



**MONAX  
MINING LIMITED**

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**For immediate release**

31 October 2011

Monax Mining Limited  
**Quarterly Report**

For the period ending 30 September 2011

**HIGHLIGHTS**

- **Six sites at Punt Hill copper-gold project located in northern South Australia approved for drilling during heritage clearance with Kokatha Uwankara Native Title Claimants in August.**
- **Successful negotiation of a Native Title Mining Agreement for Exploration with Kokatha Uwankara for Monax's flagship Punt Hill copper-gold project.**
- **Four hole diamond drilling program at Punt Hill copper-gold project commenced in late October. Drilling should take approximately fifty days with initial results expected in late 2011/early 2012.**
- **IP survey completed at Hodgins prospect, on the Waddikee manganese and iron project on S.A's Eyre Peninsula.**
- **Encouraging copper-gold results from Melton copper-gold project on S.A.'s Yorke Peninsula with 3m @ 1.3% copper including 1m @ 2.25% copper and 0.46 g/t gold.**
- **Pretender Creek bauxite drilling program in northern Queensland commenced on 10 October with about 180 shallow auger holes planned with initial drilling results expected by late 2011.**
- **Monax is actively reviewing opportunities to add to its current project portfolio.**

## Corporate

Monax Mining has continued to actively review opportunities to add to its project portfolio.

During the quarter to 30 September 2011, the Company achieved two major milestones for its Punt Hill Copper-Gold Project with the receipt of a signed Part 9B Agreement and a successful heritage clearance with the Kokatha Uwankara, the Native Title claimants for the area.

Following the successful negotiation of these two important documents, Monax commenced drilling at its flagship project in late October.

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

As at 30 September 2011, the Company had a cash balance of \$3.2 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. Yorke Peninsula – copper-gold (includes Melton JV with Marmota Energy).

