



**MONAX
MINING LIMITED**

ABN: 96 110 336 733

Exploration Office
Unit 2 / 81 Harrison Road
Dudley Park SA 5008
info@monaxmining.com.au

Tel: +61 8 8245 4900
Fax: +61 8 8245 4999
www.monaxmining.com.au

17 October 2014

ASX ANNOUNCEMENT

2014 Annual Report, Notice of Meeting and Proxy Form

Attached are electronic copies of the Monax Mining Limited 2014 Annual Report, Notice of Annual General Meeting and Proxy Form which have been mailed to shareholders today.

Yours faithfully

Virginia Suttell
Company Secretary



2014 Annual Report



MONAX
MINING LIMITED



MONAX
MINING LIMITED

ABN 96 110 336 733

Annual General Meeting

The 2014 Annual General Meeting will be held at
DMAW Lawyers, Level 6, 80 King William Street
Adelaide, South Australia

On 19th November 2014 commencing at 11:00am.

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

Chairman's Report	2
Review of Operations	4
Introduction	4
Project Highlights	5
Punt Hill	6
Monax - Antofagasta Strategic Alliance and Millers Creek	8
Parndana	9
Western Gawler Craton	10
Other Projects	11
Corporate Governance Statement	13
2014 Financial Report	21
Directors' Report	22
Auditor's Independence Declaration	34
Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	38
Notes to the Financial Statements	39
Directors' Declaration	67
Independent Auditor's Report	68
Shareholder Information	71
Tenement Status	74
Corporate Directory	75

Contents



Dear Fellow Shareholders

It gives me great pleasure to present to you the tenth annual report for your Company - for the 2013-2014 financial year.

Monax's primary focus is copper-gold exploration on the Gawler Craton in partnership with a wholly owned subsidiary of major Chilean-based copper miner, Antofagasta plc ("Antofagasta").

The Gawler Craton is located in South Australia and hosts the massive Olympic Dam copper-gold-uranium mine, as well as the Prominent Hill copper-gold mine. It also contains significant undeveloped copper-gold deposits at Carrapateena, Hillside and Khamsin.

Monax has four projects targeting copper-gold on the Gawler Craton. The Punt Hill Project is a joint venture with Antofagasta, which during the year reached its 51% equity in the Project by expending in excess of \$US4 million.

During the 2013-14 financial year, the Chilean major also reaffirmed its commitment to the Project, electing to continue to fully-fund it, and a drilling program is planned for the second half of this year focusing on the Groundhog and Bottle Hill prospects.

The Phar Lap Project is located on the western margin of the Mt Woods Inlier in northern South Australia, and earlier work by Monax has identified two potential iron-oxide copper-gold (IOCG) targets.

Antofagasta signed a Memorandum of Understanding (MOU) to fund early stage exploration, including a detailed ground gravity survey, at Phar Lap. Based on the results of the survey, Antofagasta can earn an 80% interest in the Project by funding \$US2 million of exploration within three years.

The Millers Creek Project is a Designated Project under Monax's Strategic Alliance with Antofagasta.

Chairman's Report

The Project comprises seven tenements, four of which are owned by ASX-listed Maximus Resources Limited.

Monax Alliance has identified a potential IOCG target at Oliffes Dam via detailed gravity and magnetic surveys. A drilling program is planned and will commence after the signing of the Farm-In Agreement.

Your Company also has a 25% interest in the Melton Project - located on northern Yorke Peninsula in South Australia - with ASX-listed Marmota Energy Limited ("Marmota") having the remaining 75% interest.

Work undertaken to date by Marmota has outlined a prominent magnetic feature, which will be the focus of further exploration in late 2014.

In June 2014, Monax raised \$436,314 via a private placement with Antofagasta Investment Company Limited, a subsidiary of Antofagasta plc, making the Chilean major Monax's largest shareholder with just under 10 per cent of its shares on issue.

Subsequent to the Placement, Monax undertook a successful Entitlements Issue which raised approximately \$900,000 (before costs). The success of the Entitlements Issue allowed Monax to continue exploration on the Parndana Project, located on Kangaroo Island, with two holes completed to test a coincident gravity and chargeable anomaly in July-August.

During the year, your Company defined its maiden graphite resource for the Wilclo South Graphite Deposit, part of the Waddikee Graphite Project, on SA's Eyre Peninsula.

Monax was unsuccessful in raising capital to continue with this Project and the Board made a decision to sell it to ASX-listed Archer Exploration.

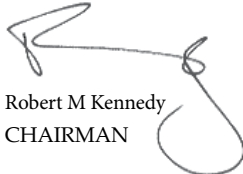
The combination of the sale of Waddikee, Share Placement and Entitlements Issue has provided your Company with sufficient

capital to fund exploration on Monax-only projects including Parndana and the western Gawler Craton project.

Exploration on the Punt Hill, Phar Lap and Millers Creek projects is fully funded by Antofagasta, providing Monax with further opportunities to make a significant discovery which will benefit shareholders.

I take this opportunity to thank the small but dedicated staff of Monax and Groundhog Services Pty Ltd (our joint services company with Marmota), as well as my fellow Directors, who provided commitment to the Company.

Finally, I'd like to thank all of our shareholders for your continuing support. Your Board will continue to work hard to create further shareholder value in the upcoming year.



Robert M Kennedy
CHAIRMAN

Introduction

During the 2014 financial year, Monax Mining Limited (“Monax”) focussed on copper and graphite exploration within South Australia.

At Punt Hill, Antofagasta reached its 51% earn in and is continuing to fund further exploration. Monax completed a detailed gravity survey and is planning to commence drilling in August-September 2014 with holes at Groundhog and Bottle Hill prospects approved by the Monax:Antofagasta Technical Committee.

Monax undertook a private placement with a wholly-owned subsidiary of major Chilean copper producer, Antofagasta plc (“Antofagasta”) which raised \$436,314. At the time of the placement, Antofagasta became Monax’s largest shareholder with just under a 10% holding in Monax.

During the year, Monax and Marmota Energy Limited (“Marmota”) executed a Sale and Purchase Agreement, which involved a combination of the transfer of tenement ownership and mineral rights between the two companies across their South Australian holdings. As part of the transaction, Monax has secured the transfer of all ownership and mineral rights relating to the highly promising Phar Lap tenement. Monax signed a memorandum of understanding (MOU) with Antofagasta for early stage exploration on Phar Lap in June 2014.

Monax’s main exploration focus during the year was the definition of the Wilclo South JORC Resource at the Waddikee Graphite Project. Due to the inability to raise capital for this project, Monax made the strategic decision to sell this project to ASX-listed Archer Exploration (AXE) to focus on its base metal projects.

The strategic alliance with Antofagasta for project generation in South Australia continued into its third year with many potential copper projects reviewed. During the year the Millers Creek Designated Project was approved.

The Millers Creek Designated Project is located within the Woomera Prohibited Area and the combination of new government funded 1km x 1km gravity data and more detailed gravity surveys by Monax has highlighted the Oliffes Dam target.

A gravity survey on the Parndana Project on Kangaroo Island outlined a prominent gravity anomaly approximately 1km east of the Bonaventura prospect. Previous drilling by other explorers and Monax has reported high-grade zinc at this prospect. Follow-up induced polarisation survey provided positive results with a prominent chargeable anomaly coincident with the gravity anomaly. Monax commenced drilling on this target in late July 2014.

Review of Operations

Highlights

Punt Hill Copper-Gold Project

- Antofagasta has earned a 51% interest in the Punt Hill Project.
- Antofagasta and Monax to form a 51:49 Joint Venture.
- Antofagasta can earn a further 19% equity in the project (70% in total) by expending an additional US\$5 million over four years.
- Planned exploration includes detailed gravity and drilling programs.

Monax - Antofagasta Strategic Alliance Project

- Alliance project was continued for an additional year.

Millers Creek Designated Project

- Monax secures Designated Project under strategic alliance with Antofagasta, via its own wholly-owned subsidiary, Monax Alliance.
- Millers Creek Designated Project comprises seven tenements within the prospective Olympic iron-oxide copper-gold Province in South Australia.
- Department of State Development (DSD) 1km x 1km gravity survey and follow-up Monax Alliance detailed gravity survey outlined a potential IOCG target at Oliffes Dam.

Parndana Lead-Zinc Project

- Detailed gravity survey identifies prominent gravity anomaly 1km east of Bonaventura Prospect.
- Induced Polarisation (IP) survey outlines coincident chargeable feature coincident with gravity anomaly.
- Drilling commenced late July 2014.

Phar Lap Copper-Gold Project

- Monax signs MOU with Antofagasta for early stage exploration on Phar Lap Project.

Waddikee Graphite Project

- Maiden JORC Inferred Mineral Resource defined for Wilclo South graphite deposit, part of Monax's Waddikee Graphite Project.
- Archer Exploration purchased Waddikee tenement for \$300,000.

Western Gawler Craton Project

- Monax reviewing geophysical data over Western Gawler Craton Project.
- The Fowler Domain has similar geological setting to the Thompson Nickel Belt in Canada and the Albany Fraser belt in Western Australia.

Disclaimer: The information in the Annual Report that relates to Exploration results, Mineral Resources, Ore Reserves or targets is based on information compiled by Mr G M Ferris, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Ferris is employed full time by the Company as Managing Director and, has a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ferris consents to the inclusion of the information in this report in the form and context in which it appears.

Punt Hill Project Copper-Gold

(MONAX 49%; ANTOFAGASTA 51%)

The Punt Hill Project is located within the highly prospective Olympic Iron Oxide Copper-Gold (IOCG) Province on the eastern margin of the Gawler Craton (Figure 1). This province is host to the world class Olympic Dam and Prominent Hill mines, as well the Carrapateena and Hillside deposits.

The Punt Hill Project is subject to a farm-in agreement with Chilean copper miner Antofagasta plc. During the year Antofagasta reached its 51% interest in the Project by funding US\$4 million in exploration expenditure. Antofagasta can earn a further 19% equity in the Project by expending a further US\$5 million on exploration and development of the project tenements. If a development decision is made, Antofagasta will pay Monax a success fee of US\$10 million.

Over the past 18 months, the Department of State Development (DSD), in conjunction with Monax, has been undertaking a comprehensive mineral system study at Punt Hill, with particular emphasis on the Groundhog drill holes. New detailed geochemical, petrophysical and hyperspectral (HyLogger) data has been used to vector towards zones of possible higher-grade mineralisation.

Preliminary results of this research were presented at the annual SAREIC Conference ("Unlocking South Australia's Mineral Wealth" Technical Forum, Thursday 8th May, 2014). This research, together with detailed logging and mineralogical studies, is showing that potential mineralisation is located further to the north and northwest of the current Groundhog drill holes.

Monax completed a detailed gravity survey over two areas including Groundhog in late June 2014 to assist in outlining drill hole location.

The Monax : Antofagasta Technical Committee approved drill holes at the Groundhog and Bottle Hill prospects. The Groundhog hole will be located to the NW of the current drill holes to test the mineralisation vector derived from work described above. The final location of this hole is to be selected once the results of the detailed gravity survey have been processed, modelled and interpreted.

The planned drill hole at Bottle Hill is designed to follow up on previous drill hole BHDD01 completed in 2011. Two subsequent independent geophysical models of the Bottle Hill target, constrained using the BHDD01 drill hole downhole data, indicate that the gravity anomaly was not adequately tested.

BHDD01 intersected strongly deformed chlorite-hematite altered Donington Suite Granite. This granite is the host rock to the nearby Carrapateena deposit and Khamsin prospect. Deformation observed within BHDD01 is interpreted to show the influence of NW and NE structures, which are understood to be key ingredients in the formation of IOCG systems within the Gawler Craton.

