



**MONAX
MINING LIMITED**

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ASX RELEASE

For immediate release
30th July 2008

Monax Mining Limited
Quarterly Report
For the period ending 30th July 2008

HIGHLIGHTS

MANGANESE

- **Completion of first stage drilling program targeting the manganese potential of Monax's Waddikee project on South Australia's Eyre Peninsula**
- **Manganese mineralisation has been intersected in eight traverses at the Jamieson Tank prospect and at one location at the Pollinga prospect**
- **Pollinga manganese prospect produces rock chip samples up to 41.9% manganese**

IRON OXIDE-COPPER-GOLD

- **Drilling underway on new copper-gold targets at Punt Hill between Olympic Dam and Port Augusta in SA**
- **Targets identified from new Induced Polarisation (IP)/Resistivity survey**

During the last quarter Monax Mining Limited (ASX: MOX) successfully completed a drilling campaign which intersected a number of zones of manganese mineralisation at the Jamieson Tank and Pollinga manganese



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prospects within the Company's Waddikee project on South Australia's Eyre Peninsula.

This drill program aimed to demonstrate that near surface high grade manganese extended into mineralisation at depth. High grade surface manganese (43.8% Mn) was obtained from rock chip samples and reported on 13th March 2008.

The pricing of manganese ore has risen by more than 400% during the past 12 months, driven by emerging demand for the ore in speciality steel production - and making manganese a very attractive commodity for exploration.

Waddikee is located 55 kilometres west of OneSteel's iron ore mines on eastern Eyre Peninsula and 55 kilometres north of Centrex Metals' Wilgerup hematite project (Figure 1).

Eight traverses were drilled at the Jamieson Tank prospect with all eight traverses intersecting manganese mineralisation at depth underlying the surface mineralisation mapped in a previous ground survey. Monax has interpreted intersections of manganese mineralisation varying from 2 to 15 metres down hole based on preliminary logging of the drill holes. Mineralisation appears to be dominated by interlayered massive manganese oxides near surface grading to powdery manganese wad at depth. The target zone appears to be dipping approximately 45° to the east. The majority of holes have been drilled 60° to the west to intersect this horizon (Figure 2).

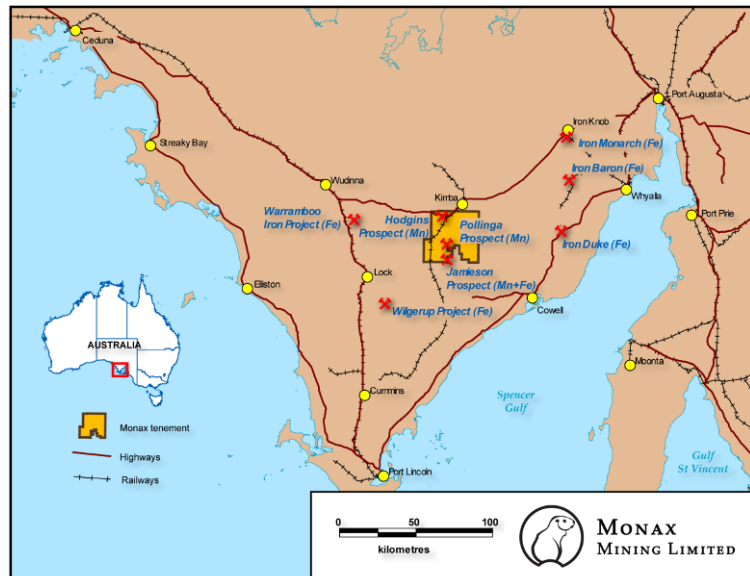


Figure 1. Location of the Waddikee Project.

At the Pollinga prospect, 8 kilometres to the north of the main Jamieson Tank target, one drill hole has intersected a 10 metre down hole zone of manganese mineralisation beneath mapped surface mineralisation.

Once Monax receives assay results true thicknesses and grades will be calculated.



