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ASX RELEASE

Kimberlite Project Update

Monax Mining Limited ("Monax") (ASX:MOX) announced today that a successful Aboriginal heritage clearance was completed at the Margaret Dam tenement (Exploration Licence 5347) part of the Company's Kimberlite Project located approximately 40km south of William Creek in northern South Australia (Figure 1).

The clearance team visited the area with Monax representatives and no sites of significance were identified within the proposed drilling area (Plate 1). This provides Monax with the ability to undertake its planned drilling program, due to commence in the first week of July 2105. Monax received verbal approval from the Clearance Group and is awaiting the Final Clearance Report before commencing drilling. Monax plans to drill two holes targeting an interpreted kimberlite on the project.

Monax recently received a \$70,000 Plan for Accelerating Exploration (PACE) Discovery Drilling Grant for this project (see ASX Release 15 April 2015).

A review of the available aeromagnetic data showed two circular features located within the southern part of the licence area, which Monax considers to be consistent with that of a kimberlite intrusion (Figure 2).

Monax completed detailed ground magnetic and gravity surveys over the circular magnetic features on EL 5347 assisting with modelling the dimensions and depth of the potential kimberlite target. The ground magnetic data revealed a discrete elongate magnetic dipole with a SW-NE trend and a smaller magnetic anomaly located to the SW (Figure 3). The gravity data shows a subtle gravity response associated with the magnetic feature.

Geophysical modelling outlined a magnetic body at a depth of approximately 80m. The dimensions of an elliptical body approximately 250m long 45m wide, with a tapering root to 400m depth was outlined. The main feature (shown in blue on Figure 4) strikes 230°/50° (SW-NE) with a near vertical dip (see Figure 4). (Magnetic susceptibility $\chi = 0.015$ SI units).

A small secondary anomaly (red) is located in the SW of the survey area at a depth of 75m and is characterised by elliptical body geometry and is approximately 100m long by 30m wide. Strike direction is 300°/120° (WNW-ESE) – (see Figure 4). The gravity model suggests that the magnetic body has subtle density contrasts. Information within this Release was prepared and first disclosed under JORC 2012 Code and has not materially changed since it was last reported.

Background

Macrodiamonds and kimberlitic indicator minerals have been found within close proximity to Monax's Margaret Dam project area. In 1894, a single ~1 carat (ct) diamond was found in alluvial gold workings at Peake Creek, north of William Creek (see Figure 5) (Morris, 2003).

In the early 1980's, eight microdiamonds were reported from loam and stream sediment samples from Edwards Creek and two at Reedy Lagoon (Figure 5), along with numerous kimberlitic indicator minerals including picroilmenite, pyrope garnet and chrome spinel (Morris, 2003).

The Margaret Dam area has been explored for diamonds by several companies, most recently by Flinders Diamonds Ltd ("Flinders") on EL 2758. Flinders considered this area prospective for kimberlites because:

- Previously discovered indicator minerals from the area are fresh, suggesting the primary source rocks are in the general region;
- The interpreted palaeocurrent direction indicates fluvial flow towards the north; and
- Exploration area (now EL 5347) falls on the G2 lineament (refer to Figure 5) (Flinders Diamonds Ltd, 2007).

Flinders drilled 65 holes totalling 1690m with 29 samples collected for testing for indicator minerals. Holes which did not intersect the target Algebuckina Sandstone or intersected silicified rock were not sampled or tested (Flinders Diamonds Ltd, 2007).

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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.

References

Flinders Diamonds Ltd, 2007. Open file Envelope 9851. Government of South Australia. Department for Manufacturing, Innovation, Trade, Resources and Energy.

Morris, B., 2003. Review of diamond potential in South Australia. MESA Journal 29, p14-17.



Figure 1. Location of Monax South Australian projects including EL 5347 (Margaret Dam).