Review of Operations

Punt Hill Project Copper-Gold (continued)

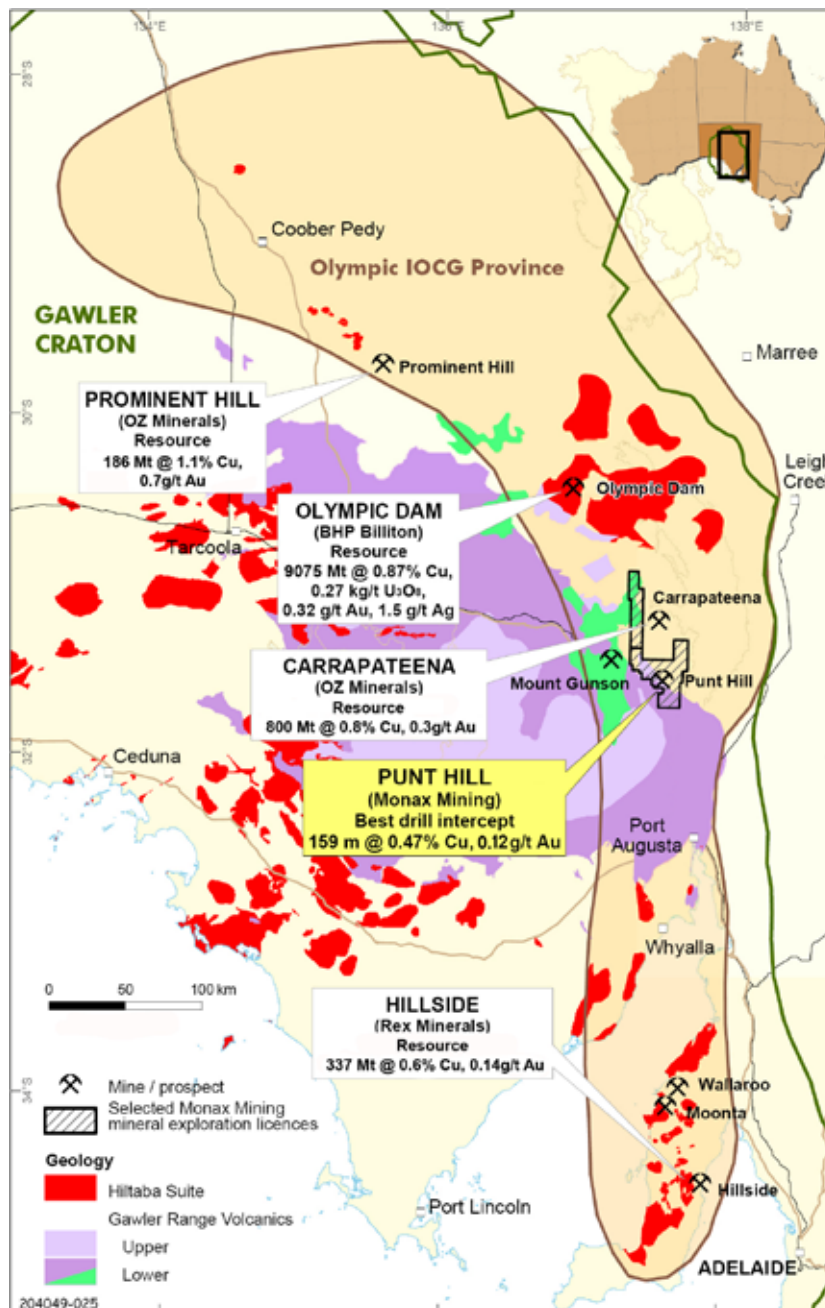


Figure 1: Geological setting of Monax's Punt Hill project.

(This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Punt Hill drill hole intercept is a down hole length – true width unknown).

Monax:Antofagasta Strategic Alliance and Millers Creek DP

Monax Alliance is a wholly-owned subsidiary of Monax Mining Limited, and was established as the operational vehicle of the strategic alliance between Monax and Antofagasta.

Under the initial terms of the Alliance, which commenced in November 2011, Antofagasta committed to providing US\$1 million to the Alliance over two years for target-generation within South Australia. In October 2013, Antofagasta approved the extension of the strategic alliance between the two parties for a further year.

Under the terms of the additional year, Antofagasta will provide Monax with up to a further \$US400,000 to continue to review potential copper projects within South Australia.

In November 2013, Monax Alliance applied for three tenements within the Musgrave Province and added a further tenement application in March 2014. These tenements are at an early stage of evaluation and have not yet been approved as a Designated Project.

Properties which are identified as a project of interest become a Designated Project ("DP"). Once a DP has been formed, Antofagasta will have acquired a 51% interest and Monax a 49% interest in the project.

Antofagasta will then have the option to earn an additional 19% of any DP (for a cumulative 70% interest) by spending a further US\$4 million within three years. At this stage, Antofagasta will make a cash payment (success fee) to Monax of US\$3 million.

Monax Alliance announced the signing of a Memorandum of Understanding (MOU) with ASX-listed Maximus Resources Limited ("Maximus") for the Billa Kalina project (see ASX Release 4 November, 2013).

The Millers Creek DP comprises three Monax Alliance tenements together with four Maximus tenements (referred to as the Billa Kalina project) located within the Woomera Prohibited Area (WPA) totalling 3165km² (Figure 1) in South Australia's Far North.

In mid-2013 DSD undertook a large regional 1km x 1km gravity survey within part of the WPA to provide a better data set to increase mineral exploration. This survey greatly increased the data coverage from the pre-existing 7km x 7km data.

Based on the new survey data, Monax Alliance interpreted up to seven areas of interest within the Millers Creek project area.

Monax Alliance undertook detailed gravity surveys (mix of 250m x 250m and 500m x 500m) over four areas. Interpretation of this data highlighted one standout target at Oliffes Dam. Monax Alliance undertook a high-resolution helicopter-borne magnetic survey over the Oliffes Dam target to assist with modelling and drill hole location.

In June 2014, Monax Alliance undertook an Aboriginal Heritage Clearance with the Arabana Native Title Group, in preparation for the drilling program. The Oliffes Dam drill target area was cleared.

Review of Operations

Parndana Project – Lead-Zinc (+Silver)

(100% MONAX)

Zinc, lead and silver mineralisation were discovered on Kangaroo Island in the 1890's, but mining was only small scale. Monax acquired the Bonaventura prospect from Havilah Resources prior to the Company listing on the ASX in 2005.

Monax completed a detailed gravity survey over the Parndana project area in late 2013. A significant anomaly was identified ~1km to the southeast of the known Bonaventura prospect. Previous gravity data collected by the company in 2006, at 1km station spacing did not recognise this feature. The recent 500m spaced infill survey alluded to the anomaly, which was subsequently in-filled to 250m gravity station spacing for robust data processing and inversion modelling.

The gravity anomaly is coincident with a zone of intense magnetic low situated in the core of the Cygnet Snelling Shear Zone (CS-SZ). This low magnetic response is consistent with the Zn-Pb mineralisation style and host rocks at the adjacent Bonaventura.

Processing and inversion modelling of the gravity anomaly delineated a discrete, 1km long dense body (3.1 g/cc), striking 120 degrees with potential south-easterly plunge at approximately 300m depth. The gravity response at the Bonaventura prospect is less intense and located on the edge of the main anomaly. Bonaventura prospect may be a surface expression and leakage of mineralisation through fractures and conduits from a larger mineral system at depth.

Monax completed an IP survey in late June 2014. A stack display of the three lines of processed IP data, showing the combined (100m and 200m) receiver dipole chargeability is given in Figure 2. This IP data has been integrated into a 3D model which combines the inversion models of the gravity and magnetic data sets, along with geological information, such as structure and existing known mineralisation at Bonaventura.

The 3D model indicates that the chargeable source within the non-magnetic dilation zone of the CS-SZ is coincident with the location of the dense body from the gravity data. This model also demonstrates that the chargeable source increases with intensity to the southeast.

Monax commenced a drilling program in late July 2014 to test this target.

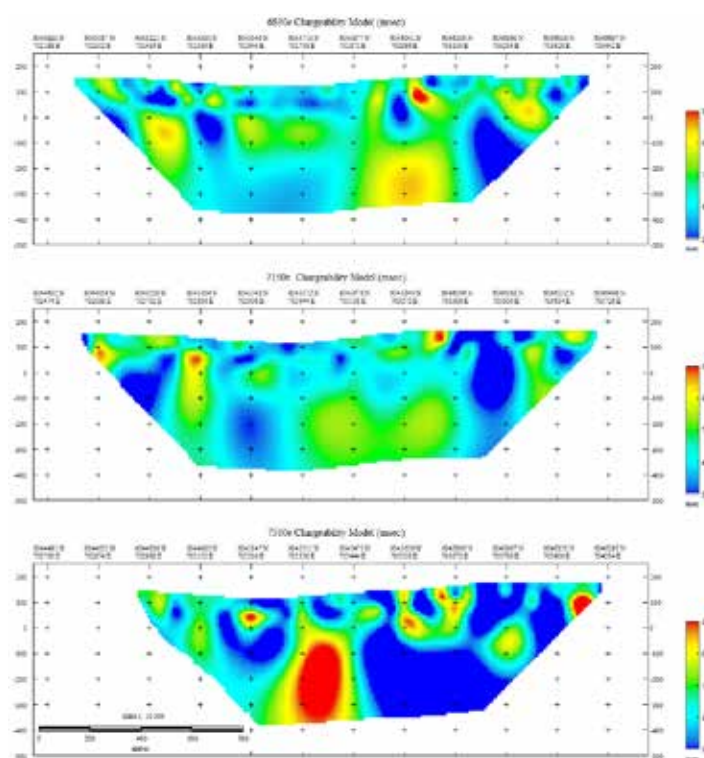


Figure 2: IP Chargeability Stack Display

Western Gawler Craton Project – Nickel-Copper, Gold

(100% MONAX)

The Western Gawler Craton (WGC) project comprises three granted tenements (EL 5077, EL 5199 & EL 5200) covering an area of 2,046km² (Figure 3).

The basement rocks on the western Gawler Craton record a history of active tectonism which resulted in the mafic and ultramafic intrusives being introduced into a package of Palaeoproterozoic sediments; a setting analogous to the Thompson Nickel Belt in Manitoba, Canada. Monax considers this area prospective for nickel-copper mineralisation.

The Fowler Domain in South Australia comprises a northeast trending sinuous, high-magnetic intensity belt located on the western Gawler Craton (Figure 3). The Fowler Domain contains Archaean/Proterozoic rocks, reworked and intruded by Palaeoproterozoic igneous and metamorphic rocks.

Limited exploration and geological mapping has shown that the Fowler Domain is a complex, long-lived deep crustal scale structural zone similar to the Thompson Nickel Belt in Canada and the Albany Fraser Belt in Western Australia.

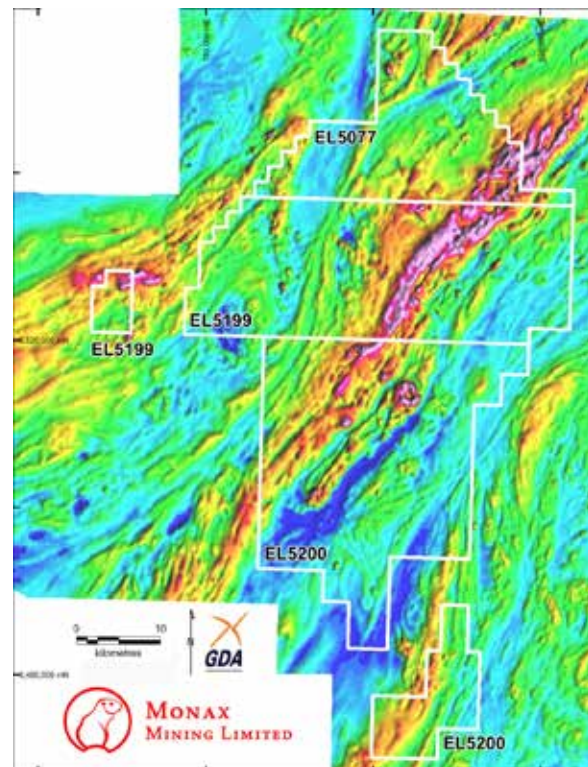


Figure 3: Plan showing WGC Project (background total magnetic intensity image). For location of WGC Project - see Figure 1.

Review of Operations

Other Projects

Waddikee Project

Graphite, Iron and Manganese
(sold to Archer Exploration)

Monax's Waddikee Project is located on central Eyre Peninsula about 10km from the township of Kimba. The Eyre Peninsula also contains the only historical producing graphite mine in South Australia at Uley.

