



**MONAX  
MINING LIMITED**

ABN: 96 110 336 733

Exploration Office  
Warehouse I, 5 Butler Blvd  
Burbridge Business Park  
Adelaide Airport SA 5950  
Postal Address  
PO Box 247 Export Park SA 5950

Tel: +61 8 8375 3900  
Fax: +61 8 8375 3999  
[www.monaxmining.com.au](http://www.monaxmining.com.au)

**For immediate release**  
25 January 2012

Monax Mining Limited  
**Quarterly Report**  
For the period ending 31 December 2011

**HIGHLIGHTS**

- **Four drill holes completed at Monax's Punt Hill copper-gold project located in northern South Australia with copper and associated iron-oxide copper-gold metals reported from first the drill hole.**
- **Two holes show evidence of alteration consistent with proximity to iron-oxide copper-gold systems.**
- **Further exploration proposed for Punt Hill including deep penetrating induced polarisation followed by drilling.**
- **Strategic alliance signed with major Chilean copper miner Antofagasta for project generation in South Australia.**
- **Antofagasta to commit US\$1 million over two years to fully fund Monax for project generation activities.**
- **Gradient array induced polarisation survey at Polinga prospect outlines a potential new manganese horizon on its Waddikee manganese and iron project on S.A's Eyre Peninsula.**
- **3000m drilling program to commence in late February to test new anomalies outlined by gradient array induced polarisation surveys at Polinga, Hodgins and Jamieson Tank manganese prospects.**

## Corporate

Monax Mining Limited (ASX:MOX) has continued to actively review opportunities to add to its current project portfolio during the quarter to 31 December 2011.

During this period, the Company signed a strategic alliance with Antofagasta Minerals Adelaide Pty Limited (Antofagasta), a subsidiary of major Chilean mining group Antofagasta plc, for copper exploration within South Australia, excluding Monax's current portfolio in South Australia.

Under the terms of the Agreement, Antofagasta will provide US\$1 million to Monax over two years to fully fund target-generation within South Australia.

The Alliance targets properties containing copper, gold, silver, molybdenum, lead, zinc, nickel and platinum group minerals.

During the quarter, Monax also entered into an Option Agreement over an iron sands project located in Chile, South America. Monax is currently undertaking due diligence on the project which includes a scoping report on the available data being conducted by leading engineering firm Sinclair Knight Mertz.

During the same period, Monax withdrew from the Percyvale option covering four granted gold mining leases in northern Queensland.

Monax holds 36 million shares (23.93% undiluted) in Marmota Energy Limited (ASX:MEU), which announced an initial resource estimate of 1,510 tonnes of U<sub>3</sub>O<sub>8</sub> (3.33 million pounds) from its Junction Dam project in South Australia during the quarter.

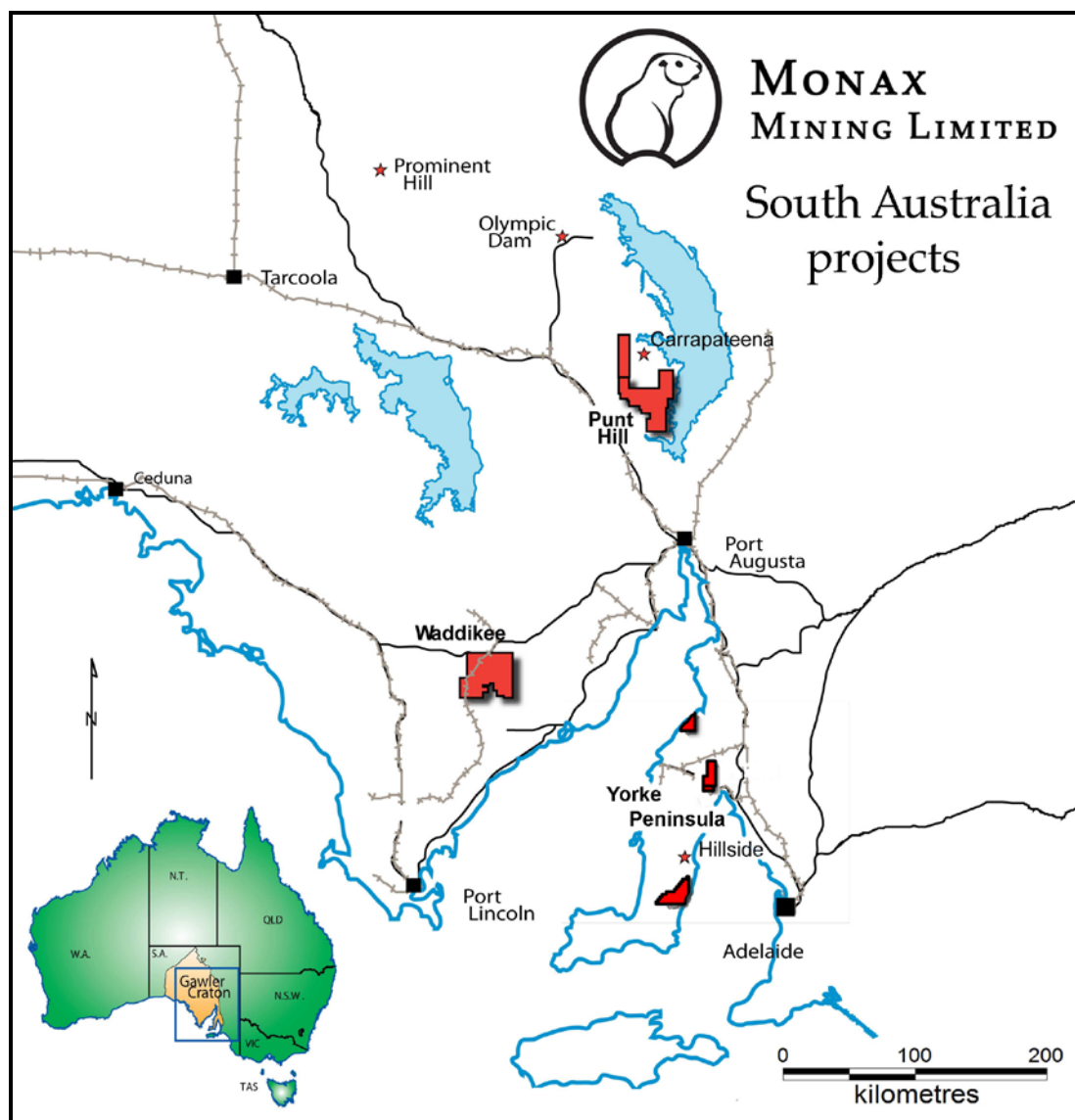
As at 30 December 2011, the Company had a cash balance of \$3 million.

