former directorships in the last 3 years**

Director of Marmota Energy Limited (from 2007 to June 2015).

#### **Responsibilities**

Chairman of the Board.

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

*Interest in Shares and Options – 3,275,455 ordinary shares of Monax Mining Limited.*

#### **Mr Ian James Gordon** *Bcom, MAICD*

Non-executive Director *appointed 1 June 2017*

Managing Director *appointed 1 October 2017*

#### **Experience and expertise**

Mr Gordon is a mining executive with extensive experience in a variety of management positions and commodities. He has held management roles at Delta Gold Limited, Rio Tinto Exploration and Gold Fields. From 2007 until 2014 he was the COO and Managing Director of Ramelius Resources Limited, where he was responsible for the development of a number of mining operations. He has significant experience in project approvals, feasibility studies, capital raising and project finance.

#### **Other current directorships**

Non-executive Director of Tychean Resources Limited (since December 2017)

#### **Former directorships in the last 3 years**

Managing Director of Flinders Mines Limited (from 2014 to June 2016).

#### **Responsibilities**

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

*Interest in Shares and Options – 6,635,255 ordinary shares of Monax Mining Limited.*

*– 10,000,000 unlisted option of Monax Mining Limited.*

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

**Mr Paul Charles Payne** *B.AppSc Grad Dip Min Ec, FAusImm*  
Non-Executive Director *appointed 20 March 2018*

### Experience and expertise

Mr Payne is a geologist and holds in excess of 30 years' experience in mining including 10 years independent consulting across a range of commodities and jurisdictions. Mr Payne has extensive technical experience in the evaluation of mineral deposits from early stage exploration to definitive feasibility studies. Exploration experience includes implementation and management of gold exploration for Dacian Gold Limited in WA and Rift Valley Resources in Tanzania. Mr Payne has held corporate roles including Technical Director and Managing Director of ASX listed companies including founding Managing Director of Dacian Gold Limited, and was instrumental in Dacian Gold's successful IPO and making the major initial gold discovery at its Mount Morgans project.

### Other current directorships

Director of Berkut Minerals Limited (a Director since July 2016).  
Director of Tychean Resources Limited (a Director since December 2017).

### Responsibilities

Special responsibilities include membership of the Audit, Governance and Remuneration Committee.

**Mr Robert Michael Kennedy** *ASAIT, Grad Dip (Systems Analysis), Dip Financial Planning, Dip Financial Services, FCA, CTA, AGIA, Life Member AIM, FAICD*  
Independent Non-executive Chairman *ceased 20 March 2018*

### Experience and expertise

Mr Kennedy, was non-executive chairman of Monax Mining Limited since 2004 until his untimely passing on 20<sup>th</sup> March 2018.

### Former directorships in the last 3 years

Mr Kennedy was a director of ASX listed companies, Flinders Mines Limited (December 2001 – March 2018), Ramelius Resources Limited (March 2003 – March 2018), Maximus Resources Limited (December 2004 – March 2018), and Tychean Resources Ltd (2006 – December 2017).

**Mr Gary Michael Ferris** *BSc (Hons), AusIMM., GAICD*  
Managing Director *resigned 2 August 2017*

### Experience and expertise

Board member since 1 September 2009. Mr Ferris is a geologist with more than 20 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.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### *Directors' meetings*

The Company held 11 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:

	Directors' meetings		Audit, governance and remuneration committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
<b>Director</b>				
Glenn Stuart Davis <i>appointed as Chairman on 17 April 2018</i> <i>appointed as a Director on 3 August 2004</i>	8	8	3	3
Ian James Gordon <i>appointed as a Director on 1 June 2017</i> <i>appointed as a Managing Director on 1 October 2017</i>	8	8	3	3
Paul Payne <i>appointed as a Director on 20 March 2018</i>	2	2	1	1
Robert Michael Kennedy <i>ceased as Chairman on 20 March 2018</i>	6	5	2	1
Gary Michael Ferris <i>resigned as Managing Director on 2 August 2017</i>	2	2	-	-

Messrs Davis, Gordon and Payne are members of the Audit, Governance and Remuneration Committee.

### *Company Secretary*

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

**Kaitlin Louise Smith – B.Com (Acc), CA.** Ms Smith was appointed Company Secretary on 20 January 2016. Ms Smith provides the Company Secretarial and Accounting role to various public and proprietary companies. She holds a Bachelor of Commerce (Accounting) and is a Chartered Accountant.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### *Principal activities*

#### **Western Queen**

The Western Queen Project comprises a set of tenements located 90km north-west of the township of Mt Magnet, WA. The Project consists of two mining leases and a miscellaneous licence that cover approximately 10km<sup>2</sup> and 5km strike of the Warda Warra greenstone belt. The Project had previously been mined for gold by Ramelius Resources, Equigold and Harmony Gold, producing 214,000 ounces of gold from the Western Queen and Western Queen South mines.

Monax entered in a joint-venture with Ramelius Resources to earn up to a 60% interest in the Western Queen Project by spending \$2m over a three-year period.

Previous drilling below the Western Queen and Western Queen South pits identified high grade gold shoots open at depth, with potential for further discoveries between the two pits and along strike.

Upon entering the joint venture, Monax began work to concurrently plan a drill program to test mineralisation, while reviewing and verifying existing drill data to estimate a new Mineral Resource at both Western Queen and Western Queen South. A five hole diamond drilling program commenced in November 2017, and was completed by mid-December 2017.

The drill program confirmed the continuity of high grade mineralisation at least 60m beyond previous drilling, providing further confidence in the Resource Estimation work being carried out.

In January 2018, the company reported a new Mineral Resource estimate at Western Queen, a total Indicated and Inferred Resource of 0.96Mt at 3.9g/t Au for 120,000 ounces.

Subsequently, a new drilling program was launched in March 2018 to test the high-grade zone below the Western Queen open pit with a diamond drill hole. While the hole did intersect the expected mineralisation zone, no significant gold intercepts were recorded.

Concurrently to the drilling programs, sampling of pegmatites identified in the northern area of the Project was also undertaken.

Based on the results of the drilling program downgrading the opportunity to extend the high-grade resource below and to the north of the Western Queen pit, and sampling of pegmatites returning insufficient lithium chemistry to warrant further investigation, Monax subsequently made the decision to withdraw from the Joint Venture with Ramelius.

#### **Moolyella**

In May 2018 the company signed an option agreement to acquire a 90% interest in E45/4462 located at Moolyella in the Pilbara WA. Under the option agreement Monax will pay \$18,000 for an option to purchase 90% of E45/4462 until 31 December 2018, which can be extended to 31 December 2019 by a further payment of \$30,000. The 90% interest may be purchased by Monax at any time during the option period, or extended option period, by payment of \$50,000 and the issue of 15m shares in Monax to the tenement holder.

The Project is located approximately 20km east of Marble Bar, covering a total area of 90km<sup>2</sup>, which had historically been subject to extensive tin and tantalum production from the late 1890's through to 1986.

Monax completed a field visit to the Project to collect samples of outcropping pegmatites to be analysed for lithium and other elements, with results expected to be available in the September quarter of 2018.

#### **Percyville Gold Project**

No work was completed at the Percyville Project during the year. The company reviewed the results of work previously carried out and is currently planning to divest this Project.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### **Croydon Gold Project**

No work was completed at the Croydon Project during the year. In November 2017 the company announced that the Project was divested to Wilson Minerals Pty Ltd for an initial payment of \$20,000 on completion of the sale, and two further payments of \$100,000 each on the application for and grant of a mining lease. Monax will also receive an NSR Royalty of 2% on any minerals produced, which Wilson Minerals can elect to buy back by paying Monax a further \$250,000.

### ***Operating results and financial position***

During the year, the Company continued exploration activities at its tenements. Total cash expenditure on exploration and evaluation activities totalled \$620,787.

The loss of the Company after providing for income tax amounted to \$1,404,567 (2017: loss \$1,579,545).

The net assets of the Group have been decreased by \$319,236 during the financial year from \$680,906 at 30 June 2017 to \$361,670 at 30 June 2018.

### ***Dividends***

No dividends have been paid or provided by the Company since the end of the previous financial year (2017: nil).

### ***Significant change of affairs***

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

### ***Matters subsequent to the end of the financial year***

The company's focus on opportunities in the battery metals space resulted in the announcement of a farm-in to the Limestone Well Vanadium Project in mid-west WA in August 2018.

Monax agreed to terms to farm-in to two tenements held by Mithril Resources Limited at Limestone Well located 90km south east of Meekatharra, adjoining the Barrambie Titanium/Vanadium Project held by Neometals Limited.

The terms of the agreement allow for Monax to earn an initial 60% interest by expenditure of \$1.5m over three years. If Mithril elects not to contribute at 40%, Monax may then earn a further 20% by expenditure of a further \$1m over two years. Monax to spend a minimum of \$150,000 in the first year before it can withdraw.