Monax announced their maiden JORC Resource for the Wilclo South graphite deposit in August 2013. Monax sold the Waddikee tenement to Archer Exploration in June 2014.

As at September 29th 2014, the Company does not have a Mineral Resource or Reserve related to the Waddikee Project.

Yorke Peninsula Project

Copper-Gold

The Yorke Peninsula area is a developing copper province located within the Olympic IOCG Province and with the discovery by Rex Minerals' Hillside deposit and the recent encouraging copper results by Adelaide Resources and Argonaut Resources, the area has become a much sought after exploration destination within South Australia. Monax has two areas of interest on the Yorke Peninsula (see Figure 4).

Webling Bay

(100% Monax)

Previous drilling along the tenement boundary of EL 5128 recorded anomalous copper in three holes. Hole KD11 reported 5.3m @ 1.66% Cu (97-102.3m) and 2.3m @ 1.06% Cu (108.3 – 110.6m). Hole KD16 reported 3.5m @ 1.18% Cu (169.5 – 173m). Hole KD04 recorded 10m @ 0.37% Cu (224 - 234m). The holes are located within a prominent NNE-SSW trending zone with mineralisation hosted by iron altered metasediments.

Monax is currently reviewing all available data to formulate an exploration program planned for late 2014 and early 2015 after the current cropping season.

Melton Project

(25:75 joint venture with Marmota Energy Limited)

The Melton Project is located on the northern Yorke Peninsula and contains a 15km section of the highly-prospective Pine Point Fault Zone (PPFZ), along which Rex Minerals' Hillside deposit is located.

During the year, joint venture partner Marmota Energy undertook a regional calcrete sampling program with areas of anomalous copper and gold outlined.

The Joint Venture is currently reviewing all data with a view to future exploration on this prospective area.



Figure 4: Location of Monax's projects.

Review of Operations

Corporate Governance Statement



The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised Corporate Governance Principles and Recommendations issued by the Australian Stock Exchange Corporate Governance Council ("ASX Recommendations").

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a "one size fits all" approach to Corporate Governance is not required. Instead, it states aspirations of best practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

In ensuring the highest standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2014.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the Company in 2004 and amended in 2011.

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company for the protection and enhancement of long-term shareholder value.

The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit, Governance and Remuneration Committee, to deal with internal control, ethical standards and financial reporting and to monitor the composition of the Board and review the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

The Board appoints a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

The Board has not adopted a formal statement of matters reserved to them or a formal Board Charter that details their functions and responsibilities nor a formal statement of the areas of authority delegated to senior executives.

Corporate Governance Statement

Recommendation 1.2 and 1.3 – Recommendation followed

The Audit, Governance and Remuneration Committee meets at least annually and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. During the financial year the Board considered and reviewed the performance of and recommended appropriate remuneration for Executive Directors and senior management including any equity participation by such Executive Directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

Principle 2 – Structure the board to add value

Recommendation 2.1 – Recommendation followed

During the financial year the composition of the Board consisted of three directors of whom two, including the Chairman, are non-executives. Messrs Kennedy and Davis are Independent Directors. In addition, one alternate director acted during the year for Mr Davis.

The Board is of the opinion that the current structure of the Board is appropriate given the size and nature of the Company. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience adds considerable value to the Company.

Recommendation 2.2 – Recommendation followed

The Chairman is an Independent Director.

Recommendation 2.3 – Recommendation followed

The role of Chairman of the Board is separate from that of the Managing Director who is responsible for the day to day management of the Company and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 – Recommendation followed

The Company has established a single Audit, Governance and Remuneration Committee. The Committee consists of two Independent directors, Messrs Davis and Kennedy. Mr Davis acts as Chairman of this committee (refer also to Principle 8 below).

Recommendation 2.5 – Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, for the financial year ended June 2014, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

Recommendation 2.6 – Recommendation followed

The names of the directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

The non-executive directors are considered to be independent.

The Company has no relationships with any of the independent directors which the company believes would compromise the independence of these directors.

The Company's constitution specifies the number of directors must be at least three and at most ten. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for executive directors is linked to their holding of executive office.

Formal deeds were entered into by the Company with directors in May 2005 and revised in April 2013 whereby all directors, with the consent of the Chairman, are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as directors in relation to the affairs of the Company.

An assessment of the Board's overall performance and its own succession plan is conducted on an informal basis.

Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1 – Recommendation followed

The Company requires all its directors and employees to abide by the standards of behaviour and business ethics in accordance with the law. In discharging their duties, Directors of the Company are required to:

- act in good faith and in the best interests of the Company;
- exercise the care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all directors meetings; and
- observe and support the Board's Corporate Governance practices and procedures.

All directors have signed deeds with the Company which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors also are required to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party, to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

Recommendation 3.2 and 3.3 – Recommendations not followed

The Company is committed to creating a diverse working environment and promoting a culture which embraces diversity.

Given the size of the Company and scale of its operations, however, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

Recommendation 3.4 – Recommendation followed

The following table provides details of the proportion of women employees in the Company and in senior executive positions and on the Board.

	WOMEN	TOTAL	PROPORTION OF WOMEN
Organisation	3	6	50%
Senior executives	1	2	50%
Directors	0	3	0%

Recommendation 3.5 – Recommendation followed

The departure from the recommendations has been explained. A summary of the policy is available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1 – Recommendation followed

Monax was not a Company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is an ASX Recommendation. Notwithstanding the Listing Rule requirement, an Audit, Governance and Remuneration Committee has been established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

The main responsibilities of the Audit, Governance and Remuneration Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal controls and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing the performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

Recommendation 4.2 – Recommendation not followed

During the financial year the Audit, Governance and Remuneration Committee consisted of two Independent Board directors, Messrs Davis and Kennedy, and is chaired by Mr Davis.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company and the current Board structure, the establishment of an audit committee in line with ASX Recommendation 4.2 as recommended by ASX Recommendation 4.3 cannot be justified by the perceived benefits of doing so. The existing composition of the Audit, Governance and Remuneration Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgement.

Recommendation 4.3 – Recommendation followed

The Board has adopted a formal Charter for the audit and governance activities of the Audit, Governance and Remuneration Committee. The Charter details the Committee's role and responsibilities, composition and membership requirement.

Recommendation 4.4 – Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of these Directors' qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The Committee meets at least three times per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may, by invitation, attend meetings at the discretion of the Committee.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 and 5.2 – Recommendations not followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for continuous disclosure is required. However, a summary describing how the Company will ensure its compliance with continuous disclosure requirements is posted on the Company's website www.monaxmining.com.au.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 and 6.2 – Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website at www.monaxmining.com.au; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's website.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website www.monaxmining.com.au.

Principle 7 – Recognise and manage risks

Recommendation 7.1, 7.2 & 7.4 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk are required. The Board with the assistance of the Audit, Governance and Remuneration Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A summary describing how the Company manages risk by procedures established at Board and executive level can be found posted on the Company's website www.monaxmining.com.au.

Recommendation 7.3 – Recommendation followed

In accordance with ASX Recommendation 7.3 the Chief Executive Officer and Chief Financial Officer are required to provide assurances that the written declarations under s295A of the Corporations Act are founded on a sound framework of risk management and internal control and that the framework is operating effectively in all material respects in relation to financial reporting risks. Both the Chief Executive Officer and Chief Financial Officer provide said assurances at the time the s295A declarations are provided to the Board.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – Recommendation followed

The Company has established a single Audit, Governance and Remuneration Committee. The Committee monitors the composition of the Board and reviews the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance. The Committee makes recommendations to the Board who is ultimately responsible for the Company's remuneration policy.

During the financial year the Committee consisted of two Independent Directors, Messrs Davis and Kennedy. Mr Davis acted as Chairman of this committee. Details of the number of and attendance at Committee meetings can be found in the Directors' Report.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a formal remuneration and nomination committee charter cannot be justified by the perceived benefits of doing so.

Recommendation 8.2 & 8.3 – Recommendations followed

In accordance with ASX Recommendation 8.2 the Company's remuneration practices are set out as follows.

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors 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.

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

The remuneration of the Managing Director is determined by the Board on the recommendation of the Remuneration and Nomination Committee as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director subject to the approval of the Board.

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

From time to time the responsibility for conducting the review of the composition of the Board and the compensation of the Company's executive directors and senior management is undertaken solely by the Board.

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 publicly listed mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

From time to time, the Company may grant retention rights as considered appropriate by the Remuneration and Nomination Committee and the Board, as a long term incentive for Key Management Personnel. These rights are subject to shareholder approval at the Annual General Meeting.

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 retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year.

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The non-executive directors are not eligible to participate in the Plan. Details of options issued to employees during the 2014 financial year together with details of the terms of the Plan are disclosed in the Remuneration Report section of the Directors' Report.

Details of options and retention rights issued to employees during or since the end of the financial year including to the Managing Director are set out in the Remuneration Report section of the Directors' Report.

The employment conditions of the Managing Director are formalised in a contract of employment. The Managing Director's contract may be terminated at any time by mutual agreement or without notice in instances of serious misconduct.

Further details of Directors' and Executives'/Officers' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

Recommendation 8.4 – Recommendation followed

In accordance with Recommendation 8.4 the relevant material is included in the corporate governance statement.

Corporate Governance Statement

2014 Financial Report Monax Mining Limited



The Directors present their report together with the financial report of Monax Mining Limited for the year ended 30 June 2014 and the auditor's report thereon.

Directors

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

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

Independent Non-executive Chairman

Experience and expertise

Mr Kennedy has been Non-executive chairman of Monax Mining Limited since August 2004.

He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded.

Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms.

Current and former directorships in the last 3 years

Mr Kennedy is a director of ASX listed companies Ramelius Resources Limited (since listing in March 2003), Flinders Mines Limited (since 2001), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006), Marmota Energy Limited (since 2006), Tellus Resources Ltd and formerly Beach Energy Limited (from 1991 until 2012), Somerton Energy Limited (from 2010 to 2012), Adelaide Energy Limited (from 2011 to 2012) and Impress Energy Limited (from 2011 to 2012). He was appointed the Chairman of the University of Adelaide's Institute of Minerals and Energy Resources in 2008 and his term ended early in 2014.

Responsibilities

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

Interest in Shares and Options – 6,250,001 ordinary shares of Monax Mining Limited and 625,001 listed options.

Mr Glenn Stuart Davis LLB, BEc, FAICD

Non-executive Director

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.

Current and former directorships in the last 3 years

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

Responsibilities

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

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

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

Managing Director

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.

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

Interest in Shares and Options – 1,920,100 ordinary shares of Monax Mining Limited.

Directors' Report

Mr Ian Roy Witton SAIT, FCPA, FAICD

Alternate Director for Glenn Stuart Davis (appointed 28 January 2011; previously appointed 13 March 2009 ceased 24 June 2010)

Experience and expertise

Mr Witton is an independent non-executive director and has been a director for 25 years. Originally trained as an auditor, he was subsequently CEO and later Managing Director for 27 years of a licensed investment dealer developing and managing investment funds, savings, loans and a retirement village. He is also a director of a pharmacy and optical company and a public charitable trust fund. His principal experience is in funds and investment management, strategic development, risk management and corporate governance.

Current and former directorships in the last 3 years

Mr Witton was previously an Alternate Director of ERO Mining Limited.

Interest in Shares and Options – 248,205 ordinary shares of Monax Mining Limited and 24,821 listed options.

Company Secretary

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

Virginia Katherine Suttell B.Comm.,ACA.,GAICD.,
GradDipACG.

Appointed Company Secretary and Chief Financial Officer on 21 November 2007. She is a Chartered Accountant with over 20 years' experience working in public practice and commerce.

Principal activities

The company's principal activity is mineral exploration.

Directors' meetings

The Company held 20 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		DUE DILIGENCE COMMITTEE MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Director						
Robert Michael Kennedy	11	11	3	3	-	-
Glenn Stuart Davis	11	11	3	3	2	2
Gary Michael Ferris	12	12	-	-	5	5
Ian Roy Witton	1	1	-	-	-	-

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

Mr Witton was present in meetings in the capacity of Alternate Director.