## Exploration

### South Australian projects

Monax has three core South Australian projects (Figure 1).

1. **Punt Hill – copper-gold (farm-in with Antofagasta).**
2. **Waddikee – manganese, iron (farm-in with OM (Manganese) Limited).**
3. **Yorke Peninsula – copper-gold (includes Melton JV with Marmota Energy).**



**Figure 1. Location of Monax's core South Australian projects.**

***Punt Hill project (Monax 100%; Antofagasta earning 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 2), in South Australia. This province is host to the world class Olympic Dam and Prominent Hill mines, as well as the recently discovered Carrapateena and Hillside deposits. The Punt Hill project is adjacent to Carrapateena, which has an inferred resource of 203Mt @ 1.3% copper and 0.56g/t gold.

The Punt Hill project is subject to a farm-in agreement with major Chilean mining company Antofagasta PLC ("Antofagasta"), through its wholly-owned subsidiary, Antofagasta Minerals S.A. The agreement commits Antofagasta to spend a minimum of US\$1.5 million on the project within the first two years.

During the quarter to 31 December 2011, Monax completed a four hole drilling program totalling 2561.2m (see table below for drill hole details) at Punt Hill. Drill hole locations are shown on Figure 3.

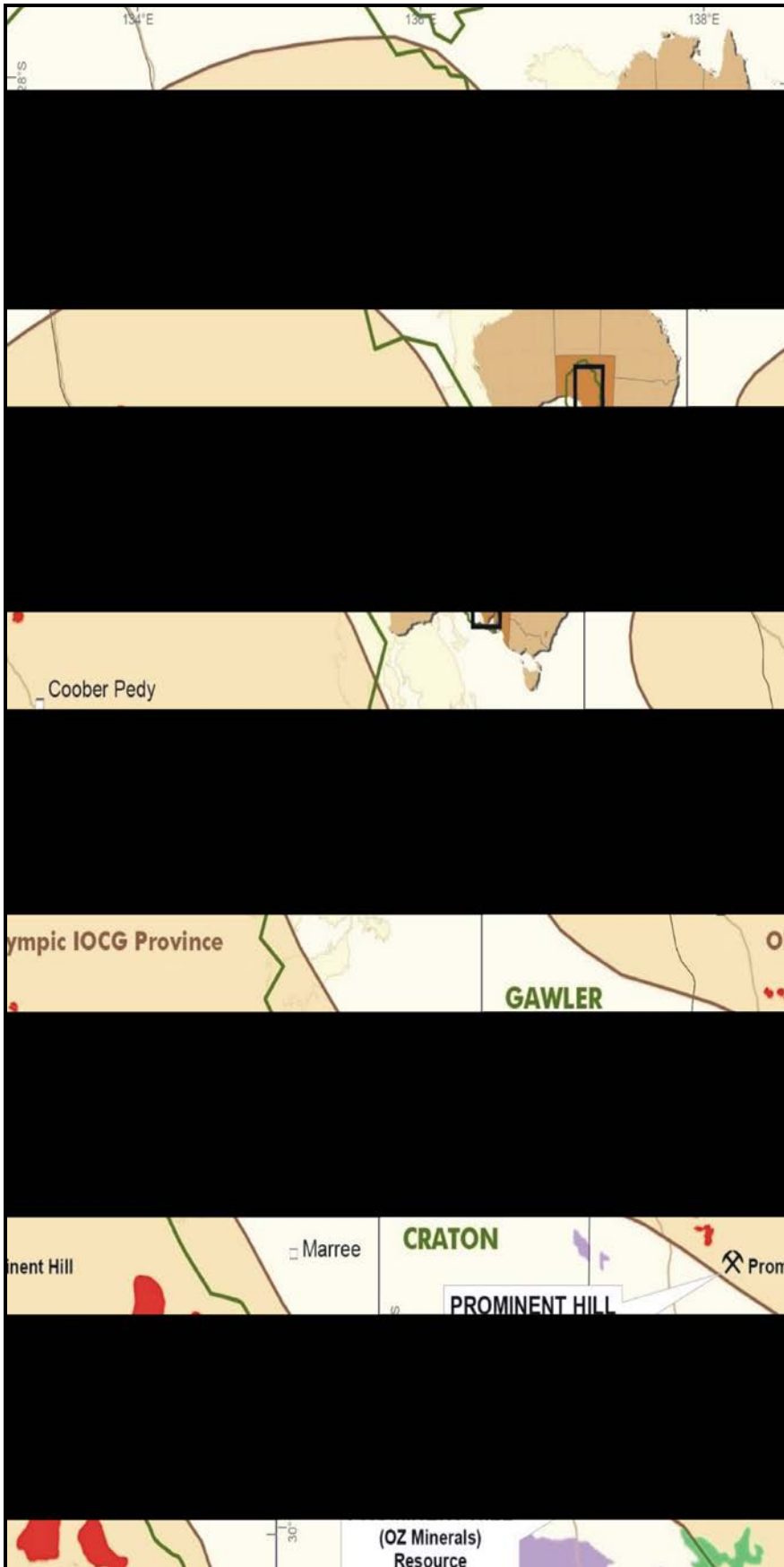


Figure 2. Geological setting of Monax's Punt Hill project.

Target Area	Drill Hole No.	Easting	Northing	Depth to basement	Total depth
Target 11	OCDD1	735000	6511900	432.1m	639.5m
Target 6	CDDD1	724361	6527435	425.8m	704.0m
Target 4	BHDD01	723409	6535764	546.9m	766.6m
Target 5	SDDD01	725601	6536769	363.5m	451.1

All holes drilled vertical. Datum MGA 94.

The drilling program was targeting discrete gravity features outlined by a detailed gravity survey completed by Monax in early 2011. Drilling by Monax prior to the Antofagasta farm-in reported thick intersections of copper mineralisation including hole GHDD6 which recorded 159m @ 0.47% Cu, 5.3 g/t Ag, 0.12g/t Au, 0.48% Zn & 0.12% Pb (from 846m to 1005m) including 17m @ 1.1% Cu, 1.2% Zn & 8.5g/t Ag (853m to 870m).

The drilling program successfully defined further areas of interest and showed the depth to basement was shallower, which is a significant factor in future exploration. The shallower depth to basement will allow the use of electrical geophysical methods to locate potential zones of sulphide mineralisation within basement gravity anomalies.

