



**MONAX
MINING LIMITED**

ABN: 96 110 336 733

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ASX RELEASE

For immediate release
28 October 2008

Monax Mining Limited
Quarterly Report

For the period ending 30 September 2008

HIGHLIGHTS

MANGANESE

- Manganese and iron intersected in eight out of eight assayed target areas at the Jamieson Tank Prospect
- Manganese intercepts range from 1-22 m with grades in excess of 10 % Mn and from 1-4 m with grades in excess of 20 % Mn
- Higher than expected iron ore intercepts range from 12-24 m with grades in the range of 20-34.8 % Fe
- Manganese and iron mineralisation confirmed over > 2.5 km strike length open at depth and along strike
- Simple gravity beneficiation may significantly upgrade manganese and iron to commercially acceptable product
- Beneficiation testing underway

IRON OXIDE-COPPER-GOLD

- Drilling completed on new copper-gold targets at Punt Hill between Olympic Dam and Port Augusta in SA
- Two of three drill holes intersected copper-gold mineralisation associated with a deep IP target.
- Assay results are expected in the next few weeks



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Manganese and Iron Ore - Waddikee

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).

During May and June this year, Monax completed an RC percussion drilling program comprising eight traverses (44 holes) at the Jamieson Tank Prospect and 4 separate holes at the Pollinga Prospect. Preliminary logging reported intersections of manganese mineralisation down hole, underlying mapped surface mineralisation from previous ground surveys.

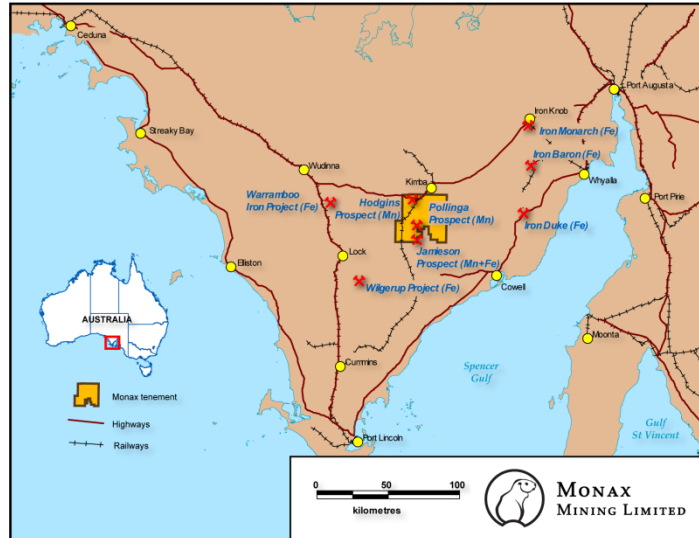


Figure 1. Location Diagram, Waddikee.

Monax reported to the ASX on the 19th of September 2008 that assay results confirm the presence of manganese mineralisation in all eight traverses at the Jamieson Tank Prospect and that it has also received higher than expected assay results for iron. Significant intersections of manganese include:

Significant Manganese Results

Drillhole	Interval (m)	Mn %
JTRC018	1	21.8
JTRC020	2	22.2
JTRC022	2	20.1
JTRC026	2	20.9
JTRC030	1	25.3
JTRC032	4	22.3
JTRC033	3	22.2
JTRC034	2	24.2
JTRC034	5	19.9
JTRC034	2	34.0
JTRC038	1	23.5
JTRC041	1	20.8
JTRC042	1	33.5

Significant Iron Ore Results

Drillhole	Interval (m)	Fe %
JTRC005	22	25.1
JTRC008	10	25.0
JTRC012	12	33.8
JTRC013	17	31.6
JTRC014	24	28.4
JTRC021	16	29.1
JTRC041	17	33.3
JTRC042	20	33.8
JTRC043	16	34.6
JTRC044	12	34.8
PRC0001	44	34.6



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Manganese Sighter Beneficiation Testwork

Monax is highly encouraged by the drilling results to date and has now commenced 'Manganese Sighter Beneficiation Testwork' on three bulk samples from selected manganese intersections. The aim of the beneficiation is to use gravity to separate the heavy manganese and iron component from lighter impurities such as silica and aluminum. The heavy component is then passed through a magnetic separation test to remove any iron in the form of magnetite. The resultant assays will provide key metallurgical information on the potential grades and yields of manganese and iron. If sufficient grade are obtained from the analytical results, Monax will move to convert its exploration target of 4-6 million tonnes at >20% Mn* (based on a strike length of 1 kilometre, thickness of 10 metre, depth of 150 metre 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)

Iron Oxide Copper-Gold – Punt Hill

Monax Mining is pleased to announce that drilling has been completed 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.