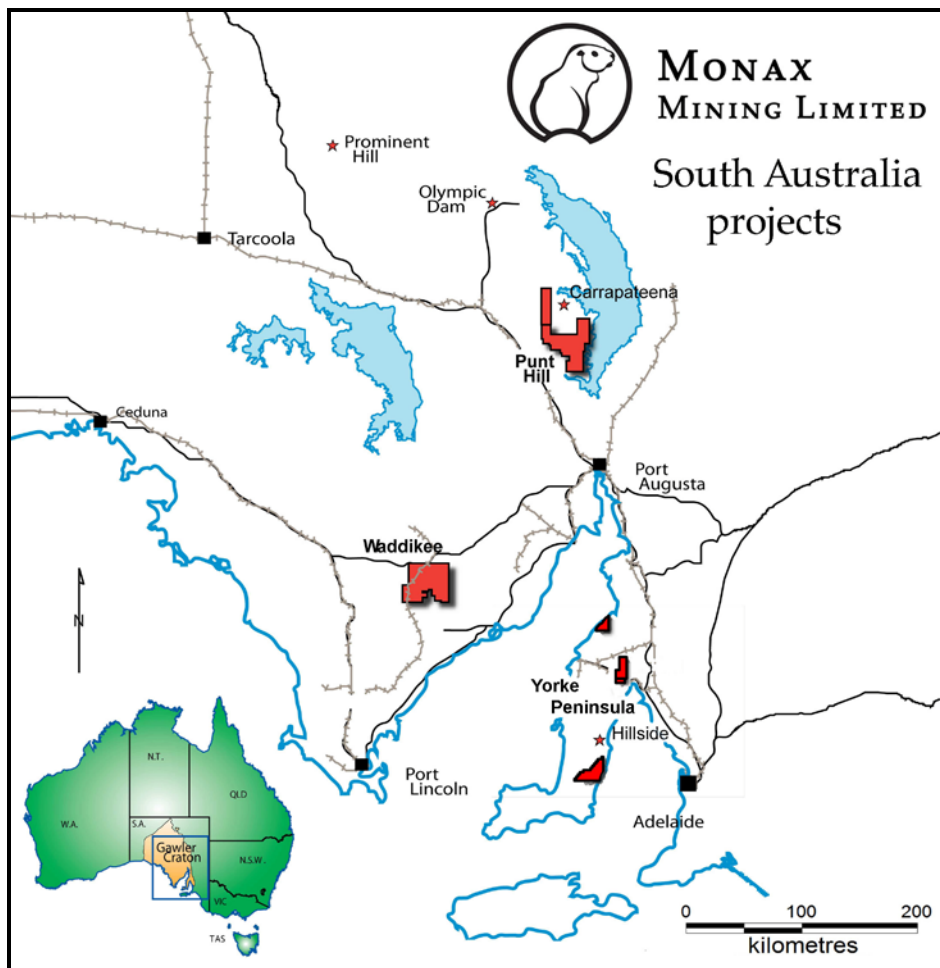
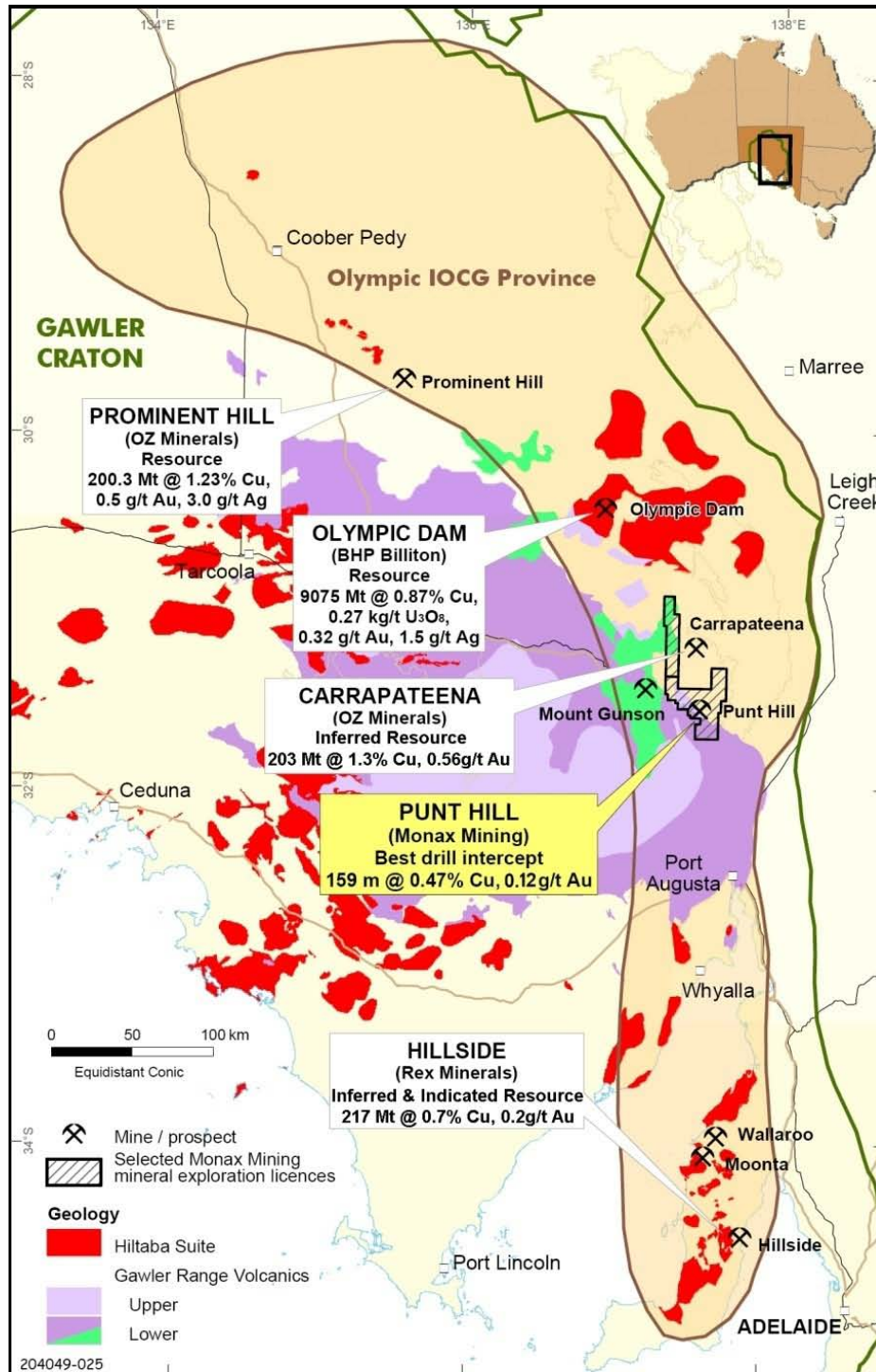


Figure 1. Location of Monax's core South Australian projects.

