



**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](http://www.monaxmining.com.au)

**For immediate release**

27 October 2015

# Monax Mining Limited

## Quarterly Report

For the quarter ended 30 September 2015

### HIGHLIGHTS

- ***Western Gawler Craton Project (Nickel-Copper)***
  - ❖ Farm-In partners, Western Areas Limited completed first phase of drilling on the project area with 65 holes completed for 5,789m
  - ❖ Several prospective mafic intrusions identified in widely spaced drilling to date
  - ❖ Petrology confirms the presence of magmatic nickel/copper sulphides
  - ❖ Drilling recommenced in mid-October
  - ❖ Western Areas Limited completes Stage 1, elects to proceed to Stage 2 of the Western Gawler Craton Farm-In Agreement
- ***Phar Lap Project (Copper-Gold)***
  - ❖ Farm-In and Exploration Joint Venture partner Iluka Resources completed detailed gravity survey on Phar Lap iron-oxide copper-gold (IOCG) Project
- ***Punt Hill Project (Copper-Gold)***
  - ❖ Monax secured 100% ownership of Punt Hill IOCG Project
- ***Mt Ringwood Project (Gold)***
  - ❖ Subsequent to the end of the Quarter, Monax secured exciting new gold project located in the highly prospective Pine Creek area, Northern Territory

## **Corporate**

In the three months to 30 September 2015, Monax Mining Limited ("Monax") (ASX:MOX) completed a drilling program on the Margaret Dam project and Farm-In partner, Western Areas Limited ("Western Areas") also commenced a major drilling program on Monax's Western Gawler Craton Project.

During the quarter, Monax continued to review potential new projects. Monax made a strategic decision to seek a new project and formulated a set of essential criteria which would be used to assist in procuring a new and exciting project. Subsequent to the end of the quarter, Monax announced it has signed landmark deals to take control of multiple mining and exploration leases in Northern Territory's Pine Creek gold camp.

This outcome is the culmination of significant efforts in bringing together a number of tenements held by private interests into what Monax views as a significant gold project. The Pine Creek area is renowned for in hosting shallow, high grade gold mineralisation. Mining in the area has taken place more or less continuously since the 'gold rush' in the area during the 1870's.

During the quarter, Monax issued 21,385,924 Monax Shares to a wholly-owned subsidiary of Chilean copper producer, Antofagasta plc ("Antofagasta") to secure 100% ownership of the Punt Hill Copper-Gold Project as previously announced (refer ASX Release 15 June 2015). Antofagasta is Monax's only significant Shareholder with a 16.35% stake in Monax.

As at 30 September 2015, Monax had a cash balance of \$0.53 million. During the quarter \$193,000 was spent on exploration.

## **Exploration**

### **South Australian projects**

Monax has five South Australian projects (Figure 1).

1. **Punt Hill – copper-gold**
2. **Phar Lap – copper-gold**
3. **Western Gawler Craton – nickel-copper**
4. **Kangaroo Island – silver-lead-zinc**
5. **Musgrave – nickel-copper**

### **Northern Territory project**

1. **Mt Ringwood - gold**

### **Queensland projects**

1. **NW Queensland – copper-gold**
2. **Croydon - gold**



**Figure 1. Location of Monax's South Australian projects as of 30 September 2015.**

**Western Gawler Craton Project – copper-nickel  
(Monax 25% - Western Areas Limited 75%)**

Western Areas completed 65 drill holes totalling 5,789m (Plate 1) and samples have been submitted for laboratory assaying. The initial drilling program is a mix of focussed holes targeting interpreted mafic intrusions together with more broadly spaced holes aimed at providing geological/lithological information to assist with potential future drilling programs (Figure 2).

The region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the primary objective of the first phase of drilling. Initial results are very encouraging, with the identification of olivine gabbro-norite intrusive rocks in a number of early drill holes. Significantly, the petrology has also confirmed the presence of magmatic nickel/copper sulphides within these rock types.