Review of operations

Monax Mining Limited ("Monax") is an Adelaide based mineral explorer with projects located on the Gawler Craton region in South Australia. During the twelve months ended June 2014, Monax has been focused on copper gold exploration at Punt Hill and Alliance projects with its strategic alliance partner, a wholly-owned subsidiary of major Chilean copper producer Antofagasta plc ("Antofagasta"), zinc exploration on Kangaroo Island (Parndana Project) and graphite exploration at Waddikee.

Monax further developed its relationship with Antofagasta during the year with the establishment of the Millers Creek Designated Project ("Millers Creek DP") with its strategic alliance partner Antofagasta, via its wholly-owned subsidiary, Monax Alliance Pty Ltd ("Alliance"). The Millers Creek DP comprises three Alliance tenements together with four ASX-listed Maximus Resources Limited ("Maximus") tenements located within the Woomera Prohibited Area (WPA) in South Australia's Far North.

Gravity and magnetic surveys outlined a potential iron-oxide copper-gold (IOCG) target at Oliffes Dam on the Millers Creek DP. Monax Alliance is currently finalising the Farm-In Agreement with Maximus Resources.

During the year, Antofagasta reached its 51% equity position on the Punt Hill IOCG Project after sole funding US\$4 million on exploration. The Chilean copper major can earn a further 19% equity in the Project (70% in total) by expending an additional US\$5 million over four years. Further drilling at Groundhog and Bottle Hill prospects has been approved by the Monax - Antofagasta Technical Committee and is planned for September 2014.

Exploration by Monax on the Parndana Project outlined a prominent gravity anomaly approximately 1km east of the Bonaventura prospect. Previous drilling by other explorers and Monax has reported high-grade zinc at this prospect. A follow-up induced polarisation survey provided positive results with a prominent chargeable anomaly coincident with the gravity anomaly.

Monax's main exploration focus during the year was the definition of the Wilclo South JORC Resource at the Waddikee Graphite Project. Due to the poor capital markets, Monax made the strategic decision to sell this project to ASX-listed Archer Exploration to focus on its base metal projects.

During the year, Monax and Marmota Energy Limited ("Marmota") executed a Sale and Purchase Agreement, which involved a combination of the transfer of tenement ownership and mineral rights between the two companies across their South Australian holdings. As part of the transaction, Monax has secured the transfer of all ownership and mineral rights relating to the highly promising Phar Lap tenement. Monax signed a memorandum of understanding (MOU) with Antofagasta for early stage exploration for the Phar Lap Project.

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 \$1,262,408.

The (loss)/profit of the Company after providing for income tax amounted to \$(6,911,985) (2013: \$85,767).

The net assets of the Group have been decreased by \$6,528,278 during the financial year from \$13,527,297 at 30 June 2013 to \$6,999,019 at 30 June 2014.

Dividends

No dividends have been paid or provided by the Company since the end of the previous financial year (2013: nil).

Significant change of affairs

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

Directors' Report

Matters subsequent to the end of the financial year

On 20 June 2014, the Company announced a 1 for 4 entitlement issue at \$0.021 per share with 1 free attaching option, exercisable at \$0.042 on or before 29 July 2015, for every two new shares subscribed for under the issue. The entitlement issue closed on 22 July 2014. The Company subsequently issued 42,814,715 ordinary shares and 21,407,394 listed options. These securities were issued to subscribers of the entitlement issue and via placement of the shortfall from the issue. The Company raised approximately \$900,000 before costs.

There has not arisen in the interval between 30 June 2014 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the 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 copper and graphite across its portfolio of projects in South 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.

The primary focus of exploration will be directed at copper mineralisation in the Gawler Craton and on the Company's lead zinc project at the Parndana tenement on Kangaroo Island South Australia. The Company believes that with the ongoing Alliance with Antofagasta Minerals as well as the application of Monax expertise across these projects, it is well placed for potential exploration success.

Environmental regulation and performance statement

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

Indemnification and insurance of officers

Indemnification

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

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

Insurance premiums

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

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

Options

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

EXPIRY DATE*	EXERCISE PRICE	NUMBER OF OPTIONS	VESTED	UNVESTED	AMOUNT PAID/ PAYABLE BY RECIPIENT (\$)
05/03/2015	\$0.0917	425,000	425,000	-	-
28/07/2016	\$0.051	225,000	225,000	-	-
23/07/2017	\$0.053	325,000	325,000	-	-
29/07/2014	\$0.042	21,407,394	21,407,394	-	-

*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 2014.

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 2014 is set out immediately following the end of the Directors' report.

Directors' Report

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.

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.

Remuneration Report - audited (cont.)

- 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. These rights are subject to shareholder approval at the Annual General Meeting in the year of grant. The intention of this remuneration is to facilitate the retention of key management personnel in order that the goals of the business and shareholders can be met. Under the terms of the issue of the retention rights, the rights will vest over a period of time, with a proportion of the rights vesting each year. The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

At this time, there is no relationship between remuneration of Key Management Personnel and the Company's performance over the last five years.

Service Agreements

The employment conditions of the Managing Director, Mr Ferris is formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing 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. Ms Suttell is employed by Groundhog Services Partnership to act as Chief Financial Officer and Company Secretary of Monax Mining Limited and Marmota Energy Limited. The employment conditions are set out in a contract of employment and include a three month notice period. Mr Ferris was appointed 1 September 2009 and his employment conditions include a three month notice period.

Shares issued on exercise of remuneration options

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

Directors' Report

Remuneration of Directors and key management personnel

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

(a) Directors and key management personnel

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

DIRECTORS	POSITION
Mr RM Kennedy	Chairman – Non-executive
Mr GS Davis	Director – Non-executive
Mr GM Ferris	Managing Director – Executive
Mr IR Witton	Alternate Director (from 28 January 2011)
Key management personnel	
Ms VK Suttell	Chief Financial Officer / Company Secretary

(b) Directors' remuneration

	SHORT TERM EMPLOYEE BENEFITS		LONG TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		
	DIRECTORS' FEES	SALARY, FEES AND LEAVE	SUPER CONTRIBUTIONS	OPTIONS/ RIGHTS	TOTAL	PROPORTION OF REMUNERATION RELATING TO PERFORMANCE
	\$	\$	\$	\$	\$	
2014 PRIMARY BENEFITS						
Directors						
Mr RM Kennedy	76,888	-	7,112	-	84,000	-
Mr GS Davis ¹	48,038	-	-	-	48,038	-
Mr GM Ferris	-	241,785	17,775	-	259,560	-
Mr IR Witton ²	2,000	-	-	-	2,000	-
	126,926	241,785	24,887	-	393,598	-
2013 PRIMARY BENEFITS						
Directors						
Mr RM Kennedy	77,064	-	6,936	-	84,000	-
Mr RG Nelson	3,673	-	331	-	4,004	-
Mr GS Davis ¹	48,038	-	-	-	48,038	-
Mr GM Ferris	-	243,090	16,470	13,921	273,481	5%
Mr IR Witton ²	3,670	-	330	-	4,000	-
	132,445	243,090	24,067	13,921	413,523	3.4%

There were no cash bonuses paid or non-cash items in 2014 or 2013.

1. Director's fees for Mr Davis are paid to a related entity of the Director.
2. Mr Witton received remuneration for his services as an alternate director.

(c) Key management personnel remuneration

	SHORT TERM EMPLOYEE BENEFITS	LONG TERM EMPLOYEE BENEFITS	SHARE- BASED PAYMENTS		
	FIXED REMUNER- ATION \$	SUPER CON- TRIBUTIONS \$	OPTIONS/ RIGHTS \$	TOTAL \$	PROPORTION OF REMU- NERATION RELATING TO PERFORMANCE
2014 PRIMARY BENEFITS					
Key management personnel excluding Directors					
Ms VK Suttell**	111,228	10,442	-	121,670	-
	111,228	10,442	-	121,670	-
2013 PRIMARY BENEFITS					
Key management personnel excluding Directors					
Ms VK Suttell**	109,170	12,500	5,569	127,239	4.4%
	109,170	12,500	5,569	127,239	4.4%

There were no cash bonuses paid in 2014 or 2013.

** Ms Suttell was appointed as a Company Secretary and Chief Financial Officer on 21 November 2007. Ms Suttell is employed by the Groundhog Services Partnership.

Mr Ferris was appointed Managing Director of Monax Mining Limited on 1 September 2009. Pursuant to his service agreement, Mr Ferris is paid a total package of \$259,560 per annum inclusive of superannuation guarantee contributions on an ongoing employment basis with a three month notice period. On commencement of employment, Mr Ferris was granted 3,000,000 options for ordinary shares with a fair market value of \$183,000. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company. These options lapsed 31 July 2012.

(d) Director related entities

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

(e) Post-employment/retirement benefits

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

Directors' Report

REMUNERATION REPORT – AUDITED

(f) Directors and key management personnel equity remuneration, holdings and transactions.

(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 1/07/13	RECEIVED AS REMUNERA- TION	OPTIONS / RIGHTS EXERCISED	NET CHANGE OTHER ¹	BALANCE 30/06/14	TOTAL HELD IN ESCROW 30/06/14
HELD BY DIRECTORS IN OWN NAME						
Mr RM Kennedy	-	-	-	-	-	-
Mr GS Davis	72,727	-	-	-	72,727	-
Mr GM Ferris	-	-	-	-	-	-
Mr IR Witton	-	-	-	-	-	-
	72,727	-	-	-	72,727	-
HELD BY DIRECTORS' PERSONALLY RELATED ENTITIES						
Mr RM Kennedy	4,464,488	-	-	535,512	5,000,000	-
Mr GS Davis	2,702,728	-	-	-	2,702,728	-
Mr GM Ferris	1,420,100	-	500,000	-	1,920,100	-
Mr IR Witton	148,923	-	-	49,641	198,564	-
TOTAL HELD BY DIRECTORS	8,808,966	-	500,000	585,153	9,894,119	-
KEY MANAGEMENT PERSONNEL EXCLUDING DIRECTORS						
Ms VK Suttell	438,727	-	200,000	-	638,727	-
TOTAL	9,247,693	-	700,000	585,153	10,532,846	-

Remuneration Report - audited (cont.)

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

(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. No options were granted to Key Management Personnel during the 2014 financial year:

Options in Monax Mining Limited

	OPTION CLASS	BALANCE 1/07/13	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER ¹	BALANCE 30/06/14	TOTAL VESTED 30/06/14	TOTAL EXERCISABLE 30/06/14
HELD BY DIRECTORS IN OWN NAME								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
HELD BY DIRECTORS' PERSONALLY RELATED ENTITIES								
Mr RM Kennedy		-	-	-	-	-	-	-
Mr GS Davis		-	-	-	-	-	-	-
Mr GM Ferris		-	-	-	-	-	-	-
Mr IR Witton		-	-	-	-	-	-	-
TOTAL HELD BY DIRECTORS		-	-	-	-	-	-	-
KEY MANAGEMENT PERSONNEL EXCLUDING DIRECTORS								
Ms VK Suttell	(a)	75,000	-	-	(75,000)	-	-	-
	(b)	175,000	-	-	-	175,000	175,000	175,000
TOTAL		250,000	-	-	(75,000)	175,000	175,000	175,000

(a) Unlisted options exercisable at \$0.246 by 18/07/2013

(b) Unlisted options exercisable at \$0.0917 by 05/03/2015

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.

Directors' Report

REMUNERATION REPORT – AUDITED

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

(iii) Share rights holdings

The number of rights over ordinary shares in the company held during the financial year by each director of Monax Mining Limited and any other key management personnel of the Company, including their personal related parties are set out below. No share rights were granted to Key Management Personnel during the 2014 financial year:

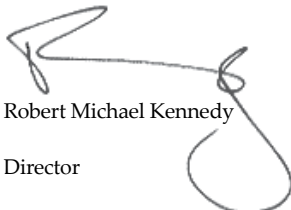
	OPENING BALANCE	RECEIVED AS REMUNERA- TION	EXERCISED / VESTED	NET CHANGE OTHER	BALANCE PERIOD END	TOTAL VESTED PERIOD END	TOTAL EXERCISABLE PERIOD END
RIGHTS 2014							
Mr RM Kennedy	-	-	-	-	-	-	-
Mr GS Davis	-	-	-	-	-	-	-
Mr NF Alley	-	-	-	-	-	-	-
Mr GM Ferris	500,000	-	(500,000)	-	-	-	-
Ms VK Suttell	200,000	-	(200,000)	-	-	-	-
TOTAL	700,000	-	(700,000)	-	-	-	-

During the financial year ended 30 June 2014, Monax used the legal services of DMAW Lawyers, a legal firm of which Mr Davis is a partner. Monax paid \$63,785 during the financial year (2013 \$31,008) to DMAW Lawyers for legal and advisory services. As at 30 June 2014, \$24,082 is payable for invoices received but not yet paid.