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Monax is very encouraged by the drilling results and if sufficient grade and thicknesses are obtained from the analytical results, the Company will move to convert its exploration target of 4-6 million tonnes* (based on a strike length of 1 kilometre, thickness of 10 metres, depth of 150 metres and specific gravity of approximately 3) to a JORC compliant inferred resource with further resource definition drilling.

* (The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource).

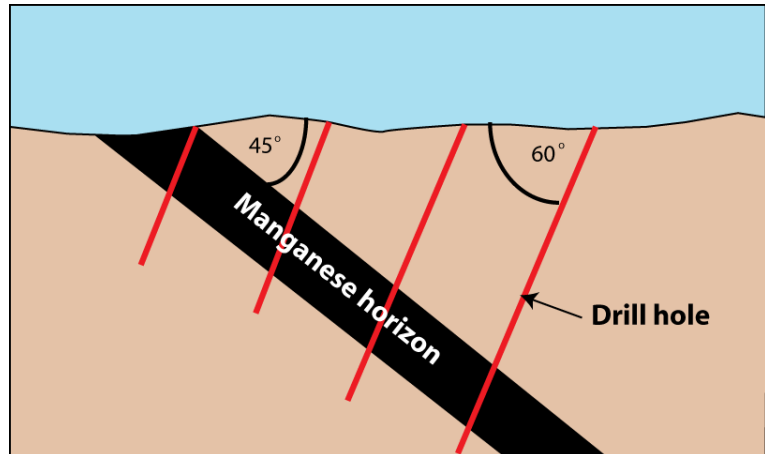


Figure 2. Schematic diagram showing interpreted dip of manganese horizon and drill hole orientations (not to scale)

Pollinga Manganese Prospect – Rock Chip Sampling

In late March, 2008, 9 reconnaissance rock chip samples were taken over sporadically outcropping manganese mineralisation at the Pollinga Prospect.

The samples have returned highly encouraging manganese results with maximum values of **41.9%** manganese. Drilling at the Pollinga Prospect has confirmed the extension of surface mineralisation at depth. Results from drilling are expected in approximately 4 weeks.



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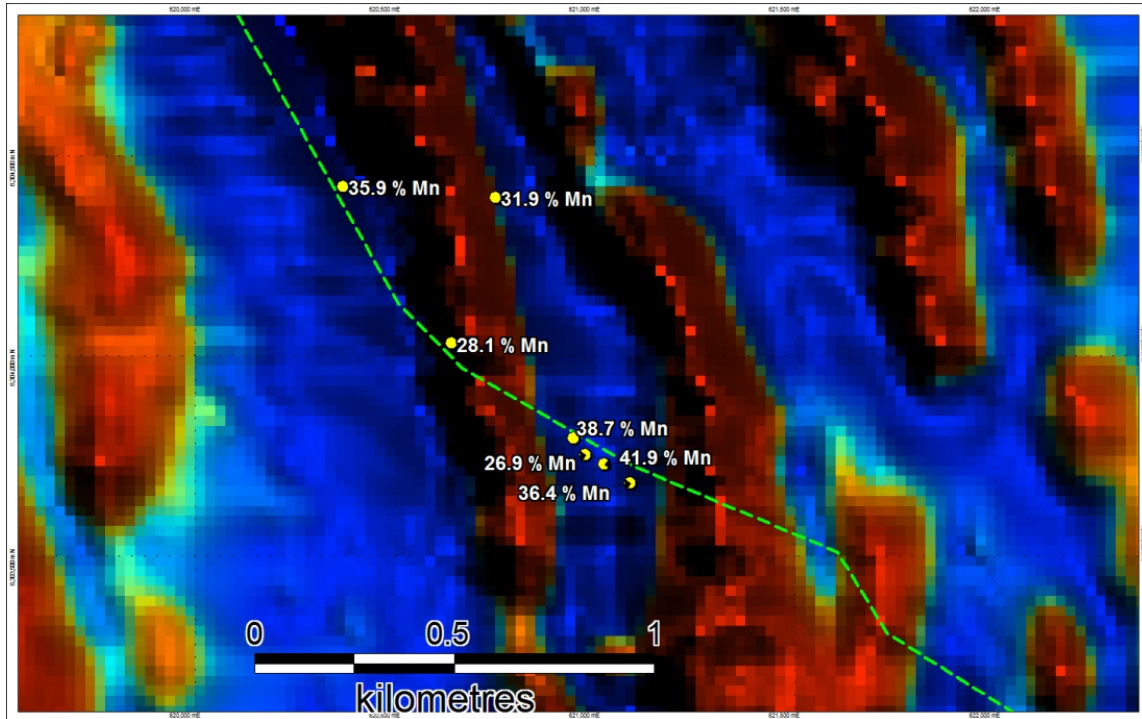


