



**MONAX
MINING LIMITED**

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For immediate release

28 January 2011

Monax Mining Limited
Quarterly Report

For the period ending 31 December 2010

HIGHLIGHTS

- **Exploration commenced on Punt Hill copper-gold project in South Australia's Far North as part of the farm-in agreement with Antofagasta SA, a wholly-owned subsidiary of major Chilean copper mining company, Antofagasta PLC.**
- **Major gravity survey at Punt Hill commenced in mid-November and is due to be completed by late February.**
- **IP survey planned over selected targets generated from the gravity survey at Punt Hill to assist in ranking potential drill targets.**
- **In-house assessment being undertaken of the iron potential of the Waddikee tenement located on the central Eyre Peninsula, South Australia.**
- **Monax will focus its bauxite exploration in the Pretender Creek area, far north Queensland, with exploration to commence at the conclusion of the wet season.**

Corporate

Monax holds 36 million shares (23.93% undiluted) in Marmota Energy Limited (ASX:MEU).

As at 31 December 2010, the Company had a cash balance of \$4.6 million.

Exploration

South Australian Projects

Monax has three core South Australian projects (Figure 1).

1. **Punt Hill – copper, gold (farm-in with Antofagasta)**
2. **Melton – copper, gold (JV with Marmota Energy)**
3. **Waddikee – manganese, iron (farm-in with OM (Manganese) Limited)**

Punt Hill Project (Monax 100%; Antofagasta earning 51%)

The Punt Hill project is located within the highly prospective Iron Oxide Cu-Au Province on the eastern margin of the Gawler Craton. This province is host to the world class Olympic Dam and Prominent Hill mines, as well as the recently discovered Carrapateena and Hillside deposits. The Punt Hill tenement is adjacent to Carrapateena, which consists of a complex hematite breccia extending at depth from 470m.

On 1 September 2010, Monax announced it had signed a farm-in agreement over the highly prospective Punt Hill copper-gold project tenements (EL 4642 & EL 4548) with a major international copper mining company, Antofagasta PLC ("Antofagasta"), through its wholly-owned subsidiary Antofagasta Minerals S.A.

Antofagasta is a Chilean based copper mining company listed on the London Stock Exchange which owns and operates three copper mines in Chile. Antofagasta produced 442,500 tonnes of copper in 2009 and is forecasting an increase in production to 700,000 tonnes in 2011, ranking it as one of the top 10 copper producers in the world. Antofagasta is looking to grow its portfolio and currently has exploration and evaluation programs in North America, Latin America, Europe, Africa and Asia. The Punt Hill farm-in agreement represents Antofagasta's first investment within Australia.

Under the Agreement, Antofagasta can earn a 51% interest in the Punt Hill project by expending US\$4 million over 4 years. The agreement commits Antofagasta to spend no less than US\$1.5 million on the Punt Hill project within the first two years, thus ensuring that ongoing exploration activity will take place at the project.

Once Antofagasta has obtained this 51% interest, Monax has the ability to remain at 49% by co-funding exploration or development costs, or can elect to have its interest diluted. Antofagasta can earn a further 19% equity in the project by expending a further US\$5 million on exploration and development of the project tenements. If a development decision is made, Antofagasta will pay Monax a success fee of \$US10 million.

To complement existing data on the Company's flagship Punt Hill project, Monax commenced a major gravity survey on the project. The current survey will add 8050 gravity stations and is due for completion in late February, resulting in a total coverage comprising 14,650 stations. The data will be processed and significant gravity anomalies modelled. The newly acquired gravity data is shown in Figure 2.

The gravity survey has provided more clarity on the previously defined target areas particularly on the southern part of EL 4548 (Yeltacowie). At the completion of the gravity survey, the gravity

data will be processed and modelled and Monax and Antofagasta geologists will rank potential targets for further screening using electrical geophysical methods.

Drilling of selected targets is planned for the second quarter of 2011.

