



**MONAX
MINING LIMITED**

ABN: 96 110 336 733

Exploration Office
Unit 2 81 Harrison Road
Dudley Park
SA 5008

Tel: +61 8 8245 4900

Fax: +61 8 8245 4999

www.monaxmining.com.au

For Immediate Release
Monday 15 December, 2014

ASX RELEASE

Monax-Antofagasta Strategic Alliance Update

HIGHLIGHTS

- **Monax's Strategic Alliance with Antofagasta ends**
- **Two Designated Projects to be fully funded by Antofagasta in South Australia secured by the Strategic Alliance**
- **Antofagasta and Monax remain partners in the Punt Hill Joint Venture in S.A.**

Monax Mining Limited ("Monax") (ASX:MOX) today announced that its Strategic Alliance with a wholly owned subsidiary of major Chilean copper producer, Antofagasta plc ("Antofagasta"), ended on 24 November 2014.

The Alliance was a project generation venture formed by the two parties in November 2011 to identify specific projects in South Australia worthy of further exploration.

Over the life of the Alliance, Monax reviewed numerous projects within South Australia, and with Antofagasta's approval, identified two Designated Projects – Millers Creek and Musgrave - which are fully funded by the Chilean major up to US\$4 million.

The two parties are also joint venture partners in the Punt Hill copper-gold project located in northern South Australia, where recent drilling also has been fully funded by Antofagasta.

"Monax has benefitted enormously from the interaction with such a major global mining company over the past three years, with the Alliance with Antofagasta forming a significant part of our work over that time," Monax Mining Managing Director, Mr Gary Ferris, said today.

"The Alliance has not only provided Monax with the capacity to undertake detailed project reviews, but has also provided us with an insight into the requirements of project specifications for major companies," he said.

"Monax looks forward to retaining its relationship with Antofagasta via the two DP's and the Punt Hill Joint Venture.

"And we are excited about our future, with Monax benefitting substantially from the projects which did not meet the specific criteria required for a DP - which have subsequently become Monax projects – but projects we believe have much potential.

“Our recently identified Kimberlite Project is shaping as a major new project for the Company, and new aeromagnetic data currently being compiled at our Western Gawler Craton Project will provide a significant data set from which to plan drilling.

“Neither of these projects would be at this stage of development/exploration without the work we undertook as part of the Strategic Alliance.”

Designated Projects

Under the terms of the Strategic Alliance, a property/tenement identified as a “project of interest” becomes a Designated Project (DP). Once a DP was formed, Antofagasta will have acquired a 51% interest and Monax a 49% interest in the Project.

Antofagasta then has the option to earn an additional 19% of any DP (for a cumulative 70% interest) by spending a further US\$4 million within three years. At this stage, Antofagasta will make a cash payment (success fee) to Monax of US\$3 million.

Upon Antofagasta vesting its interest at 70%, and Monax at 30%, both parties have the right to maintain their interest by contributing to exploration or development costs pro rata or dilute in accordance with a standard dilution formula.

If either party elects to discontinue funding the exploration on a DP, the other party (the “Diluted Party”) has the option to continue with the Project and dilute the first party using a standard dilution formula.

The Diluted Party may elect to start contributing funds to discontinued projects at any time before dilution to below a 10% interest. If either party is diluted below a 10% interest, they will revert to a net smelter royalty (NSR) of 1.5%.

The Strategic Alliance has produced two DP’s;

1. Millers Creek DP
2. Musgrave DP

Millers Creek Designated Project

The Millers Creek DP comprises one Alliance tenement together with four ASX-listed Maximus Resources Limited (“Maximus”) tenements located within the Woomera Prohibited Area (WPA) totalling 2402km² (Figure 1) in South Australia’s Far North.

Combined, the five tenements represent a significant landholding within the Olympic Iron-Oxide Copper-Gold (IOCG) Province.

The Millers Creek area is located between Olympic Dam and Prominent Hill - within the Olympic IOCG Province - and has not been subject to extensive mineral exploration, due to being located within the WPA.