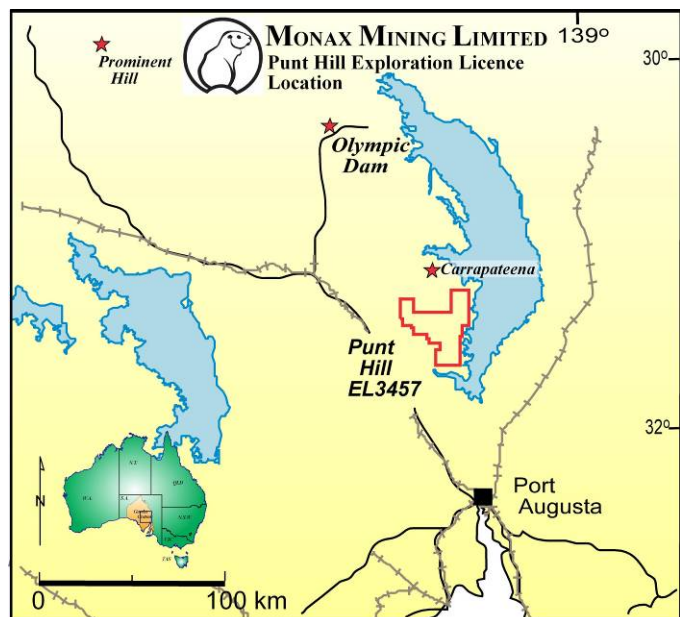


Figure 2: Location of the Punt Hill project

Monax is pleased to report that copper-gold style mineralisation was intersected in two of three holes targeted to test a deep IP anomaly, confirming the use of deep IP as an exploration tool. GHDD2 was originally drilled to 900m but ended in mineralisation grading over 1% copper. This hole was extended to just over 1000m and intersected disseminated copper sulphides over much of the extended interval. GHDD6 was drilled between GHDD1 and GHDD2 targeting the centre of the main IP anomaly. This hole



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intersected disseminated copper sulphide mineralisation from approximately 700m to bottom of hole. Both holes are currently being processed and submitted for analysis. Results for GHDD2 are expected shortly and GHDD6 in 4-6 weeks.

The Company believes that disseminated copper sulphide mineralisation intersected in GHDD2 and GHDD6 is the most likely source for the deep IP anomaly and confirms this technique as an effective tool in exploring for deeply buried copper-gold systems in the Punt Hill region.

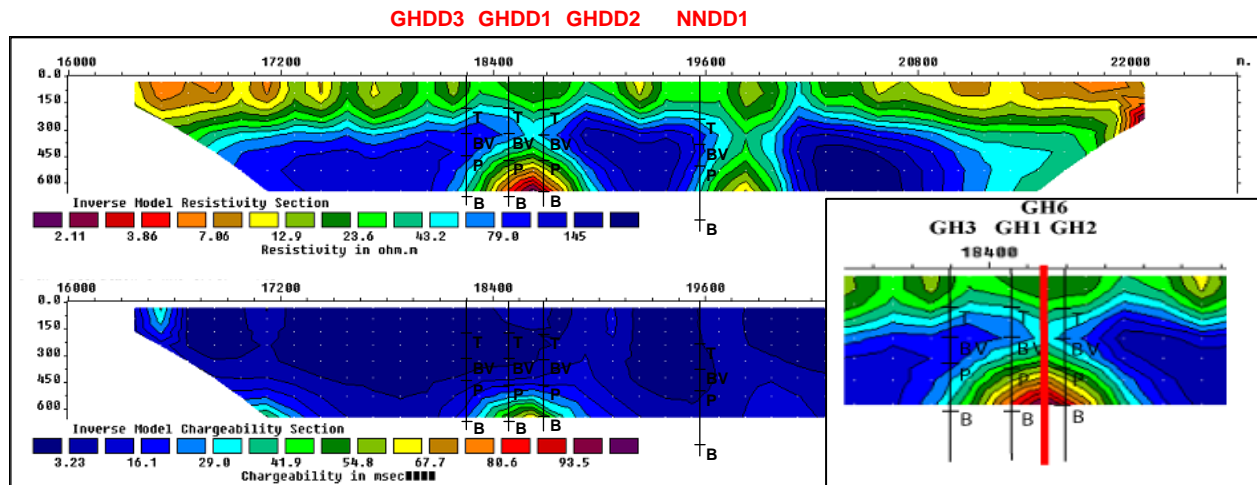


Figure 3: Inverted IP resistivity (top) and chargeability (middle) sections, Groundhog line. Inset: GHDD6 drillhole location

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

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 September 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(863)	(863)
(b) development	-	-
(c) production	-	-
(d) administration	(258)	(258)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	68	68
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material))		
Grant Income	75	75
GST	(31)	(31)
Other	-	-
Net Operating Cash Flows	(1,009)	(1,009)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(14)	(14)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(42)	(42)
1.11 Loans repaid by other entities	50	50
1.12 Other (provide details if material)		
Payments relating to the sale of subsidiary	-	-
Net investing cash flows	(6)	(6)
1.13 Total operating and investing cash flows (carried forward)	(1,015)	(1,015)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,015)	(1,015)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	400	400
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	(8)	(8)
	Net financing cash flows	392	392
	Net increase (decrease) in cash held	(623)	(623)
1.20	Cash at beginning of quarter/year to date	2,641	2,641
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,018	2,018

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	108
1.24	Aggregate amount of loans to the parties included in item 1.10	42

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) and legal fees paid to a legal firm in which a director is a partner. The amount at 1.24 above represents contribution to the setup costs of a 50% owned associate company which provides management services, shared resources and logistics 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 \$1,273,440 in the quarter ending 30 September 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	200
4.2 Development	-
Total	200

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	100	323
5.2 Deposits at call	1,915	2,315
5.3 Bank overdraft	-	-
5.4 Other (provide details) – IPO Trust Account	3	3
Total: cash at end of quarter (item 1.22)	2,018	2,641

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	70,647,057	70,647,057		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,600,000	1,600,000	\$0.25	\$0.25
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 2,500,000 750,000 450,000 365,000	Nil	<i>Exercise Price</i> \$0.30 \$0.40 \$0.26 \$0.666 \$0.246	<i>Expiry Date</i> 30/06/2009 31/12/2010 12/04/2011 14/02/2012 18/07/2013
7.8 Issued during quarter	365,000		\$0.246	18/07/2013
7.9 Exercised during quarter				
7.10 Expired during quarter				
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:28/10/2008.....
(~~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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