



**MONAX
MINING LIMITED**

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30 January 2017

Monax Mining Limited

Quarterly Report

For the quarter ended 31 December 2016

HIGHLIGHTS

Litchfield Lithium Project

- Significant results received from surface sampling programs
- Seven areas of anomalous lithium outlined (>100 ppm Li)
- Maximum soil result of 1110 ppm Li (2386 ppm Li₂O)
- Soil samples successfully discriminated prospective from non-prospective pegmatites and will assist in outlining targets for proposed drilling program

Percyville Gold Project

- Maiden drilling program completed
- Gold mineralisation outlined at shallow depths
- Peak gold value of 23 g/t recorded over 1m
- Highly encouraging intercepts include:
 - 19m @ 2.85 g/t gold (15-34m) including 4m @ 9.4 g/t (15-19m) – ZZRC1605
 - 10m @ 2.6 g/t (4-14m) – ZZRC1612
 - 8m @ 1.7 g/t (1-9m) – ZZRC1611
 - 8m @ 1.16 g/t (21-29m) – ZZRC1608
- Planned IP survey to assist in highlighting additional drill targets

Corporate

In the three months to 31 December 2016, Monax Mining Limited (**Monax** or the **Company**) (ASX:MOX) completed surface sampling at the Litchfield Lithium Project and completed its maiden drilling program at the Percyville Gold Project.

During the quarter, Monax was granted EPM 26203 at the Croydon Gold Project and subsequently withdrew from the Mt Ringwood Gold Project.

As at 31 December 2016, Monax has a cash balance of \$0.92 million. Throughout the quarter, \$220,000 was spent on exploration.

Exploration

Monax has five current project interests shown below in Figure 1:



Figure 1: Location of Monax's projects as of 31 December 2016

Litchfield Lithium Project

During the December quarter, Monax completed a surface sampling program on three Exploration Licences across the Litchfield project, Northern Territory (Figure 2). The project lies approximately 110 kilometres south of Darwin, forming part of the Litchfield Pegmatite belt which is 200km in length and includes the Bynoe Pegmatite Field to the north.

Within the northern part of the Bynoe field amongst areas of historical tin and tantalum mining, recent drilling by peers has discovered significant intersections of spodumene, despite its elusive presence at surface due to strong lateritic weathering.

Initial mapping and sampling by Monax has reported high-grade lithium rock chip samples up to 8.03% Li₂O (see ASX Releases 18 July 2016; 26 July 2016 and 31 August 2016 for full details) followed by further high grade results, reported later this quarter.

Soil Sampling

A total of 214 soil samples were collected in the project area with the aim of highlighting potential areas for drilling. Soil sampling has been used extensively within the Bynoe Lithium Province to outline prospective drill targets. Neighbouring companies have reported spodumene mineralisation via deeper drill testing but a lack of spodumene at surface likely due to deep weathering. Specifically, Liontown Resources (ASX:LTR) reported anomalous lithium in soils over the Sandras Prospect (see LTR ASX Release 14 April 2016) whereby subsequent drilling reported 42m @ 1.0% Li₂O and 24m @ 1.1% Li₂O including spodumene mineralisation (see LTR ASX Release 26 July 2016).

Monax's sampling results highlight six areas of anomalous lithium (see Figure 3) and have assisted in discriminating prospective from non-prospective pegmatites, both of which are similar in appearance and mineralogy at the surface.

The main zone of anomalism exists within the Tank Hill trend, a zone of pegmatite up to 4km in length and in some places >200m wide. Tank Hill trend comprises two parallel pegmatite belts, both of which contain anomalous soil results. Plate 1 shows a zone of outcropping pegmatite which is up to 40m wide at the surface (see Figure 4).

Three samples were also collected along a low outcropping pegmatite south of the Tank Hill trend which contained several shallow prospector pits (Tin workings). One sample returned lithium up to 420 ppm and 1% tin with the remaining two samples reporting 190 and 90 ppm lithium and anomalous tin, highlighting an additional high priority drill target (see Figure 3).

Soil sampling data shows us that lithium distribution is non-uniform within a pegmatite belt. For example, soils collected within the Skewes Road area are anomalous for lithium, contrary to non-anomalous pegmatites located to the north within the same trend (see Figure 4).

Auger Sampling

Analysis of historical samples and areas within the 95% lithium percentile formed the basis of follow-up auger sampling. Sampling results from the auger program (see ASX Release 13th January, 2017) identified an additional zone of anomalous lithium to those reported earlier (see ASX Release 21 December 2016), located near the southern border of EL28462 on the Black Soil plains.

The identified zone of anomalous historical lithium lies approximately 5 kilometres from known outcrops of the Mount Litchfield Granite and adjacent to a magnetic feature that is interpreted to be a possible dolerite intrusive, based on dolerite outcrop coincident to and to the east of the feature (see Figure 5).

The area investigated is a large heavily weathered flood plain with no outcrop or float rock. It is quite distinct from those previously reported however it lies proximal to quartz, tourmaline and mica pegmatites (not yet assessed) which have proven to be good indicators of high lithium results in the Company's previously sampled areas.

Summary

Soil sample values >50 ppm Li are considered anomalous and soil values >100 ppm Li have previously been used to successfully outline drilling targets in neighbouring tenements (see LTR ASX Releases 14 April 2016 & 26 July 2016). The success of the Monax's soil sampling has enhanced the prospectivity of Lithium across the project area and assisted the Company in identifying up to 7 primary targets for drilling.