**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. 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 major Chilean mining company Antofagasta PLC ("Antofagasta"), through its wholly-owned subsidiary, Antofagasta Minerals S.A.

Under the agreement – Antofagasta's maiden investment in Australia – the Chilean major 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 project within the first two years.

During the quarter, Monax reached two major milestones for the project:

1. Negotiation of a Native Title Mining Agreement for Exploration (Part 9B Agreement) from the Kokatha Uwankara, the Native Title claimants of the Punt Hill project area. The signed agreement has been registered by the Department of Primary Industries and Resources, South Australia (PIRSA).
2. Successful completion of a heritage clearance for drilling with representatives of the Kokatha Uwankara (Plate 1).



**Plate 1: Monax and Antofagasta geologists mark a drill hole during the heritage clearance.**

The combination of the signed Part 9B Agreement and the successful heritage clearance paves the way for exploration to continue on the Punt Hill project. Monax successfully negotiated with the Kokatha Uwankara to have six sites approved for drilling and subsequent to the quarter end commenced a drilling program targetting significant gravity features. The drilling program is funded by Antofagasta under the farm-in agreement and will see Antofagasta reach the minimum US\$1.5 million expenditure.

The drilling program will focus on the new Yeltacowie tenement (EL 4548) where the basement is interpreted to be between 350 and 500m below the surface. Three of the four holes will test modelled gravity targets on EL 4548. Drilling will take approximately 50 days to complete with initial results expected in late 2011/early 2012.

### **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). 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.

During the quarter, Monax completed an Induced Polarisation (IP) survey over the Hodgins prospect to assist with planning future drilling. Based on the results of the survey, a further 15 RC holes are planned for early 2012. Monax is planning IP surveys over the Jamieson Tank area and at the Polinga prospect for late 2011 after the completion of the current cropping season.

OMM has approved the next phase of drilling which will commence in early 2012. RC drilling will be undertaken at the Jamieson Tank, Polinga and Hodgins prospects. Two diamond drill holes aimed at supplying suitable samples for manganese beneficiation and metallurgical testing are also planned for early 2012.

OMM has also approved up to five RC holes targeting the prominent magnetic feature at the Francis prospect for potential magnetite mineralisation. Geophysical modelling of detailed aeromagnetic data has shown a coherent magnetic feature at Francis. Previous auger sampling by Monax over this feature reported iron up to 23% Fe.

### **Yorke Peninsula project**

Monax has three sub-projects located on the highly prospective Yorke Peninsula in South Australia (see Figure 3).