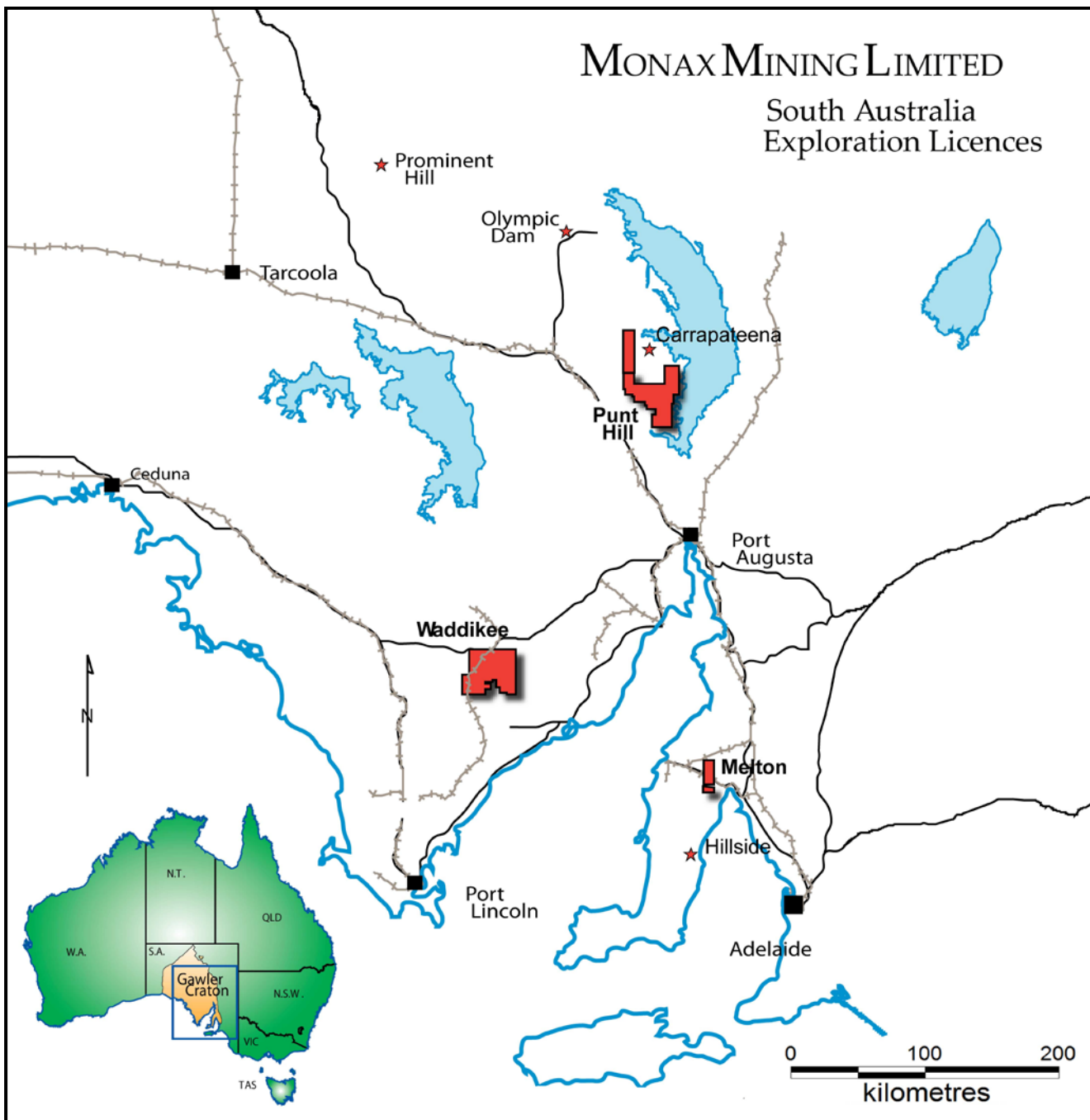


Figure 1: Location of Monax's core South Australian projects

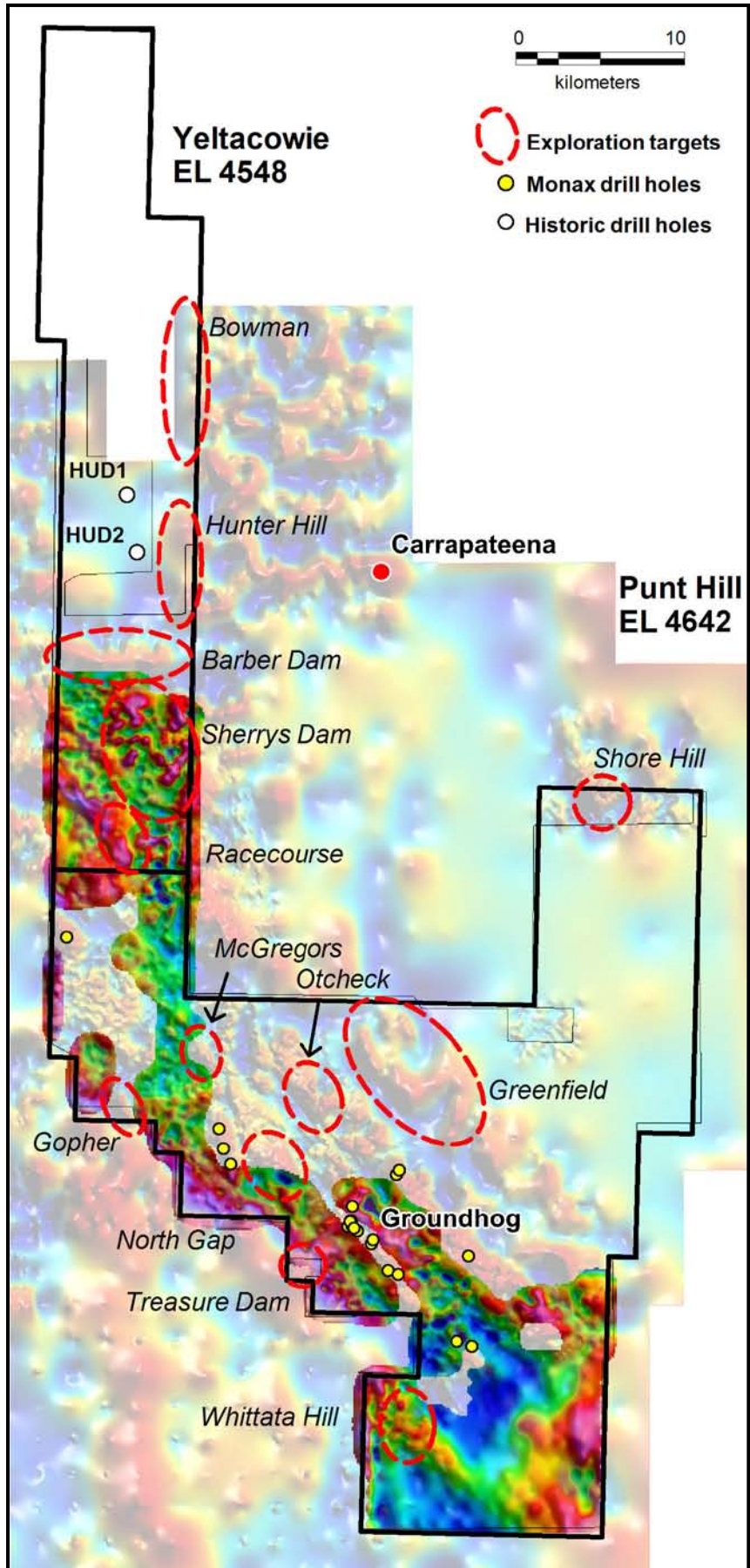


Figure 2: Location of newly acquired gravity data on Punt Hill project.

Waddikee Project (Monax 100%; OM (Manganese) Limited earning 60% interest in manganese and iron)

The Waddikee project in South Australia is located south of the township of Kimba on the central Eyre Peninsula, which is the new focus of iron ore exploration in South Australia. The Waddikee project is the subject of a farm-in agreement with OM (Manganese) Ltd (OMM), a wholly owned subsidiary of OM Holdings Limited (ASX:OMH). OMM is required to fund A\$2 million over four years to acquire a 60% participating interest in the Waddikee project.

Drilling by Monax in 2010 reported highly encouraging manganese and iron results. Significant manganese results include:

- 10m @ 17.5% Mn (JTRC069 26 – 36m) including
 - 2m @ 26.7% Mn (26 – 28m)
- 3m @ 19.8% Mn (JTRC057 18 - 21m)
- 3m @ 21.2% Mn (JTRC067 28 – 31m)
- 7m @ 17.1% Mn (JTRC121 22-29m)
- 5m @ 19.2% Mn (JTRC119 14-19m)

Significant intersections of iron include:

- 20m @ 32.1% Fe (JTRC054 5 – 25m) and 8m @ 25.9% Fe (JTRC054 31 – 39m)
- 7m @ 31.3% Fe (JTRC067 11 – 18m)
- 10m @ 28.0% Fe (JTRC065 22 – 32m)
- 6m @ 37.2% Fe (JTRC118 17-23)
- 8m @ 29.5% Fe (JTRC105 15-23m)

Further drilling is planned to commence in February 2011.

During the quarter, Monax also commenced an in-house assessment of the iron potential of the Waddikee tenement.

In 2008, Monax undertook a program of rock chip sampling targeting iron and manganese. The reconnaissance sampling program reported iron up to 60.14% (see ASX Release 13 March 2008 for sample details). Three main areas were targeted; Bunora Siding, Lambell prospect and Kelly Tank (Figure 3). Several samples were also collected in the Jamieson Tank area. Results from the sampling are presented in Table 1.

Rock chip sampling by Western Mining Corporation in 1981 on the Waddikee tenement area for base metals reported numerous samples with >20% Fe (see Figure 3).