Monax will undertake an additional sampling program, north-east of the auger sampling area and plans to commence drilling at the completion of the northern wet season.

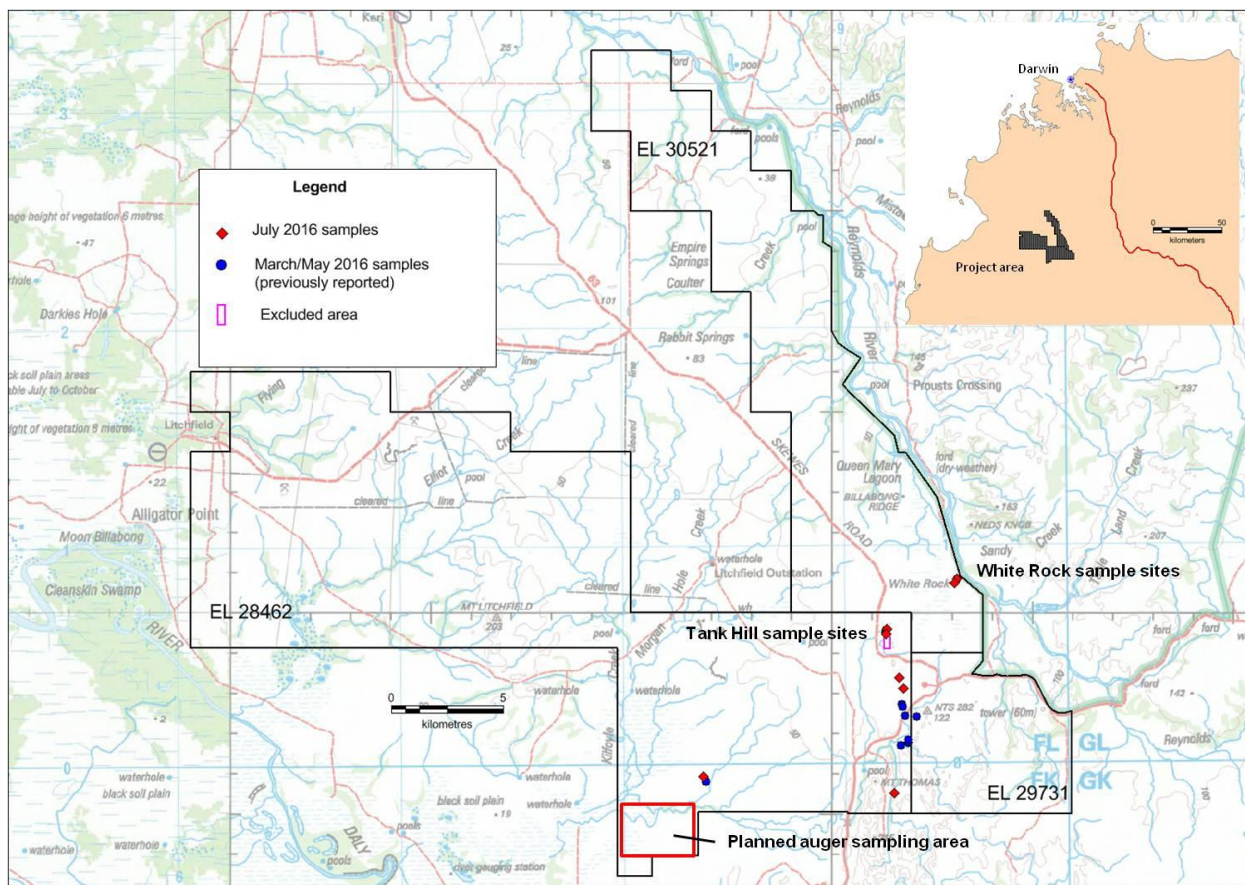


Figure 2: Location of Litchfield Project including sampling locations.



Plate 1: Outcropping pegmatite within southern part of Tank Hill trend.