During the financial year ended 30 June 2014, Monax paid Marmota Energy Limited, a company that Mr Kennedy and Mr Davis are directors, an amount of \$108 (2013 \$40,127) for exploration and joint logistics.

During the financial year ended 30 June 2014, Monax paid Groundhog Services Pty Ltd and the Groundhog Services Partnership, a company that Mr Ferris is a director, \$202,777 (2013 \$431,461) for the provision of administration and logistical services.

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



Robert Michael Kennedy
Director

Dated at Adelaide this 23rd day of September 2014.

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Monax Mining Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Partner – Audit & Assurance

Adelaide, 23 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Auditor's Independence Declaration

CONSOLIDATED	NOTE	2014 \$	2013 \$
Revenue	2	124,601	471,129
Other income	2	-	2,085,000
Total revenue		124,601	2,556,129
Administration expenses	3	184,334	210,106
Consulting expenses	3	67,707	114,448
Depreciation expense	3	21,523	9,667
Employment expenses	3	232,433	229,647
Occupancy expenses		4,231	-
Service fees		140,720	170,899
Share of loss from equity accounted investments	11(b)	-	53,043
Impairment of assets	3	6,290,139	1,682,552
Loss on disposal of available for sale asset		79,262	-
Profit/(loss) before income tax expense		(6,895,748)	85,767
Income tax benefit/(expense)	4	(16,237)	-
Profit/(loss) after income tax expense		(6,911,985)	85,767
Loss attributed to members of the parent entity		(6,911,985)	85,767
Other comprehensive income			
<i>Items that may be classified to profit or loss</i>			
Change in fair value of available for sale assets		(132,802)	-
Total comprehensive income		(132,802)	-
Total comprehensive income for the period		(7,044,787)	85,767
Basic earnings per share (cents)	6	(4.49)	0.06
Diluted earnings per share (cents)	6	(4.49)	0.06

The accompanying notes form part of these financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED	NOTE	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	7	1,280,943	1,396,231
Trade and other receivables	8	353,212	225,217
Other current assets	9	18,161	30,220
Total current assets		1,652,316	1,651,668
Non-current assets			
Plant and equipment	10	82,369	93,742
Exploration and evaluation assets	15	5,796,162	11,737,172
Investments accounted for using the equity method	11	1	1
Available for sale financial assets	12	91,953	782,428
Deferred tax asset		27,585	244,057
Total non-current assets		5,998,070	12,857,400
Total assets		7,650,386	14,509,068
Current liabilities			
Trade and other payables	16	494,427	614,152
Short term provisions	17	86,953	87,482
Total current liabilities		581,380	701,634
Non-current liabilities			
Deferred tax liability		27,585	244,057
Long term provisions	17	42,402	36,080
Total non-current liabilities		69,987	280,137
Total liabilities		651,367	981,771
Net assets		6,990,019	13,527,297
Equity			
Issued capital	18	20,200,206	19,683,697
Reserves	26	647,478	780,280
Retained losses		(13,848,665)	(6,936,680)
Total Equity		6,999,019	13,527,297

Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

CONSOLIDATED	ISSUED CAPITAL \$ (NOTE 18)	RESERVES \$	RETAINED LOSSES \$	TOTAL \$
Balance at 1 July 2012	19,683,697	742,915	(7,022,447)	13,404,165

Transactions with owners in their capacity as owners:

Fair value of options issued to employees	-	37,365	-	37,365
	19,683,697	780,280	(7,022,447)	13,441,530
Profit attributable to members of the parent company	-	-	85,767	85,767
Total comprehensive income	-	-	85,767	85,767
Balance at 30 June 2013	19,683,697	780,280	(6,936,680)	13,527,297

Transactions with owners in their capacity as owners:

Proceeds from the issue of shares during the year	554,288	-	-	554,288
Costs associated with the issue of shares during the year	(37,779)	-	-	(37,779)
	20,200,206	780,280	(6,936,680)	14,043,806
Profit attributable to members of the parent company	-	-	(6,911,985)	(6,911,985)
Other comprehensive income	-	(132,802)	-	(132,802)
Total comprehensive income	-	(132,802)	(6,911,985)	(7,044,787)
Balance at 30 June 2014	20,200,206	647,478	(13,848,665)	6,999,019

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED	NOTE	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts in the course of operations		92,008	353,760
Cash payments in the course of operations		(610,156)	(602,455)
Interest received		34,064	92,368
Net cash (used in) operating activities	22(b)	(484,084)	(156,327)
Cash flows from investing activities			
Payments for plant and equipment		(27,653)	(2,831)
Payments for exploration and evaluation assets		(1,262,408)	(4,686,175)
Cash advance joint venture activities		466,173	3,129,790
Proceeds from sale of investments		510,929	713,883
Proceeds from sale of mining tenements		10,000	25,000
Payments associated with sale of investments		-	(1,844)
Loans to related entities		171,483	(34,990)
Net cash (used in) investing activities		(131,476)	(857,167)
Cash flows from financing activities			
Proceeds from issue of shares		554,288	-
Payments associated with issue of shares		(54,016)	-
Net cash provided by financing activities		500,272	-
Net (decrease) in cash held		(115,288)	(1,013,494)
Cash at the beginning of the financial year		1,396,231	2,409,725
Cash at the end of the financial year	22(a)	1,280,943	1,396,231

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

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 2014. 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.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(c) 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.

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.

Notes to the Financial Statements

(c) Income tax (continued)

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.

(d) Plant and equipment

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

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount

is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

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

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

CLASS OF FIXED ASSET	DEPRECIATION RATE
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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

Notes to the Financial Statements

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.

(f) 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.

(g) 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.

(iii) Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise the investments in the equity of other entities where there is neither a fixed maturity nor determinable payments.

Impairment

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

(h) 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.

(i) 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 national government bonds with terms to maturity that match the expected timing of cash flows.

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

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.

(j) 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.

(k) 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.

(l) 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).

(m) 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.

(n) Interests in joint ventures

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 13.

(o) Investments in associates

Associate companies are companies in which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the initial investment at cost and adjusted thereafter for the Company's share of post-acquisition reserves and profits/(losses) of its associates. Details of the Company's interest in associates is shown at Note 11.

Notes to the Financial Statements

(p) 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.

(q) 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.

(r) Comparative figures

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

(s) 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.

(t) New and amended standards adopted by the Group

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

- AASB 10 Consolidated Financial Statements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 10 provides a revised approach to determining which investees should be consolidated. The standard changes the requirements for determining whether an entity is consolidated by revising the definition of control and adding further guiding principles. The application of AASB 10 does not have any impact on the amounts recognised in the consolidated entity's Financial Statements.

(t) New and amended standards adopted by the Group (continued)

- AASB 11 Joint Arrangements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method. The application of AASB 11 does not have any impact on the consolidated entity's Financial Statements.
- AASB 12 Disclosure of Interests in Other Entities which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 12 includes all of the disclosures that were previously in AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interest in Joint Ventures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The revised standard requires a number of disclosures which are consistent with previous disclosures made by the consolidated entity and has no impact on the consolidated entity's financial position or performance.
- AASB 13 Fair value measurement, which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 13 establishes a single source of guidance under accounting standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASBs when fair value is required or permitted. The required additional disclosures relating to AASB 13 are provided in Note 28.
- AASB 119 Employee Benefits which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The revised standard has no material impact on the consolidated entity's financial position or performance.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] which has been issued and is effective for accounting periods beginning on or after 1 July 2013. It removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of new and revised Australian Accounting Standards and Interpretations has had no significant impact on the group's accounting policies or the amounts reported during the financial year although it has resulted in minor changes to the group's presentation of its financial statements.

Accounting policies have been consistently applied with those of the previous financial year, unless otherwise stated.

(u) Recently issued accounting standards to be applied in future accounting periods

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group:

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Notes to the Financial Statements

Year ended 30 June 2015:

AASB 1031: Materiality

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

AASB 2013-5: Investment Entities

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

AASB 2014-1: Amendments to Australian Accounting Standards

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

Year ended 30 June 2017: Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortisation are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard introduces new requirements for the

classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- 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.
- 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.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.
- This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Parent entity financial information

The financial information for the parent entity, Monax Mining Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

(w) 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 for continued operations. The Group incurred a net loss of \$6,911,985 and operations were funded by a net cash outlay of \$1,126,489 from operating and investing activities excluding the proceeds from the sale of Marmota Energy Limited shares of \$510,929. The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the results that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(x) Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors on 23rd September 2014.

	NOTE	CONSOLIDATED	
		2014 \$	2013 \$

2 Revenue

Other revenues:

From operating activities

Interest received from other parties		32,593	92,369
Other revenue		92,008	378,760
Total revenue		124,601	471,129

Other income

Realised gain on sale of investment in associates		-	546,109
Gain on reclassification of financial assets		-	1,525,632
Gain on disposal of available for sale asset		-	13,259
		-	2,085,000

Total revenue		124,601	2,556,129
----------------------	--	----------------	------------------

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	CONSOLIDATED	
		2014 \$	2013 \$

3 Profit before income tax has been determined after

Expenses:

Administration expenses

ASX fees		23,054	22,822
Share registry fees		23,670	37,365
Insurance		31,749	43,907
Audit and other services		26,070	33,570
Other		79,791	72,442
		184,334	210,106

Consulting expenses

Legal fees		17,232	24,033
Corporate consulting		43,625	80,065
Accounting and secretarial services		6,850	10,350
		67,707	114,448

Depreciation expenses

Plant and equipment		21,523	9,667
---------------------	--	--------	-------

Employment expenses

Salaries and wages		669,132	726,308
Directors' fees		134,033	140,041
Superannuation		61,432	59,012
Provisions		(6)	22,484
Share-based payments		-	37,365
Other		17,184	34,808
Reallocation to exploration costs		(649,342)	(790,371)
		232,433	229,647

Impairment of assets

Available for sale asset		-	1,636,974
Exploration	15	6,290,139	45,578
		6,290,139	1,682,552

	NOTE	CONSOLIDATED	
		2014 \$	2013 \$

4 Income tax benefit/(expense)

The components of tax expense comprise:

Current income tax		-	-
Deferred income tax		-	-
Tax portion of capital raising costs		(16,237)	-
Income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income		(16,237)	-

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 30% on loss (2013: 30%)		2,068,724	(25,730)
Tax losses utilised		(181,682)	(95,005)
Tax portion of capital raising costs		(16,237)	-
Unrealised gains		-	625,500
Non-deductable Impairment expense		(1,887,042)	(504,765)
Income tax benefit/(expense) attributable to loss		(16,237)	-

Income tax losses

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

- tax losses at 30%		(5,530,993)	(5,421,397)
Temporary differences		111	6,745

5 Auditors' remuneration

Audit services:

Auditors of the Company – Grant Thornton

Audit and review of the financial reports		26,000	33,500
		26,000	33,500

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

6 Earnings per share

(a) Classification of securities

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

(b) Classification of securities as potential ordinary shares

215,000 unlisted options exercisable at \$0.246 by 18/07/2013

10,000 unlisted options exercisable at \$0.0517 by 23/12/2013

425,000 unlisted options exercisable at \$0.0917 by 05/03/2015

225,000 unlisted options exercisable at \$0.051 by 28/07/2016

325,000 unlisted options exercisable at \$0.053 by 23/07/2017

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

	CONSOLIDATED	
	2014 \$	2013 \$
(c) Earnings used in the calculation of earnings per share		
(Loss)/profit after income tax expense	(6,911,985)	85,767

(d) Weighted average number of shares outstanding during the year used in calculating earnings per share

Number for basic and diluted earnings per share		
Ordinary shares	153,861,520	148,814,803

	CONSOLIDATED	
	2014 \$	2013 \$

7 Cash and cash equivalents

Cash at bank	780,943	781,231
Deposits at call	500,000	615,000
	1,280,943	1,396,231

8 Trade and other receivables

Current

Trade receivables	318,890	193
Loan to related party	34,322	164,688
Other receivables	-	60,336
	353,212	225,217

Other receivables represent accrued interest receivable and GST refunds. Receivables are not considered past due and/or impaired (2013: nil).

