

Monax Mining Limited

ACN 110 336 733

Entitlement Issue Prospectus

This Prospectus relates to a non-renounceable offer to Shareholders to subscribe for 1 Share (**New Share**) for every 2 existing Shares held.

The New Shares are offered at a price of \$0.01 (1 cent) each to raise approximately \$1.52 million (before expenses).

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker or other professional adviser.

CORPORATE DIRECTORY

Directors

Robert Kennedy (Chairman)

Gary Ferris (Managing Director)

Glenn Davis (Non-Executive Director)

Company Secretary

Kaitlin Smith

Registered Office

139 Greenhill Road
UNLEY SA 5061

Principal Place of Business

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Adelaide SA 5000

Phone: 08 8232 2540

Website

www.monaxmining.com.au

Share Registry

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Level 5, 115 Grenfell Street
Adelaide SA 5000

Phone: 1300 556 161 (within Australia)

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Online: www.investorcentre.com/contact

Stock Exchange Listing

Australian Securities Exchange

ASX Code: MOX

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Chairman's Letter

Dear Shareholder

On behalf of the directors of Monax Mining Limited (Monax or the Company), I am pleased to invite you to participate in a pro-rata non-renounceable rights issue on the basis of one (1) New Share for every two (2) existing Shares held by Shareholders on the Record Date at an issue price of \$0.010 (1 cent) per New Share to raise approximately \$1.52 million before costs. The issue price represents a 39.9% discount to the 10-day VWAP and a 37.5% discount to the closing price as at 27 May 2016.

The Company intends to use the funds raised from the Offer as set out in Part 1 of this Prospectus. The Offer provides Eligible Shareholders with the opportunity to increase their investment in Monax at an attractive price and support the Company's new corporate focus as a gold and lithium explorer.

Monax has recently commenced its maiden drilling program at the Mt Ringwood Gold Project following four successful sampling programs. Four rock-chip samples recorded >1,000 g/t of gold at the Great Northern mining leases (see ASX Release 26 October 2015 for details) and the impressive breadth of high-grade rock chip samples confirms the project's strong levels of prospectivity. The project area is underexplored and is located within historically prospective terrain in the Pine Creek gold camp.

Monax has also signed a binding term sheet to acquire EPM 26053 at Bullock Creek in northern Queensland. This tenement contains a reported lithium bearing lepidolite occurrence of 3.55% Li₂O (see ASX Release 17 May 2016 for details). Additionally, Monax has applied for three tenements which adjoin EPM 26053 on the basis that they contain the prospective Blackman Gap Complex, a geological unit which hosts lepidolite pegmatite.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement at the same price of \$0.010 (1 cent) per New Share under the Shortfall Offer. You are encouraged to read this Prospectus and the accompanying Entitlement and Acceptance Form fully. In particular, Eligible Shareholders should carefully consider the key risks outlined in section 4.1 of the Prospectus. If you have any queries in relation to the Offer, you should consult a professional advisor.

Should you elect to participate in the Offer, you must complete the personalised Entitlement and Acceptance Form in accordance with the instructions provided. Shareholders who have any queries about the Offer can contact the Company at any time from 9.00am to 5.00pm (Adelaide time) during the Offer period. As an endorsement of our commitment to the Company, the Directors intend to participate in this Offer. In addition, I intend to underwrite a portion of shares in any shortfall, as detailed in section 5.5 of the Prospectus.

Yours faithfully,



Robert Kennedy

Important Notices

Key Risks

An investment in the Offer made under this Prospectus should be considered speculative. The attention of investors is drawn to the Risks section of this Prospectus. The principal or key risks relating to an investment in the Offer, which are identified in section 4.1 of the Prospectus entitled “Key Risks”, are as follows:

- Going concern
- Future capital requirements
- Exploration and development

Investors should note that detail relating to these key risk factors has not been repeated in the Important Notices.

Lodgement

This Prospectus is dated 30 May 2016 (**Prospectus Date**). A copy of this Prospectus was lodged with ASIC on that date. ASIC takes no responsibility as to the contents of this Prospectus.

Expiry Date

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the Prospectus Date.

Advice

This is an important document. Before deciding to apply for New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for New Shares offered by this Prospectus should carefully read this Prospectus and consult their professional advisers for the purpose of making an informed assessment of the effect of investing in the Company and the rights and liabilities attaching to, and the nature of, the New Shares offered by this Prospectus.

Jurisdiction

This Offer is only being made to members of the public within Australia and New Zealand. The Company has determined that it would be unreasonable to make an offer under this Prospectus to persons that are not residents of Australia and New Zealand, having regard to the cost of complying with legal requirements in foreign countries. Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Shares in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation.