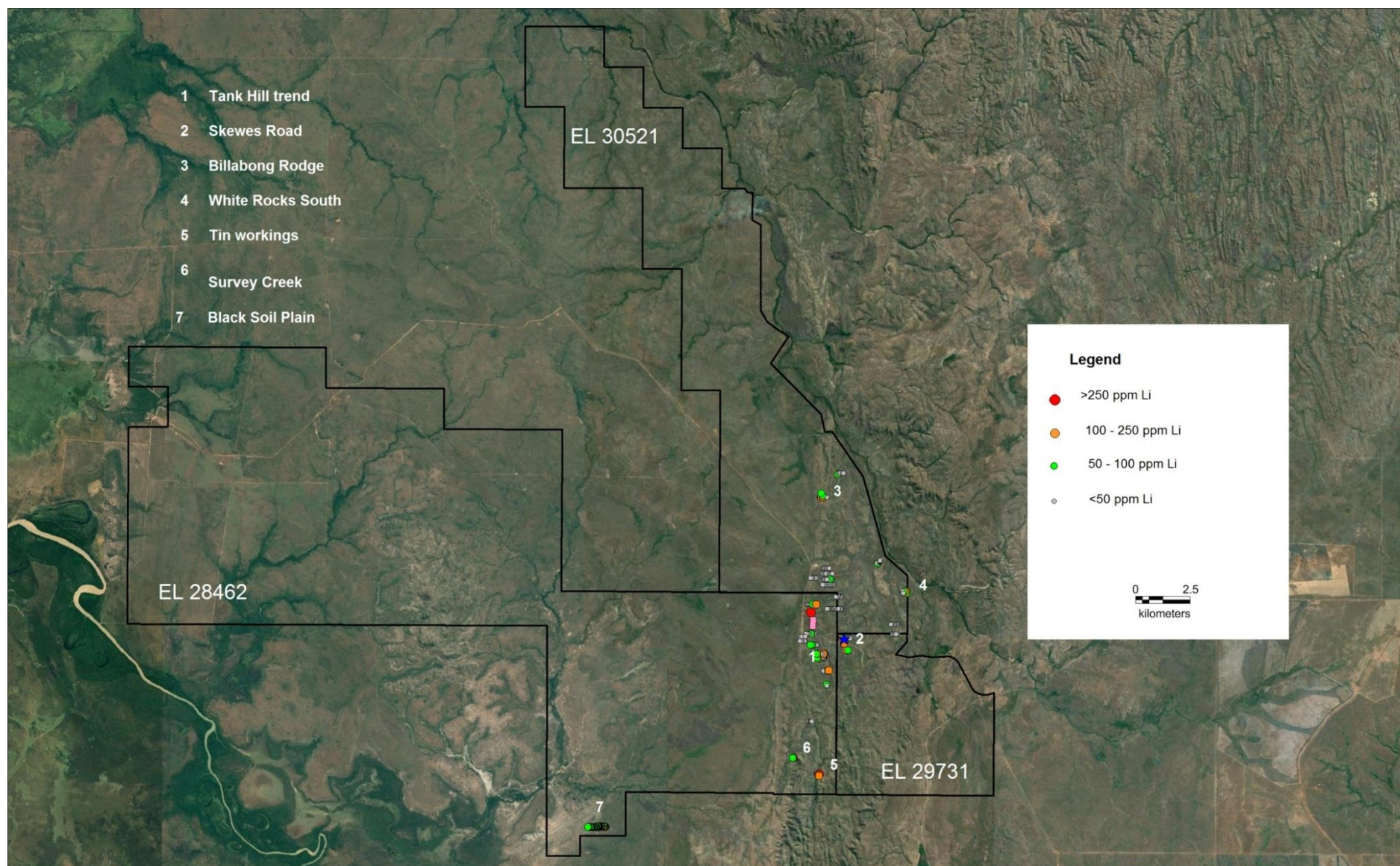


Figure 3: General view of project area highlighting 7 areas of anomalous lithium from soil sampling programs (background – Google Earth Imagery).