The Alliance has undertaken detailed gravity surveys over four target areas outlined by the South Australian Government’s Department of State Development (DSD) 1km x 1km gravity survey (see Figure 2). A high-resolution magnetic survey was completed at the Oliffes Dam target (part of the Devils Point target on Figure 2) and has provided the Alliance with very detailed data sets to model the target.

The Alliance is currently negotiating a Farm-In Agreement (“Agreement”) with Maximus, and upon signing of the Agreement, plans to drill one diamond drill hole at the Oliffes Dam target in late March 2015.

Musgrave Designated Project

The Musgrave DP comprises four tenements totalling 3005km² in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands, in the far northwest of South Australia (Figure 1).

The Alliance signed an MOU with Rasp Resources NL and Musgrave Mining Pty Ltd (Rasp/Musgrave) for the three tenements (refer ASX Release 22 August 2014 for more detail).

These tenements were selected based on the following criteria:

- Favourable location and interpreted prospectivity. All three tenements are located within or close to major crustal structures evident in magnetic data (Figure 3),
- The tenements contain known and interpreted Giles Complex rocks, which are considered highly prospective for copper-nickel mineralisation,
- The tenements have received no recent exploration (the Applications date back to 1997),
- Interpreted shallow depth to prospective basement rocks. Much of the tenement area is interpreted to be covered by thin post-mineralisation sediments, and therefore amenable to exploration using surface sampling techniques including soil and lag sampling, thereby allowing relatively quick and inexpensive exploration programs, and
- Presence of the Nebo-Babel nickel-copper deposit and Succoth copper prospect in Western Australian extension of this geological terrane highlights the prospectivity for copper-nickel mineralisation within Giles Complex rocks.

The Alliance has four Exploration Licence Applications (ELA) within the Musgrave Province and ELA 2014/43 has been included into the Musgrave DP.

The three remaining ELA's are not part of the Alliance and will be transferred to Monax.

An airborne electromagnetic (AEM) survey is currently being planned for the DP targeting the prospective Giles Complex and Monax will present the proposed work program to Antofagasta at the next Technical Committee Meeting for approval.

Monax Tenements Secured From Strategic Alliance

Under the terms of the Strategic Alliance, properties identified by Monax under the Alliance that are not jointly pursued become available for Monax to pursue on its own. Below is a summary of properties which are now Monax projects.

EL 5347 – Kimberlite Project

EL 5347 (Margaret Dam) was originally part of the Millers Creek DP. Assessment of the basement for IOCG showed no potential for copper within the basement rocks. Assessment of the available geophysical data revealed a discrete small circular anomaly within the regional aeromagnetic data. The tenement is currently being transferred to Monax.

Subsequent ground magnetic data has confirmed the anomaly has potential to represent a kimberlite. Monax plans to drill this target in the first half of 2015 (refer to ASX Releases 13 November 2014 & 1 December 2014 for more detail).

Musgrave Province

Alliance has four ELAs within the Musgrave Province. ELA 2014/43 is now part of the Musgrave DP. Antofagasta has decided not to proceed with the remaining three tenements. Monax will retain these three tenements within a prospective under-explored part of South Australia.

ELA 2013/169 contains several known copper prospects and historical company mapping and rock chip sampling has reported copper rock chip values up to 2.87% and nickel values up to 0.25% (Figure 4) (see ASX Release 11 November 2013 for more detail).

No significant exploration has been undertaken on ELA 2013/168 and ELA 2013/170, but exploration just north of ELA 2013/168 has outlined anomalous nickel and copper at one prospect and anomalous zinc at another.

Monax's priority is ELA 2013/169 and plans to meet with APY Executive in 2015 to negotiate the granting of this tenement.

Hidden Swamp (ELA 2014/193)

ELA 2014/193 is located immediately west of the Millers Creek DP (see Figure 1). This tenement was an Exploration Release Area and Monax was the successful applicant. This tenement was assessed under the Alliance and Monax has outlined a potential gravity target.

