



31 January 2018

Monax Mining Limited

Quarterly Report

For the quarter ended 31 December 2017

HIGHLIGHTS

Western Queen Gold Project

- Five hole diamond drilling program completed at the Western Queen South open pit
- Best result of **3.3m @ 7.98g/t Au** extends mineralisation at Western Queen South by 60m down plunge
- A Mineral Resource estimate of 120,000 ounces of gold for the Western Queen project was completed post the end of the quarter

Corporate

In the three months to 31 December 2017, Monax Mining Limited (**Monax** or the **Company**) (ASX:MOX) expended \$245,000 on mineral exploration and \$109,000 on corporate costs.

As at 31 December 2017, Monax has a cash balance of \$0.28 million.

Exploration

Western Queen Gold Project

The Western Queen project is located 90km north-west of Mt Magnet in the Murchison mineral field (Figure 1).

During the quarter the Company completed a diamond drilling program at the Western Queen project. The program consisted of five diamond drill holes MXDD001-005 drilled at the Western Queen South mine, testing the main zone below the existing pit. The holes were designed to provide sufficient drill coverage of the deposit to estimate a resource for the project (see full ASX Release dated 3 January 2018)

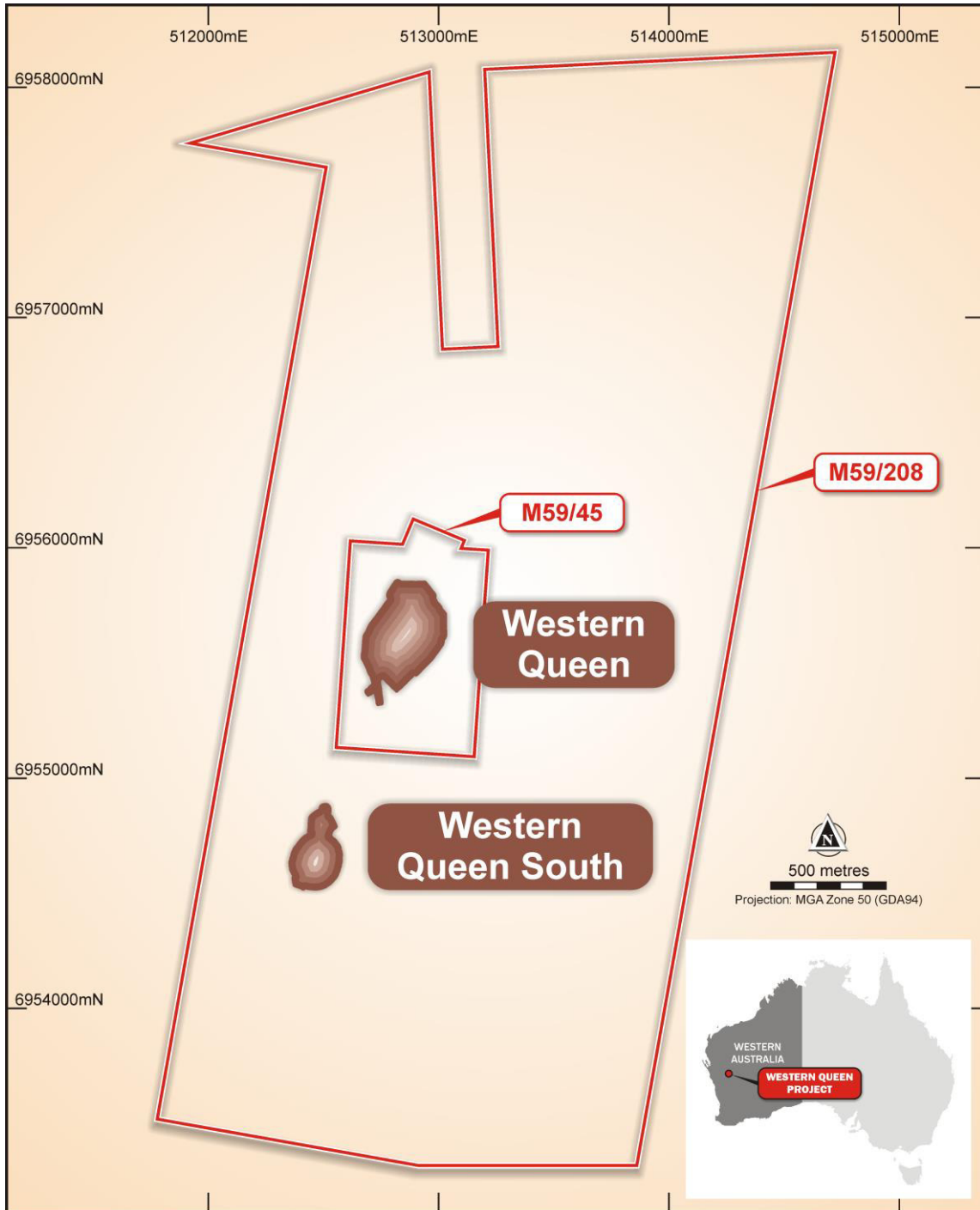


Figure 1: Western Queen location plan

Best results from the drilling program include:

- 3.3m at 7.98 g/t Au from 271m downhole in MXDD003
- 4m at 2.7 g/t Au from 291m downhole in MXDD004
- 3m at 2.59 g/t Au from 216m downhole in MXDD001
- 2m at 2.87 g/t Au from 258m downhole in MXDD002

