



MONAX MINING LIMITED

ABN: 96 110 336 733

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MONAX MINING LIMITED – AGM 2008

CHAIRMAN'S ADDRESS

Fellow Shareholders

Welcome to our fourth Annual General Meeting as a listed company. Since the last Annual General Meeting the world has changed. The Global Financial Crisis emanating from the USA has caused the most volatile equities market since the Great Depression. The effect will be felt for some time as governments globally address the issues arising therefrom in their attempt to prevent flow-ons to the real economy.

However, the underlying long term demand for commodities still exists. We recognise that there is a short term adjustment but we also recognise that the emerging economies of China, India and other nations increasingly will require minerals and energy to effect their modernisation and that the first world economies still have underlying demand to service their economies. In effect then there has been a change in the short term level of demand but little change to the long term demand which has simply been delayed.

When demand returns, particularly when China starts to build back up it is likely that supply will be constrained. This will occur because as capital dries up, credit becomes constrained, projects are deferred, exploration falters, which will inexorably lead to supply failures in the not too far distant future. The future is therefore bright for companies that survive and retain quality assets.

Exploration requires patient capital as its lifeblood to develop discoveries into working mines that will produce the commodities for world consumption. It is a very good time to be exploring, make discoveries and bring them to production in the low of the cycle as it helps service the demand when the cycle turns.

However, the industry will need an incentive to entice battle weary investors to provide the patient capital for the long term gains that will flow from its investment. Countries like Canada have provided such an incentive in the form of flow through shares where the investor obtains a deduction for the proportion of subscribed capital which is spent on exploration. The company forgoes the deduction in favour of the shareholder. This process simply changes the timing of tax revenues until such time as production is achieved.

Flow through shares formed part of the Federal Government's platform in the lead up to the last election and it is pleasing that Minister Ferguson continues to give strong support for the concept. We can only urge Government as a whole to address the matter with the utmost urgency. Not in generations has the supply of capital dried up so dramatically; not in generations has the need for capital been so great for the nation's future.

What does this mean for Monax?

Your Board has considered the position of the company and has reviewed our exploration portfolio and the potential to bring projects to production as soon as possible. Due to the enormous amount of exploration that has been undertaken in Australia there have been delays in obtaining results. We expect that problem to ease significantly but we won't be in a position to evaluate the results of drilling on many projects until the 1st quarter 2009.



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However we do have a number of priority projects:

1 Manganese - The company's manganese project on the Waddikee tenement near Kimba on the Eyre Peninsula in South Australia is awaiting beneficiation test results. (It is worth noting that in The Australian of 10 November 2008 that Manganese is one mineral that is likely to thrive in the current environment due to the closure of non economic mines in China)

2 Olympic Dam Style Iron Oxide Copper Gold - Results of the September drilling at Punt Hill where we are seeking such deposits are awaited.

3 Zinc Lead – For the Bonaventura Prospect at Parndana on Kangaroo Island in South Australia we have only received assays from one of our eight diamond drill holes.

4 Gold – The old Kohinoor Gold mine at Parndana is a possible project for future gold production.

5 Iron ore – Waddikee also contains samples which assayed at up to 60% iron.

6 Joint Ventures – Our joint venture with Marmota Energy Ltd has some shallow Olympic Dam Style Iron Oxide Copper Gold targets on the Ambrosia tenement and we have seen some hydrocarbon potential as well as uranium potential. We understand that Marmota is giving priority to further work on this tenement. The increased demand for uranium as an energy source in a carbon-constrained world is significant and we intend to maintain our exposure to this commodity through our joint venture with Marmota.

Our Managing Director will deal with the technical issues in respect of each of the above and update you on the latest results received to date. Obviously, we have insufficient capital to pursue all of these prospects at once. So depending upon the assay results we will look to bring the most marketable project to production. We will also seek our joint venture partner to do the same.

It will mean that we will be seeking capital when the market allows us to do so, hopefully in a regime that allows for flow through shares.

To date we have spent the bulk of the capital raised in exploring for minerals in an environment where a junior such as ourselves had access to the capital markets to undertake exploration under the deep cover that exists in South Australia. We will apply future capital to projects which most likely to come to production in the shorter term.

In this environment we have to be aware of our counter-party risk. Our awareness has been raised significantly and whilst we haven't encountered any risk issues from counterparties we are only dealing with parties that minimise our risk. Liquidity is an issue for all explorers and we will give shareholders the choice to participate in a capital raising at the appropriate time.

Our people remain a significant resource for the company as it is through this resource that we hope to convert our exploration to production.



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Again I thank shareholders for their ongoing support particularly for their support for the successful raise of an additional \$1million through a share purchase plan and those who participated in the placement and the exercise of options raising a further \$2.2 million.

I take this opportunity to thank management and all staff for their enthusiasm and for their professional approach to the discovery of minerals for the benefit of the shareholders.

I also record my thanks to all those who have in any way contributed to our success particularly my fellow directors.

Thank you Ladies and Gentlemen.