These types of mafic intrusives are well known for hosting significant nickel and copper orebodies in western and central Australia, including Nova (Albany-Fraser Belt) and Nebo-Babel (Musgrave Province). The results confirm the initial observations regarding the prospectivity of the Western Gawler region for intrusive related nickel and copper mineralisation.

Under the Farm-In Agreement, Western Areas can earn an initial 75% interest in the tenements by spending \$800,000 within 2.5 years. Upon earning a 75% interest in the tenements, Western Areas has the right to earn a further 15% interest (for a total of 90%) by expending a further \$400,000 within 1.5 years.

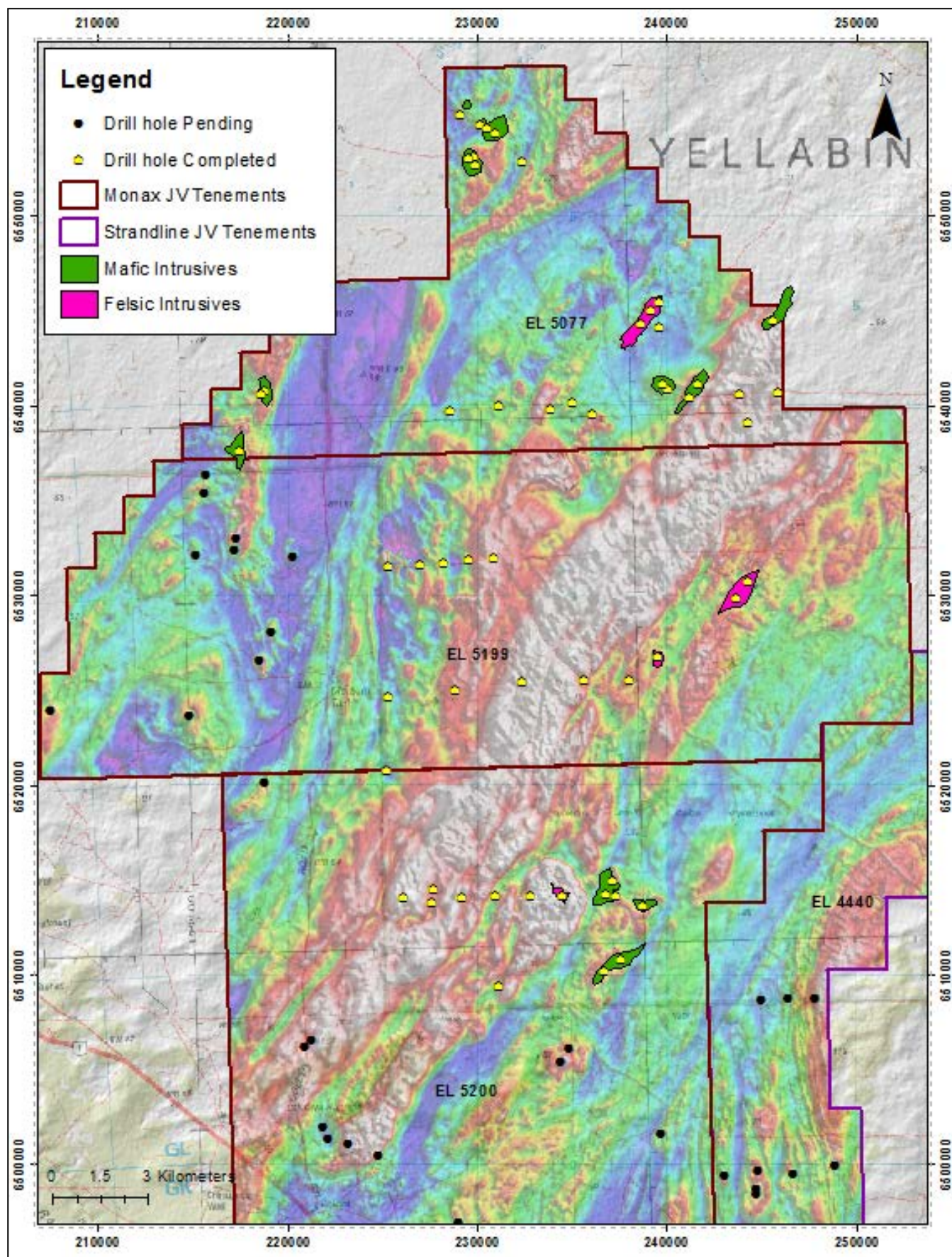
During the quarter, Western Areas advised Monax that they have completed Stage 1 of the earn-in for the Western Gawler Craton Project by expending \$800,000 on exploration activities and are proceeding to Stage 2 of the Western Gawler Craton Farm-In Agreement by expending a further \$400,000 to earn a 90% interest in the project.