Entitlement and Acceptance Forms

Applications for New Shares may only be made using an Entitlement and Acceptance Form attached to or accompanying the Prospectus.

The Corporations Act prohibits any person from passing on to another person an Entitlement and Acceptance Form unless it is attached to or accompanies a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Representations

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer.

Competent Persons

The information in this Prospectus that relates to exploration results 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 engaged under a contract to provide services as Managing Director as required 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 Prospectus in the form and context in which it appears.

Summary of Key Dates

EVENT	DATE
Announcement of the Offer	30 May 2016
Prospectus lodged with ASIC and ASX	30 May 2016
Notice of offer sent to Shareholders	1 June 2016
“Ex” date	2 June 2016
Record Date to identify Shareholders entitled to participate in the Offer	3 June 2016
Prospectus and Entitlement and Acceptance Forms dispatched to Shareholders	7 June 2016
Opening date	7 June 2016
Closing date for acceptances (5.00 pm Adelaide time)	24 June 2016
Shares quoted on a deferred settlement basis	27 June 2016
Notification to ASX of under subscriptions	29 June 2016
Issue date for New Shares issued under the Offer. Deferred settlement trading ends	1 July 2016
Trading of New Shares on ASX commences	4 July 2016

This timetable is indicative only and subject to change. The Company reserves the right to vary the dates of the Offer subject to the Corporations Act, ASX Listing Rules and other applicable laws.

1. Investment overview

1.1 The Offer

This is an offer of a maximum of approximately 151,805,313 New Shares to the Shareholders of the Company who are registered on the Record Date with a registered address in Australia or New Zealand. One New Share is offered for every 2 Shares held at a price of \$0.01 (1 cent) each to raise up to approximately \$1,518,053 (before costs).

1.2 Issue Price

The issue price is \$0.01 (1 cent) per New Share payable in full on application.

1.3 Fractional Entitlements

Fractional entitlements will be rounded up to the nearest whole number of New Shares. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

1.4 Purpose of the Rights Issue

The purpose of the Offer is to raise up to approximately \$1,518,053 for New Shares. Based on current information and budgets, the Company intends to apply the money raised from the Offer under this Prospectus as outlined in the table below.

Results of exploration will lead to an ongoing re-assessment of each project and work programs and budgets may be modified accordingly.

Item	Use of Funds	Amount
	Projects	
1.	Mount Ringwood – further drilling, IP survey, administration costs	\$395,000
2.	Bullock Creek Lithium – mapping and sampling, drilling, additional geologist, tenement costs	\$365,000
3.	Croydon Gold – mapping and sampling, drilling and administration costs	\$325,000
4.	Punt Hill – tenement titles	\$25,000
5.	Oodnadatta base metals – tenement titles	\$10,000
		\$1,120,000
6.	General Working Capital	
	Rental and outgoings	\$8,000
	Communications	\$2,000
	Directors fees	\$209,000
	Corporate costs	\$115,750
	Office consumables	\$15,465
		\$350,215
7.	Expenses of Offer Estimate	
	ASIC	\$2,320
	Legal and drafting	\$12,000
	ASX Quotation	\$6,337

Item	Use of Funds	Amount
	Printing, posting and registry	\$12,000
	Corporate Advisory	\$15,181*
		\$47,838
	TOTAL	\$1,518,053

**This is an estimate of fees based on 1% of the funds subscribed and assumes that the Offer is fully subscribed. In the event that the Offer is not fully subscribed and shortfall is placed (including any Additional New Shares issued under the Shortfall Offer; refer to section 2.3 for further details) then further fees will be incurred. Those further fees will be incurred at the rate of 5% of the funds raised. For example, in the unlikely event that no Shares are taken up under the Offer, then the fee in relation to placement of shortfall for the full amount of 151,805,313 shares will be 6% of \$1,518,053 (consisting of a 1% corporate advisory fee and a further 5% fee). That is a total fee of \$91,083.*

There is no minimum subscription under the Offer and the Offer is partially underwritten for up to \$51,199.04. If less than 151,805,313 New Shares are issued pursuant to the Rights Issue, then the Company will raise less than \$1,518,053 (before costs). In this case, it is intended that the gross proceeds of the Rights Issue will be used in accordance with the table set out below:

Use of proceeds if less than full amount raised	\$
Expenses of Offer	The first \$47,838
Mount Ringwood – further drilling, IP survey, administration costs	The next \$395,000
Bullock Creek Lithium – mapping and sampling, drilling, additional geologist, tenement costs	The next \$365,000
Croydon Gold – mapping and sampling, drilling and administration costs	The next \$325,000
Punt Hill – tenement titles	The next \$25,000
Oodnadatta base metals – tenement titles	The next \$10,000
General Working Capital	The Balance of proceeds raised