#### **Target 11 – Hole OCDD01**

One hole was drilled on EL 4642 (OCDD01 – Target 11). The drill hole intersected basement at 432.1m depth below the surface and the upper 30m of basement comprised a hematitic breccia with trace visible copper (bornite) observed along fractures. Laboratory assay results show the best interval comprises 9m @ 0.12% Cu between 435 - 444m (see Table 1 for summary results). Iron values up to 53.4% were reported from the zone of hematite breccia (Table 1).

Drill hole OCDD01 was completed at 639.5m within Donington Suite granite. The zone below the upper hematitic breccia comprised a series of sediments with two zones of intense silica alteration with trace sulphides. Samples from these zones have been submitted for assay with results expected in early February 2012.

Target 11 is part of Groundhog/Prairie Dog Gravity Trend discovered by Monax in 2007-2008 (Figure 3). This anomaly is strongly influenced by prominent NW-SE and NE-SW trending faults. Modelling of the gravity data showed the dimensions of the highest amplitude gravity shell for Target 11 in the 3D model is 500m x 500m x 1km deep (Figure 4).

The upper 30m of hole OCDD01 showed a significant zone of hematite breccia with elevated specific gravity readings which explain the gravity feature. The initial interpretation is that the hole has clipped the margins of a mineralised system and further drilling is warranted in the area.

The technical success of OCDD01 has provided Monax with increased confidence that the Groundhog/Prairie Dog Gravity Trend is highly prospective with numerous untested gravity targets. Two sites located in the vicinity of Target 11 were cleared for drilling as part of the heritage clearance undertaken in August 2011, and these remain to be drill tested in 2012.

Target 10 located to the SSE of Target 11 is a discrete gravity high located to the NNW of the Groundhog prospect. Target 12 located approximately 5km to the west of Target 11 is a significant gravity anomaly which warrants drill testing.

A major interest for Monax is the area to the SE of the Prairie Dog prospect. Two holes were drilled at Prairie Dog in 2007 and reported thick intersections of copper (99m @ 0.24% Cu including 1m @ 7.58% Cu and 144g/t Ag – 876-975m in hole PDDD2) and zinc (152m @ 0.32% Zn – 856-1008m in hole PDDD2). Hole PDDD1 reported four zones of copper mineralisation including 13m @ 0.55% Cu (see Table 2 for details).

Drill hole OCDD1 (Target 11) continues the success of finding copper mineralisation within the Groundhog/Prairie Dog Gravity Trend. Drilling at Groundhog, Prairie Dog, Woodchuck and Whistlepig prospects all reported copper mineralisation (see Table 2). This area remains highly prospective and underexplored and will be a major focus of future exploration on the Punt Hill project.

**Table 1: Summary of results from drill hole OCDD01 (Target 11)**

			<b>Au</b>	<b>Fe</b>	<b>Ag</b>	<b>Cu</b>
UNITS			ppm	%	ppm	ppm
SCHEME			FA1	IC3E	IC3M	IC3M
D/ Limit			0.01	100	0.1	0.5
Sample	<b>From (m)</b>	<b>To (m)</b>				
28561	432.1	435	<0.01	41.7	1.7	710
28562	435	438	<0.01	50.6	2.2	<b>1690</b>
28563	438	441	0.01	49.0	1.8	<b>1015</b>
28564	441	444	<0.01	49.1	3	<b>1045</b>
28565	444	447	<0.01	53.4	1.4	760
28566	447	450	<0.01	45.1	1.7	520
28567	450	453	<0.01	37.6	2	405
28568	453	456	<0.01	31.4	2	375
28569	456	459	<0.01	31.9	1.2	285
28570	459	462	<0.01	18.1	1.6	85
28571	462	465	0.01	9.1	1.7	30.5
28572	465	468	<0.01	8.8	1.8	24
28573	468	471	<0.01	8.4	1.3	11
28574	471	474	<0.01	6.6	1	9
28575	474	477	<0.01	6.6	1.1	11
28576	477	480	<0.01	6.2	1.3	10
28577	480	483	<0.01	7.1	1.2	12
28578	483	486	<0.01	12.5	1.2	21.5
28560	486	487.3	<0.01	13.9	1.2	30.5

OCDD01 drilled vertical. Gold determined by fire assay with AAS finish. Copper determined by four acid digest followed by ICP-MS finish. Assays based on 3m composites of 1m individual samples.

