



**MONAX  
MINING LIMITED**

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**For immediate release**

29 July 2011

# Monax Mining Limited Quarterly Report

For the period ending 30 June 2011

## HIGHLIGHTS

- **Progressing five projects in two Australian states.**
- **Actively reviewing opportunities to add to the Company's current project portfolio.**
- **Processing of gravity data for Punt Hill copper-gold project in South Australia's Far North outlines eight priority copper-gold targets.**
- **Successful meeting with the Kokatha Uwankara Native Title claimants in late June, resulting in heritage clearance planned for the Punt Hill project by mid-August.**
- **High-grade manganese encountered in a drilling program at the Waddikee project on Eyre Peninsula, South Australia. Hole HRC05 intersected 52m @ 21.1% Mn ending in mineralisation, with the bottom two metres recording 36.6% Mn.**
- **Assessment of the iron potential of the Waddikee project commenced, with a major geophysical review.**
- **Copper-gold drilling completed on Melton project, located within Pine Point Fault, Yorke Peninsula, South Australia. Results expected in early August 2011.**
- **Landowner agreement for Pretender Creek bauxite project on Cape York, Queensland, and negotiations continuing for Aboriginal heritage clearance prior to commencement of drilling.**

## Corporate

Monax Mining has been actively reviewing opportunities to add to its project portfolio.

During the quarter to 30 June 2011, Monax attended a meeting with the Kokatha Uwankara, the Native Title claimants over its Punt Hill project area, located about 120km north of Port Augusta, South Australia.

At the meeting, Monax presented its proposed exploration program and discussed and signed a Native Title Mining Agreement for Exploration. The Kokatha Uwankara has committed to signing the agreement. The Kokatha Uwankara also agreed to Monax's request for an heritage clearance for mid-August 2011.

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

As at 30 June 2011, the Company had a cash balance of \$3.74 million.

## Exploration

### South Australian projects

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

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

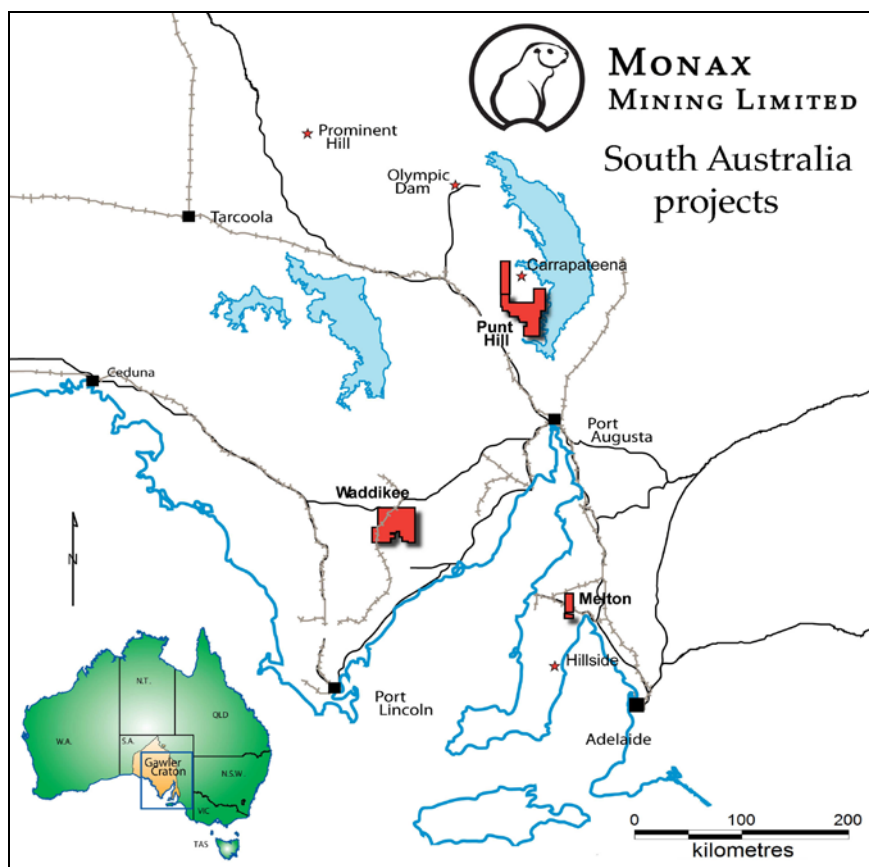
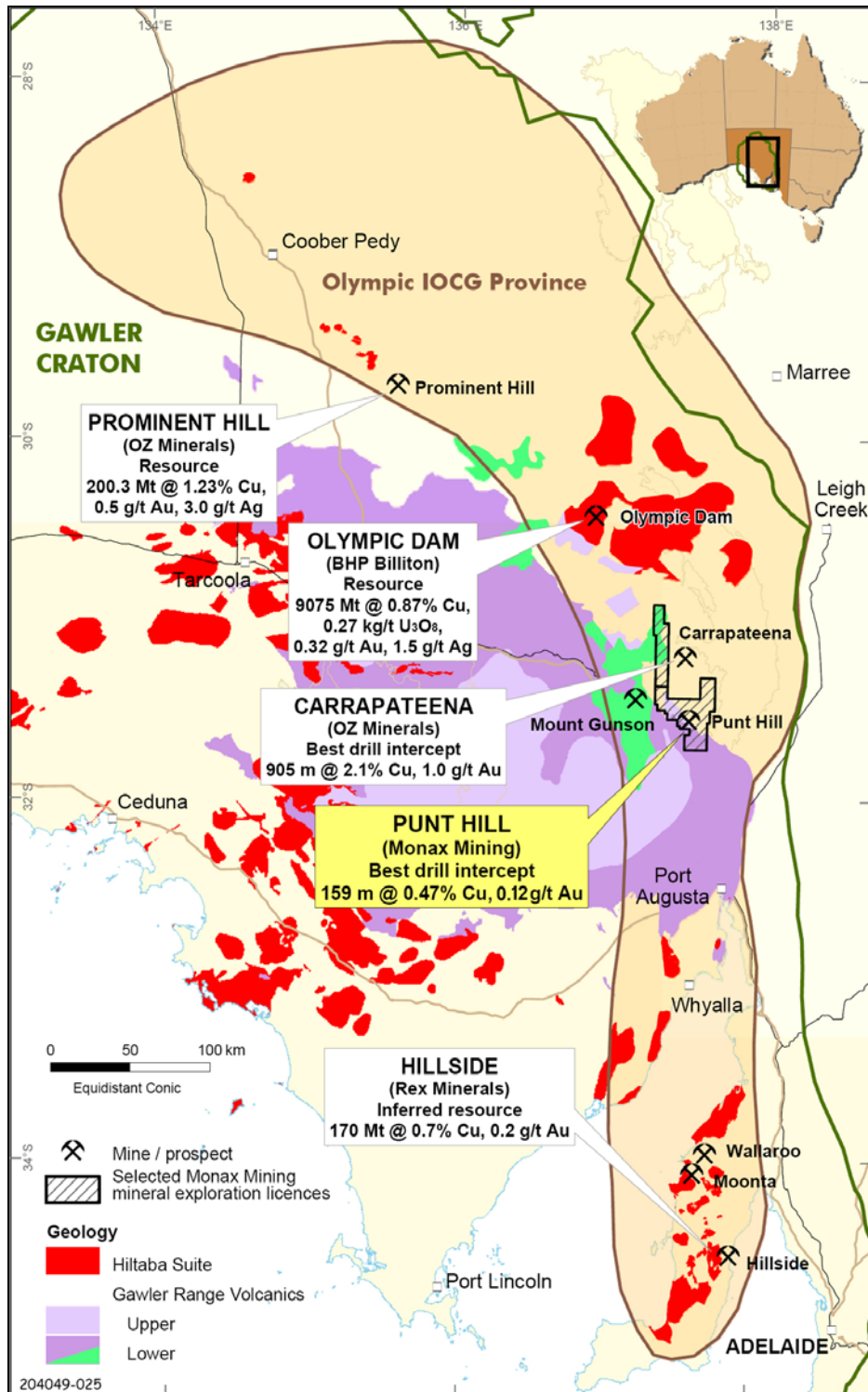


