



# MONAX MINING LIMITED

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## ASX RELEASE

### Monax signs option agreement over Iron Sands project in Chile

#### HIGHLIGHTS

- **Monax has signed an option agreement for a iron sands project in Chile.**
- **Preliminary assessment has shown magnetite in sand grades up to 64.5% Fe.**
- **Leases located close to existing infrastructure.**
- **Leading global project engineering firm engaged to undertake a scoping study.**

Monax Mining Limited (ASX: MOX) today announced it had signed an option agreement over a iron sands project in Chile, South America.

The project is located near the settlement of Huentelauquen, about 200km north of the country's capital city, Santiago (Figure 1).

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

During this period, the Company will complete a ground-penetrating radar survey to estimate the volume of sand within the leases.

Monax has also 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.

"The Huentelauquen iron sand project is a significant new project for Monax, not only due to the potential of the actual venture, but also because it is located within a mining friendly jurisdiction in Chile," Monax Managing Director, Mr Gary Ferris, said today.

"Iron sand deposits have many advantages over traditional hard rock sources of magnetite including lower cost exploration, lower mining costs and lower processing costs," he said.

The four granted mining leases are located along the coast near the settlement of Huentelauquen, 35km north of Los Vilas, and about 200km north of Santiago (Figure 1). The leases are located close to existing infrastructure including the sealed coastal highway and port facilities at Los Vilas. The four claims cover an area of 855 hectares (see table below).

<b>Lease</b>	<b>Size (Hectares)</b>
Bellavista Uno 1	250
Bellavista Dos 1	225
Bellavista Tres 1	190
Bellavista Cuatro 1	190
	<b>855</b>

The iron prospects were discovered in the late 1970's and sampling undertaken comprised auger drilling and trenching. The mineral assemblage has been determined by various methods including point counting (petrography), heavy liquid separation and magnetic separation testing.

Exploration has defined four prospects within the leases (see Figure 1). The Table below outlines the four prospects and the mineral assemblage reported from each prospect.

<b>Prospect</b>	<b>Magnetite (%)</b>	<b>Zircon (%)</b>	<b>Rutile (%)</b>	<b>Olivine (%)</b>	<b>Gold (g/t)</b>
La Barca	9.71	1.32	2.05	15.0	0.25
Ventana	8.29	0.07	1.74	8.3	N/A
Duna Choape Norte	10.7	0.11	1.63	10.0	0.27
Salina	16.75	0.84	2.23	10.0	0.27

Mineral grades were determined by the Vendors from an average of "Petrography" (mineral counting) "Hot Extraction ICP" and "Bromoform" (including magnetic separation) testing.

The sand prospects occur from below sea level to an elevation of 35m above sea level and have typical sand dune topography.

Limited metallurgical testing has shown that sand from the La Barca prospect can produce a concentrate with an iron content of 64.5% and 4.9% Titanium (see Table below). This compares favourably to other known iron sand deposits in New Zealand, Peru and Fiji.

<b>Prospect</b>	<b>Fe%</b>	<b>TiO2%</b>	<b>V2O5%</b>	<b>P%</b>	<b>SiO2%</b>	<b>Al2O3%</b>
La Barca	64.5	4.9	0.55	0.060	2.63	0.97

Source: Nagrom Independent Metallurgical Report - December 2009.

Olivine is a significant component of the prospects and is widely used in the aluminium foundry industry to cast objects in aluminium. Olivine sand requires less water than silicon based sand while providing the necessary strength to hold the mould together during handling and pouring of the metal. Olivine is also used for sand blasting and refractories.

Mr Ferris said "SKM's scoping study will focus on interpreting existing data and will examine previous reports and test work information already available, to understand the mineralogy, geometallurgy and processing metallurgy of the prospects".

Proposed processing stages will be compared with those used in typical mineral sands industries and the appropriateness of those stages will also be examined.

"A conceptual flow sheet showing the major processing stages will be prepared, while mining and concentration methodologies will be studied at a high level to verify the appropriateness of the methodology considered in the reports," Mr Ferris said.

"Based on the geology, a suitable mining and concentration method will be examined," he said.

"A high level cost estimate for the mining and concentration plant and beneficiation plant will also be prepared and compared with the proposed estimate."