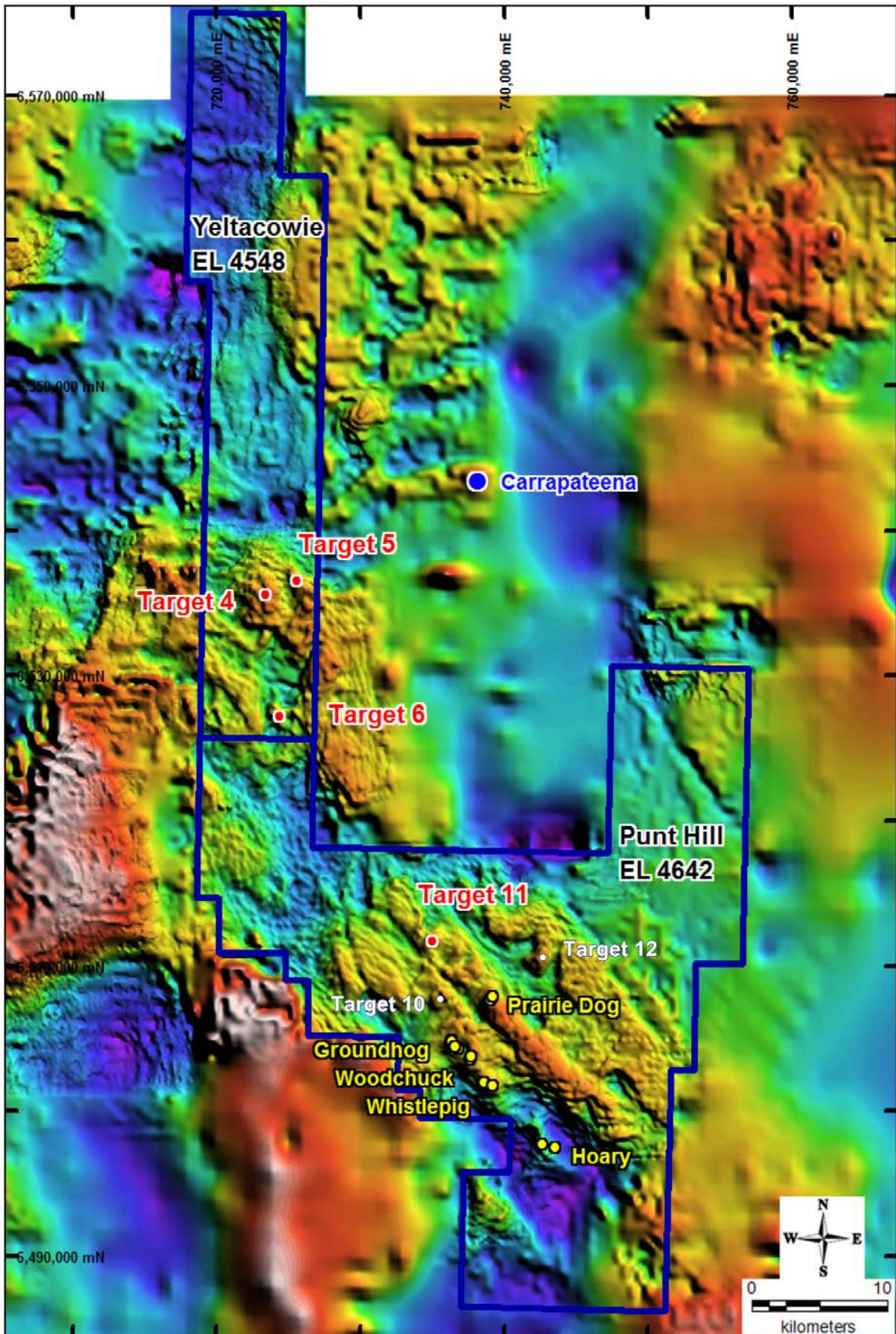


Figure 3. Location of four completed drill holes and historical drill holes at Punt Hill.

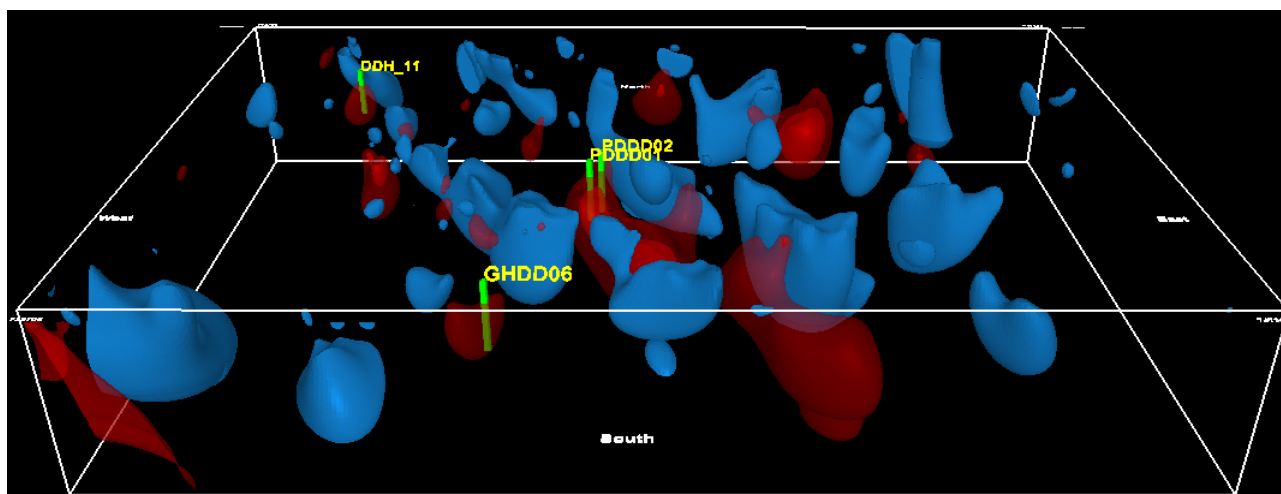


Figure 4. 3D gravity model showing location of drill hole at Target 11 (DDH\_11 – hole OCDD01).

Table 2. Summary of significant drill hole results Punt Hill project (2006-2008).

Drillhole	Depth	Interval	Copper	Gold	Silver	Zinc	REE
WPDD1	788-848m	60m	0.13%	0.03 g/t	-	-	-
WDDD1	648-666m	18m	-	-	-	-	0.42%
	683-753m	70m	0.41%	-	-	-	-
	including	<b>28m</b>	<b>0.82%</b>	-	<b>10g/t</b>	-	-
GHDD1	788-805m	17m	-	-	-	-	0.41%
	837-963m	126m	0.40%	-	-	0.24%	-
	including	14m	0.70%	-	-	-	-
	and	<b>14m</b>	<b>1.00%</b>	<b>0.25 g/t</b>	<b>4.5 g/t</b>	-	-
GHDD2	897-1051m	154m	0.35%	0.09 g/t	4.7 g/t	0.37%	-
GHDD3	826-902m	76m	0.22%	-	2.2 g/t	-	-
	including	22m		-		-	0.28%
GHDD4	840-962m	122m	0.47%	0.1 g/t	6.6 g/t	0.38%	-
	including	48m	0.69%	0.11 g/t	8.75 g/t	0.48%	-
	and	<b>15m</b>	<b>0.96%</b>	<b>0.13 g/t</b>	<b>10.5 g/t</b>	<b>0.52%</b>	-
GHDD6	846-1005m	159m	0.47%	0.12 g/t	5.3 g/t	0.48%	-
	including	<b>17m</b>	<b>1.10%</b>	-	<b>8.5 g/t</b>	<b>1.20%</b>	-
PDDD1	754-782m	29m	0.12%	-	-	-	-
	811-821m	11m	0.22%	-	-	-	-
	888-900m	13m	0.55%	-	-	-	-
	985-997m	13m	0.33%	-	-	-	-
PDDD2	856-1014m	152m	-	-	-	0.32%	-
	876-975m	99m	0.24%	-	-	-	-
	including	<b>1m</b>	<b>7.58%</b>	<b>0.03 g/t</b>	<b>144 g/t</b>	-	-