1.5 Effect of the Offer on Capital Structure

The effect of the Offer on the capital structure of the Company is set out in the following table:

	Pre-Offer	Post-Offer (Assuming 151,805,313 New Shares are issued under the Offer)
Ordinary shares	303,610,625 ¹	455,415,938
Existing Options	1,750,000 ²	1,750,000

1.6 Effect of the Offer on Control

Based on publicly available information the substantial shareholders in the Company as at 30 May 2016 are set out below:

Name	Number of shares held	Percentage of issued shares
Antofagasta Investment Company Limited	38,496,270	12.68%

The Offer is not expected to have any effect on the control of the Company. Other than Antofagasta Investment Company Limited (**Antofagasta**), the Company is not aware of any Shareholder as at the date of this Prospectus that has a relevant interest in Shares or voting power in the Company of 5 per cent or more.

Based on the Shareholdings in the Company as at the date of this Prospectus, even if Antofagasta took up all their Entitlement and in the unlikely event that no other Eligible Shareholder took up any of their Entitlement, Antofagasta's voting power would increase from 12.68% to 17.89%, which would not have an effect on the control of the Company.

There is a possibility that persons that apply for and are issued with New Shares under the Shortfall Offer could acquire a substantial interest in the Shares or voting power in the Company. However, the Company will ensure that no person will be issued New Shares that would result in their voting power in the Company exceeding 19.9 per cent.

¹ This assumes that none of the existing options are exercised before the Record Date or otherwise.

² 225,000 unquoted options exercisable at \$0.051 each, expiring 28 July 2016;

² 325,000 unquoted options exercisable at \$0.053 each, expiring 23 July 2017; and

² 1,200,000 unquoted options exercisable at \$0.026 each, expiring 12 May 2020.

1.7 Shareholder Dilution

Shareholders that choose not to participate in the Offer will have their shareholding diluted as a percentage of the overall shares on issue, due to the New Shares issued under the Offer.

The following scenarios illustrate the effect of potential dilution for a Shareholder that holds either 1,500,000 or 3,000,000 shares on the Record Date.

Current shareholding	1,500,000	3,000,000
Voting Power at Record Date	0.49%	0.99%
Entitlement	750,000	1,500,000
Offer fully subscribed with Shareholder participation	0.49%	0.99%
Offer 75% subscribed with Shareholder participation	0.54%	1.08%
Offer 50% subscribed with Shareholder participation	0.59%	1.19%
Offer 25% subscribed with Shareholder participation	0.66%	1.32%
Offer fully subscribed without Shareholder participation	0.33%	0.66%
Offer 75% subscribed without Shareholder participation	0.36%	0.72%
Offer 50% subscribed without Shareholder participation	0.40%	0.79%
Offer 25% subscribed without Shareholder participation	0.44%	0.88%

1.8 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances on the Opening Date and closes on the Closing Date. The Directors reserve the right to vary the dates of the Offer, including extending the Closing Date subject to the Corporations Act, ASX Listing Rules or other applicable laws. Investors are therefore urged to lodge their Entitlement and Acceptance Forms as soon as possible.

1.9 Rights Trading

The Rights to the New Shares are non-renounceable, which means that Rights will not be traded.

1.10 **Acceptances**

Shareholders may accept all or part of their Entitlement.

Instructions for completion are set out on the accompanying Entitlement and Acceptance Form. Acceptance must not exceed your Entitlement as shown on that form.

1.11 **ASX Quotation**

Application will be made within seven days after the date of the Prospectus for the New Shares offered under this Prospectus to be granted official quotation by the ASX. The granting by ASX for the official quotation of the New Shares is not guaranteed.

If application for admission of the New Shares to quotation is not made within seven days or the New Shares are not admitted to quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and allotted and all application monies will be refunded.

The ASX takes no responsibility for the contents of this Prospectus.

1.12 **Rights and liabilities attaching to Shares**

All New Shares issued under the Offer rank in all respects on equal terms with the existing shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which may be inspected at the Company's registered office. A summary of the rights and liabilities follows.

Voting rights

At a general meeting every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and every shareholder present in person or by proxy, attorney or representative has one vote for each Share on a poll.

Dividends

Dividends are declared by the Directors at their discretion and subject to any special rights (at present there are none) are payable on all Shares in proportion to the amount of capital for the time being paid up but not credited as paid up on those Shares.

Transfer of Shares

Generally, Shares are freely transferable. Where the Listing Rules or the law require the Company to do so, the Directors must decline to register a transfer. If Shares are subject to a restriction agreement entered into by the Company and Shareholder, except as permitted by the Listing Rules, a Shareholder may not dispose of the Shares and the Directors and the Company will not register a dealing in the Shares.