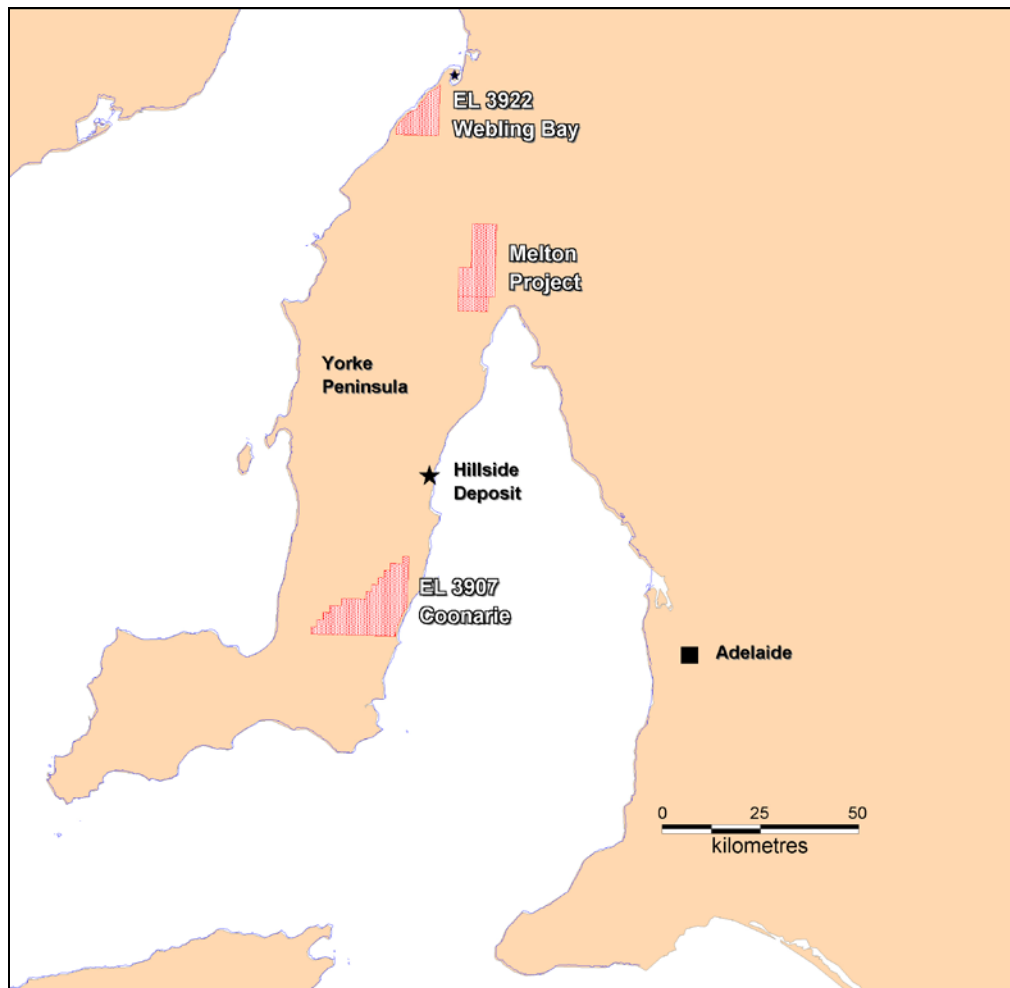
#### *Melton (50:50 Joint Venture with Marmota Energy Limited)*

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). Drilling in 2010 provided highly encouraging results with the Miranda target reporting several intersections of copper.

The second drilling program comprising four diamond holes at the Miranda target was completed in May 2011. The results received from the Melton drilling program showed some highly encouraging results, particularly within hole MIRDD08 – see Table below.

Hole	mFrom	mTo	Interval	Cu %	Ag ppm
MIRDD05	438	439	1m	0.21	0.4
MIRDD06	373	376	3m	0.25	
MIRDD06	468	471	3m	0.57	1.3
MIRDD06	476	478	2m	0.4	0.9
MIRDD07	423	425	2m	0.2	0.85
MIRDD08	467	470	3m	<b>1.31</b>	<b>39.03</b>
Including	467	468	1m	<b>2.25</b>	<b>112.1</b>

Drill hole MIRDD08 provided encouraging results with 3m @ 1.31% Cu and 39 g/t Ag (467-470m). The preceding 6m (461-467m) also reported encouraging results with sampling comprising two 3m composite samples. Re-inspection of the drill core showed visible chalcopyrite within this 6m section. The 1m samples have been submitted for analysis.



**Figure 3. Monax projects, Yorke Peninsula, South Australia.**

*Webling Bay (100% Monax)*

During the Quarter, Monax purchased EL 3922 (Webling Bay) located on the west coast of Yorke Peninsula. This purchase increases Monax's tenement position on Yorke Peninsula to four exploration licences\*, covering an area of 401 km<sup>2</sup> (see Figure 3).

Previous drilling on EL 3922 recorded anomalous copper in three holes. Hole KD11 reported 5.3m @ 1.66% Cu (97-102.3m) and 2.3m @ 1.06% Cu (108.3 – 110.6m). Hole KD16 reported 3.5m @ 1.179% Cu (169.5 – 173m). Hole KD04 recorded 10m @ 0.37% Cu (224 - 234m). The holes are located within a prominent north-northeast trending zone with mineralisation hosted by iron altered metasediments.

