



**MONAX
MINING LIMITED**

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For immediate release

30 January 2009

Monax Mining Limited

Quarterly Report

For the period ending 31 December 2008

HIGHLIGHTS

- **Strong position to advance exploration across South Australian portfolio during 2009**
- **JV partner, Marmota Energy, to finance exploration over several Monax tenements**
- **Preliminary beneficiation studies at Waddikee Project confirm potential for raising manganese content to 42% – with recovery levels up to 88%**
- **Targeted IOCG drilling at Punt Hill returns highest and most consistent assay results to date, including 159m @ 0.47% Cu, 5.3g/t Ag and 0.12g/t Au**

Corporate Activities

Due to the current market conditions, Monax Mining Limited has undertaken a strategic review of its exploration projects with joint venture partner Marmota Energy Limited. The review has led to a refocussing of resources on several key projects which the companies believe have the greatest chance of developing into an economic resource. The combined efforts of the two companies will allow for high impact, low cost exploration to be undertaken on Monax's tenement portfolio while ensuring the diligent management of the Company's cash position.



Waddikee Project – Manganese Exploration

Preliminary results have been received from manganese beneficiation test work on representative samples from the Waddikee tenement on the Eyre Peninsula, South Australia (Figure 1). The studies were carried out on two homogenised bulk samples from Monax's maiden drilling program at the Jamieson Tank Prospect.

During May and June 2008, Monax completed a reverse circulation (RC) percussion drilling program comprising eight traverses (44 holes) at the Jamieson Tank Prospect (Figure 2) and four separate holes at the Pollinga Prospect.

Assay results

confirmed the presence of manganese mineralisation in all eight traverses at the Jamieson Tank Prospect and in one drill hole at the Pollinga Prospect.

Representative samples from JTRC036 (8 to 13 metres) (623609mE, 6297159mN) and JTRC034 (14 to 21 metres) (624046mE, 6298466mN) were tested to determine their mineralogy using X-ray diffraction (XRD). Quantitative results from the XRD demonstrated that the predominant manganese oxide mineral is Cryptomelane ($\text{KMn}_8\text{O}_{16}$), with associated quartz (SiO_2), kaolin ($\text{Al}_2\text{Si}_2\text{O}_5(\text{OH})_4$) and goethite ($\text{FeO}(\text{OH})$). Samples JTRC036 and JTRC034 were also tested according to sieve screen sizing, with preliminary results indicating that the majority of the manganese is distributed within the coarser fractions ($>0.2\text{mm}$ or $20\mu\text{m}$) and that a significant amount of silica is lost to the fine fraction ($<0.2\text{mm}$ or $20\mu\text{m}$). It should be noted that the sample returned from the RC drilling method consisted of a finely ground powder which may affect the screen size optimisation results.