Future increases in capital

The allotment or issue of any Shares of the Company is under the control of the Directors who may, subject to the Corporations Act and the Listing Rules, allot or otherwise dispose of them on such conditions as they see fit.

Variation of rights

The rights and privileges attaching to Shares can be altered by special resolution of the Shareholders. A special resolution is a resolution passed by a majority of not less than 75% of those present and voting.

Rights on winding up

In the event of a winding up of the Company:

- any surplus will be divided among the Shareholders in the proportion to the amounts paid on their respective Shares before the winding up began;
- the liquidator may, with the sanction of a special resolution, distribute among the Shareholders the whole or any part of the property of the Company.

1.13 Effect of the Rights Issue on Optionholders

The Company currently has the following unquoted options on issue:

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
225,000	\$0.051	28 July 2016
325,000	\$0.053	23 July 2017
1,200,000	\$0.026	12 May 2020

Optionholders may participate in the Rights Issue by exercising any or all of these options before the Record Date. The exercise of any options prior to the Record Date will increase the issued capital of the Company and may increase the number of New Shares issued under the Rights Issue and the total amount raised under the Rights Issue.

Optionholders cannot participate in the Rights Issue without exercising their options.

1.14 Minimum Capital Raising

There is no minimum amount of capital to be raised under the Rights Issue.

1.15 Shortfall in subscription

The Directors reserve the right to issue any shortfall in subscription for New Shares at their discretion within 3 months after the close of the Offer

(Shortfall Offer). Offers of shortfall are made as a separate offer under this Prospectus. Should the Directors decide to issue any shortfall, the Shortfall Offer will remain open after the Closing Date. The issue price for each New Share to be issued under any Shortfall Offer is \$0.01 (1 cent).

1.16 Overseas Shareholders

This Offer is only being extended to Shareholders with registered addresses in Australia and New Zealand. All other Shareholders (**Non-Resident Shareholders**) will not be offered Rights under this Prospectus. The Company has determined, in accordance with the Listing Rules, that it would be unreasonable to make an offer under this Prospectus to Non-Resident Shareholders having regard to:

- the number of Shareholders in the places where the offer would be made;
- the number and value of the Rights that would be offered; and
- the cost of complying with the legal requirements in those places.

No Entitlement and Acceptance Forms are being sent to Non-Resident Shareholders.

Neither this Prospectus nor the Entitlement and Acceptance Form constitute an offer of, or an invitation by or on behalf of the Company to subscribe for or purchase any of the New Shares in any jurisdiction or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and Entitlement and Acceptance Form, and the offering of New Shares, in certain jurisdictions may be restricted by law. Persons into whose possession such documents come should inform themselves about and comply with those restrictions.

1.17 Taxation

Shareholders should be aware that there are taxation implications for subscribing for New Shares. These taxation implications will vary between different Shareholders and Shareholders should consult their own professional tax adviser in relation to the taxation implications.

2. How to Apply

2.1 What you may do

The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. You may:

- take up all of your Entitlement to New Shares;
- take up all of your Entitlement to New Shares and apply for any Entitlement not taken up by other Shareholders;
- take up part of your Entitlement and allow the balance to lapse; or
- not take up any of your Entitlement and allow it to lapse.

2.2 **Complete and return the Entitlement and Acceptance Form**

Refer to the Entitlement and Acceptance Form for instructions on its completion. Please send your completed Entitlement and Acceptance Form together with your cheque made payable to "Monax Mining Limited" for the total amount payable to reach the Company's share registry by 5:00pm (Adelaide time) on the Closing Date. Do not forward cash or money orders. Receipts for application monies will not be issued.

For payment by BPAY, please follow the instructions on the Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY, you do not need to submit the Entitlement and Acceptance Form. Your BPAY payment must be received by 5:00pm (Adelaide time) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with respect to electronic payment and you should take this into account when making payment.

2.3 **Applying for Additional New Shares**

If a Shareholder wishes to take up any New Shares offered on the basis of this Prospectus which are not taken up by other Shareholders (**Additional New Shares**), Shareholders must, in addition to completing the portion of their Entitlement and Acceptance Form which relates to their Entitlement, complete the portion of the form relating to the Additional New Shares they wish to take up.

The number of Additional New Shares available will depend on the level of acceptance of Entitlements by Eligible Shareholders and whether the Directors decide to issue the shortfall. Accordingly you may not receive the full amount or any of the Additional New Shares for which you have applied. Additional New Shares, if available, will be issued under the Shortfall Offer.