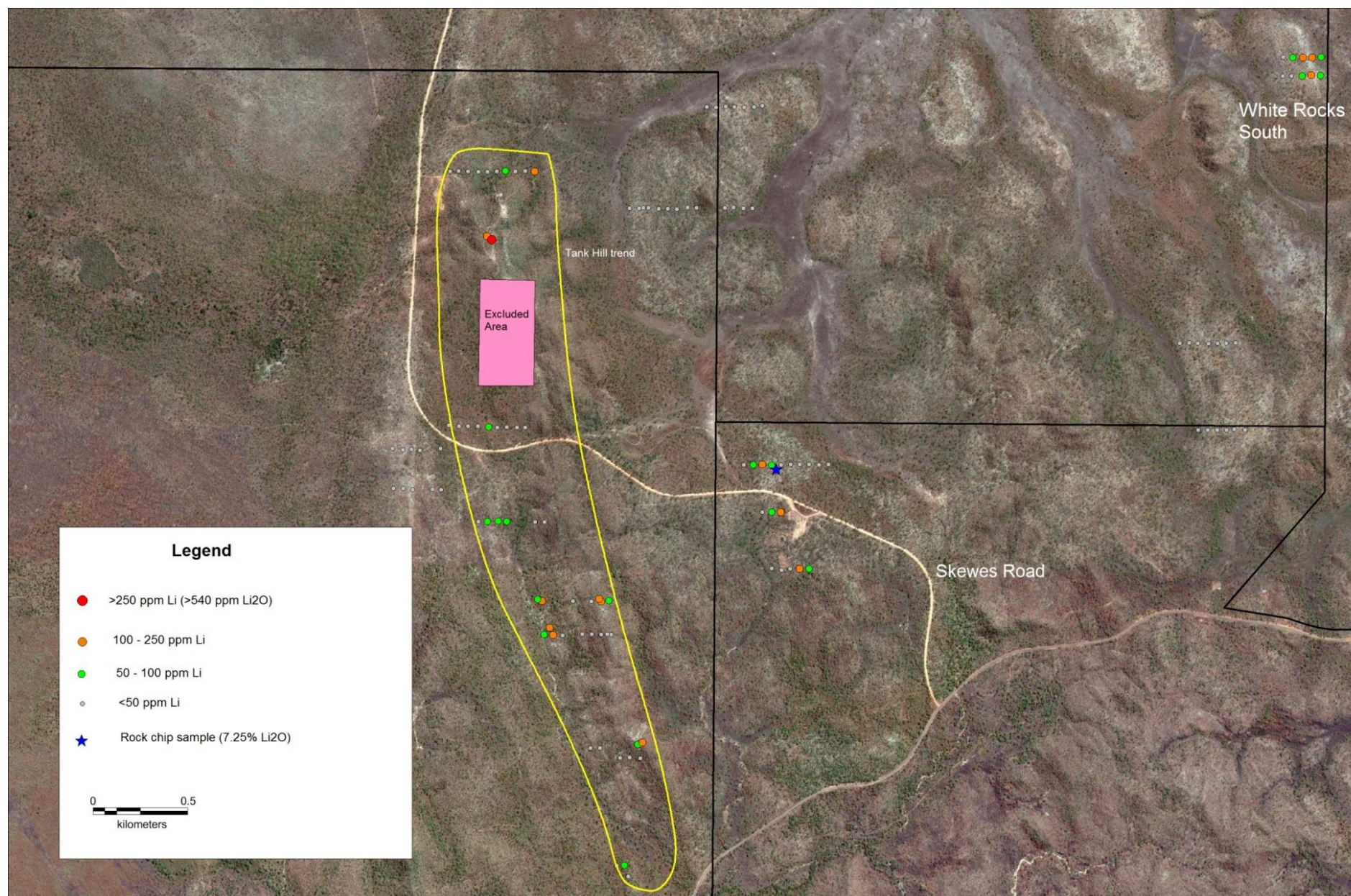


Figure 4: General view of soil sampling results for Tank Hill trend and Skewes Road area (background – Google Earth Imagery). Note: results are Li only (to convert to Li₂O – multiply Li by 2.15).

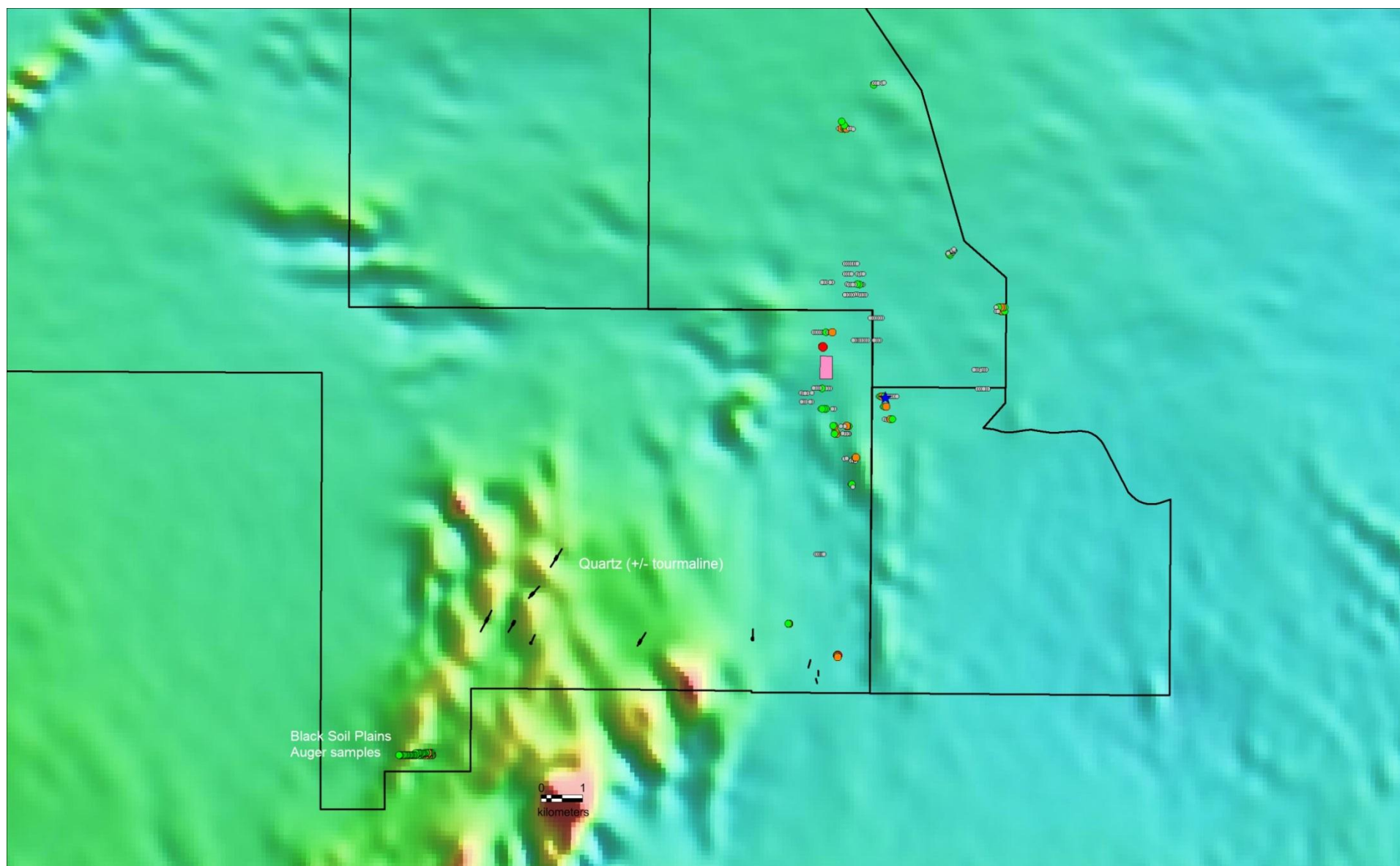


Figure 5: Detailed view of Black Soil Plain area showing anomalous lithium from auger sampling program and quartz (+/- tourmaline) veins (background – Total Magnetic Intensity (TMI) from NT Mines Department).