Figure 1. Location of Monax's core South Australian projects.

**Punt Hill project (Monax 100%; Antofagasta earning 51%)**

The Punt Hill project is located within the highly prospective Olympic Iron Oxide Copper-Gold (IOCG) Province on the eastern margin of the Gawler Craton (Figure 2), in South Australia's Far North. 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 project is adjacent to Carrapateena, which consists of a complex hematite breccia extending at depth from 470 metres.

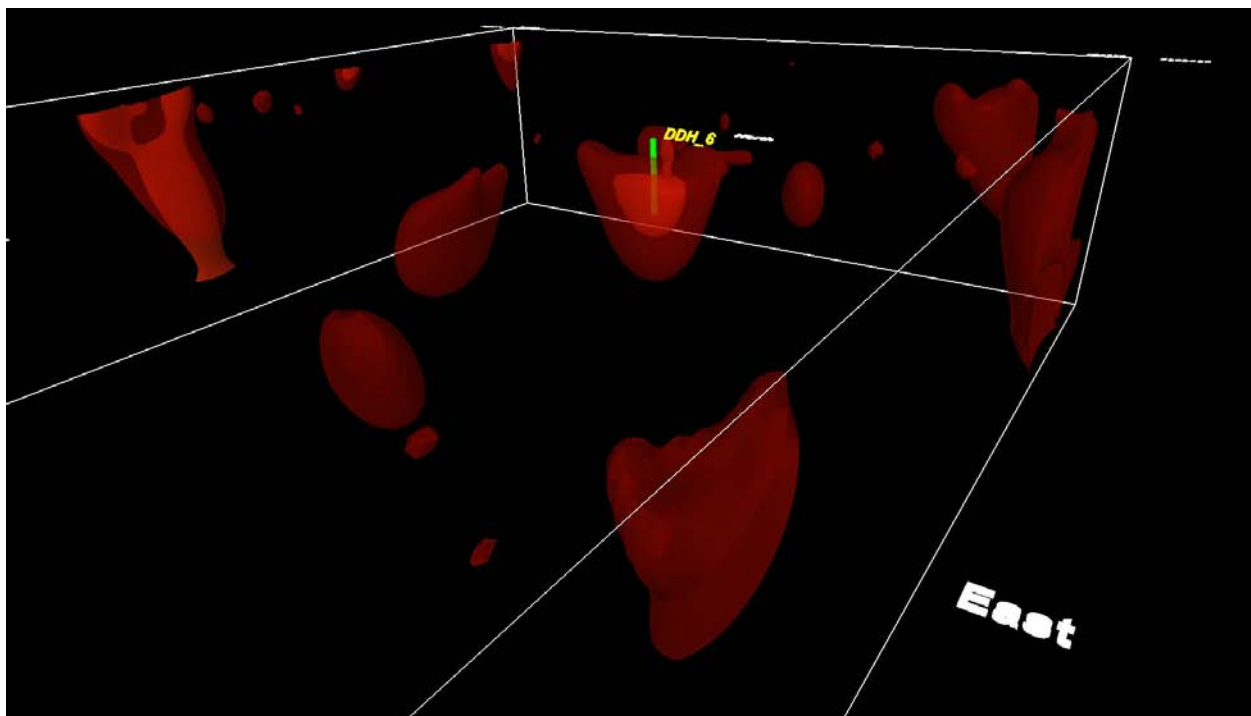


**Figure 2. Geological setting of Monax's Punt Hill project.**

The Punt Hill project is subject to a farm-in agreement with Antofagasta PLC ("Antofagasta"), through its wholly-owned subsidiary, Antofagasta Minerals S.A. Under the agreement, Antofagasta can earn a 51% interest in the project by committing US\$4 million over four years. Once Antofagasta has obtained this 51% interest, Monax has the ability to retain its 49% interest 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 US\$10 million. The agreement commits Antofagasta to spend a minimum of US\$1.5 million on the Punt Hill project within the first two years.