The Eyre Peninsula region is currently the focus of iron ore exploration with companies including Ironclad Mining Limited, Centrex Metals Limited, Iron Road Limited, Lincoln Minerals Limited and Investigator Resources Limited assessing potential iron ore projects. Figure 4 shows the location of the Waddikee tenement and the iron ore projects on the central Eyre Peninsula. Table 2 summarises the iron ore exploration projects on the central Eyre Peninsula.

Since the initial rock chip sampling program in 2008, Monax has focused on manganese exploration. During the course of manganese focused exploration Monax reported highly encouraging iron drilling results from the Jamieson Tank and Polinga prospects.

Table 2: Summary of iron ore projects on central Eyre Peninsula, South Australia.

Company	Deposit/Prospect	Resource/Reserves	Host rocks
Ironclad Mining Ltd	Wilcherry Hill	Indicated & inferred resource 69 mt @ 25.9% Fe	Proterozoic magnetite skarns
Ironclad Mining Ltd	Hercules	Inferred resource 215 mt @ 27.7% Fe	Proterozoic banded iron formation
Lincoln Minerals Ltd	Hercules South	Inferred resource 21.7 mt @ 33.3% Fe	Proterozoic banded iron formation
Iron Road Limited	Warrambo	Inferred resource 328 mt @ 17.3% Fe	Archaean magnetite gneiss
Centrex Metals Ltd	Wilgerup	Indicated resource 13.3 mt @ 57.7% Fe	Proterozoic banded iron formation
Investigator Resources Ltd	Jungle Dam	No resource figure	Proterozoic banded iron formation

In 2008, Monax reported up to 44m @ 34.6% Fe from the Polinga prospect and up to 24m @ 28.4% Fe from the Jamieson Tank prospect (see ASX Release 19 September 2008 for full results). In August 2009, the Company announced the farmin agreement with OMM.

Monax reported several intersections of iron from the 2010 drilling program at Jamieson Tank including 20m @ 32.1% Fe and 6m @ 37.2% Fe (see ASX Release 16 July 2010). The drilling at Jamieson Tank showed the stratigraphy comprises iron-rich units interlayered with manganese-rich units. The iron and manganese is interpreted to be part of the Proterozoic Lower Middleback Jaspilite, the same unit which hosts significant iron deposits elsewhere on the Eyre Peninsula.