	CONSOLIDATED	
	2014 \$	2013 \$

9 Other current assets

Prepayments	18,161	30,220
-------------	--------	--------

10 Plant and equipment

Plant and equipment

At cost	301,554	273,901
Accumulated depreciation	(219,185)	(180,159)
Net book value	82,369	93,742

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	93,742	130,108
Additions	27,654	10,776
Disposals	-	-
Depreciation	(39,027)	(47,142)
Carrying amount at end of year	82,369	93,742

11 Investments in associates

Interests are held in the following associated companies.

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF IN- CORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				2014	2013	2014	2013
UNLISTED							
Groundhog Services Pty Ltd	Administration services	Australia	Ord	50%	50%	1	1
Groundhog Partnership	Administration services	n/a	n/a	50%	50%	-	-

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

	CONSOLIDATED	
	2014 \$	2013 \$
Balance at the beginning of the financial year	1	1,073,829
New investments during the year	-	-
Impairment - reversal of available for sale reserve	-	-
Share of associated entity's (loss)/ profit after income tax	-	(53,043)
Sale of investments during period (i)	-	(101,417)
Change in investment status	-	(919,368)
Balance at the end of the financial year	1	1

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

11 Investments in associates (continued)

- (i) During the 2013 year, the Group sold on market 3.4 million shares in Marmota Energy Limited. This sale combined with the dilutionary share issues made by Marmota resulted in a reduction in ownership interest to 14.29% effective 26 September 2012. The investment in Marmota is now classified as an available for sale financial asset and accounted for accordingly.

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

	CONSOLIDATED	
	2014 \$	2013 \$
Share of associate's (loss)/profit before income tax	-	(53,043)
Share of associate's income tax (expense)	-	-
Share of associate's (loss)/profit after income tax expense	-	(53,043)

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

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

Current assets	2	374,980
Non-current assets	-	47,299
Total assets	2	422,279
Current liabilities	-	(339,292)
Non-current liabilities	-	(82,985)
Total liabilities	2	(422,277)
Net assets	2	2

12 Available for sale financial assets

Available for sale investments

- Marmota Energy Limited (related party)	91,953	782,428
--	--------	---------

13 Interests in unincorporated joint operations

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
2	SA	Punt Hill Farm-in Agreement	Monax Mining Limited (MOX) and Antofagasta Minerals SA (AMS)	MOX gives AMS the right to explore for all minerals in the area covered by Exploration Licences EL 4642 and EL 4548. AMS has the right to earn 51% interest in the tenements by expending US\$4 million over 4 years.

14 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 IN-CORPORATION	PERCENTAGE OWNED (%)	
		2014 %	2013 %
Subsidiaries of Monax Mining Limited:			
Monax Alliance Pty Ltd	Australia	100	100

15 Exploration and evaluation assets

	CONSOLIDATED	
	2014 \$	2013 \$
Movement:		
Carrying amount at beginning of year	11,737,172	9,886,721
Additional costs capitalised during the year	679,683	1,923,529
Sale of interest	(330,554)	(27,500)
Impairment of exploration asset ¹	(6,290,139)	(45,578)
Carrying amount at end of year	5,796,162	11,737,172

Closing balance comprises:

Exploration and evaluation		
- 100% owned	432,820	10,011,660
Exploration and evaluation phase		
- Joint Venture	5,363,342	1,725,512
	5,796,162	11,737,172

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

15 Exploration and evaluation assets (continued)

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.

¹ The impairment of the exploration asset in 2014 relates predominantly to the impairment within the Gawler Craton Area of Interest. The asset was impaired based on what the company believes it is readily able to explore or obtain interest in from a third party. Prior years' impairment was associated with the North Queensland Area of Interest where exploration had ceased.

	CONSOLIDATED	
	2014 \$	2013 \$

16 Trade and other payables

Trade payables	154,740	118,960
Other payables and accruals	315,605	488,525
Amounts payable to Director related entities*	24,082	6,667
	494,427	614,152

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

17 Provisions

Current

Employee benefits	86,953	87,482
-------------------	--------	--------

Non-current

Employee benefits	42,402	36,080
-------------------	--------	--------

Provision for long service leave

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

Provisions

Opening balance at beginning of year	123,562	87,482
Additional provisions	5,793	36,080
Balance at end of year	129,355	123,562

18 Issued Capital

	CONSOLIDATED	
	2014 \$	2013 \$
Issued and paid-up share capital		
171,257,603 (2013: 149,514,803) ordinary shares, fully paid	20,200,206	19,683,697
(a) Ordinary shares		
Balance at the beginning of year:	19,683,697	19,683,697
Shares issued during the year:		
17,110,346 (2013: Nil) shares issued under placement	436,314	-
3,932,454 (2013: Nil) shares issued under a non-renounceable rights issue	117,974	-
700,000 (2013: 700,000) shares issued on vesting of share rights	-	-
Less transaction costs arising from the issue of shares net of tax	(37,779)	-
Balance at end of year	20,200,206	19,683,697

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

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

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

(b) Options/rights

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

No share options or share rights were issued to executive Directors during the financial year.

At 30 June 2014, there were 975,000 (30 June 2013: 1,900,000) unissued shares for which the following options/rights were outstanding.

- 425,000 unlisted options exercisable at \$0.0917 by 05/03/2015
- 225,000 unlisted options exercisable at \$0.051 by 28/07/2016
- 325,000 unlisted options exercisable at \$0.053 by 23/07/2017

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

19 Share-based payments

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

(i) Options

Listed below are summaries of options granted:

	2014			2013		
MONAX MINING LIMITED	NUMBER OF OPTIONS	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	1,200,000	0.1023	-	3,875,000	0.0579	-
Granted – July 2012	-	-	-	325,000	0.053	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Lapsed	(225,000)	-	-	(3,000,000)	-	-
Outstanding at year-end	975,000	0.0694	655 days	1,200,000	0.1023	834 days
Exercisable at year-end	975,000			1,200,000		

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

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

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

On 28 July 2011, 225,000 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 \$0.051 each. These options are exercisable on or before 28 July 2016.

On 23 July 2012, 325,000 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 \$0.053 each. These options are exercisable on or before 23 July 2017.

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.

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

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

19 Share-based payments (continued)

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

	JULY 2012	JULY 2011	MARCH 2010	DECEMBER 2008	JULY 2008
Weighted average fair value (Black-Scholes)	\$0.055	\$0.05	\$0.085	\$0.029	\$0.155
Weighted average exercise price	\$0.053	\$0.051	\$0.0917	\$0.05	\$0.246
Weighted average life of the option	1,826 days	1,826 days	1,825 days	1,825 days	1,825 days
Underlying share price	\$0.06	\$0.06	\$0.10	\$0.03	\$0.19
Expected share price volatility	152%	113%	122%	201%	117%
Risk free interest rate	2.27%	4.25%	4.00%	4.25%	7.25%

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

(ii) Retention Rights

On 17 November 2010, a total of 2,100,000 retention rights were granted to two senior executives/key management personnel subsequent to shareholder approval at the Annual General Meeting. The retention rights, being an entitlement to shares in the Company, vested over three years with one third vesting on each of 1 July 2011, 1 July 2012 and 1 July 2013, at which time shares were issued to the executives. The fair value of these rights at grant date was \$153,300 and was fully recognised by June 2013 in the share based payments reserve. The fair value of the rights was determined by obtaining an independent valuation and considering the market price of the underlying shares at the date the rights were granted and assuming that all holders continued to be employees of the Company, adjusted for the risk that vesting conditions are not met.

Each right was issued for no consideration. Once exercised, the right entitled the holder to one fully paid ordinary share in Monax Mining Limited.

Expenses arising from share-based payment transactions

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

	CONSOLIDATED	
	2014 \$	2013 \$
Options issued under employee option plan	-	17,875
Retention rights issued	-	19,490
	-	37,365

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

20 Financial risk management

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

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

	CONSOLIDATED	
	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	1,280,943	1,396,231
Loans and receivables	353,212	225,217
Available for sale investments	91,953	782,428
	1,726,108	2,403,876
Financial liabilities		
Trade and other payables	494,427	614,152
	494,427	614,152

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.

20 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 2014 approximately 39% 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	
	2014 \$	2013 \$
Change in loss		
Increase in interest rates by 2%	25,619	27,925
Decrease in interest rates by 2%	(25,619)	(27,925)
Change in equity		
Increase in interest rates by 2%	25,619	27,925
Decrease in interest rates by 2%	(25,619)	(27,925)

21 Commitments and contingent liabilities

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the entity will be required to outlay in the year ending 30 June 2014 amounts of approximately \$1,645,850 (2013: \$2,407,850) to meet minimum expenditure requirements pursuant to various joint venture requirements and those specified by the State Government of South Australia. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

(b) Operating lease commitments

In July 2013, Monax Mining Limited entered into a non-cancellable operating lease for a two year period for office and warehouse accommodation.

	MINIMUM LEASE PAYMENTS DUE			
	WITHIN 1 YEAR \$	1 TO 5 YEARS \$	AFTER 5 YEARS \$	TOTAL \$
June 2014	58,710	-	-	58,710
June 2013	57,000	58,710	-	115,710

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

21 Commitments and contingent liabilities (continued)

(c) Contingent liabilities

As at 30 June 2014, there were no contingent liabilities (2013: nil).

(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 (2013: \$15,000). This bank guarantee is fully secured by cash on term deposit.

	NOTE	CONSOLIDATED	
		2014 \$	2013 \$

22 Notes to the statement of cash flows

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

Cash at bank and at call	7	1,280,943	1,396,231
		1,280,943	1,396,231

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

Loss after income tax		(6,911,985)	85,767
Add/(less) items classified as investing/ financing activities			
Share of associate net (profit)/loss		-	53,043
Add/(less) non cash items			
Depreciation		21,523	9,667
Share-based payments		-	37,365
Impairment of asset		6,290,139	1,682,552
Gain on reclassification of financial assets		-	(1,525,632)
Gain on disposal of available for sale asset		79,262	(13,259)
Realised gain on sale of investment in associates		-	(546,109)
Changes in operating assets and liabilities			
(Increase)/decrease in other assets		12,059	(8,976)
(Increase)/decrease in trade and other receivables		(127,995)	678
(Decrease)/increase in trade and other payables		147,120	9,226
(Decrease)/increase in provisions		5,793	59,351
Net cash (used in) operating activities		(484,084)	(156,327)

23 Related parties

Directors' transactions with the Company

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

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

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

DIRECTOR	MINIMUM LEASE PAYMENTS DUE		CONSOLIDATED	
	TRANSACTION	NOTE	2014 \$	2013 \$
GS Davis	Payments to an entity of which the Director is a partner in respect of legal fees		63,785	31,008
RM Kennedy, GS Davis, NF Alley and RG Nelson	Payments to a Director related entity for exploration and joint logistics.	(i)	108	40,127
GM Ferris	Payments to a Director related entity for administration services	(ii)	202,777	431,461

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

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

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

	CONSOLIDATED	
	2014 \$	2013 \$
Current receivables		
Loan to related party*	34,322	164,688
	34,322	164,688
Current payables		
Amounts payable to associates**	24,082	6,667
	24,082	6,667

*Loans to related parties represents amounts receivable from Marmota Energy Limited and Groundhog Services Pty Ltd, both associated companies.