A comprehensive gravity survey over the Punt Hill project was completed in April. Processing and interpretation of the data has been completed in the quarter and a number of significant anomalies have been identified. These gravity anomalies are currently being modelled in detail using computer inversion software, producing three dimensional (3D) representations of the targets. These 3D models will provide the platform for selection of drill hole locations to test the anomalies.

Target 6 (please see figure below) is one of the eight priority anomalies which have been identified as a result of the detailed gravity survey and data processing. An example of the completed 3D model of Target 6, with a preliminary proposed diamond drill hole (DDH\_6), is shown below in Figure 3. The dimensions of the modelled shell of Target 6 gravity anomaly are in excess of 800 metres in diameter and 1 kilometre thickness. DDH\_6 is projected to 600 metres in depth (distance from surface).



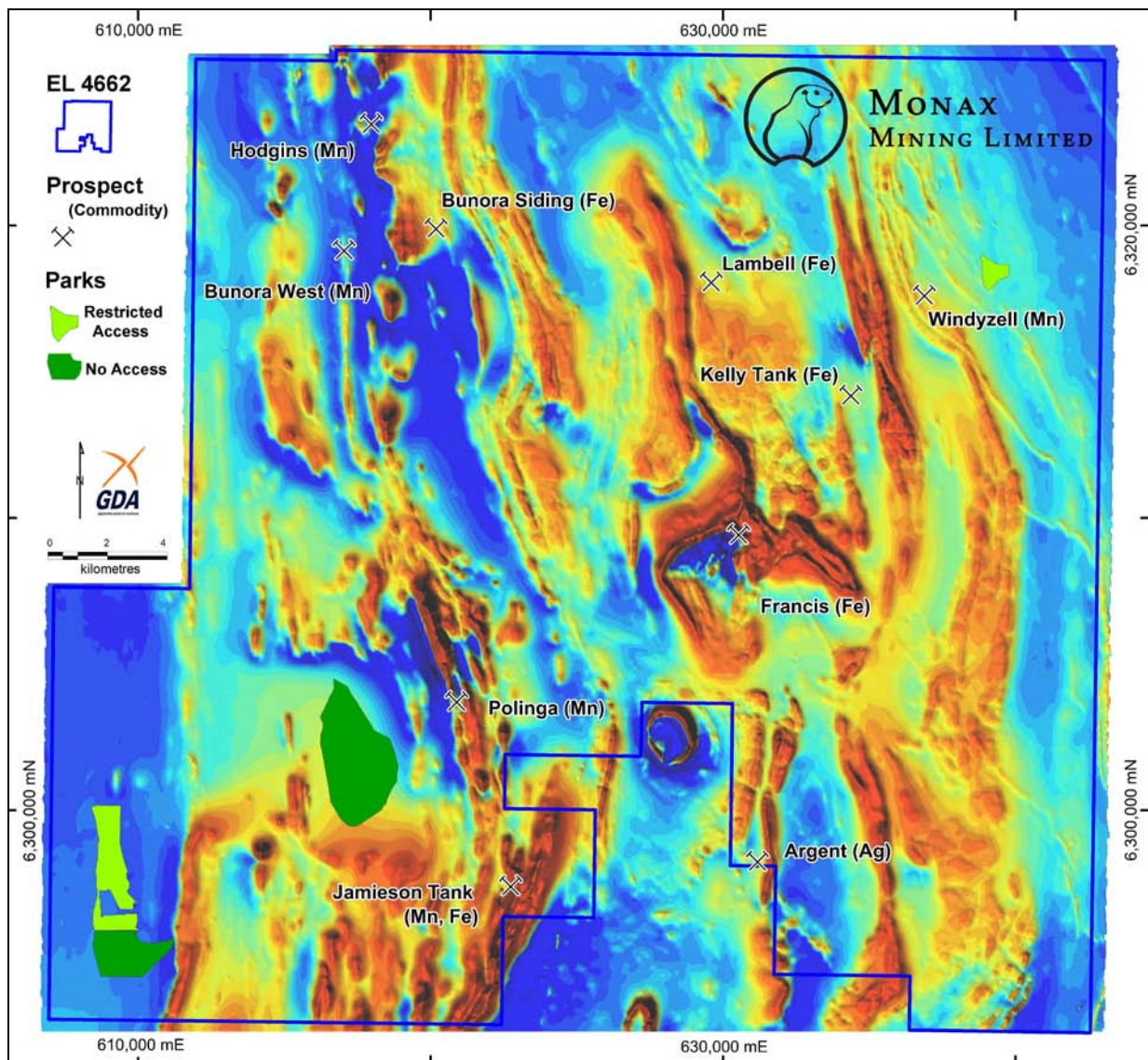
**Figure 3. 3D inversion model of Target 6, showing proposed diamond drill hole DDH\_6.**

Kokatha Uwankara, the Native Title claimants over the Punt Hill project area, have agreed to a heritage clearance, which is scheduled for mid-August. Monax has also commenced negotiation with selected drilling contractors to secure an appropriate rig to drill test the highest priority targets in the 2011 final quarter. Recent advancements in exploration on the Punt Hill project represent significant milestones in this project for Monax.