Detailed aeromagnetic imagery for the Waddikee project area, shows long, linear magnetic features, which are interpreted to represent magnetic units within the Proterozoic stratigraphy, including the Lower Middleback Jaspilite. Much of the current and historical rock chip sampling comes from zones adjacent to the main magnetic features and represents hematite dominant lithologies.

Monax will continue to undertake the in-house assessment of the iron potential of the Waddikee tenement with a view to justify more detailed exploration focused on iron during 2011. The iron rights are currently part of the farmin agreement with OMM.

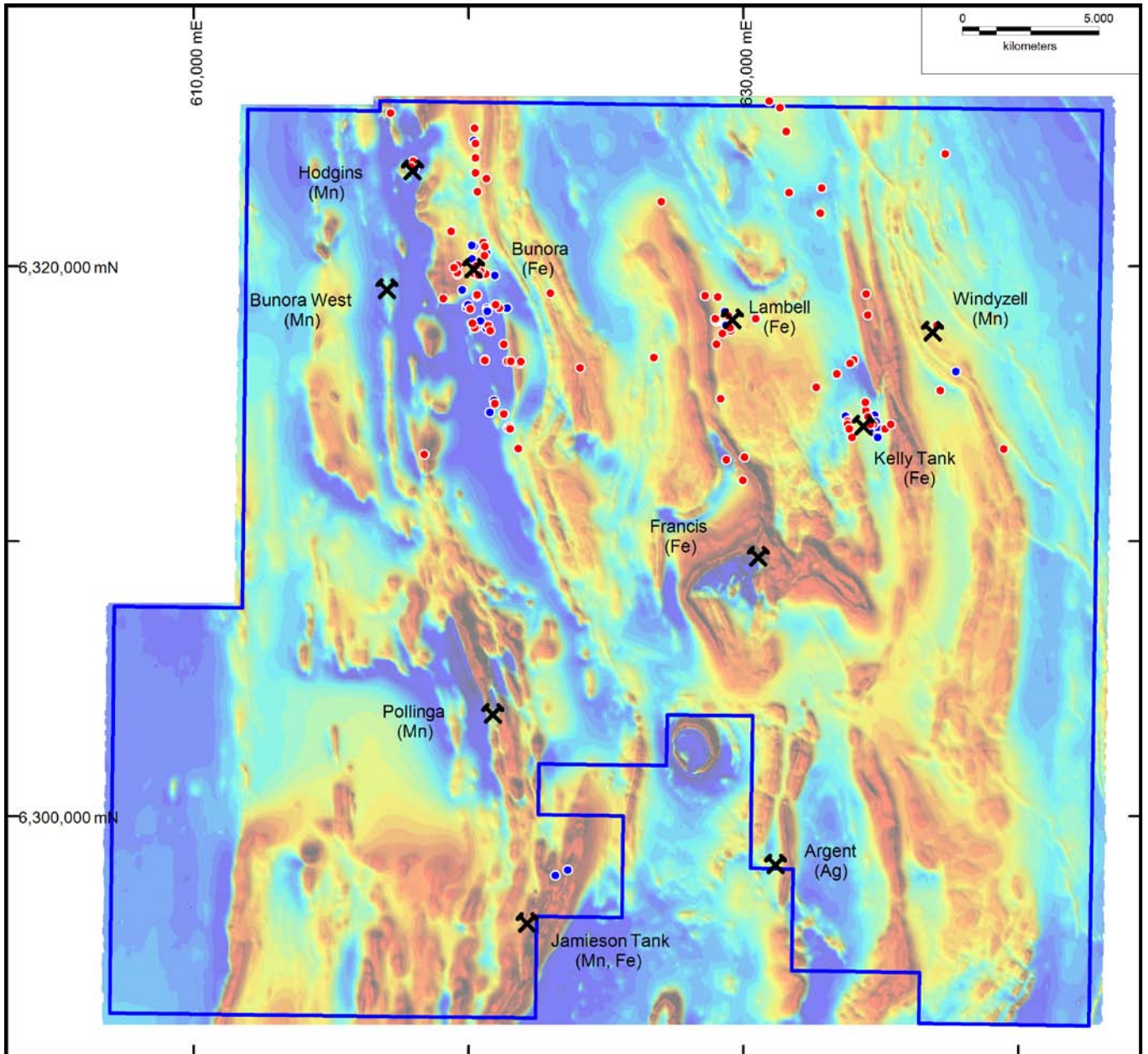


Figure 3: Location of rockchip samples grading >20% Fe on Waddikee on detailed aeromagnetic image (red dots = WMC samples; blue dots = Monax samples)