Percyville Gold Project

During the past quarter, Monax completed its maiden drilling program on ML 30216, at the Percyville Gold Project (Figure 6).

Monax completed 14 holes totalling 860 metres returning particularly high grades at the southern vein whereby gold up to 23g/t was reported over 1 metre. Further to this, anomalous gold (>1g/t Au) was reported across 12 of the 14 drill-holes (see Figure 7 and Table 1 for details) demonstrating the overall success of the drilling program. Highly encouraging intercepts include 19m @2.85g/t Au (15-34m) incl. 4m at 9.4g/t (15-19m).

Monax is planning to undertake an IP survey to assist in outlining possible sub-surface extensions to the outcropping veins. The survey will also provide the Company with additional data on the area between the vein sets and assist with accurately locating deeper chargeable features outlined from the previous IP survey.

Table 1: Summary of significant drilling results

D/Hole No.		From (m)	To (m)	Interval (m) & Grade (g/t)
ZZRC1601		11	22	11m @ 0.91 g/t
	including	11	14	3m @ 1.6 g/t
ZZRC1602		46	54	8m @ 0.43 g/t
ZZRC1603		11	16	5m @ 0.7 g/t
ZZRC1604		12	20	8m @ 1.04 g/t
ZZRC1605		15	34	19m @ 2.85 g/t
	including	15	19	4m @ 9.4 g/t
	including	26	30	4m @ 2.4 g/t
ZZRC1606		30	46	16m @ 0.5 g/t
ZZRC1607		40	52	12m @ 0.5 g/t
ZZRC1608		10	19	9m @ 0.92 g/t
	and	21	29	8m @ 1.16 g/t
ZZRC1609		37	42	5m @ 0.62 g/t
ZZRC1610		8	14	6m @ 0.95 g/t
	and	21	23	2m @ 1.49 g/t
ZZRC1611		1	9	8m @ 1.7 g/t
ZZRC1612		4	14	10m @ 2.6 g/t
	including	9	14	5m @ 4.5 g/t
ZZRC1613				No significant results
ZZRC1614				No significant results

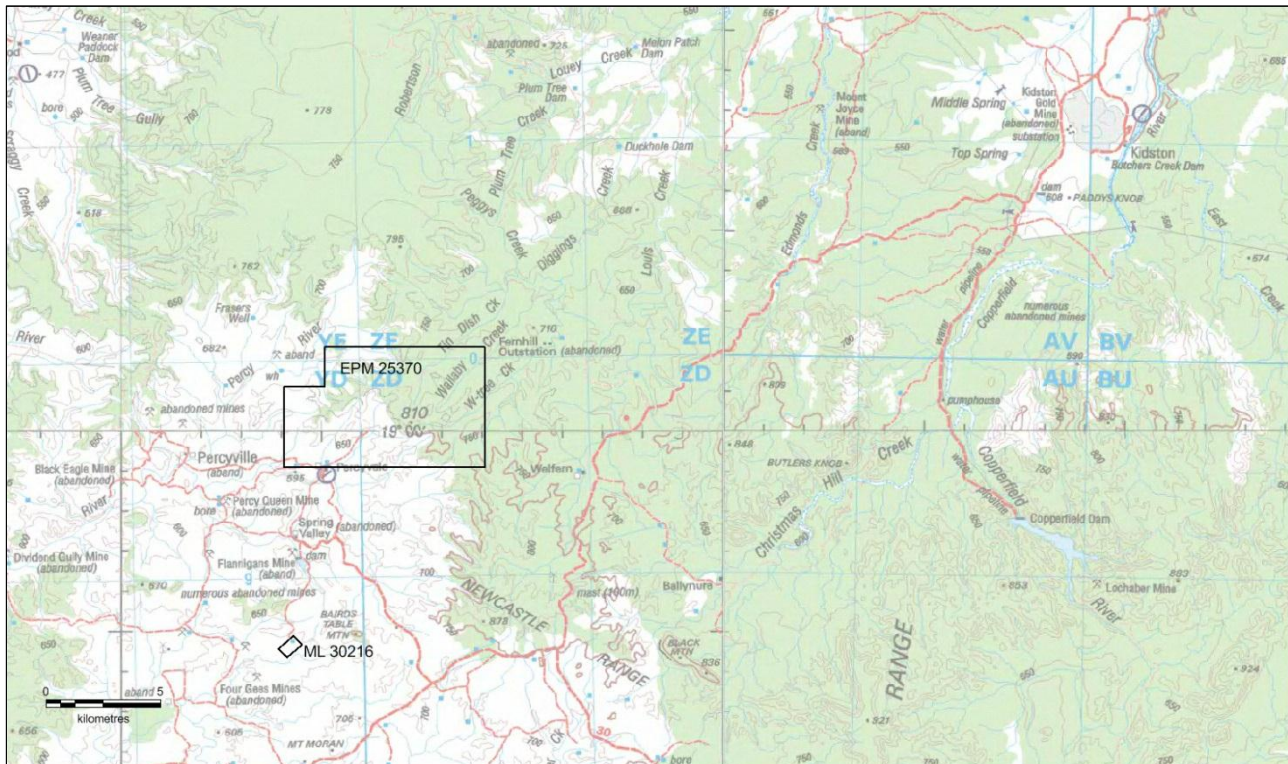


Figure 6: Location of Percyville Project (ML 30216 & EPM 25370).