Monax is planning a detailed 250m x 250m gravity survey over the target when the tenement is granted.

Tallaringa (ELA 2014/177)

Assessment of currently available gravity and magnetic data has highlighted a significant anomaly which has not been drill tested (Figure 5). Monax acquired the tenement to test a prominent magnetic feature which also shows a subtle gravity response in the regional 1km x 1km gravity data.

Monax is planning a 250m x 250m gravity survey over the target when the tenement is granted.

Western Gawler Craton Project

Monax originally secured five ELA's on the western Gawler Craton within the under-explored Fowler Domain (see Figure 1). Antofagasta decided not to contribute to this project and subsequently Monax has signed a farm-in agreement with Western Areas Limited over the three remaining tenements.

Western Areas Ltd has commenced a detailed high-resolution aeromagnetic survey which is due to be completed in early 2015 with drilling planned for the second quarter in 2015 (see ASX release 18 November 2014 for further detail).

Phar Lap Project – copper-gold

Antofagasta has withdrawn from the Phar Lap Project.

Detailed gravity survey and a successful heritage survey has significantly de-risked the project and Monax remains confident it will secure a partner for the project

Gary Ferris
Managing Director,
Monax Mining
Ph: (08) 8245 4900
Email: info@monaxmining.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 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.

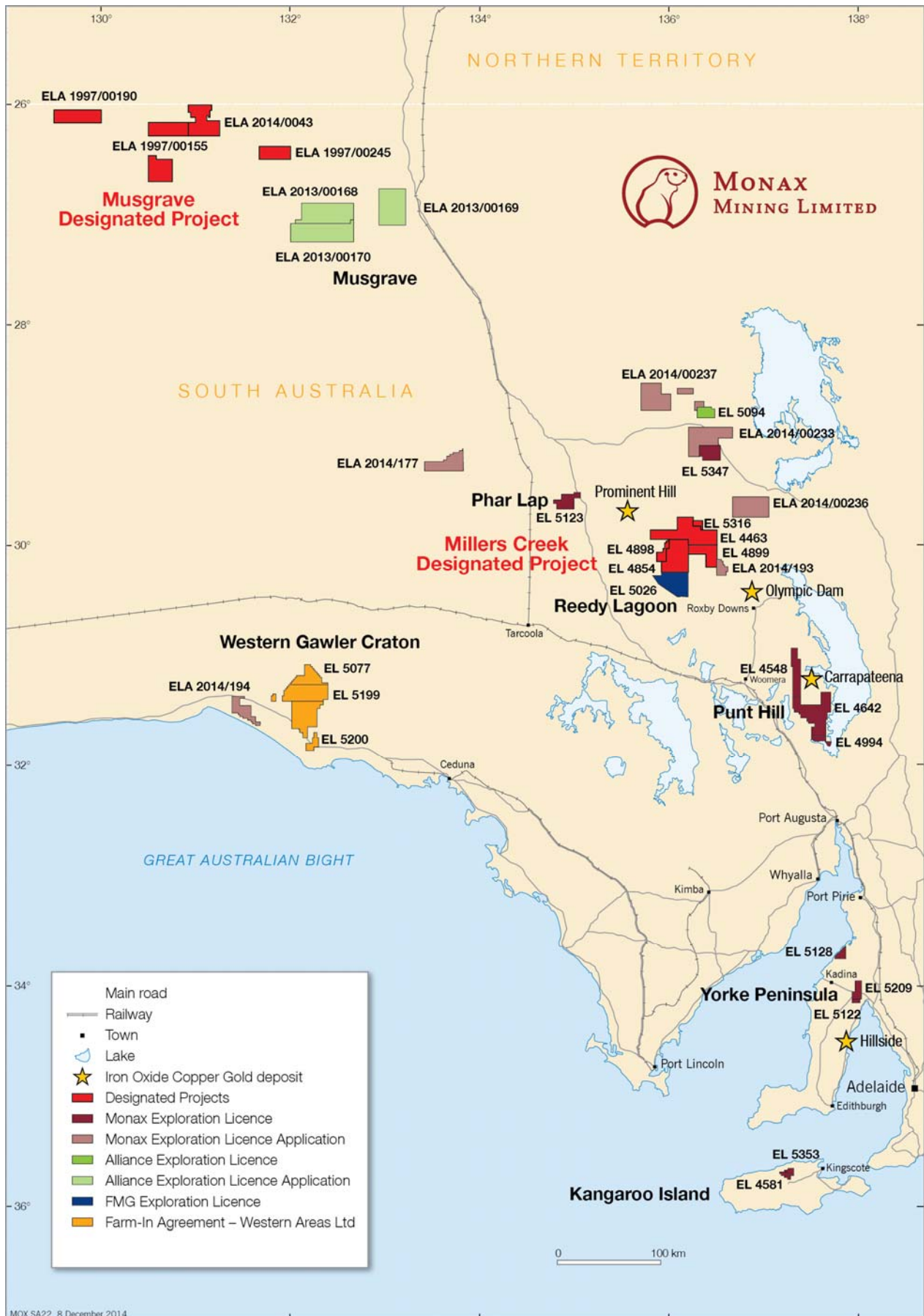


Figure 1. Monax tenement location plan showing location of Millers Creek and Musgrave Designated Projects.