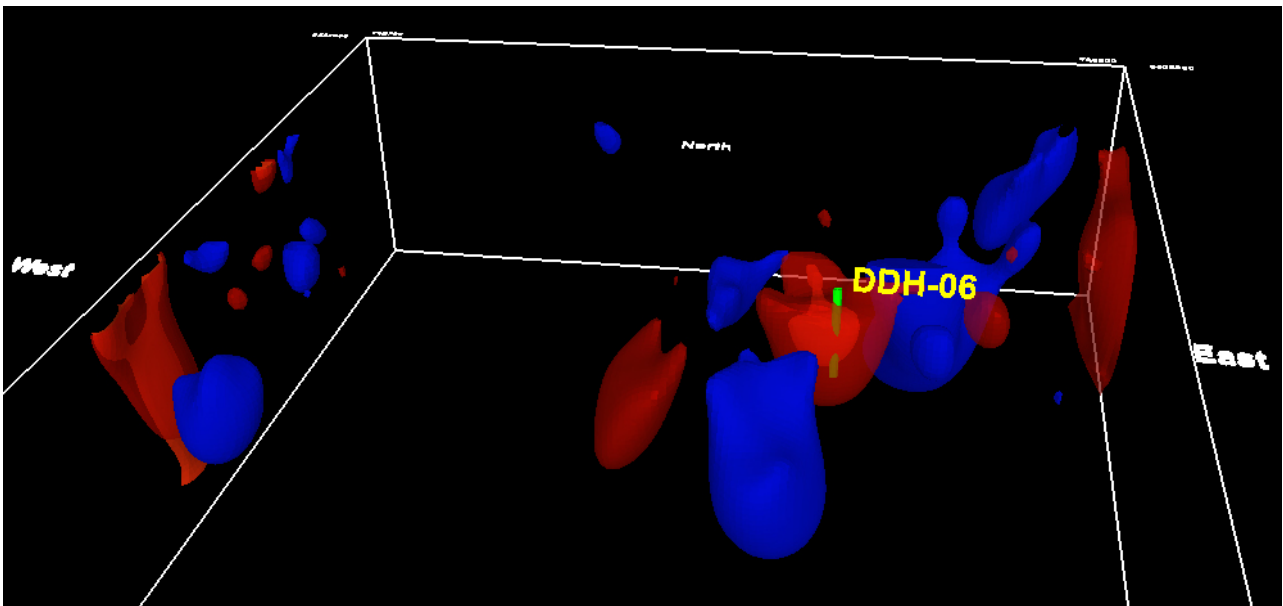
(WP = Whistlepig prospect; WD = Woodchuck prospect; GH = Groundhog prospect; PD = Prairie Dog prospect)

### **Target 6 – Hole CDDD1**

Target 6 is located on EL 4548 (Yeltacowie) and represents a discrete gravity target located within a prominent NW trending structural zone (Figure 3). This anomaly has a highly favourable complex structural setting with interpreted NW-SE, NE-SW and N trending faults. Target 6 does not have an associated magnetic response and was interpreted to represent a hematite dominant breccia pipe. Dimensions of the highest amplitude gravity shell for Target 6 in the 3D model is 1km x 1km x 1km deep (Figure 5).

Drill hole CDDD1 intersected basement at 425.8m below the surface and was completed at 704m. Basement comprised highly altered granite with specular hematite veins and rare sulphide minerals. The granite is interpreted to represent the Donington Suite which hosts the nearby Carrapateena deposit. The granite rock has undergone intense hematite, sericite and chlorite alteration as a result of the introduction of a large volume of hydrothermal fluids. Monax will undertake petrology on selected samples from CDDD1 to define the relationships and the relative timing of the alteration observed.

The alteration observed in CDDD1 bears all the hallmarks of a typical IOCG system. Monax believes the drill hole may be close to a zone of IOCG mineralisation. Numerous narrow specular hematite veins and rare sulphide minerals are present and samples have been submitted for analyses with results due in early February 2012.



**Figure 5. 3D gravity model showing location of hole CDDD1 at Target 6.**

### **Target 4 and 5 – Holes BHDD1 & SDDD1**

Targets 4 and 5 on EL 4548 are located in a broad area of high amplitude gravity response demonstrating a general NW-SE trend (Figure 3). Both anomalies have coincident moderate amplitude magnetic responses. The area is bound to the NE and SW by NW-SE trending structures and is truncated on the north by a large E-W fault. Dimensions of the highest amplitude gravity shell for Target 4 in the 3D model is 1.5km x 1km extending to 2km depth. Target 5 is a NW trending 2km x 500m body extending to 1km depth (Figure 6).

Both drill holes intersected granitic basement rocks at 546.9m (Target 4) and 363.5m (Target 5). Hole BHDD01 (Target 4) intersected foliated (deformed) Donington Suite granite with zones of pegmatite and mafic dyke. The granite is variably altered with zones of chlorite and epidote alteration and lesser sericite alteration.



Exploration on the Waddikee project is focused on defining potential manganese targets under a veneer of soil and sand. Monax has successfully located zones of manganese at the Jamieson Tank, Polinga and Hodgins prospects based on surface mapping and auger soil sampling. The use of electrical geophysical methods at other manganese projects within Australia has provided confidence that these methods can successfully locate manganese where there is no evidence of manganese at the surface.

During the quarter, Monax commenced a Gradient Array Induced Polarisation (GAIP) survey over the Polinga and Jamieson Tank prospects to assist with planning future drilling. The planned GAIP survey over the Polinga prospect was completed and extended due to the discovery of a significant chargeability anomaly (Figure 7). The original survey covered the previous drilling at Polinga which was based on exploring for manganese below surficial zones of manganese float. GAIP is an electrical geophysical method used elsewhere in Australia to identify zones of manganese below the surface.

The expanded IP survey clearly defined two major bedrock chargeable features at Polinga, which may represent manganese mineralisation, significantly enhancing the potential of the area. Figure 8 shows a detailed view of the previous Monax drilling at Polinga, where two of the seventeen holes reported significant intercepts of manganese (PRC03 and PRC10 – see Table 3).

Hole PRC03 - located within the southernmost chargeability feature - reported two intersections of manganese (6m @ 12.5% Mn and 7m @ 15.2% Mn – see Table 1). Hole PRC10 reported 14m @ 10.8% Mn. Holes PRC04 and PRC11 located on the margins of the chargeability features report low grade intercepts of manganese (see Figure 8 & Table 2).

The GAIP survey at Jamieson Tank was only partially completed in December 2011, delayed by the late harvest of wheat crops as a result of unseasonal wet weather. The IP crew recommenced the survey at Jamieson Tank in early January and the survey will be completed by mid January 2012.

Monax has secured a drill rig to commence drilling in mid- to late-February 2012 to test the new anomalies defined by the GAIP surveys.

**Table 3: Summary of best manganese results for the Polinga prospect**

<b>Drill Hole No.</b>	<b>Best Manganese Intercept</b>
PRC01	NSI
PRC02	NSI
PRC03	6m @ 12.5% Mn (23-29m) & 7m @ 15.24% Mn (30-37m)
PRC04	1m @ 7.73% Mn (53-54m)
PRC05	NSI
PRC06	NSI
PRC07	NSI
PRC08	4m @ 7.96% Mn (30-34m)
PRC09	NSI
PRC10	14m @ 10.8% Mn (46-60m)
PRC11	4m @ 7.8% Mn (26-30m)
PRC12	6m @ 9.4% Mn (26-32m)
PRC13	NSI
PRC14	NSI
PRC15	NSI
PRC16	NSI
PRC17	NSI

Mn cut off 7%. NSI = no significant intervals.