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

The Waddikee project is located south of the township of Kimba on central Eyre Peninsula, South Australia (Figure 1). Eyre Peninsula is the current focus of intensive iron ore exploration. The Waddikee project is the subject of a farm-in agreement with OM (Manganese) Limited (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 project.

A program of RC/RAB/Aircore drilling was completed on the project in March 2011, comprising 62 holes for a total of 3317 metres. The manganese prospects that were drill tested included Jamieson Tank, Polinga, Windyzell, Bunora West and Hodgins (Figure 4).



**Figure 4. Location of manganese and iron prospects, Waddikee project. Background is total magnetic intensity.**

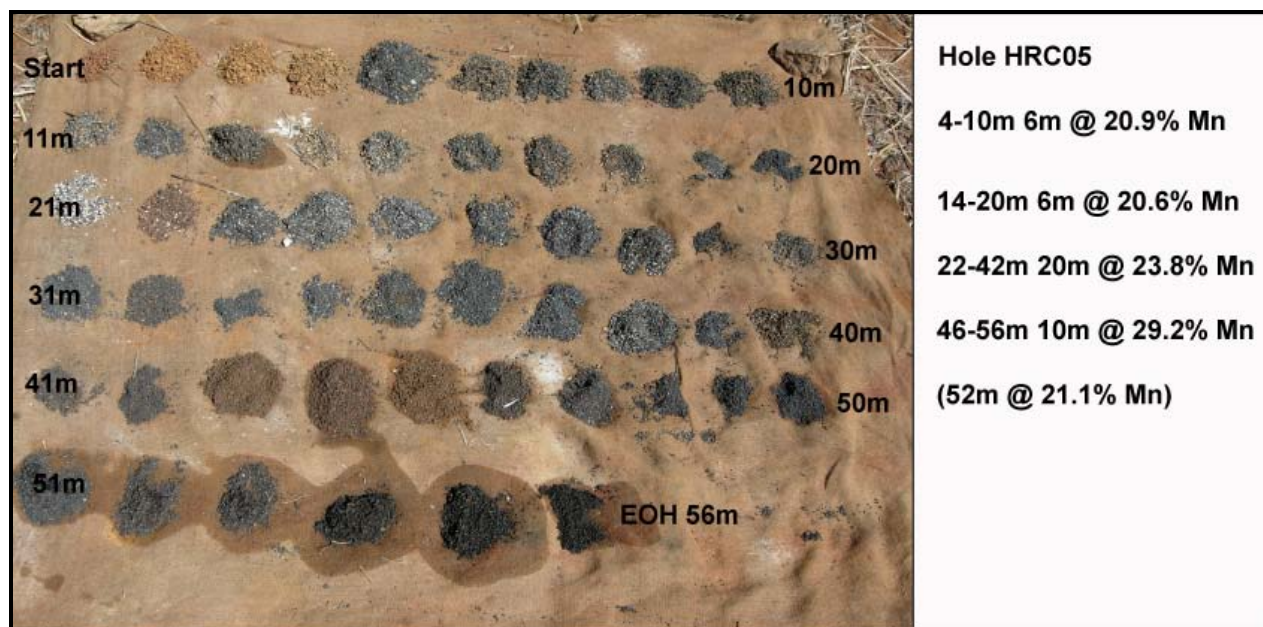
Further encouraging results were reported from the Jamieson Tank and Polinga prospects, but the best drilling results were returned from the Hodgins prospect, located on the northern part of the project area (Figure 4).

Six holes were drilled at Hodgins to follow up high grade surface rock chip samples that graded up to 37% Mn. The best intersections from this drilling include:

- 10m @ 29.2% Mn (Hole HRC05 46-56m EOH)
- 20m @ 23.8% Mn (Hole HRC05 22-42m)
- 11m @ 20.8% Mn (Hole HRC03 9-20m)
- 14m @ 16.8% Mn (Hole HRC01 32-46m)

Drill hole HRC05 is the most successful and highest grade manganese intersection from drilling on the project area to date. Overall, the hole returned **52m @ 21.2% Mn (4-56m)** and ended in mineralisation, with the bottom two metres reporting 36.6% Mn (Figure 5, Table 1).

The traverse of drill holes at the Hodgins prospect (Figure 6) was completed within a zone of manganese float located on a small rise. No manganese was observed away from the limited area of float and it is interpreted that the manganese is located under cover to the north and south of the drilling traverse. Mineralisation is unconstrained and remains open to the north and south and at depth.



**Figure 5. Representative 1 metre drill hole samples from HRC05.**

Monax commenced an Induced Polarisation (IP) survey over the Hodgins prospect (Figure 7) to assist with planning future drilling. The IP survey will consist of two phases. The first phase will be a two-dimensional Gradient Array IP (GAIP) survey over a wider area, focused at detecting anomalous manganese along strike to the north and south of the current drilled intercepts.

The second phase will be a Dipole-Dipole IP (DDIP) survey over the drilled traverse at the Hodgins prospect. This DDIP array will provide a cross section evaluation of both chargeability and resistivity properties of the rocks intersected in the drilling.

The survey commenced in late July and will take approximately seven days to complete.