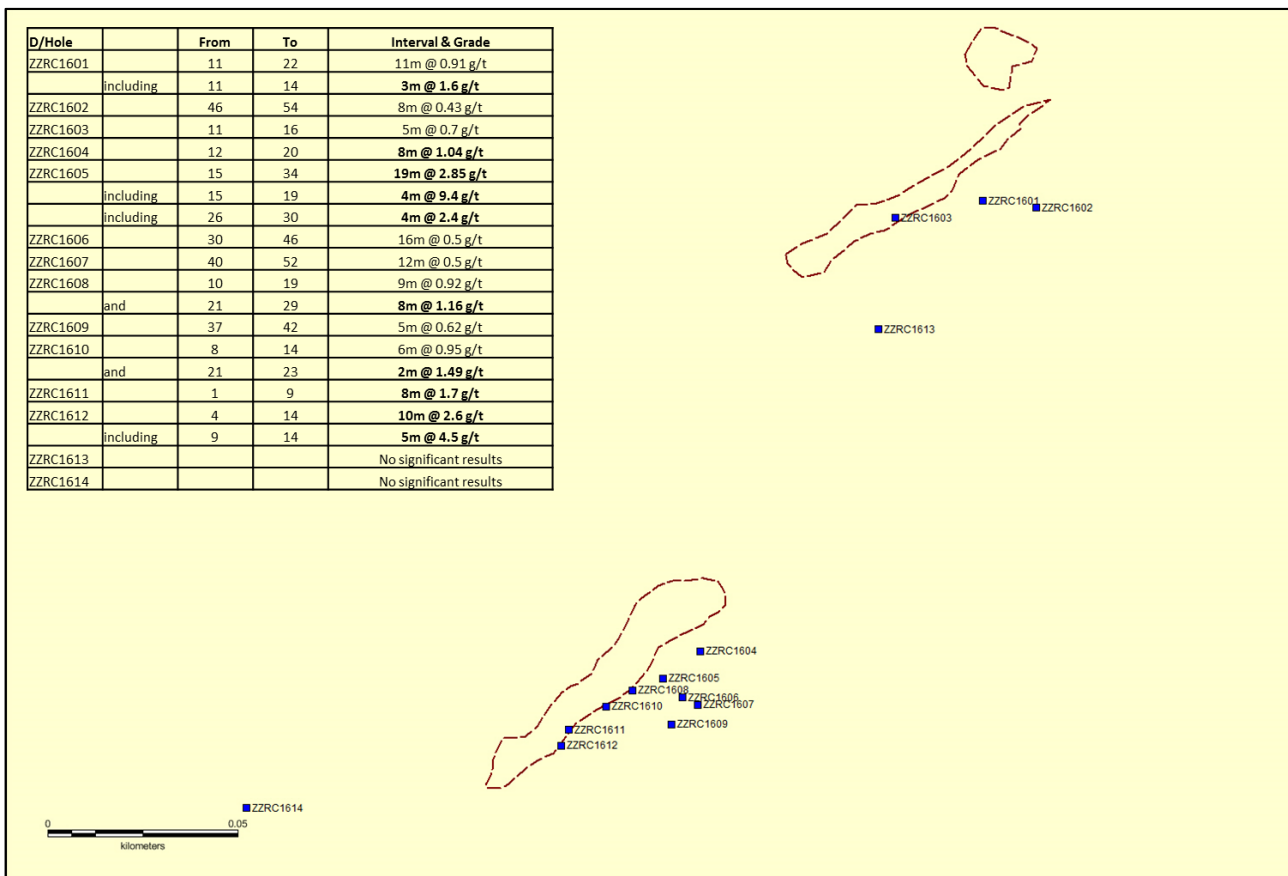


Figure 7: Detailed plan showing location of drill holes (drill hole highlights shown in Table – note all lengths reported are downhole lengths – true width unknown).

Croydon Gold Project

The Croydon Project is situated within the northern part of the historical Croydon Goldfields in north-west Queensland (Figure 8). During the Quarter Monax was granted access to EPM 26203 in the area.

Previous reconnaissance rock chip sampling at EPM 26038 provides encouraging results, with gold up to 81g/t reported (see ASX Release 29 June 2016 for details).

A review of historical drilling on EPM 26203 show positive results with best intercepts of 15m @ 6.38g/t (GRRC017 35 - 50m) and 9m @ 8.2g/t (GRRC025 67-76m) (see Figure 9).

Note: This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Additionally, all lengths are downhole lengths; true width unknown.