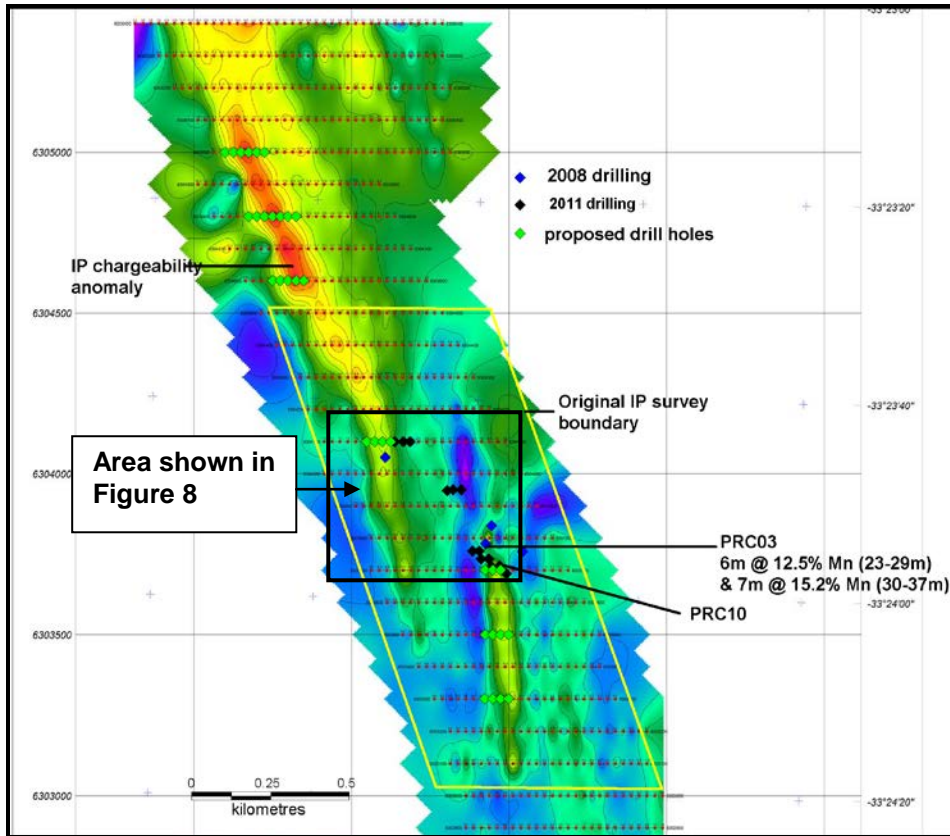


Figure 7. Chargeability data for Polinga prospect showing location of previous drill holes and proposed drill holes.

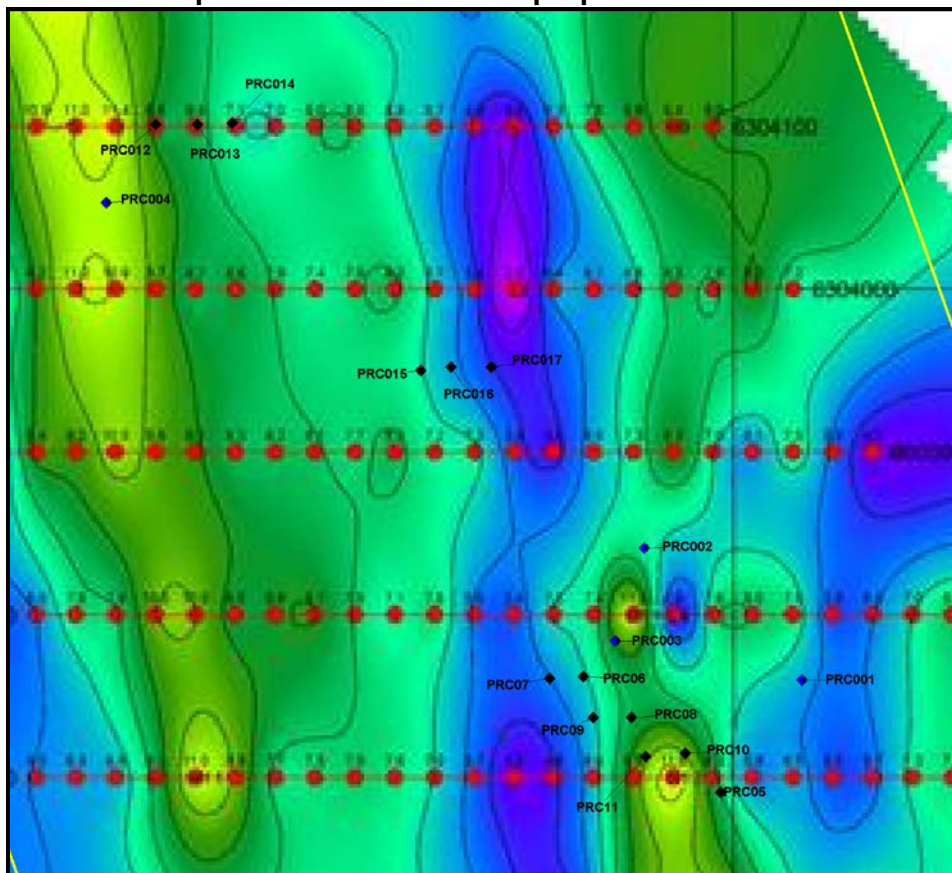
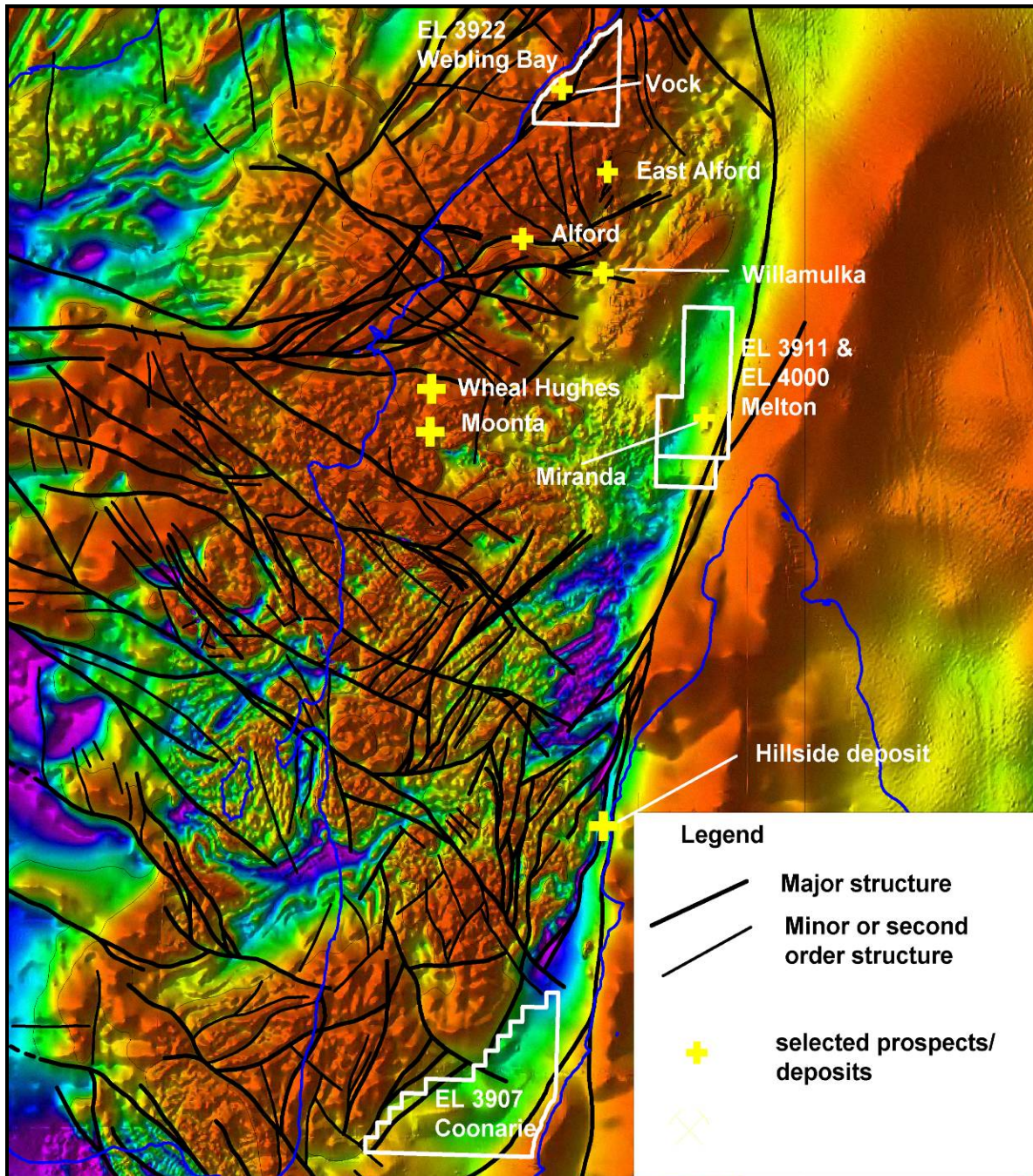