Monax is planning a soil/calcrete sampling program followed by aircore drilling on EL 3922 at the completion of the 2011 cropping season, expected to be in December 2011.

*Coonarie (Monax has 100% rights to all minerals excluding uranium)*

EL 3907 is located along the southern extension of the Pine Point Fault Belt. Monax is assessing the available geophysical data with a view to developing an exploration program for this tenement.

\*Note - Monax has a 50:50 joint venture at Melton with Marmota Energy

## Queensland projects

Monax has two key projects located in northern Queensland (Figure 4):

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

During the quarter, EPM 19110 (Mt Owenee) was offered to Monax and it is expected the tenement will be granted in late 2011 or early 2012.

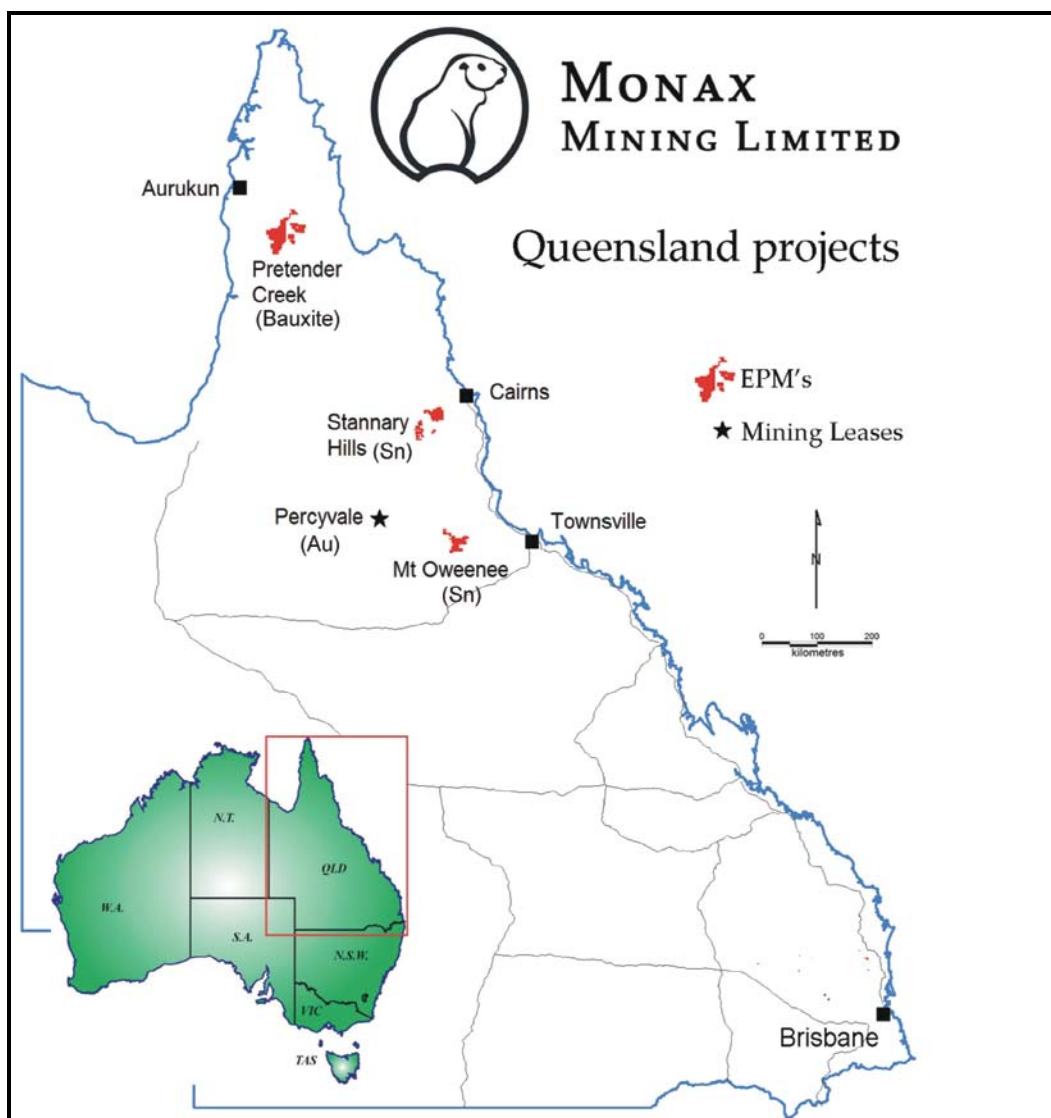


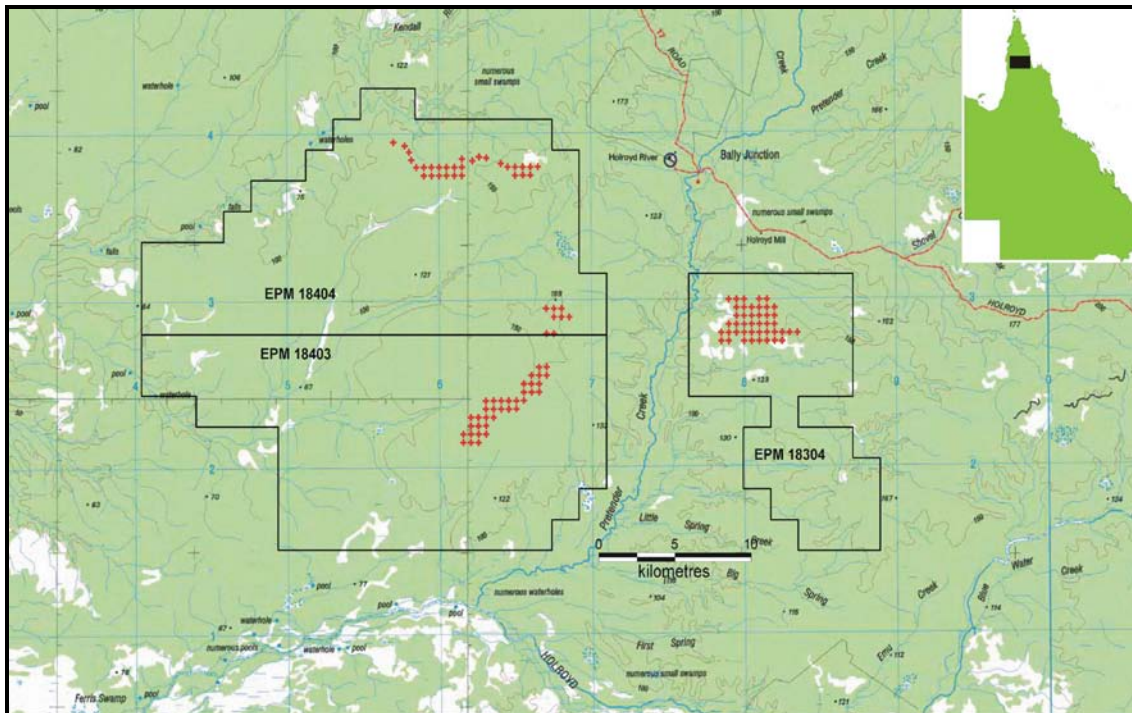
Figure 4. Location of Monax's Queensland Projects.

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

The Pretender Creek project area is located on Cape York, a major bauxite province in northern Queensland (Figure 4). The project comprises five tenements covering an area of 1198 km<sup>2</sup>. During the quarter, successful meetings were held in Pormpuraaw and Coen with representatives from the Native Title group. As a result of the meetings, Monax was granted permission from the Native Title group to undertake a drilling program.

The program will comprise about 180 holes aimed at testing three zones of known surface bauxite on Monax's tenements (see Figure 5) in an area that the Company believes could hold strategically significant resources.

Monax has previously mapped and sampled bauxite mineralisation within each of its three 100% owned tenements, which included rock chip sample grades of up to 44.5%  $Al_2O_3$ . The drilling program is being undertaken to obtain suitable samples for laboratory testing and to determine the tonnage and potential economics of the bauxite within each area. Drilling commenced on 10 October (see Plate 2) and is expected to take 3-4 weeks to complete.