**Table 1: Geochemical analyses for drill hole HRC05, Hodgins prospect.**

Hole	From	To	Interval	Fe (%)	Mn (%)	P (%)
HRC05	4	6	2	5.4	<b>19.82</b>	0.03
HRC05	6	8	2	3.8	<b>24.47</b>	0.03
HRC05	8	10	2	4.3	<b>18.45</b>	0.03
HRC05	10	12	2	2.0	12.01	0.01
HRC05	12	14	2	3.0	12.69	0.02
HRC05	14	16	2	2.9	<b>16.27</b>	0.03
HRC05	16	18	2	4.9	<b>18.78</b>	0.04
HRC05	18	20	2	3.0	<b>26.78</b>	0.03
HRC05	20	22	2	5.8	5.94	0.02
HRC05	22	24	2	3.4	<b>21.46</b>	0.05
HRC05	24	26	2	2.7	<b>26.91</b>	0.06
HRC05	26	28	2	4.3	<b>24.65</b>	0.06
HRC05	28	30	2	3.5	<b>19.97</b>	0.05
HRC05	30	32	2	5.0	<b>20.52</b>	0.05
HRC05	32	34	2	2.6	<b>20.61</b>	0.06
HRC05	34	36	2	4.3	<b>27.13</b>	0.06
HRC05	36	38	2	2.4	<b>32.51</b>	0.05
HRC05	38	42	4	8.0	<b>20.21</b>	0.08
HRC05	42	46	4	26.8	10.48	0.19
HRC05	46	50	4	4.8	<b>21.8</b>	0.05
HRC05	50	54	4	7.7	<b>29.86</b>	0.08
HRC05	54	56	2	3.5	<b>36.06</b>	0.08

Samples split with 3 stage splitter. Downhole lengths, true width unknown.  
(Analysis by Genalysis via XRF.)

The recent drilling program also returned significant intersections of iron from the project area. Previous drilling from the Polinga prospect (hole prefix PRC) reported 44m @ 34.6% Fe and 20m @ 33.8% Fe, 24m @ 28.4% Fe. Previous drilling from the Jamieson Tank prospect (hole prefix JTRC) reported 20m @ 32.1% Fe.

Significant intersections of iron from the latest drilling include:

- 34m @ 35.6% Fe (Hole JTRC166 4-38m)
- 11m @ 46.6% Fe (Hole PRC010 13-24m)
- 12m @ 33.6% Fe (Hole PRC010 34-46m)
- 4m @ 43.1% Fe (Hole HRC04 13-17m)

Monax engaged a geophysical consultant to process and model the high-quality magnetic geophysical data over the Waddikee project, aimed at assessing the potential for iron mineralisation. The modelling has shown significant magnetic features in the Francis, Polinga, Jamieson Tank and Bunora areas. Further modelling will be undertaken at a refined scale to provide targets for drilling in late 2011.