The southernmost hole MXDD003 intersected 3.3m at 7.98g/t confirming the continuity of high grade mineralisation for at least 60m past the previous drilling. The high grade zone remains open and is untested beyond that intersection. Full results of the drilling are listed in Table 1 below:

Table 1: Results of Western Queen South Drilling Program

| Hole ID | E | N | RL | Depth | Dip | Azi | From | To | Length | Au g/t |
|---------|---------|-----------|-----|-------|-------|-----|-------------------|-------|--------|--------|
| MXDD001 | 512,269 | 6,954,559 | 389 | 283.6 | -54.9 | 116 | 200 | 203 | 3.0 | 1.03 |
| | | | | | | | 210 | 219 | 9.0 | 1.59 |
| | | | | | | | <i>incl</i> 216 | 219 | 3.0 | 2.59 |
| | | | | | | | 229 | 241.6 | 12.6 | 1.09 |
| | | | | | | | <i>incl</i> 239.6 | 241.6 | 2.0 | 2.87 |
| MXDD002 | 512,244 | 6,954,571 | 389 | 336.4 | -51.6 | 112 | 258 | 259 | 1.0 | 3.09 |
| | | | | | | | 265 | 272 | 7.0 | 0.60 |
| | | | | | | | 276 | 282.6 | 6.6 | 1.37 |
| MXDD003 | 512,237 | 6,954,512 | 389 | 333.6 | -54.4 | 127 | 241 | 242 | 1.0 | 1.75 |
| | | | | | | | 246.1 | 247 | 0.9 | 5.97 |
| | | | | | | | 250 | 255 | 5.0 | 1.02 |
| | | | | | | | 259 | 261 | 2.0 | 2.13 |
| | | | | | | | 270 | 276 | 6.0 | 4.72 |
| | | | | | | | <i>incl</i> 271 | 274.3 | 3.3 | 7.98 |
| MXDD004 | 512,223 | 6,954,527 | 389 | 369.4 | -56.5 | 127 | 291 | 295 | 4.0 | 2.70 |
| | | | | | | | 313 | 320 | 7.0 | 0.79 |
| MXDD005 | 512,293 | 6,954,581 | 389 | 270.4 | -59.5 | 98 | 254 | 260.8 | 6.8 | 0.64 |

Results reported using a 0.5g/t Au cut-off. Down-hole thicknesses represent 80-100% of true thickness.