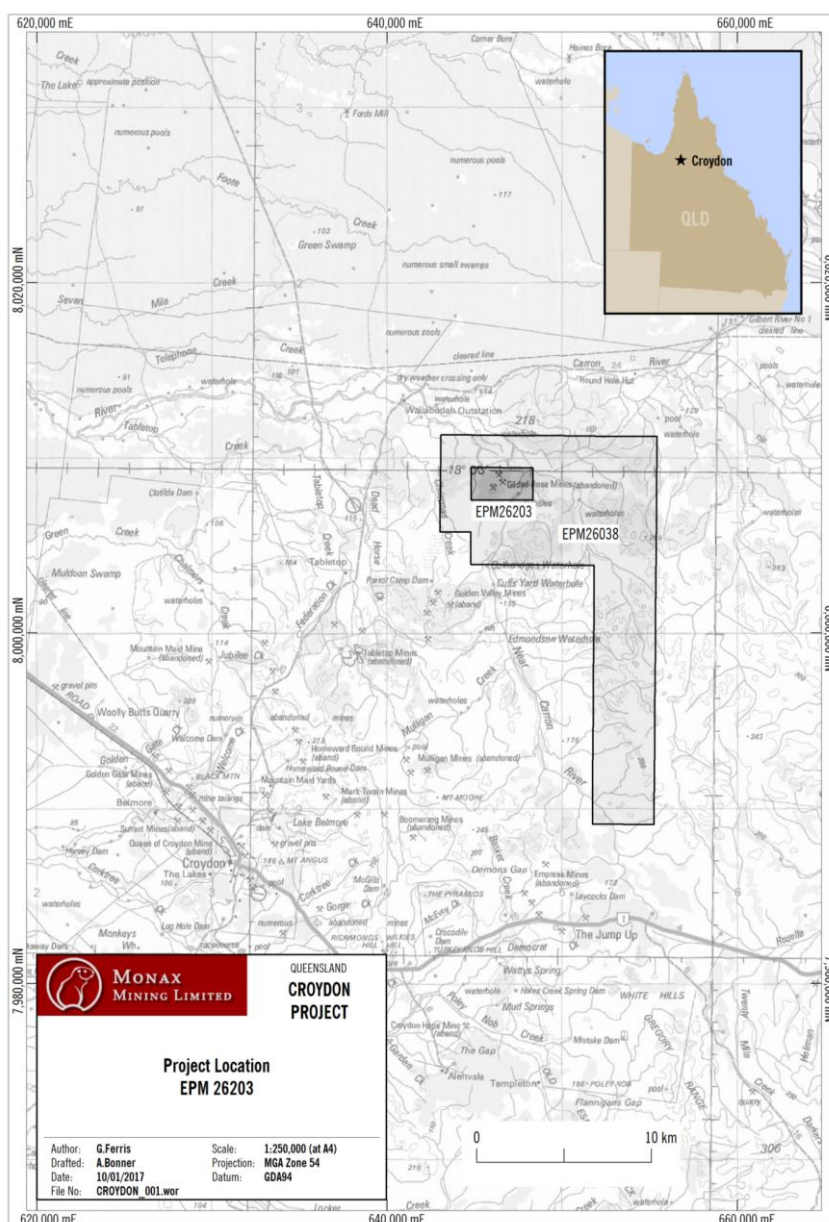
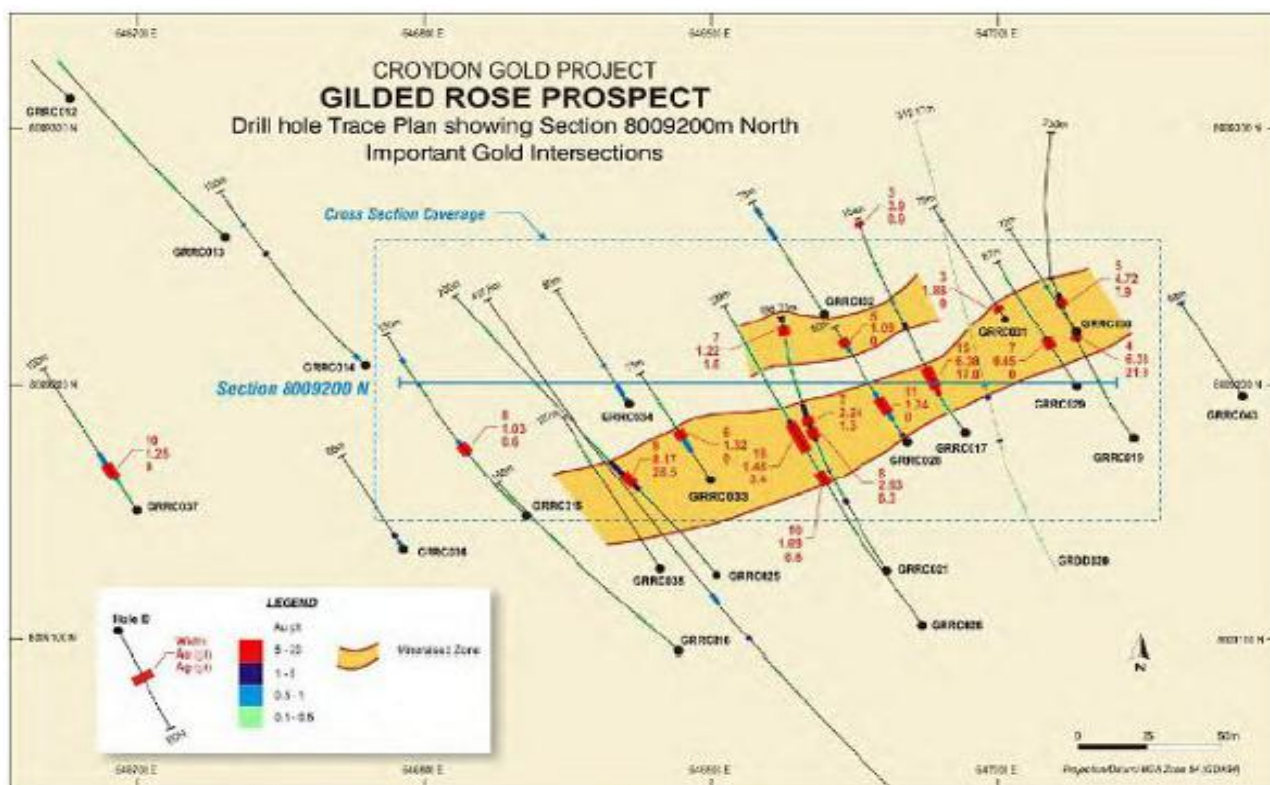


Figure 8: Location plan for Croydon Gold Project.