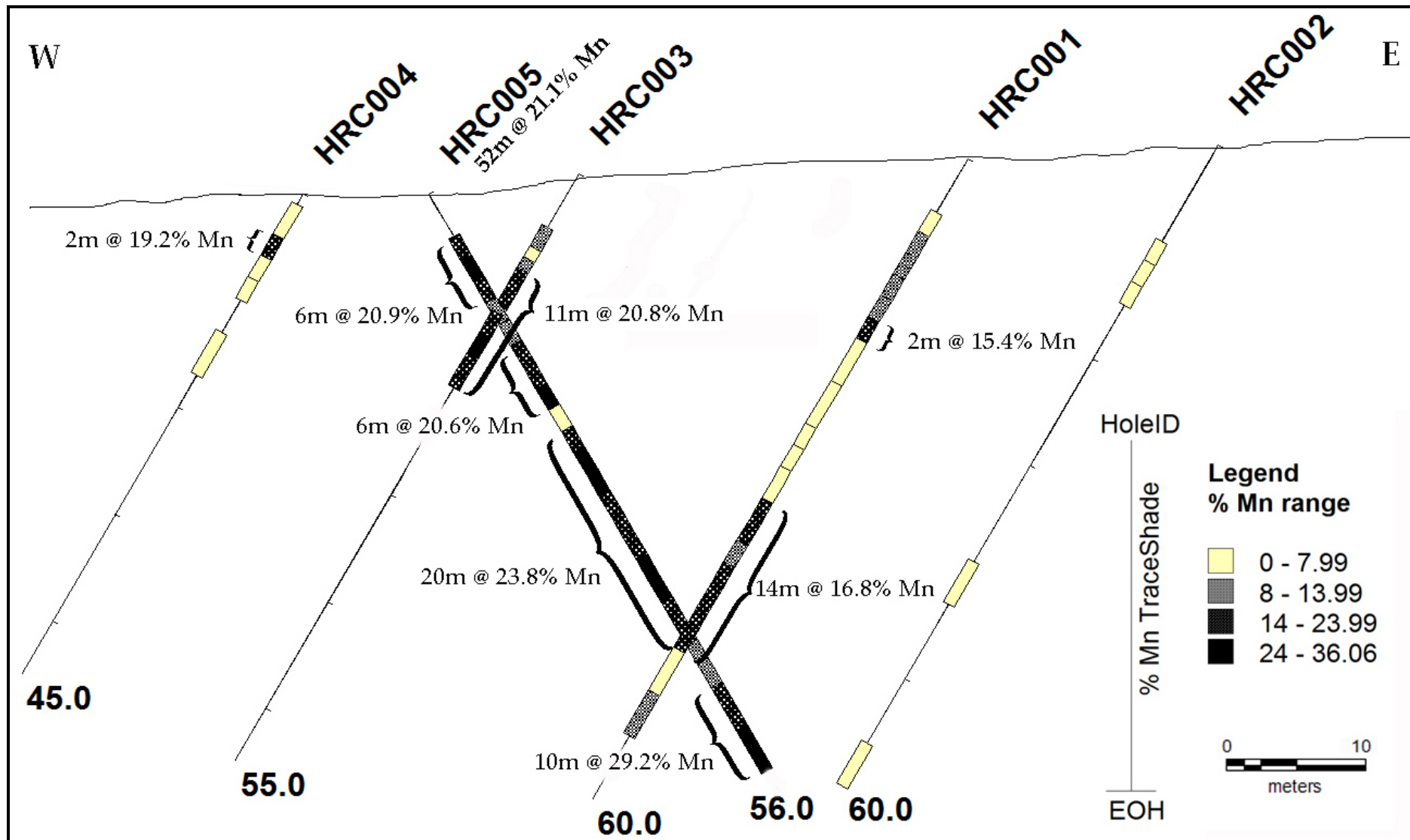


Figure 6. Drill hole section for Hodgins prospect showing high-grade manganese in holes HRC05, HRC03 and HRC01.

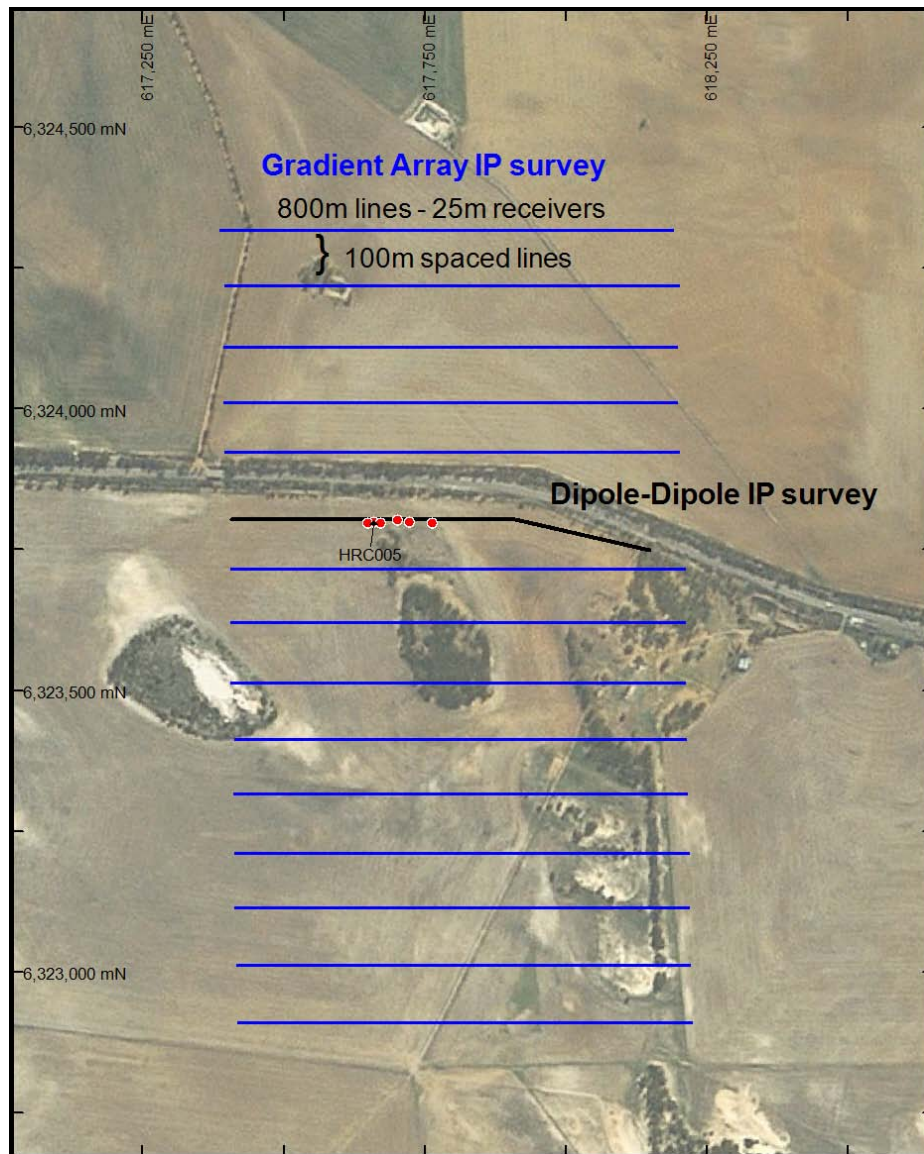


Figure 7. Location plan for IP survey at Hodgins prospect.

***Melton project (50:50 Joint Venture with Marmota Energy Limited)***

The Melton project is located on the northern Yorke Peninsula, in South Australia, along the Pine Point Fault Belt, a newly defined structural corridor which hosts the Hillside deposit (Rex Minerals). The current drilling program is focussing on following up the promising results from the maiden drilling program at the Miranda target conducted in the first half of 2010.

The second drilling program comprising four diamond holes has been completed at the Miranda target with laboratory results expected in early August. Sulphide mineralisation was observed in drill core from the Phase two drilling program (see Marmota Energy ASX Release June 7 2011).

## Queensland projects

Monax has two key projects located in northern Queensland (Figure 8).

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

During the March quarter, Monax applied for further tenements in northern Queensland focusing on gold and tin (Stannary Hills and Mt Oweenee projects – see Figure 8).