**Figure 5: Location of planned drill holes at the Pretender Creek bauxite project, Northern Queensland.**

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

During the September quarter, the drilling program on Mining Leases at Percyvale was completed. Seventeen holes for a total of 760m were completed across the four Mining Leases. The best results are summarised below:

- UN01 1m @ 4.12g/t Au (24-25m)
- UN04 1m @ 8.94g/t (29-30m)
- UN05 1m @ 1.54g/t Au (19-20m)
- PW01 5m @ 1.6g/t Au (26-31m)
- PW02 1m @ 1.27g/t Au (24-25m)
- HB01 1m @ 3.63g/t Au (11-12m)

Drill hole details are presented in Table 1. Monax is currently assessing the drilling results.

**Table 1: Drill hole details – Percyvale drilling program.**

Drill Hole	ML	Zone	Easting	Northing	Azimuth	Dip	EOH (m)
UN01	Union	54	791064	7897609	200°	80°	84m
UN02	Union	54	791100	7897583	170°	60°	80m
UN03	Union	54	791135	7897562	200°	60°	66m
UN04	Union	54	791180	7897552	190°	60°	66m
UN05	Union	54	791210	7897520	190°	60°	60m
PW01	Percy West	54	792694	7893439	80°	80°	55m
PW02	Percy West	54	792655	7893458	20°	80°	49m
HB01	Homeward Bound	54	785436	7893305		90°	40m
HB02	Homeward Bound	54	785424	7893297		90°	46m
HB03	Homeward Bound	54	785440	7893318		90°	40m
JO01	Josephine	54	793664	7887294		90°	25m
JO02	Josephine	54	793690	7887286		90°	25m
JO03	Josephine	54	793707	7887278		90°	25m
JO04	Josephine	54	793720	7887289		90°	25m
JO05	Josephine	54	793694	7887257		90°	25m
JO06	Josephine	54	793662	7887265		90°	25m
JO07	Josephine	54	793655	7887274		90°	25m

All coordinates are in GDA94 Zone 54.

## **Exploration Program for Current Quarter (October - December)**

### ***Punt Hill – copper-gold***

- 3200m drilling program commenced late October.
- Assess drill hole information.

### ***Waddikee – manganese, iron***

- IP survey planned at Jamieson Tank and Polinga prospects in December
- Continued assessment of the iron potential

### ***Yorke Peninsula – copper-gold***

- Assess Melton drilling results
- Soil/calcrete sampling program planned for Webling Bay to commence in December.

### ***Pretender Creek – bauxite***

- Auger drilling program commenced in October.
- Assess drilling results.

### ***Percyvale – gold***

- Assess drilling results.

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

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**Plate 2: Auger drilling at Pretender Creek project.**

*'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 September 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(373)	(373)
(b) development	-	-
(c) production	-	-
(d) administration	(236)	(236)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	66	66
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	(12)	(12)
<b>Net Operating Cash Flows</b>	<b>(555)</b>	<b>(555)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	8	8
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>7</b>	<b>7</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(548)</b>	<b>(548)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(548)	(548)
	<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>	(548)	(548)
1.20	Cash at beginning of quarter/year to date	3,746	3,746
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,198</b>	<b>3,198</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	(248)
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 3907, EL 3911 and EL 4000 has incurred on an accruals basis \$36,597 in the quarter ending 30 September 2011.

OM (Manganese) Ltd pursuant to the Farm-in and Joint Venture Agreement for EL 3357 has incurred on an accruals basis \$21,087 in the quarter ending 30 September 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 \$105,571 in the quarter ending 30 September 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	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>1,250</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	430	478
5.2 Deposits at call	2,765	3,265
5.3 Bank overdraft	-	-
5.4 Other (provide details)	3	3
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,198</b>	<b>3,746</b>

+ See chapter 19 for defined terms.

**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	EPM 18741	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased				

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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>	148,753,668	148,053,668		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	700,000	700,000		
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	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <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: ....31/10/2011.....  
 (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.