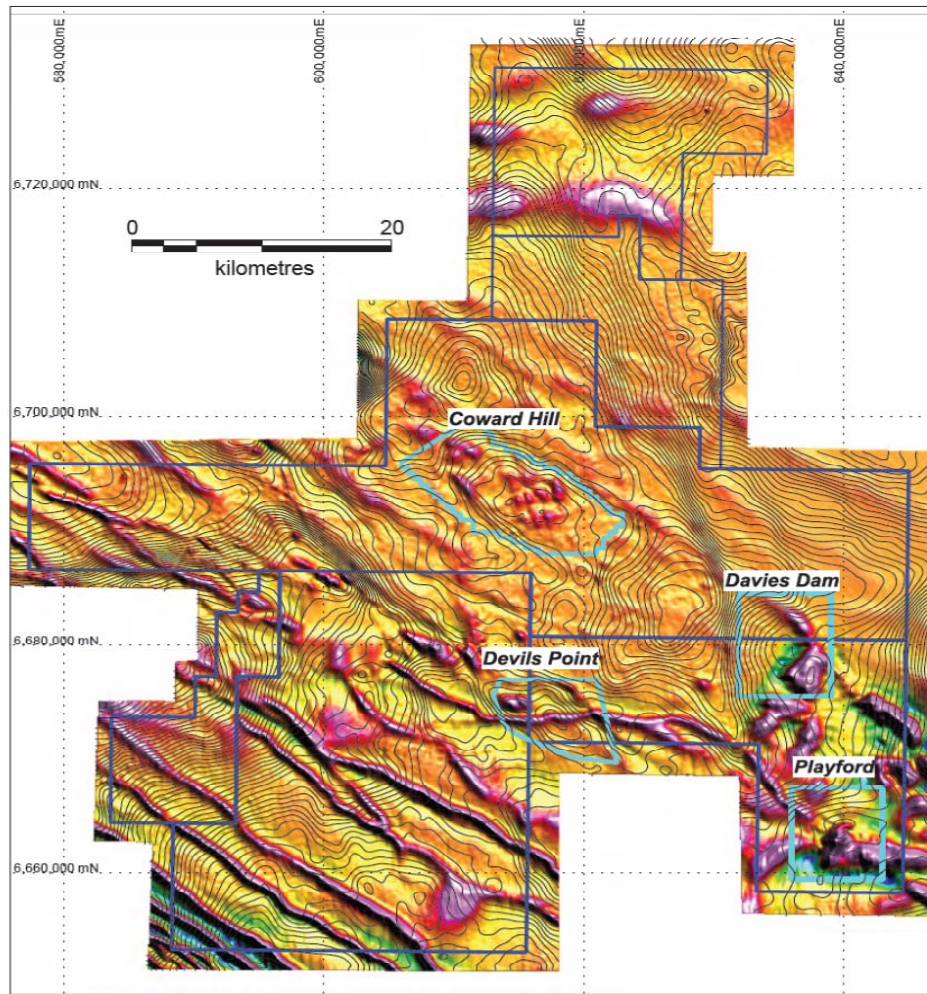


Figure 2. Millers Creek DP - background RTP Magnetic Image, further processed with a high pass filter, highlighting shorter wavelength features. 2013 WPA survey merged with open file gravity data with old pre 1970 data deleted. 5gu/0.5 Mgal contours.

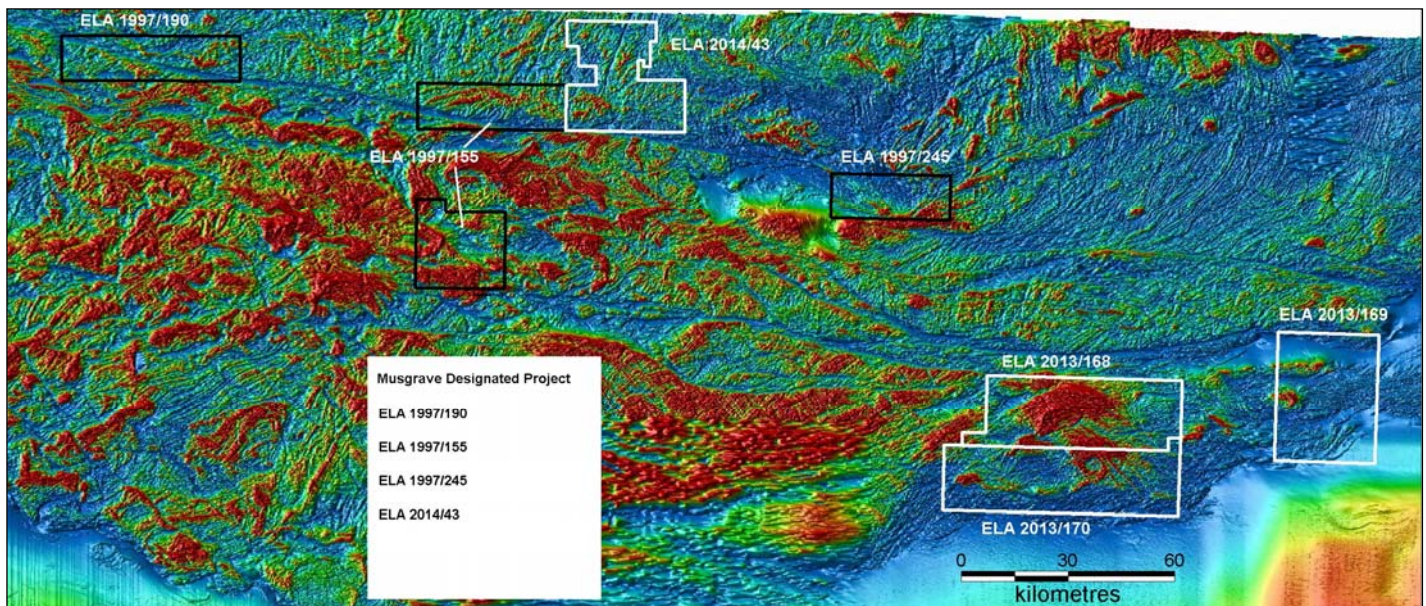


Figure 3. Location of Musgrave DP (background total magnetic intensity image from DSD database). Tenements outlined in black are part of MOU signed with Rasp Resources and Musgrave Mining. Tenements shown in white are Alliance tenements (ELA 2014/43 is part of the Musgrave DP). Three remaining tenements shown in white are not part of Musgrave DP.