** Amounts payable to associates represents amounts payable to DMAW Lawyers, Marmota Energy Limited and Groundhog Services Pty Ltd.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

23 Related parties (continued)

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 2014. The totals of remuneration paid to key management personnel during the year are as follows:

	CONSOLIDATED	
	2014 \$	2013 \$
Short term employee benefits	479,939	484,705
Post employment benefits	35,329	36,567
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	19,490
	515,268	540,762

24 Operating segments

Segment information

Description of segments

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

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

Basis of accounting for purposes of reporting by operating segment

Accounting policies adopted

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

24 Operating segments (continued)

Details of the performance of each of these operating segments for the financial years ended 30 June 2014 and 30 June 2013 are set out below:

(i) Segment performance

	GAWLER CRATON		KANGAROO ISLAND		NORTH QUEENSLAND		TOTAL	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Segment revenue	92,008	353,760	-	-	-	25,000	92,008	378,760
Segment results								
Gross segment result before depreciation, amortisation and impairment	92,008	353,760	-	-	-	25,000	92,008	378,760
Depreciation and amortisation	-	-	-	-	-	-	-	-
Loss on disposal of tenement	(30,554)	-	-	-	-	-	(30,554)	-
Impairment	(6,282,805)	-	-	-	(7,334)	(45,578)	(6,290,139)	(45,578)
	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,228,685)	333,182
Interest income	-	-	-	-	-	-	32,593	92,369
Share of associates' net profit	-	-	-	-	-	-	-	(53,043)
Realised gain on sale of investment in associate	-	-	-	-	-	-	-	546,109
Gain on reclassification of financial asset	-	-	-	-	-	-	-	1,525,632
Gain on disposal of available for sale asset	-	-	-	-	-	-	-	13,259
Impairment of available for sale assets	-	-	-	-	-	-	-	(1,636,974)
Other expenses	-	-	-	-	-	-	(699,656)	(734,767)
Loss before tax	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,895,748)	85,767
Income tax benefit/(expense)	-	-	-	-	-	-	(16,237)	-
Loss after tax	(6,221,351)	353,760	-	-	(7,334)	(20,578)	(6,911,985)	85,767

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

24 Operating segments (continued)

(ii) Segment assets

	GAWLER CRATON		KANGAROO ISLAND		NORTH QUEENSLAND		TOTAL	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Segment assets	5,369,038	11,539,682	424,819	197,490	2,305	-	5,796,162	11,737,172
Segment asset increases for the period:								
Capital expenditure	442,715	1,652,961	227,329	197,490	9,639	45,578	679,683	1,896,029
Sale of tenement	(330,554)	-	-	-	-	-	(330,554)	-
Impairment	(6,282,805)	-	-	-	(7,334)	(45,578)	(6,290,139)	(45,578)
	(6,170,644)	1,652,961	227,329	197,490	2,305	-	(5,941,011)	1,850,451
Reconciliation of segment assets to company assets								
Cash and cash equivalents	-	-	-	-	-	-	1,280,943	1,396,231
Trade and other receivables	-	-	-	-	-	-	353,212	225,217
Other current assets	-	-	-	-	-	-	18,161	30,220
Plant and equipment	-	-	-	-	-	-	82,369	93,742
Investment in Associates	-	-	-	-	-	-	1	1
Available for sale financial assets	-	-	-	-	-	-	91,953	782,428
Deferred tax asset	-	-	-	-	-	-	27,585	244,057
Total assets	5,369,038	11,539,682	424,819	197,490	2,305	-	7,650,386	14,509,068

(iii) Segment liabilities

	GAWLER CRATON		KANGAROO ISLAND		NORTH QUEENSLAND		TOTAL	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Segment liabilities	59,313	111,628	87,096	-	-	-	146,409	111,628
Reconciliation of segment liabilities to company liabilities								
Trade and other payables	-	-	-	-	-	-	348,018	502,524
Short term provisions	-	-	-	-	-	-	37,285	87,482
Deferred tax liability	-	-	-	-	-	-	27,585	244,057
Long term provisions	-	-	-	-	-	-	92,070	36,080
Total liabilities	59,313	111,628	87,096	-	-	-	651,367	981,771

25 Events subsequent to reporting date

On 20 June 2014, the Company announced a 1 for 4 entitlement issue at \$0.021 per share with 1 free attaching option, exercisable at \$0.042 on or before 29 July 2015, for every two new shares subscribed for under the issue. The entitlement issue closed on 22 July 2014. The Company subsequently issued 42,814,715 ordinary shares and 21,407,394 listed options. These securities were issued to subscribers of the entitlement issue and via placement of the shortfall from the issue. The Company raised approximately \$900,000 before costs.

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

26 Reserves

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.

Available for sale reserves – comprises gains and losses relating to these types of financial instruments.

	CONSOLIDATED	
	2014 \$	2013 \$
Share option reserve		
Opening balance at beginning of year	780,280	742,915
Fair value of options issued to employees	-	37,365
Balance at end of year	780,280	780,280
Available for sale reserve		
Opening balance at beginning of year	-	-
Revaluation of available for sale asset	(132,802)	-
Balance at end of year	(132,802)	-
Total reserves	647,478	780,280

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

27 Monax Mining Limited company information

	2014 \$	2013 \$
Parent entity		
Assets		
Current assets	1,584,389	1,587,732
Non-current assets	5,998,068	12,857,402
Total assets	7,582,457	14,445,134
Liabilities		
Current liabilities	560,892	663,615
Non-current liabilities	24,393	254,409
Total liabilities	585,285	918,024
Equity		
Issued capital	20,200,206	19,683,697
Retained losses	(13,850,512)	(6,936,867)
Available for sale reserve	(132,802)	-
Share-based payments reserve	780,280	780,280
Total equity	6,997,172	13,527,110
Financial performance		
Loss for the year	(6,913,646)	85,767
Other comprehensive income	(132,802)	-
Total comprehensive income	(7,046,448)	85,767
Guarantees in relation to the debts of subsidiaries	-	-
Contingent liabilities	-	-
Contractual commitments	58,710	115,710

28 Fair value measurement of assets and liabilities

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

All financial instruments were valued using level 1 valuation techniques. There were no changes in valuation techniques for financial instruments in the period. Available for sale financial assets are measured at fair value using the closing price on the reporting dates as listed on the Australian Securities Exchange limited (ASX). The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

29 Company details

The registered office of the Company is:

140 Greenhill Road

UNLEY SA 5061

The principal place of business is:

Unit 2, 81 Harrison Road

DUDLEY PARK SA 5008

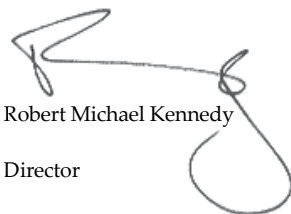
Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

- 1 The Directors of Monax Mining Limited declare that:
 - (a) the financial statements and notes, as set out on pages 35 to 66, are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the financial position as at 30 June 2014 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 23rd day of September 2014.



Robert Michael Kennedy
Director

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONAX MINING LIMITED****Report on the financial report**

We have audited the accompanying financial report of Monax Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

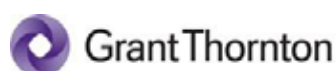
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Independent Auditor's Report



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

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

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Monax Mining Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualification to the audit opinion expressed above, we draw attention to Note 1(w) to the financial report, which indicates that the consolidated entity incurred a net loss of \$6,911,985 during the year ended 30 June 2014. In addition, the Group incurred a net cash outflow of \$1,126,489 from operating and investing activities, excluding the proceeds from the sale of Marmota Energy Limited shares of \$510,929.



These conditions, along with other matters as set forth in Note 1(w), indicate the existence of a material uncertainty, which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Monax Mining Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

A stylized blue ink signature of "Grant Thornton" in a cursive script.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A stylized blue ink signature of "S.J. Gray" in a cursive script.

S.J. Gray
Partner – Audit & Assurance

Adelaide, 23 September 2014

Independent Auditor's Report

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 19 September 2014.

Distribution of Equity Securities

Ordinary Share Capital

Fully paid ordinary shares are held by 1,800 individual shareholders.

Options

Options are held by 314 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.

SUBSTANTIAL SHAREHOLDER	NUMBER OF FULLY PAID ORDINARY SHARES HELD
Antofagasta Investment Company Limited	17,110,346

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

CATEGORY	HOLDERS OF ORDINARY SHARES	HOLDERS 29/07/2015 \$0.042 OPTIONS	HOLDERS 5/03/2015 \$0.0917 OPTIONS	HOLDERS 28/07/2016 \$0.051 OPTIONS	HOLDERS 23/07/2017 \$0.053 OPTIONS
1 – 1,000	269	50	-	-	-
1,001 – 5,000	265	83	-	-	-
5,001 – 10,000	223	43	-	-	-
10,001 – 100,000	732	94	2	2	2
100,001 and over	311	44	2	1	1
Total Number of security holders	1,800	314	4	3	3

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,013. The number of optionholders holding less than a marketable parcel of listed options is 272.

On market buy-back

There is no current on-market buy-back.

Shareholder Information

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 19 September 2014 are as follows.

NAME	NUMBER OF FULLY PAID ORDINARY SHARES HELD	PERCENTAGE HELD %
Citicorp Nominees Pty Limited	18,942,881	8.85
Unique Asset Pty Ltd	7,634,502	3.57
Mr David Ian Kerr & Mrs Cheryl Dorothea Kerr <Edwinstowe Nom P/L Sup A/C>	6,977,047	3.26
Alexandra Resources Pty Ltd	4,933,333	2.30
Havilah Resources NL	4,916,667	2.30
Mr Meng Zhai	3,513,058	1.64
Triple Eight Gold Pty Ltd <The Blue Sky A/C>	3,489,810	1.63
N & B Horizons Pty Ltd <N&B Horizons S/F A/C>	3,022,727	1.41
Mr Rodolfo Antonio Messina Gomez <Rodolfo A M Gomez S/F A/C>	2,813,104	1.31
RMK Super Pty Ltd <RMK Personal S/F A/C>	2,760,191	1.29
Aloren (No 148) Pty Ltd	2,702,728	1.26
Arco Four Investments Pty Ltd <The Ocramind Holdings Fam A/C>	2,534,375	1.18
Mr William Lambert & Mrs Rosaria Lambert	2,335,000	1.09
Mr Mark Andrew Tkocz	2,300,000	1.07
Mr Neil Henry Scriven and Ms Robyn Julie McDonald	2,227,689	1.04
Mrs Susan Margaret Nelson & Mr Reginald Nelson <The Groundhog A/C>	2,145,659	1.00
Mrs Shirley Anne Ferris	1,920,100	0.90
N & R Smart Pty Ltd <Smart Family Super Fund A/C>	1,815,000	0.85
Mr Stig Hakan Hellsing & Mrs Patricia Anne Hellsing <Hellsing S/F A/C>	1,750,000	0.82
Teckcorp Pty Ltd <Robert Russo Family A/C>	1,750,000	0.82
	80,483,871	37.60

Shareholder Information

AS AT 19 SEPTEMBER 2014

Twenty largest optionholders

The names of the 20 largest holders of options constituting a class of quoted equity securities on the Australian Stock Exchange Limited including the number and percentage held by those holders at 19 September 2014 are as follows.