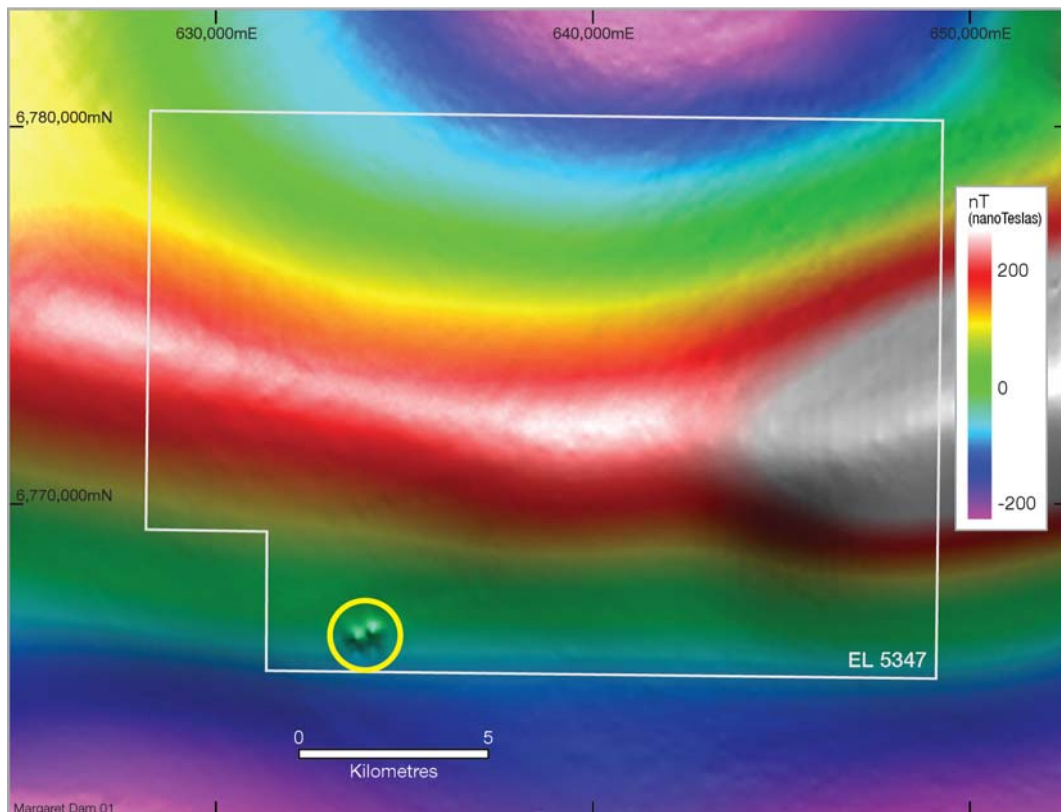


Figure 2. RTP image derived from SAEI C4 airborne magnetic survey. (NB small magnetic anomalies outlined in yellow circle in the SW corner – no cultural features are obvious in available satellite imagery or from site survey).