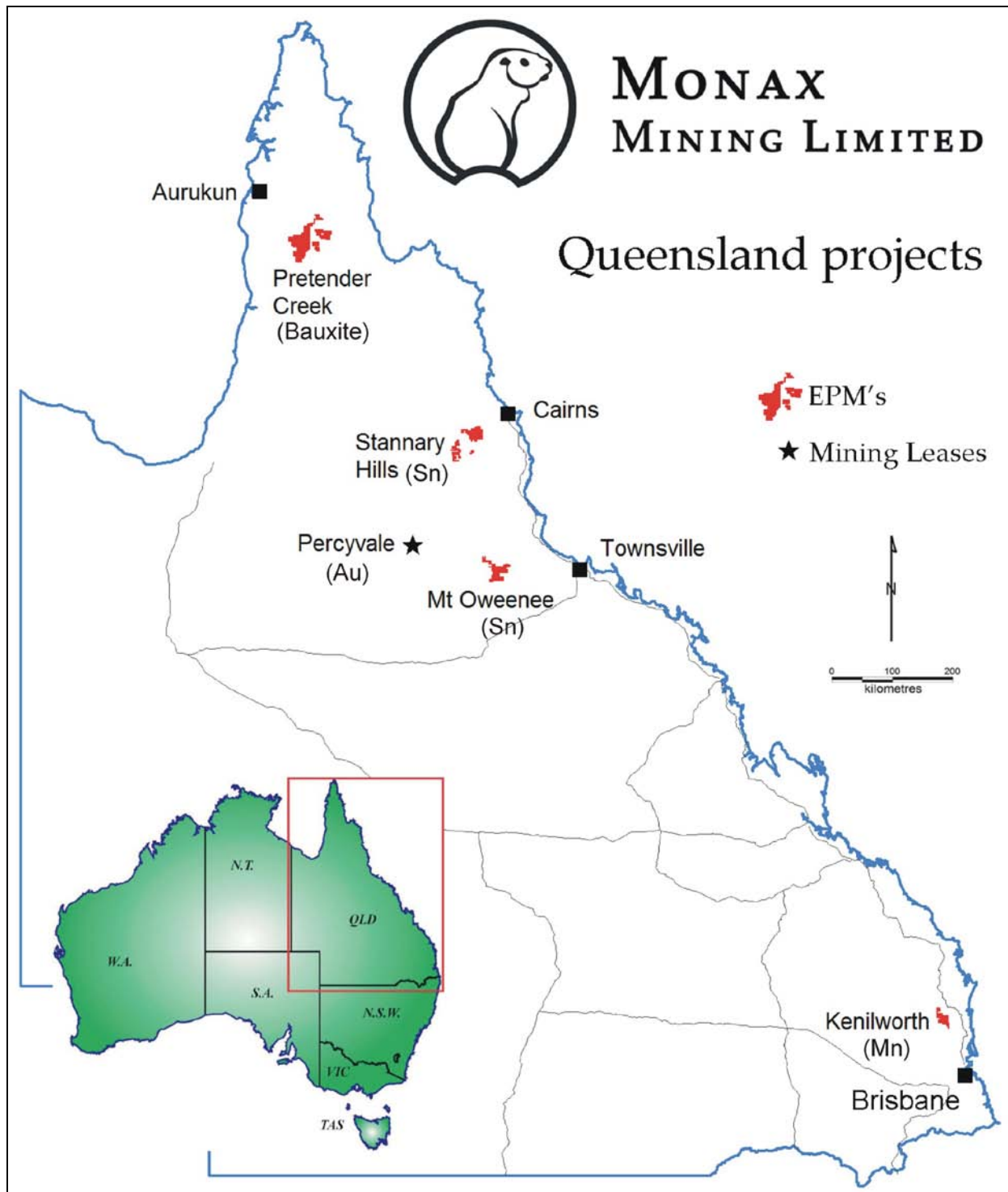
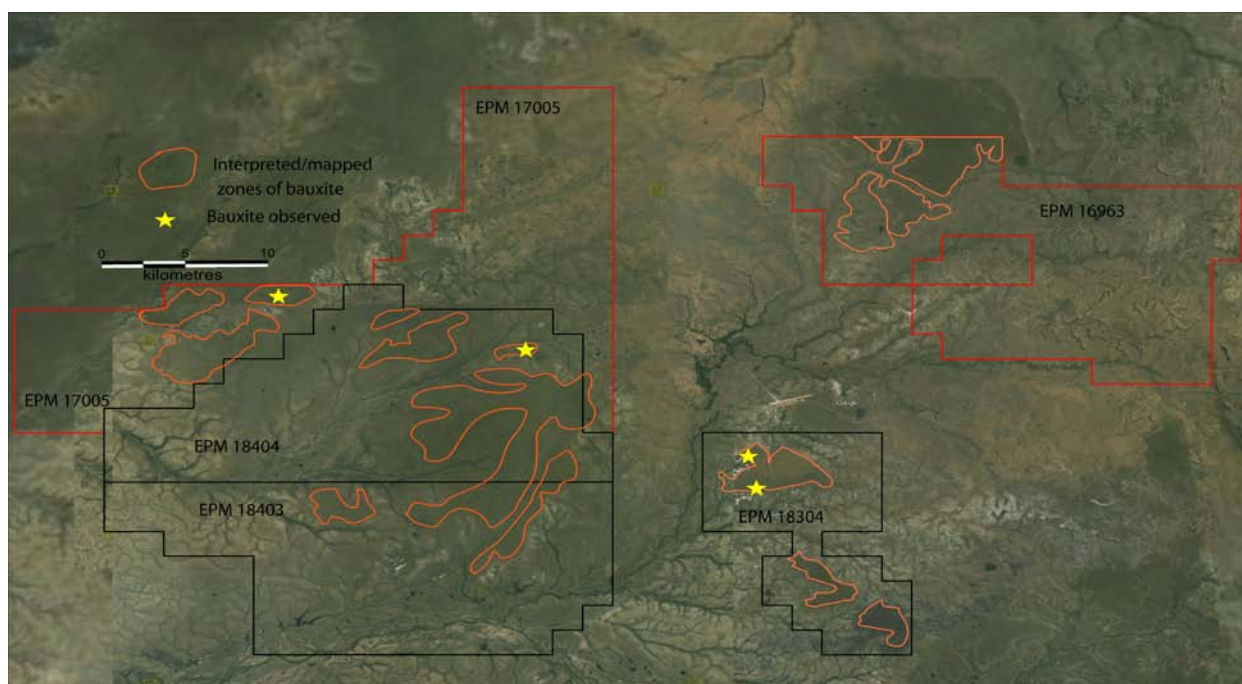