There has not arisen in the interval between 30 June 2018 and the date of this report any item, any other 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.

### ***Future developments, prospects and business strategy***

The Group's strategy is to explore for battery metals across its portfolio of projects in Western Australia. The Board of Monax Mining Limited considers that, in the current environment of constrained capital, the best interests of shareholders in the Company will be served through a balanced approach of direct exploration by Monax and by seeking strategic alliances/joint ventures with other parties.

Monax is currently seeking new opportunities through the acquisition of projects which are suitable to joint venture to major companies.

### ***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.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### *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.

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:

<b>Expiry date*</b>	<b>Exercise price</b>	<b>Number of options</b>	<b>Vested</b>	<b>Unvested</b>	<b>Amount paid/payable by recipient (\$)</b>
12/05/2020	\$0.026	1,200,000	1,200,000	-	-
30/06/2020	\$0.015	10,000,000	10,000,000	-	-

\* 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 of the parent or its related entities during the year ended 30 June 2018.

### *Auditor of the Company*

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

### *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 2018 is set out immediately following the end of the Directors' report.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### Remuneration Report - audited

#### *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.

#### **Remuneration and Nomination**

The Audit, Governance and Remuneration Committee oversees remuneration matters and makes recommendations to the Board on remuneration policy, fees and remuneration packages for non-executive directors and senior executives. Details of the committee's members and its responsibilities are set out in the Corporate Governance Statement.

#### **Non-executive Remuneration Policies**

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 fees paid to Non-Executive Directors are not incentive or performance based but are fixed amounts that are determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of board committees. The fees are set by the Audit, Governance and Remuneration Committee which consults independent advice from time to time.

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.

#### **Executive Remuneration Policies**

The remuneration of the Managing Director is determined by the Non-executive Directors on the Audit, Governance and Remuneration 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. During the year the Board did not engage external remuneration consultants.

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 Audit, Governance and Remuneration 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 remuneration structure and packages offered to executives are summarised below:

- Fixed remuneration
- Short term incentive (STI) – 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.
- Long term incentive (LTI) – equity grants, which may be granted annually at the discretion of the Board. From time to time, the Company may grant retention rights as considered appropriate by the Audit, Governance and Remuneration Committee and the Board, as a long term incentive for key management personnel.

# Monax Mining Limited and Controlled Entities

## Directors' Report (continued)

### Remuneration Report - audited

#### Executive Remuneration Policies(continued)

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.

- Long term incentive (LTI) (continued) - 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.

At this time, there is no relationship between remuneration of Key Management Personnel and the Company's performance over the last five years. During the period no Key Management Personnel were offered a STI or LTI.

#### Service Agreements

As of 2 August 2017, Mr Ferris resigned as Managing Director and was engaged under a contract to provide services as a Geological Consultant.

The employment conditions of the Managing Director, Mr Gordon are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. Mr Gordon was appointed 1 October 2017 and his employment conditions include a three month notice period at base salary. The Managing Director's contract may be terminated at any time by mutual agreement. The Company may terminate the contract without notice in instances of serious misconduct.

#### Voting and comments made at the Company's 2017 Annual General Meeting

Monax Mining Limited received more than 87% of 'yes' votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

#### 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.

#### 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 financial year are:

Directors	Position
Mr GS Davis <i>appointed as Chairman on 17 April 2018</i> <i>appointed as Non-executive Director on 4 August 2004</i>	Chairman – Non-executive
Mr IJ Gordon <i>appointed as a Non-executive Director on 1 June 2017</i> <i>appointed as a Managing Director on 1 October 2017</i>	Managing Director – Executive
Mr PC Payne <i>appointed as a Director on 20 March 2018</i>	Director – Non-executive
Mr RM Kennedy <i>ceased as Chairman on 20 March 2018</i>	Former Chairman – Non-executive
Mr GM Ferris * <i>resigned as Managing Director on 2 August 2017</i>	Former Managing Director – Executive

\* Effective 2 August 2017, Mr Ferris is engaged under a contract to provide Geological services as consultant.

**Monax Mining Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report - audited**

**(b) Directors' remuneration**

2018 primary benefits	Short term employee benefits		Long term employee benefits	Share-based payments	Total	Proportion of remuneration relating to performance
	Directors' fees	Salary, fees and leave	Super contributions	Options/ rights		
	\$	\$	\$	\$	\$	
Directors						
Mr GS Davis <sup>1</sup>	36,000	-	-	-	36,000	-
Mr IJ Gordon <sup>i</sup>	8,226	128,798	12,442	43,400 <sup>2</sup>	192,866	-
Mr P Payne <sup>ii</sup>	8,468	-	-	-	8,468	-
Mr RM Kennedy <sup>iii</sup>	-	-	-	-	-	-
Mr GM Ferris <sup>iv</sup>	-	19,000	-	-	19,000	-
	52,694	147,798	12,442	43,400	256,334	-
2017 primary benefits	Directors' fees	Salary, fees and leave	Super contributions	Options/ rights	Total	Proportion of remuneration relating to performance
	\$	\$	\$	\$	\$	
Directors						
Mr RM Kennedy	57,534	-	5,466	-	63,000	-
Mr GS Davis <sup>1</sup>	36,000	-	-	-	36,000	-
Mr GM Ferris	-	241,000	-	-	241,000	-
Mr IJ Gordon	2,742	-	260	-	3,002	-
	96,276	241,000	5,726	-	343,002	-

1. Director's fees \$36,000 for Mr Davis are payable to a related entity of the Director. Mr Davis hasn't been paid since 1 July 2017.
2. 10,000,000 share options were issued to executive Director Ian Gordon during the financial year.

Employee	Number granted	Grant date	Value per option at grant date (\$)	Value of options at grant date (\$)	Number vested	Exercise price (\$)	Vesting and first exercise date	Last exercise date
Ian Gordon	10,000,000	24/11/2017	\$0.004	43,400	10,000,000	\$0.015	14/12/2017	30/6/2020

- i. Mr IJ Gordon appointed 1 October 2017.
- ii. Mr P Payne appointed 20 March 2018.
- iii. Mr RM Kennedy ceased as chairman 20 March 2018.
- iv. Mr GM Ferris resigned as Managing Director 2 August 2017.

**Monax Mining Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report - audited**

**(c) Post-employment/retirement benefits**

There were no post-employment retirement benefits other than superannuation at the statutory amount paid or payable to directors and key management personnel.

**(d) Share and Option holdings**

(i) 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.

Shares in Monax Mining Limited	Balance 1/07/17	Received as remuneration	Options/ rights exercised	Net change other <sup>1</sup>	Balance 30/06/18	Total held in escrow 30/06/18
<b>Held by Directors in own name</b>						
Mr GS Davis	72,727	-	-	-	72,727	-
Mr IJ Gordon	-	-	-	-	-	-
Mr PC Payne	-	-	-	-	-	-
Mr RM Kennedy	-	-	-	-	-	-
Mr GM Ferris	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
<b>Held by Directors' personally related Entities</b>						
Mr GS Davis	3,202,728	-	-	-	3,202,728	-
Mr IJ Gordon	-	-	-	6,635,255	6,635,255	-
Mr PC Payne	-	-	-	-	-	-
Mr RM Kennedy	14,000,000	-	-	(14,000,000)	-	-
Mr GM Ferris	1,920,100	-	-	(1,920,100)	-	-
Total held by Directors	19,195,555	-	-	(9,284,845)	9,910,710	-

(ii) 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	Balance 1/07/17	Received as remuneration	Options exercised	Net change other <sup>1</sup>	Exercise Price	Total vested 30/06/18	Total exercisable 30/06/18
<b>Held by Directors in own name</b>							
Mr IJ Gordon	-	10,000,000	-	-	\$0.015	-	10,000,000
Total held by Directors	-	10,000,000	-	-	\$0.015	-	10,000,000

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

**Monax Mining Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report - audited**

**(e) Related Party Disclosures**

During the financial year ended 30 June 2018, Monax used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a Principal. Monax paid \$2,198 (GST inc.) during the financial year (2017: \$214,568) to DMAW Lawyers for legal and advisory services. As at 30 June 2018, \$3,300 (GST inc.) is payable for invoices received but not yet paid. (2017: \$190,834)

During the financial year ended 30 June 2018, Monax used the consulting services of Payne Geological Services Pty Ltd, a consulting firm of which Mr Payne is a director. Monax paid \$21,186 (GST inc.) during the financial year (2017: \$nil) to Payne Geological Pty Ltd for geological consulting services. As at 30 June 2018, all invoices received were paid in full (2017: nil).