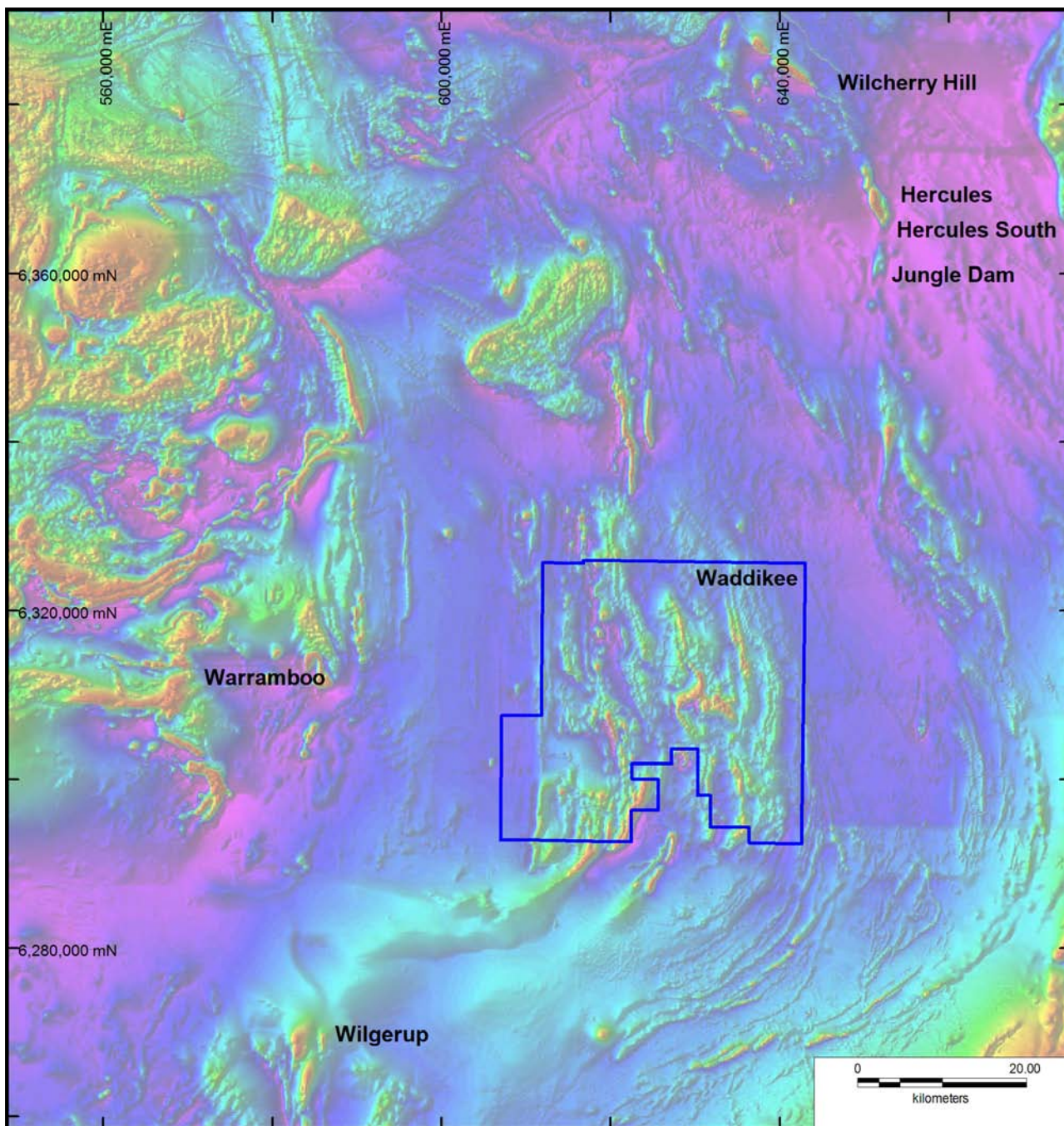


Figure 4: Location of Monax Waddikee tenement and iron deposits on central Eyre Peninsula.

Melton Project (50:50 Joint Venture with Marmota Energy Limited)

The Melton project is located on the northern Yorke Peninsula along the Pine Point Fault Belt, a newly defined structural corridor which hosts the Hillside deposit (Rex Minerals). Detailed geophysical surveys within the project area defined three significant targets and seven holes were completed in mid 2010. The best results came from the Miranda target.

Drill holes MIRDD01 and MIRDD04 at the Miranda target intersected a zone of low-grade copper mineralisation associated with an amphibole-magnetite-pyrite-chalcopyrite alteration system. The

alteration system is interpreted to be related to the intrusion of an extensive mafic body into the metasedimentary host rocks. The best intersections include:

- 21m @ 0.11% Cu (hole MIRDD01 from 451m)
- 4m @ 0.15% Cu (hole MIRDD04 from 432m)
- 4m @ 0.12% Cu (hole MIRDD04 from 463m)
- 3m @ 0.26% Cu (hole MIRDD04 from 487m)

During the quarter, a down-hole EM survey was completed at the Miranda prospect, and data from the survey is currently being interpreted with follow-up drilling planned to commence in mid-to-late February.

Kangaroo Island Project (Monax 100%)

The Kangaroo Island project located in South Australia and is prospective for base metals (lead-zinc-silver) and gold mineralisation. Drilling by previous explorers at Bonaventura reported high-grade zinc with the best result being 5m @ 26.9% Zn, 10% Pb and 1.54 g/t Ag (hole PRC31-Havilah Resources). Two drilling programs by Monax have expanded the known mineralisation.

Monax has taken the Bonaventura Prospect from several isolated mineralised intersections to a coherent ore body with a strike of 150m, to a depth of 200m. 3D modelling of all drill hole data has shown that mineralisation consists of at least three, high-grade shoots, set within a wider halo of disseminated low-grade sulphides. The detailed structural data acquired by Monax has allowed for detailed targeting of the high-grade shoots in subsequent in-fill drilling programs. Further potential exists at depth along the currently defined ore shoots, below 200m.

Recent detailed heli-mag and IP surveys over the Bonaventura and Dewrang prospects has highlighted potential zones of further mineralisation which warrant drill testing.