Figure 8. Detailed view of drilling at Polinga prospect shown in Figure 7 (red spots are location of GAIP data collection points).

## Yorke Peninsula project

Monax has three sub-projects located on the highly prospective Yorke Peninsula in South Australia (see Figure 9). The Yorke Peninsula is part of the Olympic IOCG province (see Figure 2) which contains the newly discovered Hillside deposit (217Mt @ 0.7% Cu & 0.2g/t Au) and historic mines at Poona and Wheal Hughes in the Moonta area.



**Figure 9. Monax projects, Yorke Peninsula, South Australia (Note - Monax has a 50:50 joint venture at Melton with Marmota Energy). Background is regional aeromagnetic data with structural interpretation and showing location of copper deposits and selected copper prospects.**

The Moonta and Wallaroo copper deposits produced around 350,000 tonnes of copper at a grade of 3.7% Cu and approximately 3.6 tonnes of gold (grade 0.4g/t Au) between 1860 and 1923. Between 1988 and 1993, Western Mining Corporation produced 17,500t of copper and

423kg of gold from open cut and underground mines at Wheal Hughes and Poona in the Moonta-Wallaroo area at a grade of 3.7% Cu and 0.9g/t Au.

The Yorke Peninsula is highly prospective for IOCG deposits and recent drilling by Adelaide Resources at Willamulka and Argonaut Resources on the tenement adjoining EL 3922 (Webling Bay) further highlight the copper and gold potential of the area.

*Melton (50:50 Joint Venture with Marmota Energy Limited)*

The Melton project is located on the northern Yorke Peninsula, along the Pine Point Fault Belt, a newly defined structural corridor which hosts the Hillside deposit (Rex Minerals). Drilling in 2010 provided highly encouraging results with the Miranda target reporting several intersections of copper.

The results received from the 2011 drilling program showed some highly encouraging results, particularly within drill hole MIRDD08 – see Table below.

Hole	mFrom	mTo	Interval	Cu %	Ag ppm
MIRDD05	438	439	1m	0.21	0.4
MIRDD06	373	376	3m	0.25	-
MIRDD06	468	471	3m	0.57	1.3
MIRDD06	476	478	2m	0.4	0.9
MIRDD07	423	425	2m	0.2	0.85
MIRDD08	461	467	6m	0.6	-
MIRDD08	467	470	3m	<b>1.31</b>	<b>39.03</b>
<b>Including</b>	467	468	1m	<b>2.25</b>	<b>112.1</b>

Drill hole MIRDD08 reported 3m @ 1.31% Cu and 39g/t Ag (467-470m). The preceding 6m (461-467m) also reported encouraging results with sampling comprising two 3m composite samples. Assaying of 1m samples from this zone reported 6m @ 0.6% Cu.

Monax and Marmota are planning the next phase of exploration for the Melton project.

*Webling Bay (100% Monax)*

Previous drilling on and near the boundary of EL 3922 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 @ 1.179% Cu (169.5 – 173m). Hole KD04 recorded 10m @ 0.37% Cu (224 - 234m). The holes are located within a prominent north-northeast trending zone with mineralisation hosted by iron altered metasediments.

Argonaut Resources recently reported highly encouraging drilling results from the tenement adjacent to EL 3922. At Alford East, hole ALAC197 intersected 67m @ 0.72% Cu from 8m including 21m @ 1.01% Cu from 10m and 18m @ 1.04% Cu from 57m. Hole ALDDH09 at Netherleigh Park reported 122m @ 0.63% Cu from 95m including 14m @ 2.26% Cu from 111m.