During the financial year ended 30 June 2018, Monax used the services of Mt Magnet Gold Services Pty Ltd, a subsidiary company of Ramelius Resources Limited of which Mr Kennedy was a director. Monax paid \$4,009.50 (GST inc.) during the financial year (2017: \$nil) to Mt Magnet Gold Pty Ltd. As at 30 June 2018, \$1,748.89 inc GST was outstanding (2017: nil).

End of Remuneration Report

**Monax Mining Limited and Controlled Entities**  
**Directors' Report (continued)**  
**Remuneration Report - audited**

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

A handwritten signature in blue ink, appearing to read 'G. Stuart Davis', is written over a horizontal line.

Glenn Stuart Davis  
Chairman

Dated at Adelaide this 3<sup>rd</sup> day of September 2018.

## 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 2018, 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*

Grant Thornton Audit Pty Ltd  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 3 September 2018

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**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Comprehensive income**  
**For the year ended 30 June 2018**

	Note	Consolidated	
		2018	2017
		\$	\$
Other revenue from ordinary activities	2	6,493	15,481
Gain on disposal of asset		17,240	7,312
<b>Total revenue</b>		<b>23,733</b>	<b>22,793</b>
Administration expenses	3	526,385	719,024
Impairment of assets	3	889,692	765,086
Loss on disposal of tenement		-	95,451
<b>(Loss) /profit before income tax expense</b>		<b>(1,392,344)</b>	<b>(1,556,768)</b>
Income tax (expense)/benefit	4	(12,223)	(22,777)
<b>(Loss)/profit after income tax expense</b>		<b>(1,404,567)</b>	<b>(1,579,545)</b>
<b>(Loss)/profit attributed to members of the parent entity</b>		<b>(1,404,567)</b>	<b>(1,579,545)</b>
<b>Total comprehensive income for the year</b>		<b>(1,404,567)</b>	<b>(1,579,545)</b>
Basic earnings per share (cents)	6	(0.241)	(0.352)
Diluted earnings per share (cents)	6	(0.241)	(0.352)

The accompanying notes form part of these financial statements.

**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**For the year ended 30 June 2018**

	Note	Consolidated	
		2018	2017
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	7	375,416	501,053
Trade and other receivables	8	29,980	52,067
Other current assets	9	11,126	6,850
<b>Total current assets</b>		<b>416,522</b>	<b>559,970</b>
<b>Non-current assets</b>			
Plant and equipment	10	9,596	18,271
Exploration and evaluation assets	14	55,289	381,368
Investments accounted for using the equity method	11	-	-
<b>Total non-current assets</b>		<b>64,885</b>	<b>399,639</b>
<b>Total assets</b>		<b>481,407</b>	<b>959,609</b>
<b>Current liabilities</b>			
Trade and other payables	15	113,681	278,703
Short term provisions	16	6,056	-
<b>Total current liabilities</b>		<b>119,737</b>	<b>278,703</b>
<b>Non-current liabilities</b>			
Long term provisions	16	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>119,737</b>	<b>278,703</b>
<b>Net assets</b>		<b>361,670</b>	<b>680,906</b>
<b>Equity</b>			
Issued capital	17	24,126,692	23,084,761
Reserves	25	85,565	42,165
Retained losses		(23,850,587)	(22,446,020)
<b>Total Equity</b>		<b>361,670</b>	<b>680,906</b>

The accompanying notes form part of these financial statements.

**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Changes in equity**  
**For the year ended 30 June 2018**

<b>Consolidated</b>	<b>Issued capital (Note 17) \$</b>	<b>Reserves (Note 25) \$</b>	<b>Retained losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2016</b>	21,582,504	785,080	(21,609,390)	758,194
<i>Transactions with owners in their capacity as owners:</i>				
Proceeds from the issue of shares during the year	1,503,501	-	-	1,503,501
Share based payments	52,000			52,000
Share options expired	-	(742,915)	742,915	-
Costs associated with the issue of shares during the year	(53,244)	-	-	(53,244)
	23,084,761	42,165	(20,866,475)	2,260,451
Loss attributable to members of the parent entity	-	-	(1,579,545)	(1,579,545)
Other comprehensive income	-	-		
<b>Total comprehensive income</b>	-	-	(1,579,545)	(1,579,545)
<b>Balance at 30 June 2017</b>	23,084,761	42,165	(22,446,020)	680,906
<i>Transactions with owners in their capacity as owners:</i>				
Proceeds from the issue of shares during the year	1,065,643	-	-	1,065,643
Fair value of options issued to employees	-	43,400		43,400
Share based payments	32,833	-	-	32,833
Costs associated with the issue of shares during the year	(56,545)	-	-	(56,545)
	24,126,692	85,565	(22,446,020)	1,766,237
Loss attributable to members of the parent entity	-	-	(1,404,567)	(1,404,567)
Other comprehensive income	-	-		
<b>Total comprehensive income</b>	-	-	(1,404,567)	(1,404,567)
<b>Balance at 30 June 2018</b>	24,126,692	85,565	(23,850,587)	361,670

The accompanying notes form part of these financial statements.

**Monax Mining Limited and Controlled Entities**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2018**

	Note	Consolidated	
		2018	2017
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		-	-
Cash payments in the course of operations		(565,263)	(529,290)
Interest received		6,493	15,481
<b>Net cash (used in) operating activities</b>	21(b)	<u>(558,770)</u>	<u>(513,809)</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(5,231)	(2,488)
Payments for exploration and evaluation assets		(620,787)	(574,410)
Cash call joint venture activities		-	-
Proceeds from sale of plant and equipment		30,580	11,000
Proceeds from sale of mining tenements		44,000	22,000
<b>Net cash (used in) investing activities</b>		<u>(551,438)</u>	<u>(543,858)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,065,643	1,503,501
Payments associated with issue of shares		(81,072)	(96,149)
<b>Net cash provided by financing activities</b>		<u>984,571</u>	<u>1,407,352</u>
<b>Net (decrease) in cash held</b>		(125,637)	349,685
<b>Cash at the beginning of the financial year</b>		501,053	151,368
<b>Cash at the end of the financial year</b>	21(a)	<u>375,416</u>	<u>501,053</u>

The accompanying notes form part of these financial statements.

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### **1 Statement of significant accounting policies**

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

##### **(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 Standards Board (AASB) and the Corporation Act 2001. The Company is a for-profit entity for the purpose of preparing financial statements.

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) Principles of consolidation**

The Group financial statements consolidate those of the Parent and all of its subsidiaries as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

##### **(c) Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **(d) Income tax**

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

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

For the year ended 30 June 2018

**(d) Income tax (continued)**

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 Profit or Loss and Other 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.

**(e) 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.

*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 Profit or Loss and Other Comprehensive Income.

**(f) 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.

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

For the year ended 30 June 2018

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

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.

**(g) 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.

**(h) 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 Profit or Loss and Other 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. 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.

*Impairment*

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

**(i) Impairment of non-financial 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 Profit or Loss and Other Comprehensive Income.

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

For the year ended 30 June 2018

**(j) 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 wholly 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 high quality corporate 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 high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

*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.

**(k) 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.

**(l) 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.

**(m) 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).

**(n) 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.

**(o) Interests in joint operations**

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation. Details of the Company's interests are shown at Note 12.

**(p) 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.

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### **(q) 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.

#### **(r) 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.

#### **(s) Comparative figures**

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

#### **(t) 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.

#### **(u) New Accounting Standards and Interpretations**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The adoption of these amendments has not had a material impact on the Group.

There were no material new and revised accounting standards which were effective for annual periods beginning on or after 1 July 2017 that were adopted by the Group.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**(u) New Accounting Standards and Interpretations (Continued)**

**Summary of Significant Accounting Policies**

<i>New / revised pronouncement</i>	<i>Superseded pronouncement</i>	<i>Nature of change</i>	<i>Effective date (annual reporting periods beginning on or after...)</i>	<i>Likely impact on initial application</i>
AASB 9 Financial Instruments (December 2014) [Also refer to AASB 2013-9 and AASB 2014-1 below]	AASB 139 Financial Instruments: Recognition and Measurement	<p>a Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>b Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.</p> <p>c Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>• the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)</li> <li>• the remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ul style="list-style-type: none"> <li>• classification and measurement of financial liabilities; and</li> <li>• derecognition requirements for financial assets and liabilities</li> </ul> <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <ul style="list-style-type: none"> <li>• Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</li> </ul>	1 January 2018	The entity is undertaking a detailed assessment of AASB 9. Based on this assessments, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when first adopted for the year ended 30 June 2019.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Summary of Significant Accounting Policies**