Figure 3. Pollinga Prospect, sample locations on residual magnetics (Mn %)

Iron Oxide Copper-Gold – Punt Hill

Monax Mining is pleased to announce that drilling has commenced on new drill targets at the Company's 100% owned Punt Hill copper-gold project halfway between Olympic Dam and Port Augusta in South Australia.

The drill targets were identified from a deeply penetrating and detailed Induced Polarisation (IP) survey conducted by Monax over the region under a strategy to use the Company's ongoing exploration program to improve the targeting of high grade iron oxide copper-gold mineralisation within its tenements.

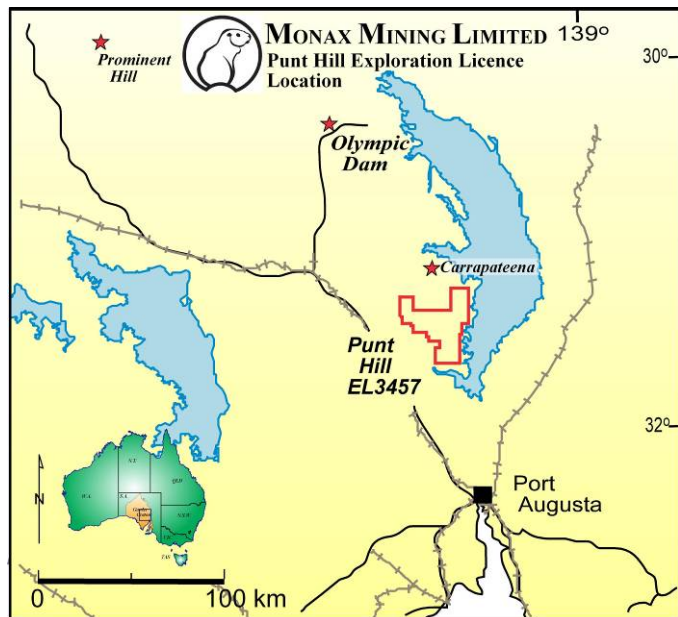


Figure 4: Location of the Punt Hill project



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Monax believes the new IP targets focused around the Groundhog Prospect, 25 kilometres southwest of Carrapateena, are caused by higher grade copper mineralisation.

The IP survey data successfully identified (Figures 5 & 6) the location of a number of interpreted mineralised fault structures previously unrecognised within the Groundhog Prospect.

The Company believes that previously drilled holes GHDD1 and GHDD2 at this prospect, narrowly missed an interpreted mineralised fault between the two drill holes (Figure 5). On the western side of the interpreted mineralised fault, drill hole GHDD1 intersected **126m @ 0.4% Cu**, 0.24% Zn, 4.9 g/t Ag and 0.1 g/t Au and GHDD4 intersected **122m @ 0.47% Cu**, 0.38% Zn, 6.6 g/t Ag and 0.1 g/t Au. Copper mineralisation in these holes is dominated by bornite and chalcopyrite.