2.4 **Other Investors**

Investors in Australia and New Zealand other than Shareholders that wish to take up any New Shares offered on the basis of this Prospectus not taken up by Shareholders must complete a Shortfall Application Form.

The number of New Shares available will depend on the level of acceptance of Entitlements by Eligible Shareholders, number of Additional New Shares they wish to take up and whether the Directors decide to issue the shortfall.

Shortfall Application Forms will be provided to investors on request. Refer to the Shortfall Application Form for instructions on its completion.

2.5 **Entitlements not taken up**

If you decide to take up only part of your Entitlement or not to accept any of your Entitlement, your Entitlement will lapse to that extent and may be placed by the Directors within 3 months after the close of the Offer under the Shortfall Offer.

3. Information about the Company

3.1 Disclosing Entity

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the Listing Rules of the ASX which require continuous disclosure to the market of any information the Company has which a reasonable person would expect to have a material effect on the price or value of the Company's Shares.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours or via the ASX website at www.asx.com.au. In addition, copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, any regional ASIC office.

3.2 Information Available to Shareholders and Prospective Investors

The Company will provide a copy of each of the following documents free of charge, to any Shareholder or prospective investor who so requests during the application period under this Prospectus:

- the 2015 Annual Report of the Company which contains the financial statements and consolidated financial statements for the 2015 financial year;
- the half-year report of the Company for the period ended 31 December 2015; and
- the following announcements lodged with the ASX since release of the 2015 Annual Report:

Date	Announcement
27 May 2016	Drilling Commences at Mt Ringwood Gold Project
17 May 2016	Monax to acquire prospective Lithium project
16 May 2016	Drilling to commence at Mt Ringwood
11 May 2016	Exploration Development Incentive Scheme
29 April 2016	Quarterly Activities and Cashflow Report
22 April 2016	Additional High-Grade Gold Results at Mt Ringwood
8 April 2016	Application for prospective Lithium tenement

Date	Announcement
1 April 2016	Mt Ringwood Gold Project Update
9 March 2016	Half Year Accounts
7 March 2016	Appendix 3B
7 March 2016	Notice pursuant to s708A(5)(e)
1 March 2016	Placement to Fund Mt Ringwood Drilling Program
29 February 2016	Trading Halt
24 February 2016	Appendix 3B
24 February 2016	Notice pursuant to s708A(5)(e)
23 February 2016	Mt Ringwood Maiden Drilling Program and Placement
29 January 2016	Quarterly Activities and Cashflow Report
21 January 2016	Change of Company Secretary
7 January 2016	Further High-Grade Gold Results – Mt Ringwood Project
30 December 2015	Change of Director's Interest Notice
30 December 2015	Appendix 3B
24 December 2015	Notice pursuant to s708A(5)(e)
24 December 2015	Appendix 3B
22 December 2015	Results from Share Purchase Plan
22 December 2015	Western Gawler Craton Project Update
15 December 2015	EM Target Drilling Commenced – Western Gawler Craton Project
14 December 2015	Letter to Shareholders
8 December 2015	Extension of SPP
8 December 2015	Significant Target Outlined at Western Gawler Craton Project
3 December 2015	High-Grade Gold up to 382 g/t Recorded
1 December 2015	Phar Lap IOCG Drilling Commenced

Date	Announcement
27 November 2015	High-Grade Rock Chips Recorded
26 November 2015	Share Purchase Plan Documents
19 November 2015	Share Purchase Plan
17 November 2015	Update – Managing Director Position
17 November 2015	AGM 2015 Results
17 November 2015	AGM 2015 Managing Director’s Presentation
17 November 2015	AGM 2015 Chairman’s Address
12 November 2015	Exploration Update
10 November 2015	Western Gawler Craton Project Update
10 November 2015	WSA: Western Gawler Project Milestone Achieved
3 November 2015	Details of Company Address
2 November 2015	Cessation as Alternate Director and Appendix 3Z
27 October 2015	September 2015 Quarterly Activities and Cash Flows Report
26 October 2015	Western Gawler Craton Project Update
26 October 2015	Further High Grade Rock Chip Results from Mt Ringwood, NT
23 October 2015	Trading Halt
21 October 2015	Further Acquisition Expands NT Gold Project
19 October 2015	Appendix 4G and Corporate Governance Statement

3.3 Market Prices of the Company's Shares on ASX

The highest and lowest market sale price of the Company's Shares on the ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales, and the last sale on the ASX trading day immediately preceding the date of this Prospectus were as follows:

	Price	Dates
Highest	\$0.022	5 and 22 April 2016
Lowest	\$0.008	2,3,4,7,16 and 17 March 2016
Latest	\$0.016	27 May 2016

3.4 Effect of the Rights Issue on the Company

The principal effects of the Rights Issue on the Company will be, if it is fully subscribed, to:

- increase cash reserves by up to approximately \$1,518,053 (before expenses of the Rights Issue are taken into account) to enable the Company to pursue its objectives;
- result in the Company having on issue a maximum of (approximately) 151,805,313 additional Shares.