<i>New / revised pronouncement</i>	<i>Superseded pronouncement</i>	<i>Nature of change</i>	<i>Effective date (annual reporting periods beginning on or after...)</i>	<i>Likely impact on initial application</i>
AASB 16 Leases	AASB 117 Leases Int. 4 Determining whether an Arrangement contains a Lease Int. 115 Operating Leases—Lease Incentives Int. 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	AASB 16: <ul style="list-style-type: none"> <li>• replaces AASB 117 Leases and some lease-related Interpretations</li> <li>• requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases</li> <li>• provides new guidance on the application of the definition of lease and on sale and lease back accounting</li> <li>• largely retains the existing lessor accounting requirements in AASB 117</li> <li>• requires new and different disclosures about leases</li> </ul>	1 January 2019	The entity is in the process of making a detailed assessment of AASB 16. Given there are minor operating leases held by the entity, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when this standard is first adopted for the years ended 30 June 2019.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	None	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	Refer to the section on AASB 9 above.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**Summary of Significant Accounting Policies**

<i>New / revised pronouncement</i>	<i>Superseded pronouncement</i>	<i>Nature of change</i>	<i>Effective date (annual reporting periods beginning on or after...)</i>	<i>Likely impact on initial application</i>
ASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	None	<p>The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures.</p> <p>The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.</p> <p>This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.</p> <p>AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 deferred the mandatory application date of AASB 2014-10 from 1 January 2016 to 1 January 2018. Refer to the section on AASB 2015-10 below for further information.</p>	1 January 2018	

**(v) Parent entity financial information**

The financial information for the parent entity, Monax Mining Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries and associates, which have been recorded at cost less any impairments.

**(w) Authorisation for issue of financial statements**

The financial statements were authorised for issue by the Board of Directors 3 September 2018.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

		Consolidated	
		2018	2017
		\$	\$
<b>2</b>	<b>Revenue</b>		
	<b>Other revenues:</b>		
	<i>From operating activities</i>		
	Interest received from other parties	6,376	15,437
	Other revenue	117	44
	<b>Total revenue</b>	<b>6,493</b>	<b>15,481</b>
<b>3</b>	<b>Loss before income tax has been determined after</b>		
	<b>Expenses</b>		
	<b>Administration expenses</b>		
	ASX fees	18,626	20,956
	Share registry fees	19,050	28,859
	Insurance	30,145	23,693
	Audit and other services	34,323	27,750
	Other	26,641	54,494
		<u>128,785</u>	<u>155,752</u>
	<b>Consulting expenses</b>		
	Legal fees	4,300	222,778
	Corporate consulting	75,505	150,227
	Accounting and secretarial services	79,185	83,640
		<u>158,990</u>	<u>456,645</u>
	<b>Depreciation expenses</b>		
	Plant and equipment	2,406	2,968
	<b>Employment expenses</b>		
	Salaries and wages	120,000	-
	Directors' fees	52,693	96,276
	Share based payments	43,400	-
	Superannuation	12,181	5,726
	Other	7,930	1,657
		<u>236,204</u>	<u>103,659</u>
	<b>Total administration expenses</b>	<u>526,385</u>	<u>719,024</u>
	<b>Impairment of assets</b>		
	Exploration	14 889,692	765,086
		<u>889,692</u>	<u>765,086</u>

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

	Consolidated	
	2018	2017
	\$	\$

**4 Income tax benefit/(expense)**

The components of tax expense comprise:

Current income tax		
Deferred income tax		
Tax portion of capital raising costs	(12,223)	(22,777)
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income	(12,223)	(22,777)

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

Prima facie income tax benefit/(expense) calculated at 27.5% on loss (2017: 27.5%)	382,895	428,111
Tax losses utilised	(138,230)	(172,175)
Tax portion of capital raising costs	(12,223)	(22,819)
Unrealised gains		
Non-deductible impairment expense	(244,665)	(210,340)
Income tax benefit/(expense) attributable to loss	(12,223)	(22,777)

**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 27.5% (2017:27.5%)	(6,673,076)	(6,515,723)
Temporary differences	1,885	69

Consolidated



# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

For the year ended 30 June 2018

	2018	2017
	\$	\$
<b>9 Other current assets</b>		
Prepayments	11,126	6,850
<b>10 Plant and equipment</b>		
<b>Plant and equipment</b>		
At cost	85,845	223,475
Accumulated depreciation	(76,249)	(205,204)
Net book value	9,596	18,271

### 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	18,271	24,079
Additions	4,755	2,225
Disposals	(10,560)	(2,688)
Depreciation	(2,870)	(5,345)
Carrying amount at end of year	9,596	18,271

### 11 Investments in associates

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2018	2017	2018	2017
Unlisted							
Groundhog Partnership	Administration services	n/a	n/a	50%	50%	-	-

### 12 Interests in unincorporated joint operation

Monax Mining Limited has the following interests in unincorporated joint operations

No	State	Agreement Name	Parties	Summary
1	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 5209 and EL 5122. MOX and MEU operate a 25:75 joint venture

### 13 Controlled entities

#### (a) Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entity in accordance with the accounting policy described in Note 1(b):

	Country of incorporation	Percentage owned (%)	
		2018	2017
<b>Subsidiaries of Monax Mining Limited:</b>			
Monax Alliance Pty Ltd	Australia	100	100

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### 14 *Exploration and evaluation assets*

	Consolidated	
	2018	2017
	\$	\$
<b>Movement:</b>		
Carrying amount at beginning of year	381,368	701,577
Additional costs capitalised during the year	603,613	560,328
Sale of interest	(40,000)	(115,451)
Impairment of exploration asset <sup>1</sup>	(889,692)	(765,086)
Carrying amount at end of year	55,289	381,368
<b>Closing balance comprises:</b>		
Exploration and evaluation		
- 100% owned	39,179	70,157
Exploration and evaluation phase		
- Joint Venture	16,110	311,211
	55,289	381,368

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.

<sup>1</sup>The impairment of the exploration asset in 2018 relates predominantly to the impairment within the Gawler Craton, Croydon, Percyville and Western Queen area of Interest. The Company has considered the current market conditions, the finances of the Company in the foreseeable future and the prioritisation of projects, and has determined that based on a review of the underlying projects, the carrying value of the asset is unrecoverable. The asset was impaired to the value the company believes it is readily able to explore or obtain interest in from a third party.

#### 15 *Trade and other payables*

	Consolidated	
	2018	2017
	\$	\$
Trade payables	25,036	37,450
Other payables and accruals	34,870	24,329
Amounts payable to Directors and their related entities*	53,775	216,924
	113,681	278,703

\* Details of amounts payable to Director related entities are detailed in Note 22.

#### 16 *Provisions*

There are no current or non-current employee benefits.

##### **Provisions**

Opening balance at beginning of year	-	-
Additional provisions	6,056	-
Balance at end of year	6,056	-

Consolidated

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

	2018	2017
	\$	\$
<b>17 Issued capital</b>		
<b>Issued and paid-up share capital</b>		
722,464,650		
(2017: 457,960,718) ordinary shares, fully paid	24,126,691	23,084,761
<b>(a) Ordinary shares</b>		
Balance at the beginning of year:	23,084,761	21,582,504
Shares issued during the year:		
8,416,657 shares issued under share purchase plan	50,500	1,503,501
111,594,345 shares issued under placement	502,175	52,000
4,690,486 Shares issued to Westralian Diamond Drillers Pty Ltd for drilling services undertaken at the Western Queen Project	32,833	-
82,000,000 Share issued under placement	328,000	-
57,802,444 shares issued under placement	184,968	-
Less transaction costs arising from the issue of shares net of tax	(56,545)	(53,244)
Balance at end of year	24,126,692	23,084,761

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 18.

10,000,000 share options were issued to executive Directors Ian Gordon during the financial year.

At 30 June 2018, there were 11,200,000 (30 June 2017: 1,525,000) unissued shares for which the following options/rights were outstanding.

- 1,200,000 unlisted options exercisable at \$0.026 by 12/05/2020
- 10,000,000 unlisted options exercisable at \$0.015 by 30/06/2020

#### (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 and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### 18 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	Number of options	2018		2017		
		Weighted average exercise price \$	Weighted average remaining contractual life	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life
Outstanding at the beginning of the year	1,525,000	0.0318		1,750,000	0.0342	
Granted	10,000,000	0.0150				
Exercised						
Expired	(325,000)	0.0530		(225,000)	0.0510	
Lapsed						
Outstanding at year-end	<u>11,200,000</u>	0.0162	726 days	<u>1,525,000</u>	0.0318	682 days
Exercisable at year-end	<u>11,200,000</u>			<u>1,525,000</u>		

On 12 May 2015, 1,200,000 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 \$0.026 each. These options are exercisable on or before 12 May 2020.

On 24 November 2017, 10,000,000 share options were granted to employee under the Monax Mining Limited Managing Director Remuneration Package to take up ordinary shares at an exercise price of \$0.015 each. These options are exercisable on or before 30 June 2020.

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.

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.