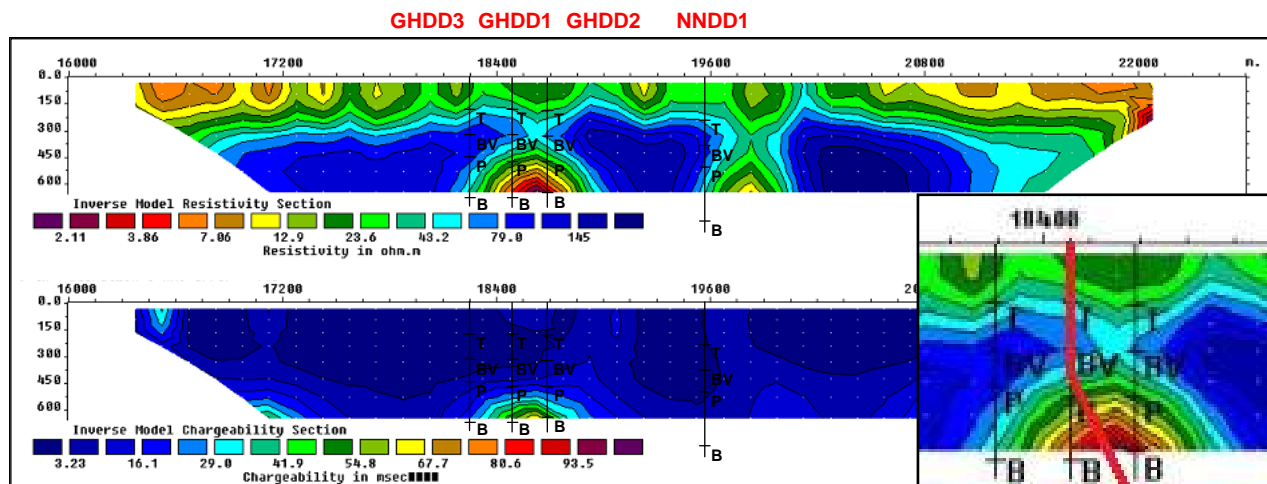


Figure 5: Inverted IP resistivity (top) and chargeability (middle) sections, Groundhog line. Inset: Proposed wedge hole

The Groundhog IP survey suggests the main zone of mineralisation may be between drill holes GHDD1 and GHDD2. Monax is currently testing this interpretation with a number of angled holes drilled from halfway down drill hole GHDD1 to the base of GHDD2 and from GHDD4 north-east to the interpreted mineralised structure.



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Michael Schwarz
Managing Director
Monax Mining Limited

For further information please contact:

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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 M P Schwarz, who is a Member of the Australian Institute of Geoscientists. Mr Schwarz 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 Schwarz consents to the inclusion of the information in this report in the form and context in which it appears