Figure 8. Location of Monax's Queensland Projects.

### ***Pretender Creek bauxite project***

The Pretender Creek project area is located on Cape York, a major bauxite province in northern Queensland (Figure 8). The project comprises five tenements covering an area of 1198 km<sup>2</sup> (Figure 9). Monax exercised the option to purchase two bauxite tenements from Delminco Pty Ltd in February 2011. After careful due diligence across the five tenements under the option agreement, Monax negotiated the purchase of EPM 16963 and EPM 17005 for \$50,000. Title for the tenements is currently being transferred to Monax and exploration will commence once Aboriginal heritage clearances are undertaken.

EPM 18403 and EPM 18404 were granted on 21 April 2011 for a period of two years, hence with the recent granting of EPM 18304, all tenements are now granted. Monax is in the process of obtaining an Aboriginal heritage clearance to commence exploration, with a suitable drill rig booked to commence in October 2011. Monax recently signed a compensation agreement with the landowner providing Monax with full access to the project area.



**Figure 9. Pretender Creek project area showing areas of known and interpreted bauxite (tenements outlined in red represent tenements purchased from Delminco Pty Ltd).**

### ***Percyvale gold project***

Monax renewed the Option Deal in early 2011 over four granted gold Mining Leases in the Percyvale area, northern Queensland. Preliminary rock chip sampling confirmed high-grade gold is present within all four Leases.

The four Mining Leases are listed below:

<b>Lease No.</b>	<b>Name</b>	<b>Expiry Date</b>	<b>Size (hectares)</b>
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

A 1000m RC drilling program commenced in mid-July, targeting the Union and Percy West Leases. Recent drilling on the boundary of the Union Mining Lease by PepinNini Minerals reported 4m @ 4.65 g/t Au & 69.75 g/t Ag, from 33m (including 1m @ 14.85 g/t Au & 223 g/t Ag). This drilling was on the margins of the Cranky Dick line of lode which is located within ML 3366. Previous rock chip sampling by Monax from the Cranky Dick line of lode within ML 3366 reported gold up to 28.41 g/t. This area has not received significant exploration and the reef extends for approximately 400m and is up to 10m wide.

Monax plans to drill five holes targeting the Cranky Dick line of lode and four holes on the Percy West Lease, where previous drilling did not test the main reef. Previous rock chip sampling at Percy West has reported gold up to 608 g/t. Monax also plans to drill two holes at Josephine and Homeward Bound to follow-up high-grade rock chip sampling results.

## **Exploration Program for Current Quarter (July – September)**

### ***Punt Hill – copper-gold***

- Assessment of gravity data and target generation
- Aboriginal heritage clearance

### ***Waddikee – manganese, iron***

- IP survey over Hodgins prospect
- Continued assessment of the iron potential

### ***Melton – copper-gold***

- Assess drilling results

### ***Pretender Creek – bauxite***

- Undertake Aboriginal heritage clearance
- Commence on-ground bauxite exploration
- Drilling program to commence in October 2011

### ***Percyvale – gold***

- Drilling program commenced mid-July 2011.

## **For further information please contact:**

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Investor Relations  
Ph: 0404 006 444

*'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.'*

# 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")

30 June 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(522)	(1,437)
(b) development	-	-
(c) production	-	-
(d) administration	(123)	(758)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	66	336
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	333	635
Other	23	55
R & D tax offset	135	119
<b>Net Operating Cash Flows</b>	<b>(88)</b>	<b>(1,050)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(8)	(9)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(11)</b>	<b>(12)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(99)</b>	<b>(1,062)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(99)	(1,062)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(99)	(1,062)
1.20	Cash at beginning of quarter/year to date	3,845	4,808
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,746</b>	<b>3,746</b>

**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	381
1.24	Aggregate amount of loans to the parties included in item 1.10	8

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, contributions to Joint Venture expenditure made to a related party and service fee payments to an associated entity.

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 3910, EL 3911 and EL 4000 has incurred on an accruals basis \$22,059 in the quarter ending 30 June 2011.

OM (Manganese) Ltd pursuant to the Farm-in and Joint Venture Agreement for EL 3357 has incurred on an accruals basis \$185,892 in the quarter ending 30 June 2011.

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 \$83,235 in the quarter ending 30 June 2011.

### 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	750
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>950</b>

### 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	478	77
5.2 Deposits at call	3,265	3,765
5.3 Bank overdraft	-	-
5.4 Other (provide details)	3	3
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,746</b>	<b>3,845</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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			
6.2	EPM 18304 (formerly application)	Granted	100%	100%
	EPM 18403 (formerly application)	Granted	100%	100%
	EPM 18404 (formerly application)	Granted	100%	100%

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+ 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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**

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7.11	Debtures <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: ....29/7/2011.....  
 (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.