	November 2017	May 2015
Weighted average fair value (Black- Scholes)	\$0.0043	\$0.0040
Weighted average exercise price	\$0.015	\$0.026
Weighted average life of the option	913 days	1,826 days
Underlying share price	\$0.008	\$0.010
Expected share price volatility	118.48%	78%
Risk free interest rate	1.50%	2.00%

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**18 Share-based payments (Continued)**

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

(ii) *Shares*

On 18 January 2018, the Company issued 4,690,486 fully paid ordinary shares at an issue price of \$0.007 per share to Westralian Diamond Drillers Pty Ltd in lieu of cash payment for drilling services undertaken at the Western Queen Gold Project.

**19 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:

	Consolidated	
	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	375,416	501,053
Loans and receivables	29,980	52,067
	<u>405,396</u>	<u>553,120</u>
Financial liabilities		
Trade and other payables	113,681	278,703
	<u>113,681</u>	<u>278,703</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.

**(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.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**19 Financial risk management (Continued)**

**(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 2018 approximately 31.68% of Company deposits are fixed.

*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:

	Consolidated	
	2018	2017
	\$	\$
Change in loss		
Increase in interest rates by 2%	7,508	10,021
Decrease in interest rates by 2%	(7,508)	(10,021)
Change in equity		
Increase in interest rates by 2%	7,508	10,021
Decrease in interest rates by 2%	(7,508)	(10,021)

**20 Commitments and contingent liabilities**

**(a) Exploration expenditure commitments**

There are no minimum expenditure requirements (2018: \$572,500) pursuant to various joint venture requirements and those specified by the State Government of Western Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. The Company will continue to review its tenement holdings and make the appropriate elections regarding maintaining the tenure of tenements through financial commitment during the licence period. These obligations are not provided for in the financial report.

**(b) Operating lease commitments**

Monax Mining Limited does not have any operating leases.

**(c) Contingent liabilities**

In July 2017, the Company and Groundhog Services Partnership received re-assessments for Payroll Tax totalling \$195,512 for the periods 1 July 2010 to 30 June 2015 inclusive. In August 2018 the Company submitted an objection to the Minister of Finance. This amount is recorded in the notes of the financial statements as a contingent liability.

**(d) Bank Guarantees**

The Group has negotiated a bank guarantee in favour of a service provider. The total nominal amount of this guarantee at the reporting date is \$15,000 (2017: \$15,000). This bank guarantee is fully secured by cash on term deposit.

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**21 Notes to the statement of cash flows**

**(a) Cash at the end of the financial year consists of the following:**

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and at call	375,416	501,053
	<u>375,416</u>	<u>501,053</u>

**(b) Reconciliation of profit after income tax to net cash outflow from operating activities**

Loss after income tax	(1,404,567)	(1,579,545)
Add/(less) non cash items		
Depreciation	2,406	2,968
Equity settled share-based payments	43,400	52,000
Impairment of exploration asset	889,692	765,086
Loss/(Gain) on disposal of exploration assets	(17,240)	95,451
Tax effect of capital raising costs	12,223	22,777
Changes in operating assets and liabilities		
(Increase)/decrease in other assets	52,195	6,054
(Increase)/decrease in trade and other receivables	22,087	(15,102)
(Decrease)/increase in trade and other payables	(165,022)	136,502
(Decrease)/increase in provisions	6,056	-
Net cash (used in) operating activities	<u>(558,770)</u>	<u>(513,809)</u>

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

For the year ended 30 June 2018

### 22 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-imbusement of expenses incurred on behalf of the Company) relating to Directors and their Director related entities were as follows:

Director	Transaction	Note	Consolidated	
			2018	2017
			\$	\$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees and Director fee.		4,998	214,568
PC Payne	Payments to a Director related entity for consulting services.		19,260	-
RM Kennedy	Payments to a Director related entity for administration services.	(i)	850	341
GM Ferris	Payments to a Director related entity for administration services.	(ii)	19,000	241,000

(i) This amount relates to provision of administration expenses by Monax Mining Ltd

(ii) This amount relates to the provision of services to act as Managing Director by GMF Consulting Pty Ltd

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

	Consolidated	
	2018	2017
	\$	\$
Current payables		
Amounts payable to Directors	50,475	-
Amounts payable to related parties*	3,300	216,924
	<u>53,775</u>	<u>216,924</u>

\* Amounts payable to related parties represents amounts payable to DMAW Lawyers.

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 2018. The totals of remuneration paid or payable to key management personnel during the year are as follows:

	Consolidated	
	2018	2017
	\$	\$
Short term employee benefits	200,492	337,276
Share-based payment	43,400	-
Post-employment benefits	12,442	5,726
	<u>256,334</u>	<u>343,002</u>

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### 23 *Operating segments*

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded, due to the Group being solely focussed on exploration activity, at this time that there are no separately identifiable segments.

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

The company's focus on opportunities in the battery metals space resulted in the announcement of a farm-in to the Limestone Well Vanadium Project in mid-west WA in August 2018.

Monax agreed to terms to farm-in to two tenements held by Mithril Resources Limited at Limestone Well located 90km south east of Meekatharra, adjoining the Barrambie Titanium/Vanadium Project held by Neometals Limited.

The terms of the agreement allow for Monax to earn an initial 60% interest by expenditure of \$1.5m over three years. If Mithril elects not to contribute at 40%, Monax may then earn a further 20% by expenditure of a further \$1m over two years. Monax to spend a minimum of \$150,000 in the first year before it can withdraw.

There has not arisen in the interval between 30 June 2018 and the date of this report any item, any other 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.

#### 25 *Reserves*

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.

	Consolidated	
	2018	2017
	\$	\$
<b><i>Reserves</i></b>		
<i>Share option reserve</i>		
Opening balance at beginning of year	42,165	785,080
Options issued	43,400	-
Options expired	-	(742,915)
Balance at end of year	<u>85,565</u>	<u>42,165</u>

**Monax Mining Limited and Controlled Entities**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**26 Monax Mining Limited company information**

	2018	2017
	\$	\$
<b>Parent entity</b>		
Assets		
Current assets	416,495	559,823
Non-current assets	64,885	399,639
Total assets	<u>481,380</u>	<u>959,462</u>
Liabilities		
Current liabilities	163,482	324,549
Non-current liabilities	-	-
Total liabilities	<u>163,482</u>	<u>634,913</u>
Equity		
Issued capital	24,126,691	23,084,761
Retained losses	(23,894,358)	(22,492,013)
Share-based payments reserve	85,565	42,165
Total equity	<u>317,898</u>	<u>634,913</u>
Financial performance		
Loss for the year	(1,402,345)	(1,577,746)
Other comprehensive income	-	-
Total comprehensive income	<u>(1,402,345)</u>	<u>(1,577,746)</u>
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	195,512	195,512
Contractual commitments	-	-

**27 Company details**

The registered office of the Company is:  
139 Greenhill Road  
UNLEY SA 5061

The principal place of business is  
Level 3, 100 Pirie Street  
ADELAIDE SA 5000

# Monax Mining Limited and Controlled Entities

## Notes to the financial statements

### For the year ended 30 June 2018

#### 28 *Going concern*

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

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital or sale of assets for continued operations. The Group incurred a loss of \$1,404,567. The Group's cash balance at 30 June 2018 was \$375,416.

The Group's ability to continue as a going concern is contingent on obtaining additional capital and/or sale of assets. If additional capital is not obtained or assets not sold, the going concern basis may not be appropriate, with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

# Monax Mining Limited and Controlled Entities

## For the year ended 30 June 2018

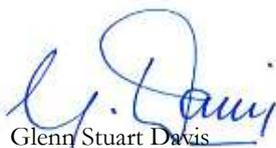
### Directors' declaration

The Directors of Monax Mining Limited declare that:

- (a) the financial statements and notes, as set out on pages 20 to 45, are in accordance with the Corporations Act 2001, and:
  - (i) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the entity; and
  - (ii) comply 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 3<sup>rd</sup> day of September 2018.



Glenn Stuart Davis  
Director

# Independent Auditor's Report

## To the Members of Monax Mining Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Monax Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 28 in the financial statements, which indicates that the Group incurred a net loss of \$1,404,567 during the year ended 30 June 2018, and as of that date, the Group's cash balance was \$375,416. These events or conditions, along with other matters as set forth in Note 28, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation assets – Note 14</b></p> <p>At 30 June 2018, the carrying value of exploration and evaluation assets was \$55,289.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management’s area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including;               <ul style="list-style-type: none"> <li>○ tracing projects to exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure;</li> <li>○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;</li> <li>• evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

### Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2018, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors' 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

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

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Monax Mining Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

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.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S K Edwards  
Partner – Audit & Assurance

Adelaide, 3 September 2018

# Monax Mining Limited and Controlled Entities

## Shareholder Information as at 24 August 2018

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current at 24 August 2018

### *Distribution of Equity Securities*

#### *Ordinary Share Capital*

Fully paid ordinary shares are held by 1,913 individual shareholders.