3.5 Statement of Financial Position

Set out in this section of the Prospectus is a Pro Forma Consolidated Statement of Financial Position of the Company taking into account the Rights Issue. It is based on consolidated financial statements for the six months ended 31 December 2015. The Pro Forma Consolidated Statement of Financial Position illustrates the effect of the Rights Issue as if the Rights Issue had occurred on 31 December 2015 and assuming full subscription under the Rights Issue.

	31-Dec-15	Changes	Pro-Forma 31-Dec-15
Current Assets			
Cash and cash equivalents	369,891	1,470,215	1,840,106
Trade and other receivables	23,046	-	23,046
Other assets	12,626	-	12,626
Total current assets	405,563	1,470,215	1,875,778
Non-current assets			
Property, plant & equipment	28,866	-	28,866
Exploration expenditure	520,262	-	520,262
Total non-current assets	549,128	-	549,128
Total assets	954,691	1,470,215	2,424,906

Current liabilities			
Trade and other payables	84,406	-	84,406
Provision	61,630	-	61,630
Total current liabilities	<u>146,036</u>	-	<u>146,036</u>
Non-current liabilities			
Provisions	31,997	-	31,997
Total non-current liabilities	<u>31,997</u>	-	<u>31,997</u>
Total liabilities	<u>178,033</u>	-	<u>178,033</u>
Net assets	<u>776,658</u>	<u>1,470,215</u>	<u>2,246,873</u>
Equity			
Contributed equity	22,197,503	1,470,215	23,667,718
Retained profits/(losses)	<u>(21,420,845)</u>	-	<u>(21,420,845)</u>
Total equity	<u>776,658</u>	<u>1,470,215</u>	<u>2,246,873</u>

* New issue is 151,805,313 ordinary shares at \$0.01 per security less \$47,838 expenses of the Offer

Note: At 31 December the Company had cash and cash equivalents of \$369,891. Since 31 December 2015, the Company has expended further cash on exploration and for general working capital. As at 30 April 2016, the Company held cash and cash equivalents of \$313,319. On 23 February 2016, the Company completed a placement to sophisticated investors for 12,000,000 ordinary shares at \$0.005 per share raising \$60,000 (before costs). On 2 March 2016, the Company completed a placement to sophisticated investors for 27,601,386 ordinary shares at \$0.005 per share raising \$138,007 (before costs).

4. Risks

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The risks include, but are not limited to, the following:

4.1 Key Risks

Going concern

The Company's external auditor noted in respect of the half year financial report as at 31 December 2015 the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year financial report.

Future capital requirements

We may require additional funds to carry out further exploration or development of our existing or new projects. Our ability to raise those funds within an acceptable time frame, and on terms acceptable to us, will vary according to a number of factors including: the prospects of new projects (if any); the results of exploration and subsequent feasibility studies; stock market and industry conditions; and the price of relevant commodities. Further, even if available, additional funding might involve substantial dilution to Shareholders.

Exploration and development

Exploration by its nature contains elements of significant risk. Ultimate success depends on the discovery of economically recoverable resources, obtaining the necessary titles and governmental regulatory approvals and getting suitable finance for mining operations, if and when a decision to mine is made.

There can be no assurance that our existing projects, or any other projects or tenements that we may acquire in the future, will result in the discovery of significant resources. Even if significant resources are identified, there can be no guarantee they will be able to be economically exploited.

The factors that will impact on our future exploration and possible production activities include the following.

- Geological conditions.
- Limitations on activities due to seasonal weather patterns.
- Alterations to joint venture programmes and budgets.
- The availability of drilling rigs and other machinery necessary for the Company to undertake its activities.
- Unanticipated operational and technical difficulties encountered in survey, drilling and production activities.
- Mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other events outside our control.
- Unexpected shortages or increases in the costs of labour, engaging contractors, consumables, spare parts, plant and equipment.

- Prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to existing, and any future access agreements entered into with Aboriginal organisations and native title claimants).

4.2 Risks specific to the Company

Loss of key personnel

Our success depends on the competencies of our directors and senior management. The loss of one or more of our directors or senior management could have a materially adverse effect on our business, financial position and operations. The resulting impact from such an event would depend on the quality of any replacement.