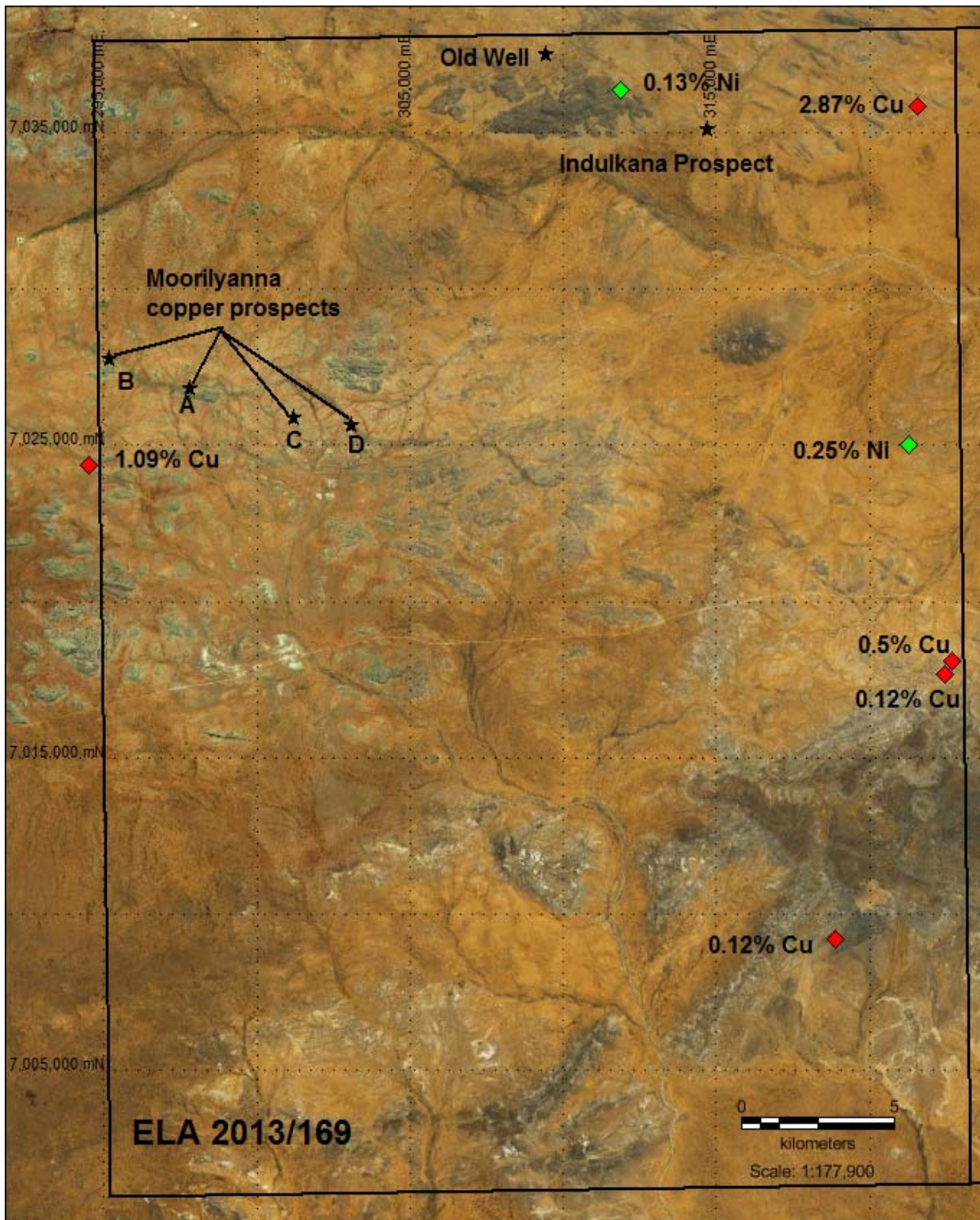


Figure 4. Google Earth image of ELA 2013/169, showing location of historical copper prospects from DSD database and selected anomalous copper and nickel rock chip samples (see ASX Release 11 November 2013 for rock sample details).