#### *Options*

Options are held by 5 individual option holders.

### **Substantial shareholders**

The number of shares held by substantial shareholders and their associates as disclosed in substantial holding notices given to the Company are set out below.

<b>Substantial Shareholder</b>	<b>Number of fully paid ordinary shares held</b>
Antofagasta Investment Company Limited	38,496,270

### **Voting rights**

#### *Fully paid ordinary shares*

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

### **Distribution of equity security holders**

<b>Category</b>	<b>Holders of Ordinary shares</b>	<b>Holders 12/05/2020 \$0.026 Options</b>	<b>Holders 30/06/2020 \$0.015 Options</b>
1 – 1,000	279	-	-
1,001 – 5,000	228	-	-
5,001 – 10,000	176	-	-
10,001 – 100,000	609	-	-
100,001 and over	621	4	1
Total Number of security holders	1,913	4	1

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,408.

### **On market buy-back**

There is no current on-market buy-back.

# Monax Mining Limited and Controlled Entities

## Shareholder Information as at 24 August 2018

### Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders at 24 August 2018 are as follows.

Name	Number of fully paid ordinary shares held	Percentage held %
MCNEIL NOMINEES PTY LIMITED	68,545,164	9.49
CITICORP NOMINEES PTY LIMITED	40,866,350	5.66
MS CHARMAINE LINDA LOBO	24,727,251	3.42
MRS SARAH JUNE NAYLOR + MR MICHAEL DYLAN NAYLOR <BLUE LEAF A/C>	19,527,853	2.70
IRONSIDE PTY LTD <THE IRONSIDE SUPER FUND A/C>	13,050,000	1.81
UNIQUE ASSET PTY LTD	12,026,753	1.66
MR VINCENZO BRIZZI + MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C>	11,500,000	1.59
CORPORATE PROPERTY SERVICES PTY LTD <K W SHARE A/C>	8,385,043	1.16
SOUTHERN CROSS CAPITAL PTY LTD	7,811,140	1.08
MR JOHN ANTHONY GAFFNEY	7,100,000	0.98
BUCKINGHAM INVESTMENT FINANCIAL SERVICES PTY LTD <THE CAMPBELL S/F A/C>	7,000,000	0.97
MS YUE LI	7,000,000	0.97
WEST RESCUE PTY LTD <WEST RESCUE A/C>	7,000,000	0.97
MRS BELINDA GORDON + MR IAN GORDON <GORDON SUPER FUND A/C>	6,635,255	0.92
MR DAVID IAN KERR + MRS CHERYL DOROTHEA KERR <EDWINSTOWE NOM P/L SUP A/C>	6,414,490	0.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,091,341	0.84
RMK SUPER PTY LTD <RMK PERSONAL S/F A/C>	5,793,437	0.80
FUTURITY PRIVATE PTY LTD	5,600,000	0.78
IRIS SYDNEY HOLDINGS PTY LTD	5,547,058	0.77
MR DANNY EU HUAT KHOO	5,500,000	0.76
	<b>276,121,135</b>	<b>38.22</b>

### Unquoted equity securities

#### Options

Details of options on issue which are unquoted are as follows.

Expiry date	Exercise price	Number of Options	Number Unquoted	Number of holders
12/05/2020	\$0.026	1,200,000	1,200,000	4
30/6/2020	\$0.015	10,000,000	10,000,000	1

## Monax Mining Limited and Controlled Entities

### Tenement List

#### South Australia

Project	Tenement	No.	Status	Area (km <sup>2</sup> )	Details	Tenure holder
Yorke Peninsula	Melton	EL 6125	Granted	28	JV with Marmota Energy	Marmosa Pty Ltd
	North Melton	EL 5209	Granted	137	JV with Marmota Energy	Marmota Energy

#### Queensland

Project	Tenement	No.	Status	Area (sub blocks)	Details	Tenure holder
Croydon	Croydon	EPM26203	Granted	2	Disposal Pending	Monax Mining

#### Western Australia

Project	Tenement	No.	Status	Area (blocks)	Details	Tenure holder
Moolyella	Moolyella	E45/4462	Granted	29	Option to Purchase 90%	Duketon Consolidated Pty Ltd
Bald Hill	Bald Hill	E59/2304	Application	12		Monax Mining
Jarrawood	Jarrawood	E70/5159	Application	20		Monax Mining

#### Monax Alliance Pty Ltd

Project	Tenement	No.	Status	Area	Details	Tenure holder
Musgrave	Kulitjara	ELA 2013/00168	Application	1122		Monax Alliance P/L
	Anmuryinna	ELA 2013/00169	Application	1039		Monax Alliance P/L
	Poole Hill	ELA 2013/00170	Application	1235		Monax Alliance P/L



# Notice of Annual General Meeting 2018

Notice is hereby given that the Annual General Meeting of Monax Mining Limited (**Company**) will be held at Level 6, 80 King William Street, Adelaide South Australia on Wednesday, 31<sup>st</sup> October 2018 at 10.00 am (Adelaide time).

## **AGENDA**

### **ORDINARY BUSINESS**

#### **1. Financial Report**

To receive and consider the financial report and the reports of the Directors and Auditor for the year ended 30 June 2018.

The Annual Financial Report is available at the website of the Company ([www.monaxmining.com.au](http://www.monaxmining.com.au)), under "Investors", "Corporate Reports", "Annual Reports".

#### **2. Adoption of Remuneration Report**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That the Remuneration Report for the financial year ended 30 June 2018 be adopted.'

Note: The vote on this resolution is advisory only and does not bind the Directors of the Company.

### **Voting exclusion statement**

In accordance with the Corporations Act, a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is not cast on behalf of a person described above and either:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution;
- the person is the Chair of the Meeting at which the resolution is voted on and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

#### **3. Re-election of Mr GS Davis as a Director**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That Mr GS Davis, being a Director of the Company who retires by rotation in accordance with clause 47.1 of the Company's constitution, and being eligible, is re-elected as a Director of the Company'.

#### **4. Election of Mr PC Payne as a Director**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

'That Mr PC Payne, being a Director appointed by the Directors of the Company since the last annual general meeting, retires in accordance with clause 47.1 of the Company's constitution, and being eligible, is elected as a Director of the Company'.

## **5. Change of Name**

To consider, and if thought fit, pass the following resolution as a special resolution:

“That, for the purposes of sections 157(1)(a) and 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the name of the Company to be changed to Auteco Minerals Limited, and for all references to the Company’s name in the constitution of the Company to be replaced with Auteco Minerals Limited.”

## **OTHER BUSINESS**

### **6. Ratification of previous issue of shares**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the issue of 4,690,486 fully paid ordinary shares at \$0.007 per fully paid ordinary share on 18 January 2018 on the terms described in the explanatory memorandum.”

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons. However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **7. Ratification of previous issue of shares**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the issue of 82,000,000 fully paid ordinary shares at \$0.004 per fully paid ordinary share on 7 March 2018 on the terms described in the explanatory memorandum.”

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons. However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **8. Ratification of previous issue of shares**

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the issue of 57,802,444 fully paid ordinary shares at \$0.0032 per fully paid ordinary share on 14 June 2018 on the terms described in the explanatory memorandum.”

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons. However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **9. Approval to issue an additional 10% of issued ordinary securities over a 12 month period**

To consider, and if thought fit, pass the following resolution as a special resolution:

'That for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given to issue equity securities (as defined in the ASX Listing Rules) equivalent to an additional 10% of the number of ordinary securities on issue calculated in accordance with the formula in listing rule 7.1A.2 and on terms described in the explanatory memorandum'.

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of this resolution by a person (and any associates of such a person) who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **10. To transact any further business that may be lawfully brought forward**

Further information regarding the business to be transacted at the Annual General Meeting is set out in the explanatory memorandum accompanying the notice convening this meeting. This notice should be read in conjunction with the accompanying explanatory memorandum which forms part of this notice

By order of the Board.

Kaitlin Smith  
Company Secretary  
Date: 28 September 2018

### 1. Voting exclusions

#### ***Resolution 2 – Adoption of Remuneration Report***

The *Corporations Act 2001(Cth)* (**Corporations Act**) prohibits Directors and other key management personnel (**KMP**) of the Company and their closely related parties voting in any capacity (including as a shareholder, proxy or personal representative) on resolution 2. The prohibition does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on resolution 2, provided that the person who appointed the proxy is not themselves a person subject to the prohibition.

Accordingly, the Company will disregard any votes cast on resolution 2 (in any capacity) by or on behalf of Directors and other KMP of the Company and their closely related parties, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction in the proxy form.