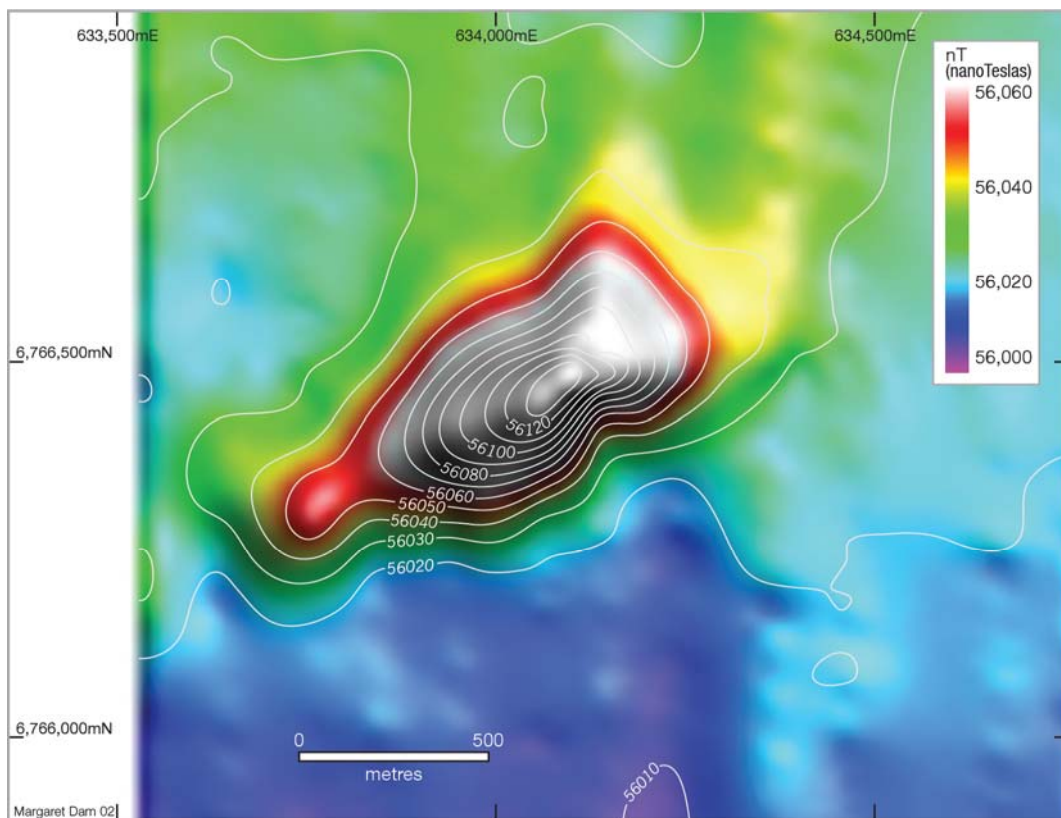


Figure 3. Reduced to Pole magnetic image with 10 nanoteslas contours (derived from ground magnetic data).

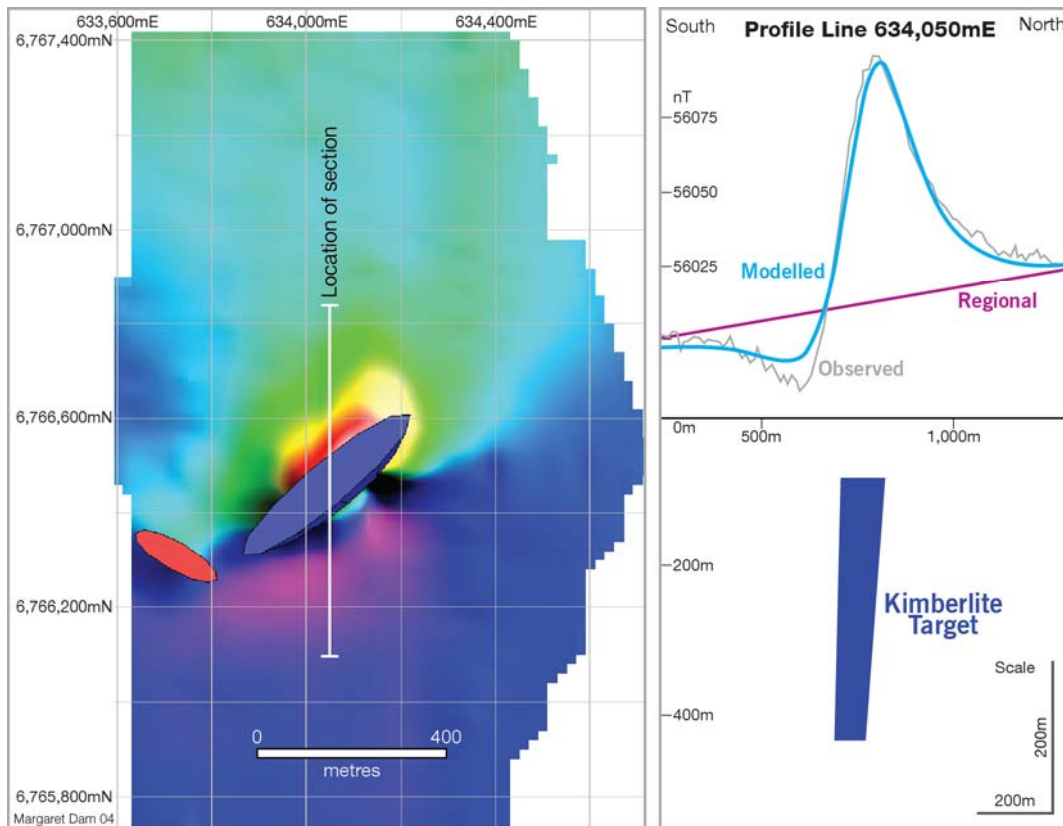


Figure 4. Magnetic model showing size and calculated depth to potential main kimberlite body (shown in blue on the left side image).