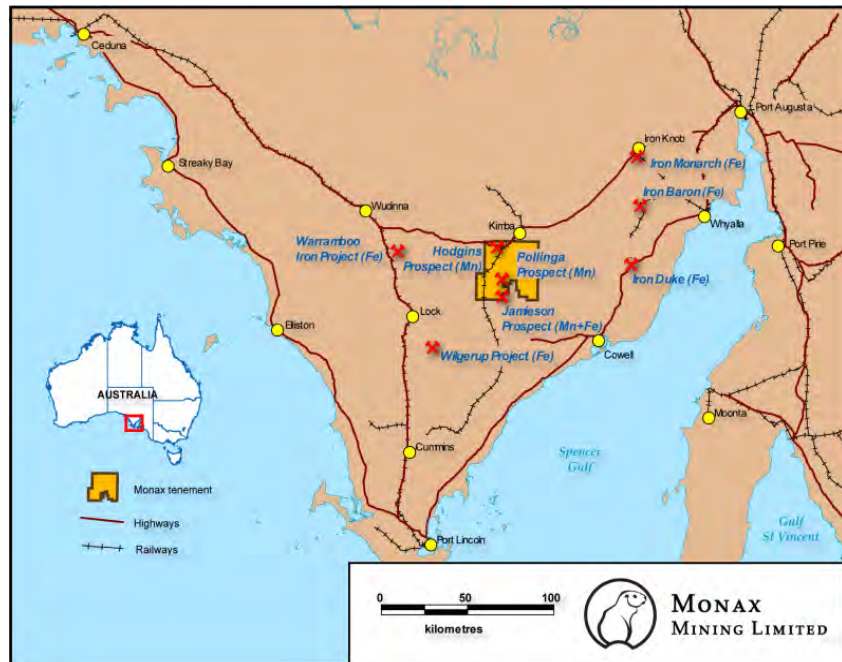


Figure 1. Waddikee tenement location



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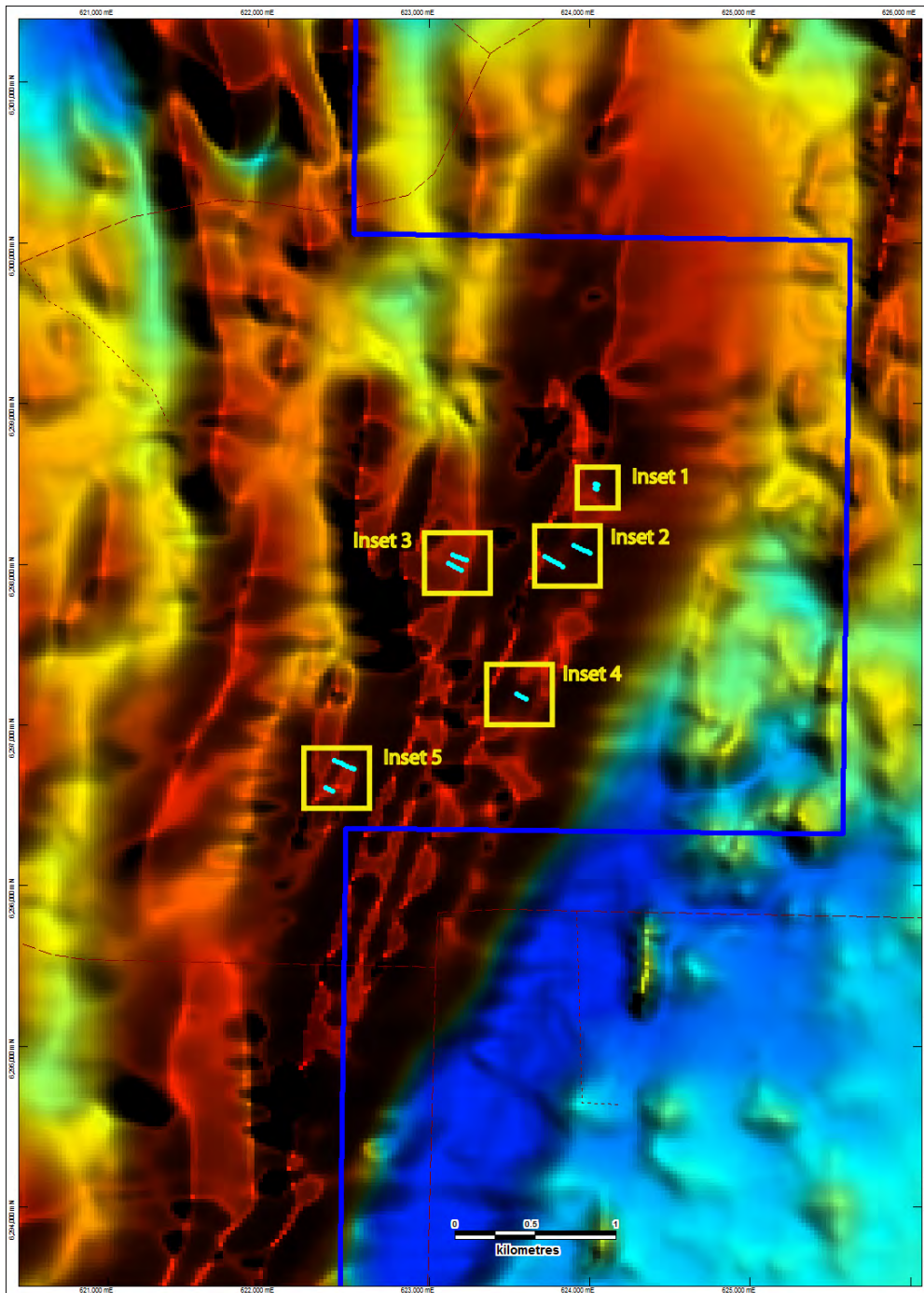