In addition, the Chairman of the meeting can vote undirected proxies on resolution 2 where the shareholder provides the Chairman with express authorisation to do so, even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Therefore, when completing the proxy form, if you appoint the Chairman of the meeting as your proxy, or if the Chairman of the meeting is appointed as your proxy by default, then unless you mark one of the voting instruction boxes for resolution 2, you will be taken to have given your express authority to the Chairman to cast any undirected proxy votes on resolution 2.

### 2. Voting entitlement on a poll

On a poll, each shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

### 3. Proxies

A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the shareholder's behalf. If the shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint up to two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the shareholder's votes. Absent this specification, each proxy will need to exercise half the votes.

A proxy need not be a shareholder of the Company.

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy forms and authorities may be sent to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, , or by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on +61 8 8232 8811.

Shareholders who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

Vote electronically by casting votes online at [www.investorvote.com.au](http://www.investorvote.com.au) and follow the prompts. To use this facility, you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form.

#### ***Undirected proxies***

If shareholders appoint the person chairing the meeting as their proxy and do not specify how the Chairman is to vote on a resolution, except as directed, the Chairman advises that he intends to vote

each such proxy, as proxy for those shareholders, in favour of each resolution on a poll. Therefore, the Company recommends that shareholders who submit proxies should consider giving “how to vote” directions to their proxy holder (including the Chairman) on each resolution. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

If shareholders complete a proxy form that authorises the person chairing the meeting to vote on their behalf as proxy holder, and do not mark any of the boxes so as to give the Chairman directions about how their vote should be cast, then the Chairman may vote as they choose. If shareholders wish to appoint the person chairing the meeting as their proxy holder but do not want to put the Chairman in the position to cast their vote as they choose in relation to a resolution, shareholders should complete the appropriate box on the proxy form, directing the Chairman to vote for, against or abstain from voting on that resolution.

If the Chairman is appointed as a proxy, they are not permitted to vote undirected proxies on various matters, including some remuneration matters and related party matters unless express authority to do so is given by the appointing shareholder.

**4. Custodian voting**

For Intermediary Online subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

**5. Entitlement to vote at the meeting**

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 6.30 pm (Adelaide time) on 29 October 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

**6. Quorum**

The Constitution of the Company provides that 10 shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for the general meeting of the Company.

**7. Appointing a corporate representative**

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

**8. Appointment of an attorney**

Attorneys are requested to bring a power of attorney pursuant to which they are appointed. Proof of identity will also be required for attorneys.

# Explanatory Memorandum

Accompanying the Notice of Annual General Meeting to be held on 31 October 2018.

## 1. Financial Report

The Financial Report and the reports of the Directors and Auditor will be laid before the meeting in accordance with section 317 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Shareholders will be given a reasonable opportunity to ask questions or make comments about the management of the Company and may also ask a representative of the Company's auditor questions relevant to the conduct of the audit and the accounting policies adopted by the Company.

## 2. Remuneration Report

The Company has included in the 2018 Annual Report a detailed Remuneration Report which provides prescribed information relating to remuneration.

As required by the Corporations Act, the Remuneration Report is submitted for adoption by a non-binding vote.

The Remuneration Report is set out on pages 13 to 17 of the 2018 Annual Report and is available from the Company's website [www.monaxmining.com.au](http://www.monaxmining.com.au).

A reasonable opportunity for discussion of the Remuneration Report will be provided at the meeting.

*The Directors recommend shareholders vote in favour of the non-binding ordinary resolution 2.*

## 3. Re-election of Mr GS Davis as a Director

Under the Company's constitution, one third of the directors (excluding the managing director) must retire at the end of each annual general meeting. The retiring director(s) will be eligible for re-election. The director required to retire under these provisions is Mr Glenn Davis.

In accordance with clause 47 of the Company's constitution, Mr Davis retires at the end of the annual general meeting and, being eligible, has offered himself for re-election. A brief summary of Mr Davis's qualifications and experience follows.

### **Mr Glenn Stuart Davis LLB, Bsc, FAICD**

Mr Davis has been an independent non-executive Director of Monax Mining Limited since 3 August 2004. Mr Davis is a solicitor and principal of DMAW Lawyers Pty Ltd, 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 relevant to the resource industry.

Special responsibilities include membership of the Audit and Corporate Governance Committee. Other listed company directorships are: Chairman of Beach Energy Limited (since November 2012 and a director since July 2007). Former director of Marmota Energy Limited (since 2007 until June 2015).

The Board regards Mr Davis as an independent non-executive director.

*The Directors (with Mr Davis abstaining) recommend shareholders vote in favour of resolution 3.*

#### **4. Election of Mr PC Payne as a Director**

Under the Company's constitution, any director appointed by the Directors or the Company in general meeting since the last annual general meeting (excluding the managing director) must retire at the end of each annual general meeting. The retiring director(s) will be eligible for election. The director required to retire under these provisions is Mr Paul Payne.

In accordance with clause 47 of the Company's constitution, Mr Payne retires at the end of the annual general meeting and, being eligible, has offered himself for re-election. A brief summary of Mr Payne's qualifications and experience follows.

##### **Mr Paul Payne** (B.AppSc Grad Dip Min Ec, FAusIMM)

Mr Payne is a geologist and holds in excess of 30 years' experience in mining including 10 years independent consulting across a range of commodities and jurisdictions. Mr Payne has extensive technical experience in the evaluation of mineral deposits from early stage exploration to definitive feasibility studies. Recent exploration experience includes implementation and management of gold exploration for Dacian Gold Limited in WA and Rift Valley Resources in Tanzania. Mr Payne has held corporate roles including Technical Director and Managing Director of ASX listed companies including founding Managing Director of Dacian Gold Limited and was instrumental in Dacian Gold's successful IPO and making the major initial gold discovery at its Mount Morgans project.

The Board regards Mr Payne as an independent non-executive director.

*The Directors (with Mr Payne abstaining) recommend shareholders vote in favour of resolution 4.*

#### **5. Change of Name**

In accordance with section 157(1)(a) of the Corporations Act 2001, the Company submits to shareholders for consideration and adoption by way of a special resolution for the name of the Company to be changed to Auteco Minerals Limited. The Company also seeks approval under section 136(2) of the Corporations Act 2001, to the Company's constitution being updated to reflect the change of name.

The change of name is to reflect the major focus the Company will place on battery metals lithium, vanadium, graphite, cobalt, copper and nickel.

*The directors recommend shareholders vote in favour of this resolution.*

#### **6. Ratification of previous issue of shares on 18 January 2018**

ASX Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The issue of the shares detailed in Resolution 6 did not exceed the 15% limit referred to above. ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the Company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 6 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

In accordance with ASX Listing Rule 7.5, the following information is provided to shareholders:

- 4,690,486 ordinary fully paid shares were issued on 18 January 2018 without shareholder approval;
- the shares were issued to sophisticated and professional investors at \$0.007 per fully paid ordinary share in lieu of cash payment for drilling services undertaken at the Company's Western Queen Golf Project the closing market price at the time of issue was \$0.007 per share; and
- the shares rank equally in all respects with the Company's existing ordinary shares on issue.

*The Directors recommend shareholders vote in favour of resolution 6.*

## **7. Ratification of issue of shares on 7 March 2018**

ASX Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The issue of the shares detailed in Resolution 7 did not exceed the 15% limit referred to above. ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be

treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the Company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 7 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

In accordance with ASX Listing Rule 7.5, the following information is provided to shareholders:

- 82,000,000 ordinary fully paid shares were issued on 7 March 2018 without shareholder approval;
- the shares were issued to sophisticated and professional investors undertaken by Baker Young Stockbrokers as Lead Manager and Adelaide Equity Partners Limited as Co-Manager at \$0.004 per fully paid ordinary share to fund a follow-up drilling program at the Western Queen Golf Project. The closing market price at the time of issue was \$0.005 per share; and
- the shares rank equally in all respects with the Company's existing ordinary shares on issue.

*The Directors recommend shareholders vote in favour of resolution 7.*

## **8. Ratification of issue of shares on 14 June 2018**

ASX Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

ASX Listing rule 7.1A enables certain eligible entities that have obtained shareholder approval by special resolution at an annual general meeting (**AGM**) to issue additional equity securities equivalent to an additional 10% of the entity's issued ordinary securities. At the Company's last AGM on 24 November 2017, the Company obtained approval from Shareholders to issue equity securities under Listing Rule 7.1A.

The issue of shares described in Resolution 8 was made within available capacity under Listing Rules 7.1 and 7.1A, respectively and did not breach Listing Rule 7.1. In particular, of the 57,802,444 shares issued in total:

- 5,272 were issued within available capacity under Listing Rule 7.1; and
- the remaining 57,797,172 were issued within available capacity under the approval given at the last AGM pursuant to Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that where a company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the Company's 15% capacity and enabling it to issue further securities up to that limit under Listing Rule 7.1 (and also re-instating the Company's additional 10% placement capacity under Listing Rule 7.1A for any remaining period of the existing approval under Listing Rule 7.1A).