NAME	NUMBER OF OPTIONS HELD	PERCENTAGE HELD %
M & K Korkidas P/L S/Fund A/C>	2,660,000	12.43
Mr Nicholas Baradakias	1,500,000	7.01
Colin Hough	1,000,153	4.67
Mr David Sundance Vanzyl	952,635	4.45
Mr Christopher Lindsay Bollam	734,371	3.43
Unique Asset Pty Ltd	703,451	3.29
Lawrence Crowe Consulting Pty Ltd <L C C Super Fund A/C>	681,250	3.18
IQ Global Asset Partners Pty Ltd <IQ S/F A/C>	504,235	2.36
Mr Suifan Ahmad	500,000	2.34
Kenny Investments Pty Ltd <K & G Malaxos Family A/C>	500,000	2.34
Mr James Richard Morison	500,000	2.34
Mr Richard Wayne Phillips & Mrs Anton Michael Phillips-Chantelois <Rimianda Super Fund A/C>	500,000	2.34
Mrs Vanessa Benetia Balassis	400,000	1.87
Mr Greg Martin Swain	397,000	1.85
Cambourne Capital Pty Ltd <Sanwar Super Fund A/C>	390,625	1.82
Mr Stig Hakan Hellsing & Mrs Patricia Anne Hellsing <Hellsing S/F A/C>	367,491	1.72
Mr Bin Liu	353,211	1.65
Triple Eight Gold Pty Ltd <The Blue Sky A/C>	348,981	1.63
Mr Guomin Mao	333,333	1.56
RMK Super Pty Ltd <RMK Personal S/F A/C>	276,020	1.29
	13,602,756	63.54

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
05/03/2015	\$0.0917	425,000	425,000	4
28/07/2016	\$0.051	225,000	225,000	3
23/07/2017	\$0.053	325,000	325,000	3

Monax Mining Limited

South Australia

PROJECT	TENEMENT	NO.	STATUS	AREA (km ²)	DETAILS	TENURE HOLDER
PUNT HILL	Punt Hill	EL 4642	Granted	887	JV with Antofagasta	Monax Mining
	Yeltacowie	EL 4548	Granted	391	JV with Antofagasta	Monax Mining
	Whittata	EL 4994	Granted	89	JV with Antofagasta	Monax Mining
YORKE PENINSULA	Melton	EL 5122	Granted	28	JV with Marmota Energy	Marmosa Pty Ltd
	North Melton	EL 5209	Granted	137	JV with Marmota Energy	Marmota Energy
	Webling Bay	EL 5128	Granted	82		Monax Mining
KANGAROO ISLAND	Parndana	EL 4581	Granted	47		Monax Mining
PHAR LAP	Phar Lap	EL 5123	Granted	283		Monax Mining
WESTERN GAWLER CRATON	Nullarbor	EL 5077	Granted	388		Monax Mining
	North Yalata	EL 5199	Granted	754		Monax Mining
	East Yalata	EL 5200	Granted	904		Monax Mining
	Shoulder Hill	ELA2014/00194	Application	145		Monax Mining

Queensland

PROJECT	TENEMENT	NO.	STATUS	AREA (Sub Blocks)	DETAILS	TENURE HOLDER
CLONCURRY	Llewellyn Creek	EPM 25671	Application	12		Monax Mining
	Malbon	EPM 25743	Application	27		Monax Mining
	Charley Creek	EPM 25750	Application	2		Monax Mining

Monax Alliance Pty Ltd

PROJECT	TENEMENT	NO.	STATUS	AREA (km ²)	DETAILS	TENURE HOLDER
ALGEBUCKINA	Douglas Creek	EL 5094	Granted	192		Monax Alliance P/L
	Old Umbum	EL 4990	Granted	63		Monax Alliance P/L
KANGAROO ISLAND	Yerda	EL 5353	Granted	44		Monax Alliance P/L
MILLERS CREEK DP	Dermody Bore	EL 5316	Granted	206		Monax Alliance P/L
	Margaret Dam	EL 5347	Granted	299		Monax Alliance P/L
	Billa Kalina	EL 4463	Granted	1023		Maximus Resources
	Millers Creek	EL 4854	Granted	771		Maximus Resources
	Paisley Creek	EL 4898	Granted	136		Maximus Resources
	Bamboo Lagoon	EL 4899	Granted	412		Maximus Resources
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
	Amata	ELA 2014/00043	Application	810		Monax Alliance P/L
NORTHERN GAWLER CRATON	Tallaringa	ELA 2014/00177	Application	519		Monax Alliance P/L

Tenement Status

PRINCIPAL REGISTERED OFFICE

Monax Mining Limited
140 Greenhill Road UNLEY SA 5061
GPO Box 1373 ADELAIDE SA 5001

Telephone: (08) 8373 5588
Facsimile: (08) 8373 5917
Email: info@monaxmining.com.au
Website: www.monaxmining.com.au

EXPLORATION OFFICE

Unit 2, 81 Harrison Road
DUDLEY PARK SA 5008

Telephone: (08) 8245 4900
Facsimile: (08) 8245 4999

POSTAL ADDRESS

Unit 2, 81 Harrison Road
DUDLEY PARK SA 5008

DIRECTORS AND SENIOR MANAGEMENT

Robert Michael Kennedy
ASAIT, Grad. Dip. (Systems Analysis)
FCA, ACIS, FAIM, FAICD
Non-executive Chairman

Gary Michael Ferris
BSc (Hons), MSc, AusIMM
Managing Director

Glenn Stuart Davis
LLB, BEc, FAICD
Non-executive Director

Virginia Katherine Suttell
BComm, ACA, GradDip ACG, GAICD
Company Secretary

STOCK EXCHANGE CODE

Shares: MOX
Options: MOXO
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

AUDITORS

Grant Thornton
Chartered Accountants
67 Greenhill Road
Wayville SA 5034

LAWYERS

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

Notes





MONAX
MINING LIMITED

Notice of Annual General Meeting 2014

Notice is hereby given that the Annual General Meeting (**meeting**) of Monax Mining Limited (**Company**) will be held at Level 3, 80 King William Street, Adelaide South Australia on Wednesday, 19 November 2014 at 11.00 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 2014.

The Annual Financial Report is available at the website of the Company (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 2014 be adopted.'

Voting Exclusion

In accordance with the Corporations Act, the Company will disregard any votes cast in relation to this resolution:

- by or on behalf of a member of the Key Management Personnel (KMP), named in the Company's Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy for a person who is a member of the KMP or their closely related parties.

However, the Company will not disregard a vote if the vote is cast as a proxy for a person entitled to vote in respect of this resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

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

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.’

OTHER BUSINESS

4. Ratification of a 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 17,110,346 fully paid ordinary shares at \$0.0255 per fully paid ordinary share on 3 June 2014.”

Voting Exclusion

The Company will disregard any votes cast in relation to 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 a 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Approval of Employee Share Option Plan

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

‘That with effect from the closure of this meeting and for the purposes of Exception 9 of ASX Listing Rule 7.2, and for all other purposes, approval is given for the Company to issue securities under the employee incentive scheme called the Monax Mining Limited Employee Share Option Plan.’

Voting Exclusion

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast in relation to this resolution:

- by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or
- as a proxy by a person who is a member of the KMP or their closely related parties.

However, the Company will not disregard a vote if the vote is cast as proxy for a person entitled to vote in respect of this resolution:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

To transact any further business that may be lawfully brought forward

Further information regarding the business to be transacted at the 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

Virginia Suttell
Company Secretary

Date: 2nd October 2014

Explanatory Memorandum

Accompanying the Notice of Annual General Meeting to be held on 19 November 2014.

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.

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. Adoption of Remuneration Report

The Company has included in the 2014 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 27 to 33 of the 2014 Annual Report and is available from the Company's website 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 adopting the Remuneration Report.

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

Mr Davis retires under the compulsory retirement provisions of clause 47 of the Company's constitution and, being eligible, has offered himself for re-election as a Director.

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 about 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) and director of Marmota Energy Limited (since 2007).

The Directors (except Mr Davis, who abstains) recommend shareholders vote in favour of the re-election of Mr Davis.

4. Ratification of a previous issue of shares

The Company has issued 17,110,346 fully paid ordinary shares at \$0.0255 per fully paid ordinary share in a placement to Antofagasta Investment Company Limited.

These shares were issued on 3 June 2014 and were issued on the same terms and conditions as other existing ordinary shares in the Company quoted on the Australian Securities Exchange.

The funds raised by the placement have and will be used to progress exploration at the Company's Kangaroo Island project in South Australia.

ASX Listing Rule 7.1 provides that, except in limited circumstances, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with 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 4 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 4 proposes the ratification and approval of the allotment and issue of 17,110,346 shares to Antofagasta Investment Company Limited for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

ASX Listing Rule 14.9 requires the approval be given by an ordinary resolution of the Company.

The Directors recommend shareholders vote in favour of ratifying the placement made in June 2014.

5. Approval of Employee Share Option Plan

ASX Listing Rule 7.1 provides that, except in limited circumstances, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with 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. An exception to this rule exists under ASX Listing Rule 7.2 where a company has an employee incentive scheme approved by its ordinary security holders. Approval of this type lasts for 3 years from the date of approval at the meeting. At the Company's 2011 Annual General Meeting shareholders approved issues of securities under the Monax Mining Limited Employee Share Option Plan (**ESOP**). Resolution 5 seeks shareholder approval to refresh the approval obtained in 2011 for a further 3 years under the same ESOP rules.

If approval for the ESOP is given here, approval for issues under the ESOP within the next 3 years will not be required under ASX Listing Rule 7.1.

Any securities issued under the ESOP to employees who are Directors will still require specific shareholder approval for that issue under ASX Listing Rule 10.14.

The ESOP contemplates the issue of options to subscribe for fully paid ordinary shares in the Company, to employees including executive Directors of the Company. The two main purposes of the ESOP are to give an incentive to employees to provide dedicated and ongoing commitment and effort to the Company and for the Company to reward employees for their efforts.

In accordance with Exception 9(b) of ASX Listing Rule 7.2, shareholders are provided with the following information.

Summary of terms and conditions of the ESOP

The key terms of the ESOP are as follows:

1. Employees of the Company will be eligible to participate in the ESOP. The Board, in their absolute discretion, will determine which employees may participate.
2. Options will be granted at no cost.
3. The exercise price of the options will be determined by the Board but will not be less than the market value of a share. For the purposes of the ESOP, "market value" means the average closing sale price per share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the day on which the Board resolves to offer an option.
4. The number of options offered to each employee will be determined by the Board. The Board in its absolute discretion may limit the number of options which may be offered in any one year.
5. Each option entitles the holder to subscribe for and be allotted one share.
6. All unexercised options automatically lapse 5 years from the date of grant (**Expiry Date**). Options may be exercised at any time during the period commencing after the date of grant and ending on the Expiry Date.
7. If at any time prior to the Expiry Date of any options, an employee ceases to be an employee, all options held will, to the extent that they have not been exercised beforehand, automatically lapse on the first to occur of:
 - a. the expiry of the period of six calendar months from the date of such occurrence; and
 - b. the Expiry Date.

Since the 2011 meeting, the following options have been issued under the ESOP:

- 325,000 options on 23 July 2012

ASX Listing Rule 14.9 requires approval be given by an ordinary resolution of the Company.

Copies of the rules of the ESOP are available for inspection at the Company's registered office during business hours, or may be obtained free of charge by contacting the Company Secretary. The rules of the ESOP will also be made available at the meeting.

The Directors (except Mr G Ferris, who abstains) recommend shareholders vote in favour of approving the ESOP.

VOTING INFORMATION AND NOTES

1. 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.

2. 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, on a poll, each proxy may exercise half the votes.

A proxy can be either an individual or a body corporate and need not be a shareholder of the Company. If a shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a shareholder's instruction is to abstain from voting for a particular item of business, the shareholders' votes will not be counted in computing the required majority on a poll.

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 form and authorities may be lodged:

- by post 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 8245 4999; or

Custodian voting - For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

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.

Chairman acting as proxy

Shareholders may appoint the Chairman of the meeting as their proxy.

Where the Chairman is appointed as a proxy by a shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the Chairman is to vote on the resolution (that is, a directed proxy), the Chairman must vote in accordance with that direction.

In respect of proxies where no voting direction has been given (undirected proxies), the Chairman intends to vote all available proxies in favour of each resolution.

In relation to resolutions 2 and 5, if the shareholder has appointed the Chairman as their proxy and no voting direction has been given, the shareholder will be expressly authorising the Chairman to exercise the undirected proxy in respect of resolutions 2 and 5 even though the resolution is connected with the remuneration of members of the KMP of the Company. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

3. 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 7.00 pm (Adelaide time) on Monday, 17 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

4. 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 a general meeting of the Company.

5. 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.

6. 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.



MONAX
MINING LIMITED

ACN 110 336 733

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 11:00am (Adelaide time) Monday 17 November 2014**

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

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 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.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

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 3, 80 King William Street, Adelaide South Australia 5000 on Wednesday 19 November 2014 at 11:00am (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 **Items 2 & 5** (except where I/we have indicated a different voting intention below) even though **Items 2 & 5** are 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 **Items 2 & 5** 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	☐	☐	☐
3 Re-election of Mr GS Davis as a Director	☐	☐	☐
4 Ratification of a previous issue of shares	☐	☐	☐
5 Approval of Employee Share Option Plan	☐	☐	☐

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 / /