Monax is currently revising the Information Memorandum for the Kangaroo Island project to incorporate the recently acquired detailed magnetic and radiometric data and IP data over the Bonaventura and Dewrang prospects. Monax is seeking a joint venture partner to move this project forward.

Queensland Projects

Monax currently has two active projects located in northern Queensland (Figure 5):

1. **Pretender Creek bauxite project**
2. **Percyvale gold project**

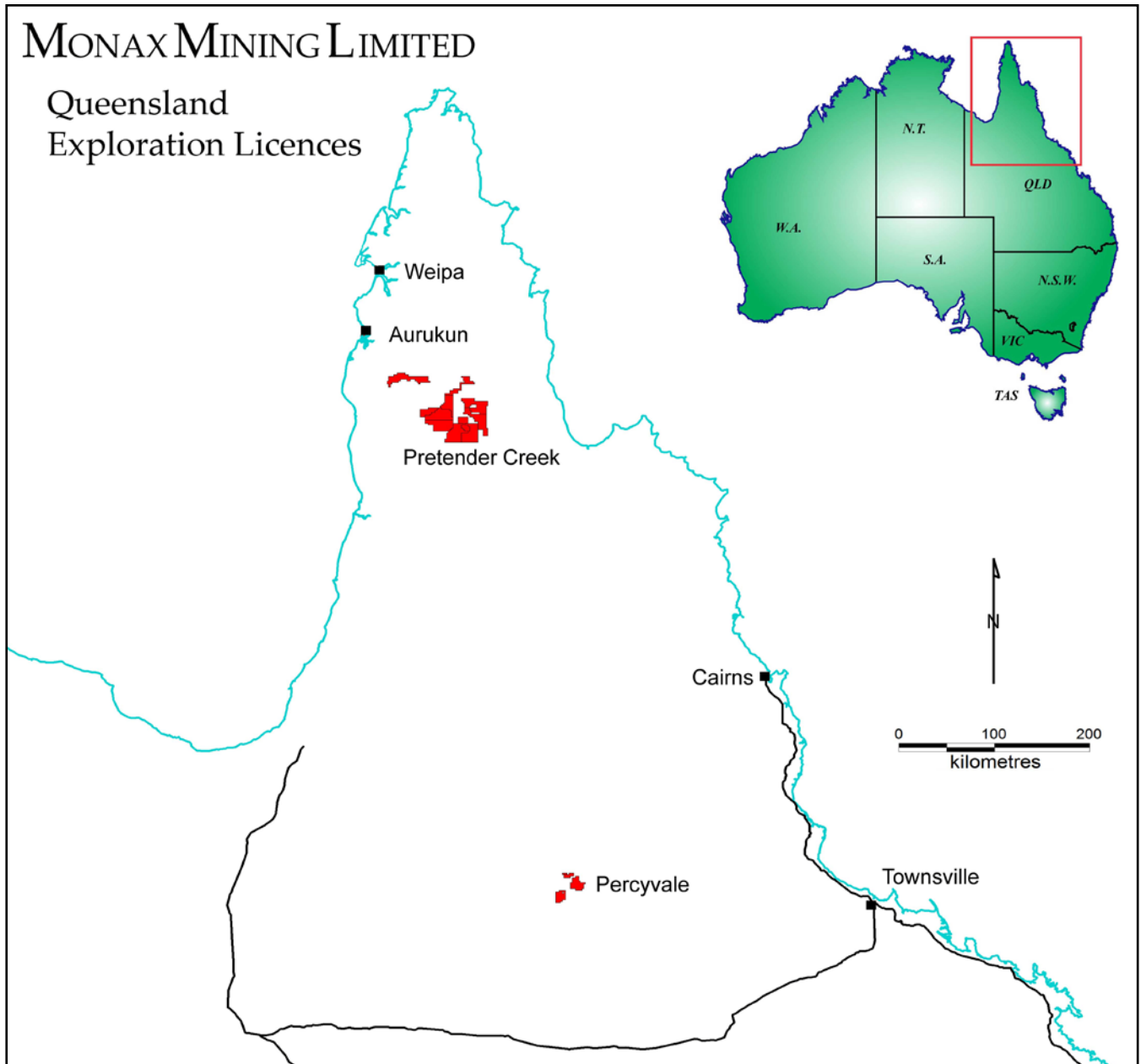


Figure 5: General location of Monax Queensland Projects

Pretender Creek Bauxite Project

The Pretender Creek project area is located on Cape York, a major bauxite province in northern Queensland (Figure 5). The project comprises eight tenements covering an area of 1887 km².

Monax undertook a brief reconnaissance trip to Cape York in September 2010 to meet with landowners and review access to exploration areas. Bauxite was mapped in several localities within the Pretender Creek area and exploration drilling is planned to commence in the second quarter of 2011 once the wet season has concluded.

During the quarter, Monax withdrew from the Callabonna option agreement covering three tenements in the Aurukun-Weipa area and will concentrate its exploration activities on the Pretender Creek project area.

Percyvale Gold Project

Monax recently renewed the Option Deal over four granted gold Mining Leases in the Percyvale area, northern Queensland. Preliminary rock chip sampling has confirmed high-grade gold is present within all four Leases.