Hole #	Interval (m)	Width (m)	Weighted Avg.	
			Au (ppm)	Ag (ppm)
GRRC001	81 - 85	4	2.58	0.8
GRRC003	106 - 109	3	1.56	1.5
GRRC011	138 - 143	5	11.54	61.5
GRRC012	52 - 56	4	1.14	0.2
GRRC015	55 - 63	8	1.03	0.6
GRRC017	35 - 50	15	6.38	17.0
	149 - 152	3	3.90	0.9
GRRC019*	75 - 79	4	6.38	21.9
	101 - 106	5	4.72	7.9
GRRC021*	102 - 110	8	2.93	8.3
	112 - 119	7	2.24	1.3
	182 - 189	7	1.22	1.6
GRDD024	158 - 162	4	2.64	6.0
GRDD025	67 - 76	9	8.17	28.5
GRDD026	133 - 145	12	1.45	5.6
	173 - 178	5	1.40	0.3
GRRC026	108 - 118	10	1.09	0.6
	132 - 150	18	1.48	3.4
GRRC028	20 - 31	11	1.34	NA
	67 - 72	5	1.09	NA
GRRC029	26 - 33	7	4.50	NA
GRRC031*	6 to 9	3	1.88	NA
GRRC033	29 - 35	6	1.32	NA
GRRC037	23 - 33	10	1.25	NA

Figure 9: Location of drill holes at Gilded Rose Prospect on EPM 26203 with significant assays listed below – Croydon Project.

Mt Ringwood Gold Project

Monax withdrew from the Mt Ringwood Project during the quarter.

Punt Hill Project

Monax is currently preparing an Information Memorandum for the Punt Hill Project and will consider the sale of the project, or will seek a project partner. Punt Hill is located within the Olympic Iron Oxide Copper Province and historical drilling by Monax has reported significant results. Interested parties are encouraged to contact the Company.

Phar Lap Project

No work was undertaken during the quarter.

For further information please contact:

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Managing Director
Monax Mining
Ph: (08) 8232 8320
Email: info@monaxmining.com.au

'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 engaged under a contract to provide services as Managing Director as required 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 2012 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.'

Tenement Holdings as of 31 December 2016

Below is a table of Monax Mining Limited's and Monax Alliance Pty Ltd's current tenement holdings as of 31 December 2016.

Monax Mining Limited

Tenement	No.	Status	Monax Interest	Details	Tenure holder
Punt Hill	EL 5774	Granted	100%		Monax Mining
Yeltacowie	EL 5729	Granted	100%		Monax Mining
Melton	EL 5122	Granted	25% of all minerals	JV with Marmota Energy	Marmosa P/L*
North Melton	EL 5209	Granted	25% of all minerals	JV with Marmota Energy	Marmota Energy
Phar Lap	EL 5123	Granted	100%	Farm-In with Iluka Resources	Monax Mining
Nullarbor**	EL 5077	Granted	10%	Joint Venture with Western Areas	Monax Mining/Western Areas
North Yalata**	EL 5199	Granted	10%	Joint Venture with Western Areas	Monax Mining/Western Areas
East Yalata**	EL 5200	Granted	10%	Joint Venture with Western Areas	Monax Mining/Western Areas
Shoulder Hill	ELA 2014/194	Application	100%		Monax Mining
Bowilia Hill	EL 5669	Granted	100%		Monax Mining
Croydon#1	EPM 26038	Granted	100%		Monax Mining
Croydon#2	EPM 26203	Granted	100%		Monax Mining

*Marmosa Pty Ltd (a wholly-owned subsidiary of Marmota).

**Monax's 10% interest currently being transferred to Western Areas Limited

Monax Alliance Pty Ltd

Tenement	No.	Status	Monax Interest	Details	Tenure holder
Kulitjara	ELA 2013/168	Application	100%		Monax Alliance P/L
Anmuryinna	ELA 2013/169	Application	100%		Monax Alliance P/L
Poole Hill	ELA 2013/170	Application	100%		Monax Alliance P/L

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	
1.2 Payments for		
(a) exploration & evaluation	(220)	(402)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(94)	(265)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(310)	(658)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10) *	22	22
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	22	20

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,503
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(96)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(2)	1,407

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,210	151
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(310)	(658)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	22	20
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	1,407
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	920	920

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	905	1,195
5.2 Call deposits	15	15
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	920	1,210

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
115
-

Non-Executive Directors fees and Executive Director's consultancy.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	96
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	196

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

*Monax's 10% interest currently being transferred to Western Areas Limited

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: ...30 January 2017.....
(Company secretary)

Print name: Kaitlin Smith.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.