Argonaut Resources report that copper-silver mineralisation at Netherleigh Park is hosted in a non-magnetic, steeply dipping metasedimentary unit, which is different from the dominantly magnetite-associated copper mineralisation associated with the Hillside copper deposit.

Monax will commence landowner consultation in the coming weeks to facilitate an auger soil sampling program prior to the cropping season which commences in late April to early May.

*Coonarie (Monax has 100% rights to all minerals excluding uranium)*

EL 3907 is located along the southern extension of the Pine Point Fault Belt. Monax is assessing the available geophysical data with a view to developing an exploration program for this tenement.

## **Queensland projects**

### ***Pretender Creek bauxite project***

The Pretender Creek project area is located on Cape York, a major bauxite province in northern Queensland. The project comprises five tenements covering an area of 1198km<sup>2</sup>. During the quarter, Monax completed 138 shallow auger holes across the area.

The drilling program confirmed bauxite at high grades at the surface, but did not intersect significant thickness of bauxite under the surface capping. Drilling was along and adjacent to existing tracks and Monax was not able to test all areas without developing new tracks and river crossings. The Company was unable to test a prominent bauxite plateau located on EPM 17005 and will look at testing this area after the wet season.

Monax will assess the drilling data over the wet season.

### ***Percyvale gold option***

During the September quarter 2011, the drilling program on Mining Leases at Percyvale was completed and all results compiled. Seventeen holes for a total of 760m were completed across the four Mining Leases. The best results are summarised below:

- UN01 1m @ 4.12g/t Au (24-25m)
- UN04 1m @ 8.94g/t (29-30m)
- UN05 1m @ 1.54g/t Au (19-20m)
- PW01 5m @ 1.6g/t Au (26-31m)
- PW02 1m @ 1.27g/t Au (24-25m)
- HB01 1m @ 3.63g/t Au (11-12m)

Monax withdrew from the Percyvale option agreement in the December quarter as it did not consider further exploration to be of commercial merit.

## **New project**

### ***Huentelauquen Magnetite Iron Sands Project - Chile***

Monax signed an Option Agreement over an iron sands project in Chile, South America in the December 2011 quarter. The project is located near the settlement of Huentelauquen, about 200km north of the country's capital city, Santiago.

Under the terms of the agreement, Monax has 90 days to undertake due diligence on the project.

Monax engaged leading global project engineering firm, Sinclair Knight Mertz (SKM), to undertake a scoping study based on available information to assess the project economics and potential processing options.

## **Exploration Program for Current Quarter (January - March)**

### ***Punt Hill – copper-gold***

- Assess drill hole results.
- Deep penetrating induced polarisation survey.
- Plan next phase of drilling.
- Aboriginal heritage clearance for second phase of drilling as part of Antofagasta farm-in.

### ***Waddikee – manganese, iron***

- GAIP survey at Jamieson Tank to be completed in January.
- Aircore drilling program to commence in late February at Polinga, Jamieson Tank and Hodgins prospects.
- Continued assessment of the iron potential.

### ***Yorke Peninsula – copper-gold***

- Assess Melton drilling results.
- Soil/calcrete sampling program planned for Webling Bay to commence in March 2012.
- Assessing available geophysical data for EL 3907 (Coonarie).

### ***Pretender Creek – bauxite***

- Assess drilling results.

### ***Huentelaquen (Chile) – iron sands***

- Due diligence.

### ***Monax:Antofagasta Strategic Alliance***

- Assess potential copper projects within South Australia.

## **For further information please contact:**

Gary Ferris  
Managing Director  
Monax Mining  
Ph: (08) 8375 3900  
Email: [info@monaxmining.com.au](mailto:info@monaxmining.com.au)

Duncan Gordon  
Investor Relations  
Ph: 0404 006 444

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

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

31 December 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,069)	(1,442)
(b) development	-	-
(c) production	-	-
(d) administration	(322)	(558)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	42	108
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Cash call contributions under JV agreements	1,112	1,112
Other	38	26
<b>Net Operating Cash Flows</b>	<b>(199)</b>	<b>(754)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(10)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	8
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(9)</b>	<b>(2)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(208)</b>	<b>(756)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(208)	(756)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	9	9
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>9</b>	<b>9</b>
	<b>Net increase (decrease) in cash held</b>	<b>(199)</b>	<b>(747)</b>
1.20	Cash at beginning of quarter/year to date	3,198	3,746
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,999</b>	<b>2,999</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(227)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount at 1.23 above represents non executive directors' fees and executive director's salary (including SGC superannuation), legal fees paid to a legal firm in which a director is a partner, contributions to Joint Venture expenditure made to a related party and service fee payments to an associated entity.

The amount at 1.24 above represents costs to be recovered in relation to shared facilities from a related entity.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Marmota Energy Limited pursuant to the Farm-In and Joint Venture Agreements for EL 4510 (formerly EL 3358), EL 3910, EL 3907, EL 3911 and EL 4000 has incurred on an accruals basis \$33,801 in the quarter ending 31 December 2011.

OM (Manganese) Ltd pursuant to the Farm-in and Joint Venture Agreement for EL 3357 has incurred on an accruals basis \$93,927 in the quarter ending 31 December 2011.

Antofagasta Minerals S.A. pursuant to the Farm-In Option Agreement – Punt Hill Project for EL 4642 and EL 4548 has incurred on an accruals basis \$900,324 in the quarter ending 31 December 2011.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>550</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	232	430
5.2 Deposits at call	2,765	2,765
5.3 Bank overdraft	-	-
5.4 Other (provide details)	2	3
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,999</b>	<b>3,198</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	ELA 2011/00268 ELA 2011/00269 ELA 2011/00270 ELA 2011/00271 ELA 2011/00275 ELA 2011/00276	0% 0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100%

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	148,814,803	148,814,803		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	61,135	61,135		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	150,000 215,000 10,000 3,000,000 425,000 225,000	Nil Nil Nil Nil Nil Nil	<i>Exercise Price</i> \$0.666 \$0.246 \$0.0517 \$0.10 \$0.0517 \$0.051	<i>Expiry Date</i> 14/02/2012 18/07/2013 23/12/2013 31/07/2012 05/03/2015 28/07/2016
7.8 Issued during quarter				
7.9 Exercised during quarter	61,135			
7.10 Expired during quarter	18,248,519			


+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable to ASX** (see note 4).
- 2 This statement does ~~/does not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  ..... Date: ....25/1/2012.....  
 (Director/Company secretary)

Print name: Virginia Suttell

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.