The four Mining Leases are listed below:

Lease No.	Name	Expiry Date	Size (hectares)
ML 3366	Union	31 July 2016	23.6
ML 30199	Percy West	30 June 2016	32
ML 30139	Josephine	31 October 2014	6.36
ML 30103	Homeward Bound	30 September 2013	2.63

The four Mining Leases are currently held by the landowner and visible gold has been found on all four leases. Previous drilling and costeaning at the Union Mining Lease reported very encouraging results and Monax undertook reconnaissance rock chip sampling during 2010 with highly encouraging results.

Gold up to 119 g/t was reported from the Josephine Lease with elevated silver (up to 830 g/t Ag), copper (up to 5.62% Cu) and lead (up to 11.43% Pb). Ore from the Homeward Bound Lease is polymetallic with gold up to 71 g/t, silver up to 1258 g/t, copper up to 17.08%, lead up to 3.93% and zinc up to 15.52% reported.

Five samples were collected from the Cranky Dick line of lode at the Union Mining Lease with gold up to 28.41 g/t reported. This area has not received much exploration and the reef extends for approximately 400m in length and is up to 10m wide in places.

Monax is planning an IP survey followed by RC drilling to test the gold potential of the four mining leases.

Exploration Program for Current Quarter

Punt Hill – copper-gold

- Gravity survey due for completion by late February
- Assessment of gravity data and target generation
- Aboriginal heritage clearance

Waddikee – manganese, iron

- Aircore/RC drilling of regional targets to commence in mid February
- Two diamond drillholes at Jamieson Tank (February-March)
- Continued in-house assessment of the iron potential

Melton – copper-gold

- Assessment of down-hole EM results from Miranda target
- Further drilling planned to commence late February

Kangaroo Island – base metals, gold

- Preparation of an updated information memorandum to promote project for potential joint venture

Pretender Creek – bauxite

- No field exploration due to wet season
- Planning drilling program for following quarter

Percyvale – gold

- No field exploration due to wet season
- Planning IP survey to assist with location of drill holes
- Planning drilling program for following quarter

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Investor Relations
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'The information in the Quarterly Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets 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 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 Ferris consents to the inclusion of the information in this report in the form and context in which it appears.'

Table 1: Results of Monax rock chip sampling program at Waddikee from January 2008

Sample No	MGA 94E	MGA 94N	Fe	Mn	Al2O3	CaO	P	S	SiO2	V2O5	LOI
			%	%	%	%	%	%	%	%	%
5001	620652	6320547	34.04	0.03	1.76	0.65	0.061	X	32.51	0.02	16.28
5002	620649	6320565	44.81	0.02	3.24	0.59	0.207	0.009	17.3	0.09	13.15
5003	620642	6320565	41.63	0.01	3.25	0.37	0.186	0.026	23.86	0.08	12.4
5004	620407	6319712	50.76	0.02	2.06	0.08	0.245	0.037	13.07	0.06	10.09
5005	620407	6319712	50.92	0.02	2.07	0.08	0.246	0.037	13.09	0.06	11.82
5006	620257	6319875	45.31	0.22	2.27	0.15	0.249	0.038	20.05	0.03	11.27
5007	620106	6320824	52.64	0.03	4.48	0.41	0.096	0.081	7.09	0.17	11.02
5008	620191	6320782	54.47	0.02	3.28	0.67	0.171	0.093	4.91	0.07	13.1
5009	620118	6320319	46.13	0.02	5.02	0.82	0.638	0.027	15.01	0.02	10.43
5010	619760	6319201	52.8	0.03	5.43	0.81	0.35	0.081	8.74	0.11	7.93
5011	619760	6319201	55.77	0.02	3.62	0.3	0.437	0.067	6.07	0.05	8.13
5012	619975	6318658	40.61	0.01	5.71	1.37	0.381	0.046	22.35	0.03	10.63
5013	620282	6318958	50.8	0.02	1.64	1.38	0.714	0.023	9.54	0.01	12.27
5014	620942	6319725	42.69	0.01	4.53	0.52	0.64	0.031	20.62	0.08	10.61
5015	619909	6318584	50.83	0.02	4.25	1.06	0.513	0.048	10.52	0.01	10.35
5016	619589	6319767	54.66	0.01	3.34	0.34	0.352	0.047	5.63	0.35	10.86
5017	619367	6321363	46.91	0.02	5.04	0.12	0.418	0.046	14.3	0.03	12.34
5018	618029	6323576	54.78	0.02	4.15	0.15	0.078	0.105	7.86	0.06	8.14
5019	618080	6323651	11.93	0.01	0.58	0.05	0.028	X	81.49	X	0.75
5020	621392	6318538	44.25	0.01	2.63	0.15	0.506	0.026	18.76	0.09	13.01
5021	620670	6318424	43.01	0.01	3.42	0.12	0.116	0.045	21.27	0.04	12.14
5022	620682	6318456	46.68	0.01	3.27	0.14	0.041	0.062	21.68	0.04	6.65
5023	620657	6318518	52.39	0.02	2.79	0.14	0.324	0.083	11.01	0.01	9.83
5024	620420	6318073	43.2	X	5.51	0.12	0.101	0.042	24.74	0.04	4.77
5025	620286	6317846	53.57	0.01	3.49	0.79	0.25	0.063	7.92	0.06	8.99
5026	620642	6317783	52.16	0.01	1.88	0.55	0.309	0.031	9.57	0.03	11.79
5027	620584	6316669	54.12	0.01	3.23	0.47	0.176	0.078	7.28	0.07	10.7
5028	620910	6315176	58.76	0.01	0.68	0.02	0.468	0.012	5.82	X	8.8
5029	620770	6314752	47.76	X	0.98	0.07	0.248	0.013	23.49	0.01	5.8
5030	629354	6317903	59.54	0.02	1.96	0.24	0.093	0.061	5.37	1.13	5.03
5031	629016	6318060	47.83	X	3.5	0.07	0.135	0.018	21.02	0.04	5.45
5032	629016	6318060	56.04	0.02	2.56	0.58	0.06	0.024	9.26	0.02	7.54
5033	629016	6318060	16.14	X	3.49	0.18	0.037	0.024	68.96	X	3.26
5034	629000	6318250	10.98	X	1.4	0.17	0.016	0.018	81.76	0.03	1.33
5035	629313	6318405	57.45	0.01	1.97	0.07	0.167	0.041	2.48	0.04	11.83
5036	629498	6317729	11.39	X	1.34	0.22	0.01	0.021	81.38	0.03	1.35
5037	629398	6317709	12.75	X	2.65	0.1	0.005	0.029	76.62	X	2.08
5038	630461	6318182	60.14	0.08	0.86	0.09	0.07	0.015	3.59	X	10.5
5039	637724	6316227	52.11	X	2.16	0.16	0.097	0.07	10.82	0.13	11.48
5040	620179	6324619	52.43	0.01	4.16	1.33	0.398	0.066	4.81	0.02	13.17
5041	634870	6313840	51.95	0.01	4.79	0.18	0.535	0.026	7.39	0.02	10.86
5042	634725	6313995	57.92	X	2.09	0.51	0.202	0.041	2.23	0.02	11.53
5043	634691	6314182	55.75	X	2.57	0.06	0.585	0.024	3.84	0.03	12.12
5044	634809	6314404	33.94	X	4.13	0.76	0.015	0.065	37.44	0.04	9.11
5045	634862	6314201	41.49	X	3.49	0.09	0.254	0.05	18.69	0.05	16.52
5046	634758	6314645	34.61	0.01	6.44	0.23	0.436	0.037	30.85	0.07	11.02
5047	634633	6314661	47.78	0.02	2.61	0.72	0.184	0.036	17.85	0.07	8.47
5048	634476	6314616	52.72	X	3.36	0.2	0.247	0.027	9.06	0.15	11.08
5049	633699	6314614	55.79	0.02	2.73	0.22	0.478	0.03	2.57	0.13	12.42
5050	633822	6314454	54.74	0.04	4.65	0.47	0.052	0.056	8.62	0.15	6.5
5051	622117	6296348	6.62	43.80	6.14	0.14	0.03	0.02	5.16	0.00	13.54
5052	622358	6296590	9.22	37.92	8.98	0.6	0.062	0.033	9.18	0.02	14.35
5053	622458	6296718	5.4	41.24	9.54	0.23	0.027	0.022	7.27	0.01	14.98
5054	623143	6297913	57.37	0.50	3.27	0.05	0.14	0.064	3.41	0.01	10.8
5055	623600	6298115	32.92	19.52	5.56	0.22	0.521	0.01	5.09	0.01	14.27