Figure 2. Drill traverse locations at the Jamieson Tank Prospect on first vertical derivative of the Total Magnetic Intensity



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Subsequent to screen size optimisation, representative samples from JTRC036 and JTRC034 were passed through a heavy liquid separation (HLS) media. The heavy liquid (s.g = 3.32) effectively separates light minerals such as quartz and kaolin from the heavy manganese and iron minerals (e.g. Cryptomelane), which have a considerably higher density (s.g = 3.4 - 4.8). The heavy liquid separation was conducted under controlled laboratory conditions and does not necessarily reflect the outcome from a plant operation.

Preliminary heavy liquid beneficiation studies reveal that the manganese content can be raised to **42% Mn** with **80% recovery** for sample **JTRC036**, and to **34% Mn** with **88% recovery** for sample **JTRC034**. A summary of the results is provided in Table 1.

Table 1. Preliminary assays from bulk head sample and beneficiated heavy liquid separate (HLS) including recovery.

Sample		Assays						Recovery
		Mn %	Fe %	SiO ₂ %	S %	P %	Al ₂ O ₃ %	MnO %
JTRC036 (8m to 13m)	Assay Head	20.3	7.7	44.3	0.052	0.027	6.01	80.96
	HLS Upgrade	42.5	8.2	5.0	0.049	0.031	6.51	
JTRC034 (14m to 21m)	Assay Head	18.7	14.2	33.8	0.068	0.126	7.38	88.20
	HLS Upgrade	34.7	16.0	5.5	0.052	0.155	5.86	

A further sample from the Pollinga Prospect (PRC003 - 25 to 37 metres) has been submitted for beneficiation test work, and a full account of the results will be released when the entire beneficiation test work has been completed.

Monax is highly encouraged by these preliminary beneficiation results. Significant scope remains for further manganese mineralisation at Jamieson Tank between drill traverses, at depth and along strike to the north and south.

Punt Hill – Iron Oxide Copper-Gold

As reported to the ASX on 25th November 2008, results were received from the latest round of drilling 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.

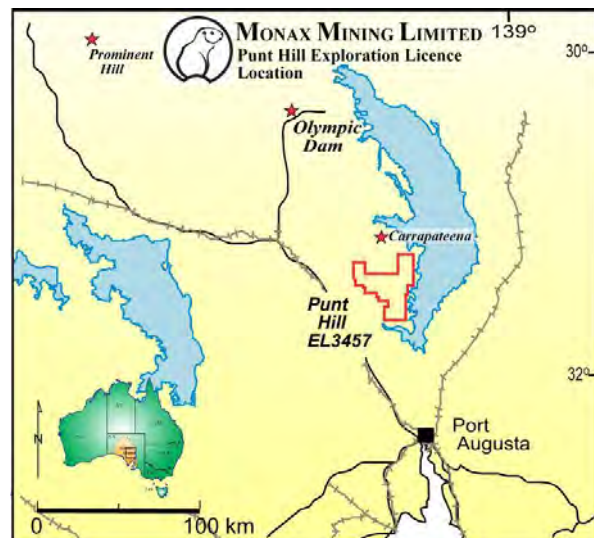


Figure 3: Location of the Punt Hill Project



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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 intersected disseminated copper sulphide mineralisation from approximately 700m to bottom of hole.

Significant results from GHDD6 (736348mE, 6505053mN) which tested the IP target include:

- **159m @ 0.47% Cu, 5.3g/t Ag, 0.12g/t Au, 0.48% Zn & 0.12% Pb** (from 846m to 1005m)
including 17m @ 1.1% Cu, 1.2% Zn & 8.5g/t Ag (from 853m to 870m)

As part of the drilling program, Monax re-entered and extended drill hole GHDD2 (from 900.2m to 1069m). Original assays from GHDD2 demonstrated that the hole ended in mineralisation.