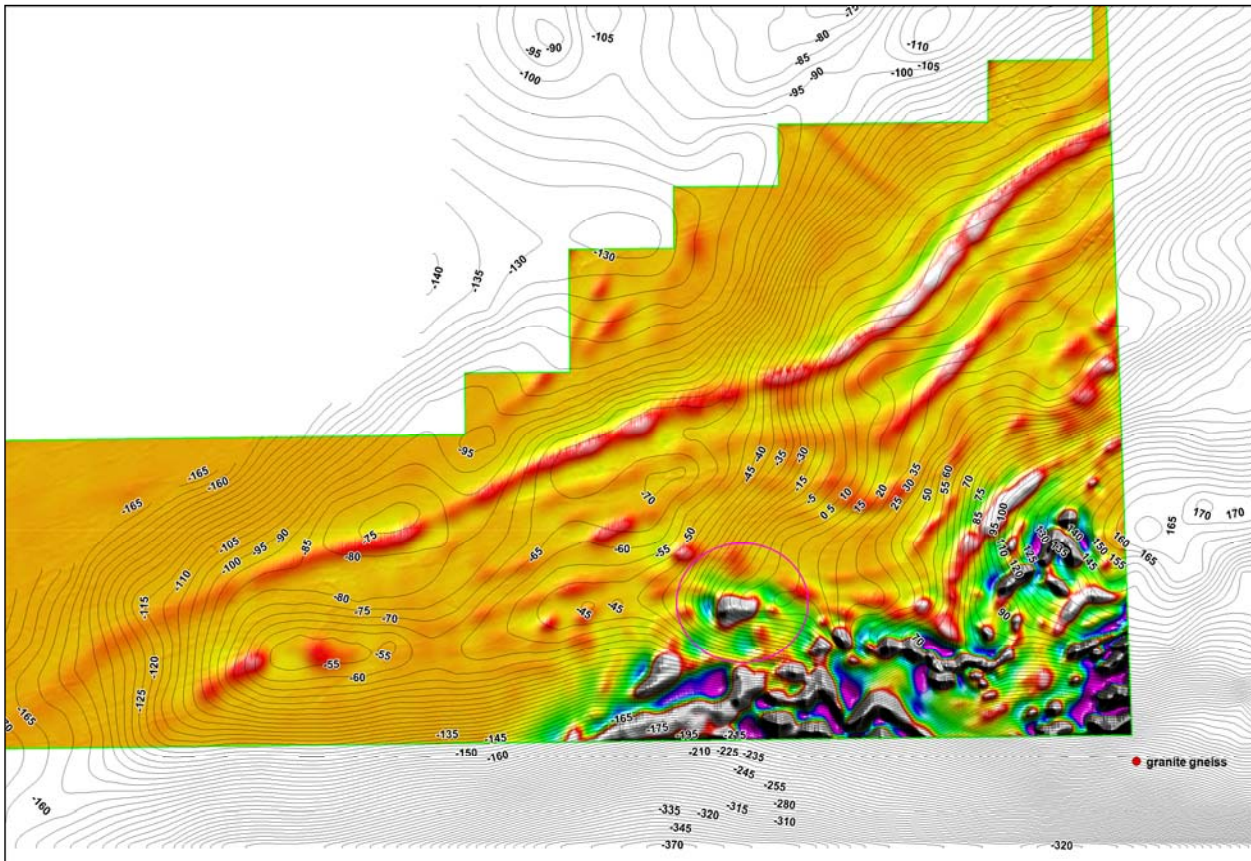


Figure 5. ELA 2014/177 – Tallaringa Project. Image showing background TMI image with gravity contours (0.5Mgal). Red circle shows prominent magnetic feature with a hint of a gravity response in the 1km x 1km WPA gravity data.