Resolution 8 proposes the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

In accordance with ASX Listing Rule 7.5, the following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- 57,802,444 ordinary fully paid shares were issued on 14 June 2018 without shareholder approval (on the basis described above);

- the shares were issued to sophisticated and professional investors undertaken by Adelaide Equity Partners Limited as Lead Manager at an issue price of \$0.0032 per fully paid ordinary share to raise funds to fund initial exploration programs at its newly acquired Moolyella lithium project and for working capital purposes. The closing market price at the time of issue was \$0.004 per share; and
- the shares rank equally in all respects with the Company's existing ordinary shares on issue.

*The Directors recommend shareholders vote in favour of resolution 8.*

**9. Approval to issue an additional 10% of issued ordinary securities over a 12 month period.**

Listing rule 7.1A permits eligible entities that have obtained shareholder approval by special resolution at an AGM to issue an additional 10% of the entity's issued ordinary securities (calculated using the formula set out below). The ability to issue securities under listing rule 7.1A is in addition to the Company's ability to issue 15% of its fully paid ordinary securities without security holder approval in a 12 month period, under Listing Rule 7.1.

A listed entity must satisfy both of the following criteria at the time of its AGM in order to be eligible to seek approval under Listing Rule 7.1A:

- It must have a market capitalisation of \$300 million or less; and
- It must not be included in the S&P/ASX 300 Index.

At the date of the Notice, the Company satisfied both of those criteria.

The number of equity securities that the Company may issue with approval under listing rule 7.1A.2 is calculated using the following formula:

$$(A \times D) - E$$

A = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under rule 7.1 or 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = The number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of shareholders under rule 7.1 or 7.4.

A resolution under listing rule 7.1A can only be proposed as a special resolution at an eligible entity's AGM. A special resolution is a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Securities issued with approval under listing rule 7.1A must belong to a class of equity securities already quoted. Listing rule 7.1A cannot be used for placements of securities in a class that have not yet been quoted.

*The Directors recommend shareholders vote in favour of resolution 9.*

### Information required by listing rule 7.3A

Listing rule 7.3A prescribes the information that must be included in the Notice in relation to a resolution under listing rule 7.1A. This information is as follows:

1. The issue price of securities issued under listing rule 7.1A must be no lower than 75% of the volume weighted average market price for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were conducted immediately before either:
  - 1.1 the date on which the price at which the securities are to be issued is agreed; or
  - 1.2 if the securities are not issued within 5 trading days of the date in paragraph 1.1 above, the date on which the securities are issued.
2. If resolution 9 is approved by shareholders and the Company issues additional equity securities there is a risk of economic and voting dilution of the existing shareholders including the risk that:
  - 2.1 the market price for the Company's ordinary securities may be significantly lower on the issue date than on the date of the approval under listing rule 7.1A; and
  - 2.2 the ordinary securities may be issued at a price that is at a discount to the market price for those ordinary securities on the issue date.

The table below provides details of the quoted and unquoted classes of equity securities the Company has on issue at the date of the Notice.

Equity Security	Number on issue
Quoted fully paid ordinary shares	722,464,650
Unquoted 2.6 cents options expiring 12 May 2020	1,200,000
Unquoted 1.5 cents options expiring 30 June 2020	10,000,000

The following table illustrates the potential dilution of existing shareholders on the basis of the number of ordinary securities for variable 'A' as at the date of this notice (**current variable A**) and where variable "A" is 1.5 times and twice the current variable A:

	Current variable "A"	50% increase in current variable "A"	100% increase in current variable "A"
	722,464,650	1,083,696,975	1,444,929,300
<b>10 % voting dilution</b>	72,246,465	108,369,698	144,492,930
<b>Total shares on issue following rule 7.1A placements</b>	794,711,115	1,192,066,673	1,589,422,230

Assumptions relevant to the table describing the potential dilution of existing shareholders:

- (i) An additional 10% of the Company's ordinary shares are issued under rule 7.1A;
  - (ii) No options are exercised before the date of the issue under rule 7.1A;
  - (iii) The issue under rule 7.1A consists only of shares.
3. The Company will only issue equity securities during the 12 month period after the date of the AGM on 31 October 2018 (that is, up to and including 31 October 2019). The approval under resolution 9 for the issue of equity securities will cease to be valid in the event that shareholders approve a transaction under listing rule 11.1.2 (a significant change to the nature or scale of activities) or listing rule 11.2 (the disposal of the Company's main undertaking).

4. The Company may issue the equity securities for the following purposes:
- 4.1 non-cash consideration for the acquisition of new resources, assets and investments.
- In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- 4.2 cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and development expenditure on the Company's current assets and/or general working capital.
5. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issues. The identity of the allottees of equity securities will be determined on a case-by-case basis and in regard to factors including but not limited to the following:
- 5.1 the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- 5.2 the effect of the issue of the equity securities on the control of the Company;
- 5.3 the financial situation and solvency of the Company; and
- 5.4 advice from corporate, financial and broking advisors (if applicable).

The allottees pursuant to this resolution have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees pursuant to this resolution will be the vendors of the new assets. If this resolution is approved by shareholders, the Company may issue equity securities during the 12 month period after the date of the AGM as and when the circumstances of the Company require.

6. The Company obtained approval under ASX Listing Rule 7.1A at last year's Annual General Meeting held on 24 November 2017.
7. As the Company has previously obtained shareholder approval under Listing Rule 7.1A and is now seeking shareholder approval to renew its capacity to issue an additional 10% of its issued ordinary securities under Listing Rule 7.1A, it is required to provide details of all issues of equity securities in the 12 months preceding the date of the meeting.
8. The total number of equity securities issued preceding the date of the meeting and the percentage they represent of the Company's equity securities on issue at the commencement of that 12 month period are presented in the table below:

<b>Total number of equity securities issued in last 12 months</b>	
Number of equity securities issued	144,492,930
Percentage of equity securities issued	12%

9. As required by the ASX Listing Rules, the details of all issue of securities by the Company during the 12 months preceding the date of the meeting are detailed below:
- 9.1 on 18 January 2018, 4,690,486 ordinary fully paid shares were issued to Western Diamond Drillers Pty Ltd at a notional issue price of \$0.007 per share in lieu of cash payment for drilling services undertaken at the Company's Western Gold Project. The issue was for non-cash consideration. The closing market price on the date of issue was \$0.007. The issue price represented a 0% discount to the closing market price of the Company's shares on the date of issue;



- 9.2 on 7 March 2018, 82,000,000 ordinary fully paid shares were issued to sophisticated and professional investors undertaken by Baker Young Stockbrokers as Lead Manager and Adelaide Equity Partners Limited as Co-Manager raising \$328,000 before costs. The issue price was \$0.004 per share which represented a 20% discount to the closing market price to the Company's shares on the date of issue.
- 9.3 on 14 June 2018, 57,802,444 ordinary fully paid shares were issued to sophisticated and professional investors undertaken by Adelaide Equity Partners Limited as Lead Manager raising \$184,967 before costs. The ordinary shares will rank pari passu with existing ordinary shares. The issue price was \$0.0032 per share which represented a 20% discount to the closing market price to the Company's shares on the date of issue.
10. A voting exclusion statement is included in the Notice. At the date of the Notice the proposed allottees of the securities are not known and identified. Therefore, no existing shareholders' votes will be excluded under the voting exclusion in this Notice.

### **Definitions**

**Closely related parties** of the Company's KMP include certain family members, dependants and companies they control.

**Equity securities** has the same meaning as in the ASX Listing Rules.

**Key management personnel (KMP)** of the Company are, as adopted from the Australian Accounting Standards Board, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly (whether executive or otherwise) of the Company.



**MONAX  
MINING LIMITED**

ACN 110 336 733

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**Proxy Form**

**XX**

 <p><b>Vote and view the annual report online</b></p> <ul style="list-style-type: none"> <li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li> <li>• Follow the instructions on the secure website to vote.</li> </ul>	
<p><b>Your access information that you will need to vote:</b></p> <p><b>Control Number:</b></p> <p><b>SRN/HIN:</b></p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10:00am (Adelaide time) Monday 29 October 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Monax Mining Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Monax Mining Limited to be held at Level 6, 80 King William Street, Adelaide South Australia on Wednesday, 31 October 2018 at 10:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr GS Davis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Mr PC Payne as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### OTHER BUSINESS

6 Ratification of previous issue of shares on 18 January 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of previous issue of shares on 7 March 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Ratification of previous issue of shares on 14 June 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to issue an additional 10% of issued ordinary securities over a 12 month period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

 /  /