Significant results from the GHDD2-extension (736372mE, 6505132mN) include:

- 24.8m @ 0.67% Cu (from 900.2m to 925m)
- 41m @ 0.36% Cu (from 938m to 979m)
- 17m @ 0.30% Cu (from 990m to 1007m)
- 37m @ 0.35% Cu (from 1013m to 1049m)
- 149.8m @ 0.37% Zn, 4.7g/t Ag (from 900.2m to 1050m)

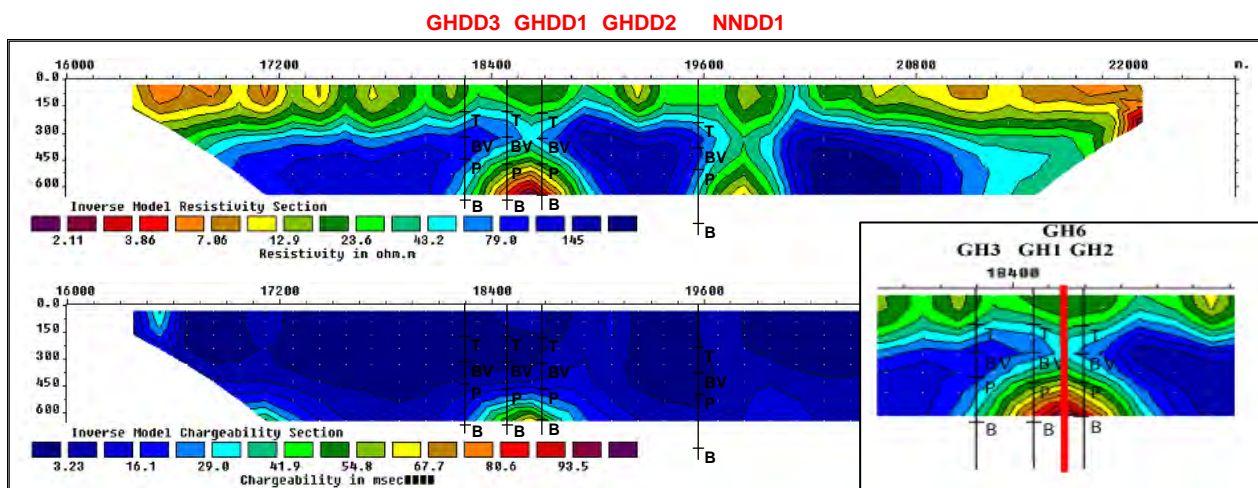


Figure 4: Inverted IP resistivity (top) and chargeability (middle) sections, Groundhog line. Inset: GHDD6 drillhole location



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**Michael Schwarz
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'The information in this report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets 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")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(290)	(1,153)
(b) development	-	-
(c) production	-	-
(d) administration	(104)	(362)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	34	102
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material))		
Grant Income	-	75
GST	70	39
Other	-	-
Net Operating Cash Flows	(290)	(1,299)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(18)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(27)	(69)
1.11 Loans repaid by other entities	7	57
1.12 Other (provide details if material)		
Payments relating to the sale of subsidiary	-	-
Net investing cash flows	(24)	(30)
1.13 Total operating and investing cash flows (carried forward)	(314)	(1,329)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(314)	(1,329)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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)
	Net financing cash flows	-	392
	Net increase (decrease) in cash held	(314)	(937)
1.20	Cash at beginning of quarter/year to date	2,018	2,641
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,704	1,704

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	104
1.24	Aggregate amount of loans to the parties included in item 1.10	27

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

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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 \$291,299 in the quarter ending 1 December 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	186	100
5.2 Deposits at call	1,515	1,915
5.3 Bank overdraft	-	-
5.4 Other (provide details) – IPO Trust Account	3	3
Total: cash at end of quarter (item 1.22)	1,704	2,018

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				
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 2,500,000 750,000 450,000 365,000 260,000	Nil	<i>Exercise Price</i> \$0.30 \$0.40 \$0.26 \$0.666 \$0.246 \$0.0517	<i>Expiry Date</i> 30/06/2009 31/12/2010 12/04/2011 14/02/2012 18/07/2013 23/12/2013
7.8 Issued during quarter	260,000		\$0.0517	23/12/2013
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 ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Print name: Virginia Suttell..... Date:30/01/2009.....
(~~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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