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(197) - - (207)	(326) - - (377)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	96	183
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Cash call contributions under JV agreements Other	 302 (1)	 302 63
Net Operating Cash Flows	(7)	(155)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	 - - -	 - - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	 - - -	 - - -
1.10 Loans to other entities	(3)	(3)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(10)	(158)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(10)	(158)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(10)	(158)
1.20	Cash at beginning of quarter/year to date	4,660	4,808
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4650	4650

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	119
1.24	Aggregate amount of loans to the parties included in item 1.10	3

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 costs to be recovered in relation to shared facilities from a related entity.

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

+ See chapter 19 for defined terms.

Marmota Energy Limited pursuant to the Farm-In and Joint Venture Agreements for EL 4510 (formerly EL 3358), EL 3458, EL 3684, EL 3685, EL 3357, EL 3775, EL 3911 and EL 4000 has incurred on an accruals basis \$35,771 in the quarter ending 31 December 2010.

OM (Manganese) Ltd pursuant to the Farm-in and Joint Venture Agreement for EL 3357 has incurred on an accruals basis \$6,357 in the quarter ending 31 December 2010.

Antofagasta Minerals S.A. pursuant to the Farm-In Option Agreement – Punt Hill Project for EL 4642 and EL 4548 has incurred on an accruals basis \$135,000 in the quarter ending 31 December 2010.

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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	450

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	232	142
5.2 Deposits at call	4415	4515
5.3 Bank overdraft	-	-
5.4 Other (provide details)	3	3
Total: cash at end of quarter (item 1.22)	4650	4,660

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	EL 3458	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased	ELA 300/10 ELA 354/10 ELA 355/10 ELA 4581 (subsequent licence to EL 3376)	Application Application Application Granted	0% 0% 0% 100%	100% 100% 100% 100%

+ See chapter 19 for defined terms.

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	148,053,668	148,053,668		
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>	150,000 215,000 10,000 3,000,000 18,309,654 425,000	Nil Nil Nil Nil 18,309,654 Nil	<i>Exercise Price</i> \$0.666 \$0.246 \$0.0517 \$0.10 \$0.15 \$0.0517	<i>Expiry Date</i> 14/02/2012 18/07/2013 23/12/2013 31/07/2012 30/11/2011 05/03/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				


+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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.

Sign here:  Date:28/1/2011.....
 (Director/Company secretary)

Print name: Virginia Suttell

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.