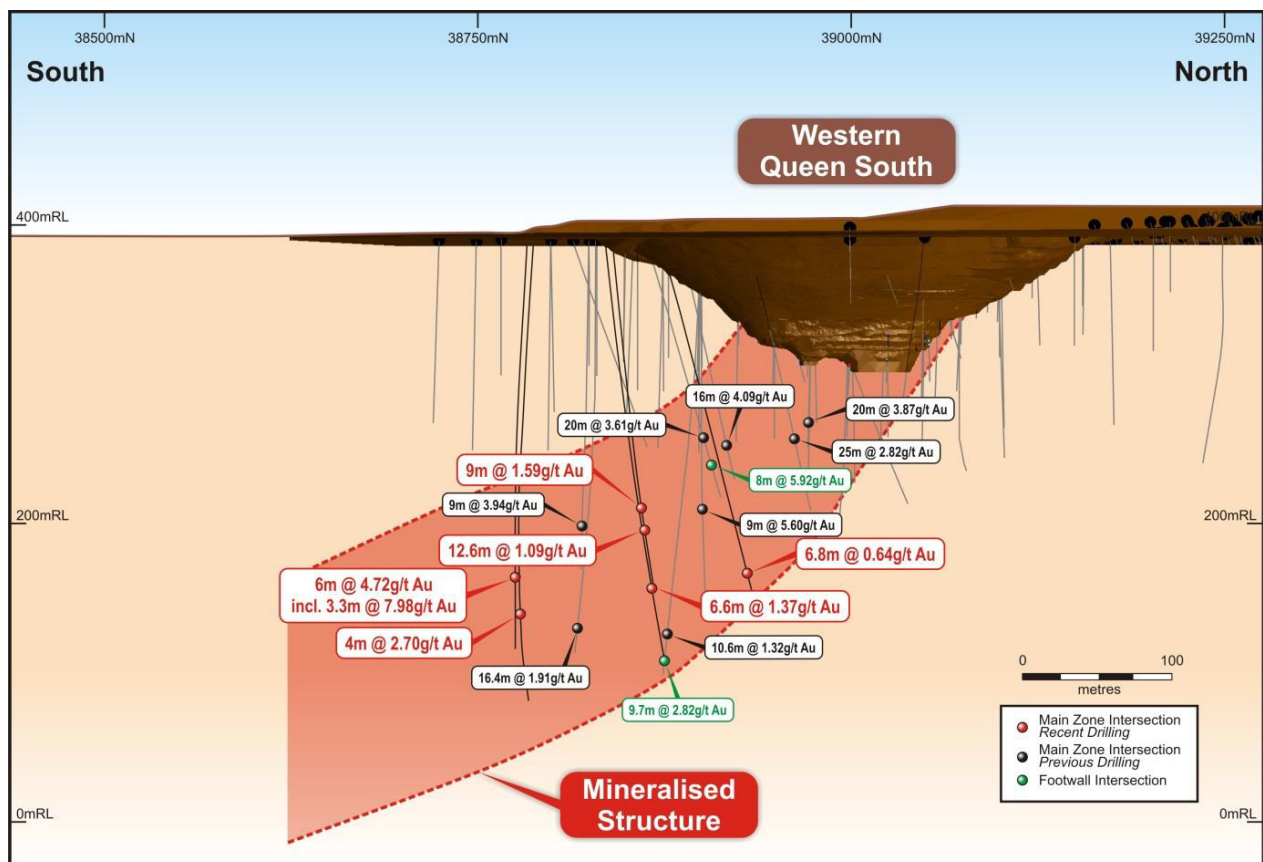


Figure 2: Western Queen South deposit showing drilling results

Resource Estimation

Subsequent to the end of the quarter, the Company's geological consultants completed a Resource Estimation for the Western Queen project. (See full ASX Release dated 14 January 2018).

The Resource was estimated to be 962,000t @ 3.9 g/t Au for 120,000 ounces of gold as detailed in Table 2 below:

Table 2
Western Queen Gold Deposit
January 2018 Mineral Resource Estimate (2.0g/t Au Cut-off)

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

Western Queen Gold

Further work is planned for the Western Queen Central deposit which is high grade and open down plunge of existing drilling. This program will be designed to test the high grade mineralisation down plunge of the existing Resource.