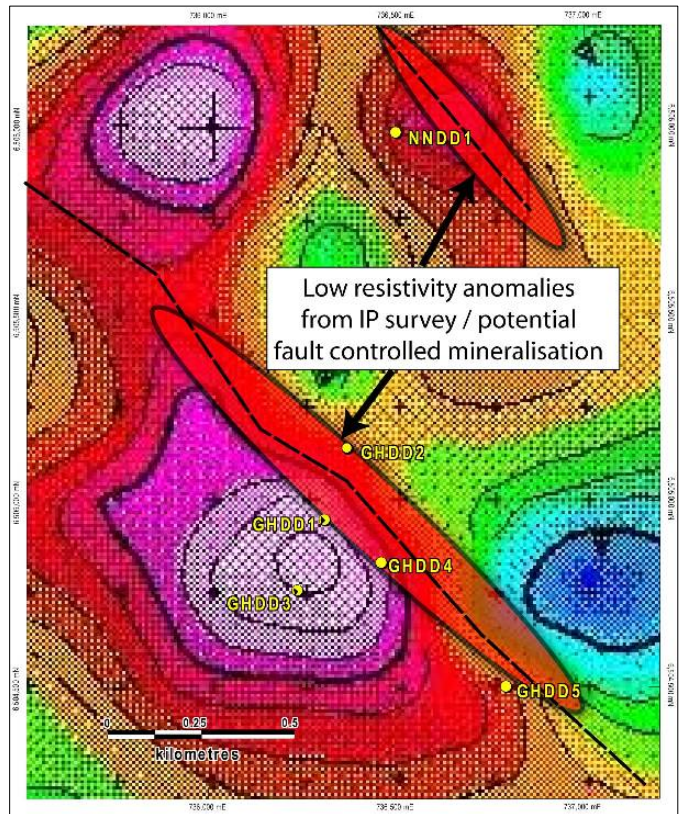


Figure 6: Location of IP anomalies on residual gravity image, Groundhog prospect.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (887) | (2,078) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (202) | (1,112) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 16 | 106 |
| 1.5 Interest and other costs of finance paid | (2) | (2) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material)) | | |
| ASX Listing Fees | - | (18) |
| Prepaid insurance etc | - | (24) |
| GST | (44) | 70 |
| Other | - | (18) |
| Net Operating Cash Flows | (1,119) | (3,076) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (5) | (69) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | (118) | (131) |
| 1.11 Loans repaid by other entities | 43 | 130 |
| 1.12 Other (provide details if material) | | |
| Payments relating to the sale of subsidiary | - | (25) |
| Net investing cash flows | (80) | (95) |
| 1.13 Total operating and investing cash flows (carried forward) | (1,199) | (3,171) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,199) | (3,171) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 2,852 | 2,877 |
| 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) | | |
| | Payments relating to issue of shares / options | (129) | (269) |
| | Net financing cash flows | 2,723 | 2,608 |
| | Net increase (decrease) in cash held | 1,524 | (563) |
| 1.20 | Cash at beginning of quarter/year to date | 1,117 | 3,204 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 2,641 | 2,641 |

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 | 113 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | 118 |

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. The amount at 1.24 above represents operational expenses recharged to Marmota Energy Limited on a quarterly basis for shared resources and logistics and contribution to the setup costs of a 50% owned associate company that will provide management services to the entity from 1 July 2008.

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

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

Marmota Energy Limited pursuant to the Farm-In and Joint Venture Agreements for EL 3358, EL 3355, EL 3356, EL 3359, EL 3458, EL 3561, EL 3684, EL 3685, EL 3357, and EL 3775 has incurred on an accruals basis \$1,471,187 in the quarter ending 30 June 2008.

+ See chapter 19 for defined terms.

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 | Nil | Nil |
| 3.2 Credit standby arrangements | Nil | Nil |

Note:

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 1,173 |
| 4.2 Development | - |
| Total | 1,173 |

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 | 323 | 349 |
| 5.2 Deposits at call | 2,315 | 765 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) – IPO Trust Account | 3 | 3 |
| Total: cash at end of quarter (item 1.22) | 2,641 | 1,117 |

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 | N/A | | | |
| 6.2 Interests in mining tenements acquired or increased. | N/A | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 Preference +securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 69,047,057 | 69,047,057 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 12,963,533 | 12,963,533 | \$0.22 | \$0.22 |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 2,500,000 2,500,000 750,000 450,000 | Nil | <i>Exercise Price</i> \$0.30 \$0.40 \$0.26 \$0.666 | <i>Expiry Date</i> 30/06/2009 31/12/2010 12/04/2011 14/02/2012 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | 1,600,000 | Nil | \$0.25 | Exercised 30 June 2008. Conversion effected 03/07/08 |
| 7.10 Expired during quarter | 3,400,000 | Nil | \$0.25 | 30/06/2008 |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Print name: Virginia Suttell..... Date:30/07/2008.....
(~~Director~~/Company Secretary)

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.