Native title and Aboriginal heritage

Some of our Tenements are located within areas that are the subject of claims or applications for native title determination. The *Native Title Act* 1993 (Cth) and related State native title legislation and Aboriginal heritage legislation may affect our ability to obtain access to certain of our exploration areas or to obtain mining production titles. Settling any claims will incur costs to us. The degree to which this may impact on our activities will depend on a number of factors, including the status of particular Tenements and their locations. At this stage, we are not able to quantify the impact, if any, of such matters on our operations.

Title

All mining tenements that we may acquire are regulated by applicable state mining legislation. There is no guarantee the tenements we apply for will be granted. Also, grant of a tenement will be subject to conditions.

Environment

Our projects are subject to state and federal laws and regulations regarding environmental matters. Our activities and operations cannot be carried out without prior approval by all relevant authorities. Resource activities can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. We intend conducting our activities in an environmentally responsible manner and in accordance with all applicable laws.

Agreements with third parties

We have signed various contracts with others. There is a risk of financial failure or default by the other party to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract. In addition, our interest in the relevant subject matter (tenement, for example) may be jeopardised.

4.3 Risks specific to the Offer

Dilution risk

Upon completion of the Rights Issue, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 303,610,625 to 455,415,938 (on an undiluted basis). If you decide to take up only part of your Entitlement or not to

accept any of your Entitlement, your Entitlement will lapse and your ownership of the Company will be diluted to that extent.

4.4 General risks

General market conditions

The price of Shares on ASX may rise or fall due to numerous factors including the following.

- General economic conditions, including changes in prices and interest rates.
- Variations in the local and global markets for listed shares in general, or for mining stocks in particular.
- Changes to government policy, legislation or regulation.
- Competition in the industry in which we operate.
- General operational and business risks.
- Demand for commodities.

5. Additional Information

5.1 Directors' Interests

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed director has, or has had in the two years before the date of this Prospectus, any interest in:
 - the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to:
 - any Director or proposed director to induce him or her to become, or to qualify as, a director of the Company; or
 - any Director or proposed director for services which he or she has provided in connection with the formation or promotion of the Company or the Offer.

5.2 Interests in securities

The securities of the Company in which Directors and their associates have relevant interests as well as their respective Entitlements are:

Director	Shares	Voting power (%)	Entitlement to New Shares under the Offer
Robert Kennedy	7,750,001	2.55%	3,875,001
Gary Ferris	1,920,100	0.63%	960,050
Glenn Davis	2,775,455	0.91%	1,387,728

5.3 Directors' fees

The following table shows the total cash remuneration paid and proposed to be paid per financial year to Directors (inclusive of superannuation).

Director	Fee (inclusive of superannuation) (2014 Financial Year)	Fee (inclusive of superannuation) (2015 Financial Year)	Fee (inclusive of superannuation) (2016 Financial Year)
Robert Kennedy Chairman	\$84,000	\$84,000	\$45,840
Gary Ferris Managing Director	\$259,560	\$259,560	\$251,301
Glenn Davis ¹ Non-executive Director	\$48,038	\$48,038	\$26,000
Ian Witton ² Alternate Director	\$2,000	\$2,000	Nil

Notes:

1. Glenn Davis is a partner of DMAW Lawyers. DMAW Lawyers has provided legal services to the Company in respect of the Prospectus and will be paid approximately \$12,000 for those services. In the past two years, DMAW Lawyers has been paid approximately \$63,000 for legal services provided to the Company.
2. Ian Witton ceased as an Alternate Director on 2 November 2015.

3. 2016 Financial Year fees include fees outstanding/accrued as follows:

Name	Amount
Robert Kennedy	\$21,000
Gary Ferris	\$37,667
Glenn Davis	\$12,000

5.4 Interests of persons involved in the Offer

Other than as set out below or elsewhere in this Prospectus:

- (a) no promoter of the Company or person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has in the two years before the date of this Prospectus had, any interest in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any promoter of the Company, underwriter to the Offer or a financial services licensee involved in the Offer or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or provided in connection with the formation or promotion of the Company, or the Offer.

5.5 Underwriting

Director Robert Kennedy (or entities he controls) has signed an Underwriting Agreement with the Company, under which he has agreed to apply for Shares in the following amounts:

Director	Controlled Entity	Underwritten Shares	Underwritten Amount
Robert Kennedy	RMK Super Pty Ltd (ACN 104 294 733)	5,119,904	\$51,199.04

The Underwriting Agreement is summarised as follows:

- the Underwriter's obligations only become binding if there is a shortfall in the subscription for New Shares under the Rights Issue. If there is a shortfall, the Underwriter must apply for the number of shares specified above;
- the Underwriter must apply for and pay for the New Shares, and the Company must allot and issue the New Shares, on a date to be agreed that is within 15 business days after the Closing Date;
- the issue price for the New Shares will be \$0.01 (1 cent) each, and the New Shares will otherwise be issued pursuant to this Prospectus;
- no fees, commissions or other financial benefits are payable to the Underwriter for partially underwriting the Offer.
- there are no termination rights.