Western Queen Lithium

In the current quarter, the Company is planning to complete a review of the Western Queen project for its potential to host lithium bearing pegmatites. There are a significant number of previous drill holes at Western Queen drilled for gold that have intersected pegmatites.

Percyville Gold Project

No work was completed at the Percyville project during the Quarter. The Company is planning to divest this project.

Croydon Gold Project

The project was divested to Wilson Minerals during the quarter (see announcement dated 3 November 2017)

For further information please contact:

Ian Gordon
Managing Director
Monax Mining
Ph: 0477 306 669
Email: info@monaxmining.com.au

'The information in the Quarterly Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets is based on information compiled by Mr Paul Payne, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a consultant to the Company 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 Payne consents to the inclusion of the information in this report in the form and context in which it appears.'

The information relating to drilling results was provided in a report released to the ASX on 3 January 2018. The information relating to Mineral Resources was provided in a report released to the ASX on 14 January 2018. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

Tenement Holdings as of 31 December 2017

Below is a table of Monax Mining Limited's and Monax Alliance Pty Ltd's current tenement holdings as of 31 December 2017.

Monax Mining Limited

| Tenement | No. | Status | Monax Interest | Details | Tenure holder |
|---------------|-----------|---------|---------------------|------------------------|------------------------|
| Melton | EL 5122 | Granted | 25% of all minerals | JV with Marmota Energy | Marmosa P/L* |
| North Melton | EL 5209 | Granted | 25% of all minerals | JV with Marmota Energy | Marmota Energy |
| Croydon#1 | EPM 26038 | Granted | 100% | Disposal Pending | Monax Mining |
| Croydon#2 | EPM 26203 | Granted | 100% | Disposal Pending | Monax Mining |
| Western Queen | L59/40 | Granted | 0% | Earning 60% | Mt Magnet Gold Pty Ltd |
| Western Queen | M59/45 | Granted | 0% | Earning 60% | Mt Magnet Gold Pty Ltd |
| Western Queen | M59/208 | Granted | 0% | Earning 60% | Mt Magnet Gold Pty Ltd |

*Marmosa Pty Ltd (a wholly-owned subsidiary of Marmota).

Monax Alliance Pty Ltd

| Tenement | No. | Status | Monax Interest | Details | Tenure holder |
|------------|--------------|-------------|----------------|---------|--------------------|
| Kulitjara | ELA 2013/168 | Application | 100% | | Monax Alliance P/L |
| Anmuryinna | ELA 2013/169 | Application | 100% | | Monax Alliance P/L |
| Poole Hill | ELA 2013/170 | Application | 100% | | Monax Alliance P/L |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

31 December 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (245) | (376) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (109) | (396) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 2 | 4 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (352) | (768) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (3) | (3) |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) other non-current assets | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | | 31 |
| | (b) tenements (see item 10) * | 22 | 22 |
| | (c) investments | | |
| | (d) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | 19 | 50 |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | | 552 |
| 3.2 | Proceeds from issue of convertible notes | | |
| 3.3 | Proceeds from exercise of share options | | |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (5) | (54) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | (5) | 498 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 619 | 501 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (352) | (768) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 19 | 50 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (5) | 498 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 281 | 281 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances | 113 | 452 |
| 5.2 Call deposits | 168 | 167 |
| 5.3 Bank overdrafts | | |
| 5.4 Other (provide details) | | |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 281 | 619 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 39 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Managing Director fees and Superannuation
Executive Director's consultancy
Administration expenses reimbursement

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

| | |
|--|--|
| | |
|--|--|

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | |
| 9.2 Development | |
| 9.3 Production | |
| 9.4 Staff costs | |
| 9.5 Administration and corporate costs | 66 |
| 9.6 Other (provide details if material) | |
| 9.7 Total estimated cash outflows | 66 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | EL5729 Yeltacowie EL5669 Bowilia Hill | Sold Sold | 100% 100% | 0% 0% |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | L59/40 M59/45 M59/208 | Earning 60% Earning 60% Earning 60% | 0% 0% 0% | 0% 0% 0% |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ..31 / 01 / 2018.....

Print name: Kaitlin Smith.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.