Monax has also engaged a contractor to undertake ground penetrating radar (GPR) survey to assist in determining the volume of sand.

“The iron sand within the four prospects sits directly above the basement rocks, providing a physical contrast which should be easily detectable by the GPR survey”.

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.*



**Plate 1: Sample of magnetite rich sand from the Huentelauquen project.**

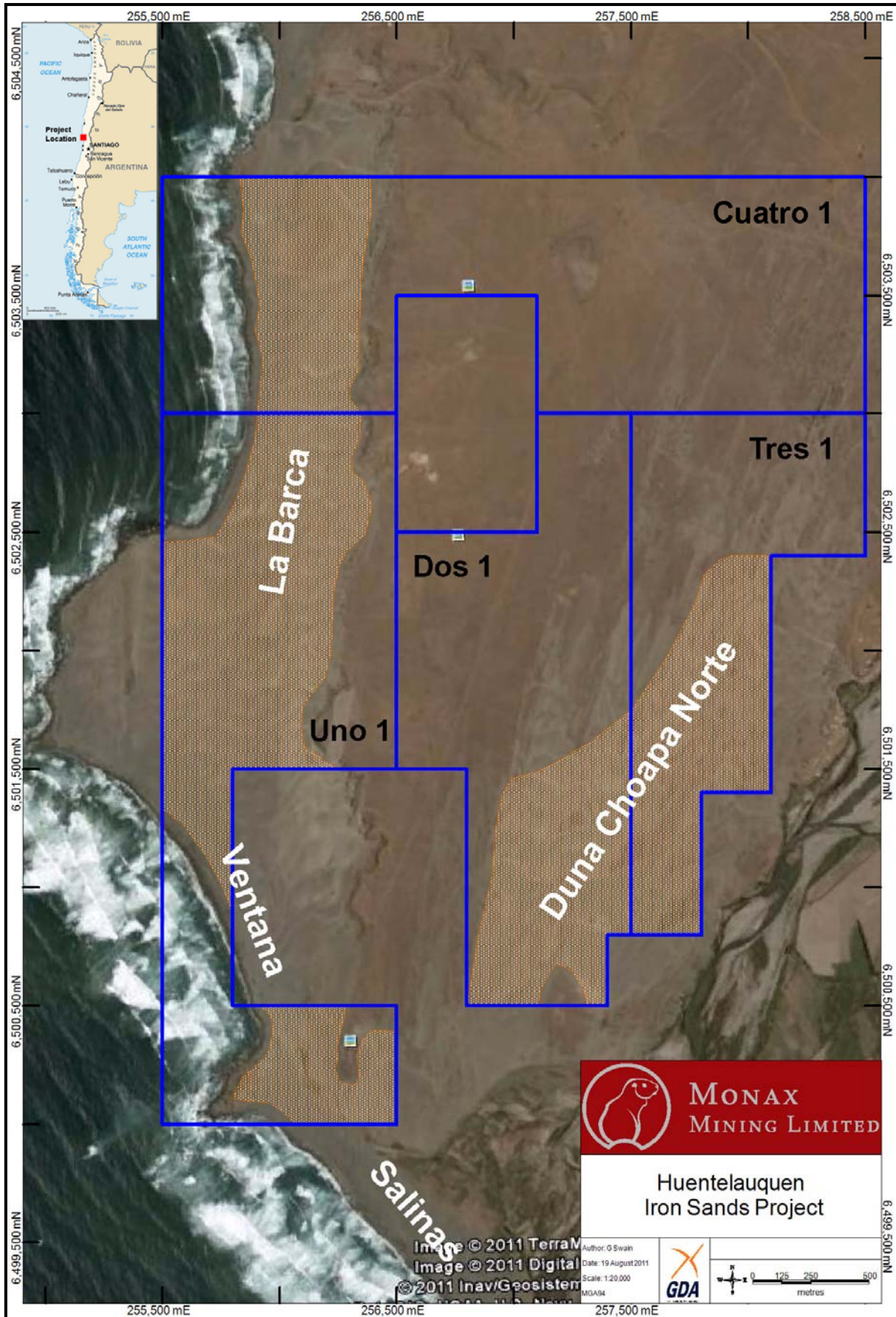


Figure 1. Location of Huentelauquen iron sand project, Chile (magnetite bearing sand outlined within hatched areas).