Plate 1. General view of area cleared for drilling.

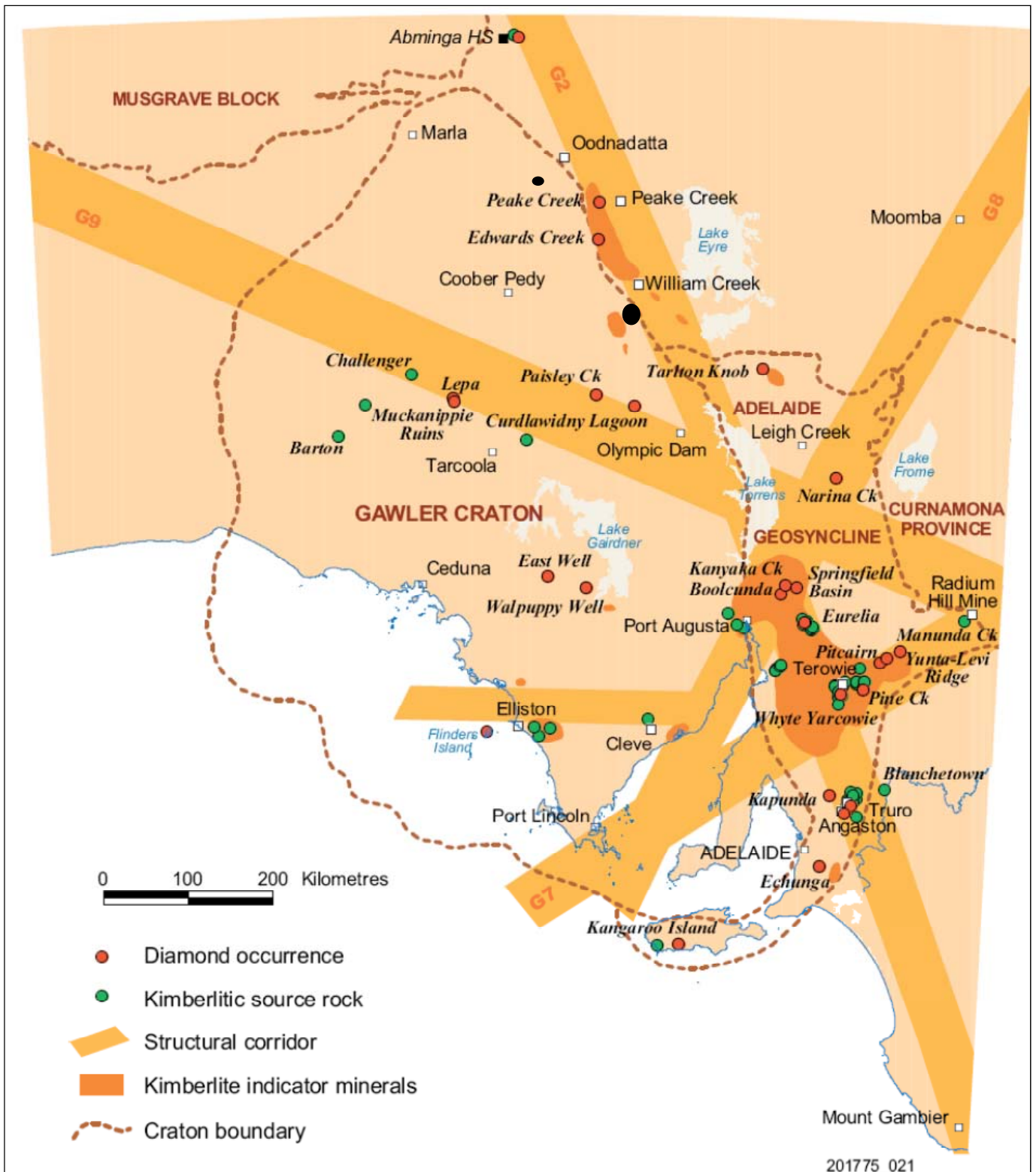


Figure 5. Diamond occurrences and tectonic setting in South Australia (source: MESA Journal 29, 2003). Approximate location of EL 5347 shown by black dot south of William Creek.