The relevant interest of the Underwriter pre-Offer is disclosed in section 5.2. Upon completion of the Offer, irrespective of the extent to which it is taken up by Eligible Shareholders, the underwriting will not have any effect on control of the Company.

5.6 Expenses of the Rights Issue

On the assumption that the Rights Issue is fully subscribed, the total expenses connected with the Rights Issue, including legal and other advisory fees, listing, printing and other miscellaneous expenses are estimated to be approximately \$47,838 details of which are set out in the table at section 1.4 of this Prospectus.

5.7 Consents

Computershare Investor Services Pty Limited has consented to being named in this Prospectus as share registry for the Company in the form and context in which it is named and at the time of lodgement of this Prospectus, has not withdrawn consent. Computershare Investor Services Pty Limited takes no responsibility for any part of this Prospectus other than references to its name. Computershare Investor Services Pty Limited does not make any statement in this Prospectus nor is any statement based upon a statement by Computershare Investor Services Pty Limited.

Each Director has consented to the issue and lodgment of this Prospectus.

DMAW Lawyers has given and not withdrawn prior to the lodgment with ASIC, their written consent to being named in this Prospectus as having provided legal services to us in the form and context in which they are named.

6. **Glossary and Interpretation**

In this Prospectus, unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited or the Australian Securities Exchange operated by it (as the context requires);

Closing Date means the closing date of the Rights Issue listed in the “Summary of Key Dates” section of this Prospectus;

Company means Monax Mining Limited ACN 110 336 733;

Corporations Act means the Corporations Act 2001 (Cth);

Directors means the Directors of the Company;

Eligible Shareholders means on the Record Date, Shareholders recorded on the register of members of the Company as holders of ordinary shares, that have registered addresses in Australia or New Zealand;

Entitlement means the entitlement of an Eligible Shareholder to apply for a number of New Shares under the Offer;

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Prospectus;

Listing Rules means the listing rules of ASX;

New Shares means shares offered pursuant to this Prospectus;

Offer means the offer of New Shares made on the basis of this Prospectus;

Opening Date means the opening date of the Rights Issue listed in the “Summary of Key Dates” section of this Prospectus;

Prospectus means this document;

Quotation Date means the date of quotation as that term is used in the Listing Rules;

Record Date means the record date to determine the Shareholders entitled to participate in the Rights Issue determined in accordance with the ASX Listing Rules, listed in the “Summary of Key Dates” section of this Prospectus;

Rights means the rights to subscribe for New Shares under this Prospectus;

Rights Issue means the non-renounceable rights issue the subject of this Prospectus;

Shareholders means a holder of Shares;

Shares means fully paid ordinary shares in the Company;

Shortfall Application Form means the shortfall form to be used by an applicant who is not a Shareholder to subscribe for New Shares pursuant to the Prospectus;

Shortfall Offer has the meaning in section 1.15 (refer also to section 2.3 in respect of Additional New Shares);

Tenements mean those mining tenements in which, as of the date of this Prospectus, the Company has rights to or a contractual or other interest in;

Underwriter means Mr Robert Kennedy (or entities he controls); and

Underwriting Agreement has the meaning given in section 5.5;

In this Prospectus, unless the contrary intention appears:

- 6.1 words importing the singular include the plural and the plural includes the singular and any gender include the other genders;
- 6.2 if a word or phrase is defined in the Corporations Act or the ASX Listing Rules, it bears the same meaning;
- 6.3 if a word or phrase is defined other parts of speech or grammatical forms of that word have corresponding definitions;
- 6.4 a reference in this Prospectus to a clause, paragraph or section is to a clause, paragraph or section of this Prospectus;
- 6.5 a reference to an annexure is to an annexure to this Prospectus and this Prospectus includes any annexure;
- 6.6 a reference to:
 - 6.6.1 a person includes a natural person, partnership, firm, unincorporated association, corporation and a government or statutory body or authority or other entity;
 - 6.6.2 a person includes the legal personal representatives, successors and assigns of that person;
 - 6.6.3 a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 6.7 time is Adelaide, South Australia time unless stated otherwise;
- 6.8 a right includes a benefit, remedy, direction or power;
- 6.9 A\$, \$A, \$, dollars (\$) and cents (c) are references to the lawful currency of Australia;
- 6.10 annexures to this Prospectus form part of this Prospectus; and
- 6.11 headings are for reference and do not affect interpretation.