Upon reaching a 90% interest in the tenements, Monax and Western Areas can form a joint venture where each company funds exploration pro-rata (10:90). If Monax elects not to contribute to the Joint Venture, Monax will dilute to a 1% net smelter royalty (NSR). Western Areas has the option to purchase the NSR at market price determined by an independent third party at any time during the operation of the project.



**Plate 1. Rig on site at Western Gawler Craton Project.**





**Figure 2: Western Gawler JV Project magnetic imagery (Colour RTP) highlighting the current exploration status and the intrusions confirmed with drilling (Source: Western Areas)**

### ***Phar Lap Project – copper-gold (Monax 100% - Iluka Resources earning 80%)***

During the previous quarter, Monax signed a Farm-in and Joint Venture Agreement with Iluka Resources Limited (“Iluka”) for the Phar Lap Iron-Oxide Copper-Gold (IOCG) Project, located on Exploration Licence 5123, which is on the margin of the Mt Woods Inlier in northern South Australia (Figure 1).

According to the terms of the Farm-in and Exploration Joint Venture Agreement:

- Iluka can earn 80% ownership of EL 5123 by funding \$2 million of exploration over four years; and
- Iluka will spend \$400,000 within the first two years and may withdraw at any time after it has incurred \$400,000 of expenditure on the project.

Work completed during the September quarter consisted of:

- Heritage clearance in preparation for gravity survey, and
- Detailed gravity survey.

Work planned on EL 5123 for the December quarter includes a possible drilling program. The drilling program will depend upon interpretation of the final results of the gravity survey by Iluka.

### ***Punt Hill Project – copper-gold (Monax 100%)***

During the September quarter, Monax issued 21,385,924 Monax Shares to a wholly-owned subsidiary of Chilean copper producer, Antofagasta plc (“Antofagasta”) to secure 100% ownership of the Punt Hill Copper-Gold Project as previously announced (refer ASX Release 15 June 2015).

Monax continues to work on reviewing all data for the Punt Hill Project and remains committed in drilling a further drill hole at the Groundhog prospect dependent upon funding. Monax has secured up to \$75,000 in PACE funding for the drill hole at Groundhog.

### ***Mt Ringwood Project -gold***

During the September quarter, Monax was reviewing a number of projects. Subsequent to the end of the quarter, Monax announced it has agreed to terms with several private holders of Mining Leases and Exploration Licences in the Mt Ringwood area, approximately 120km south of Darwin (Figure 3) (See ASX Release 15 October for further details).

This outcome is the culmination of significant efforts in bringing together a number of tenements held by private interests into what Monax views as a significant gold project. The Pine Creek area is renowned for in hosting shallow, high grade gold mineralisation. Mining in the area has taken place more or less continuously since the ‘gold rush’ in the area during the 1870’s.

Monax conducted field reconnaissance visits to inspect the leases and exploration tenements and visible gold was observed in samples collected by one of the leaseholders (Plate 2). Further visible gold was observed within another lease from several old prospecting pits (Plate 3).



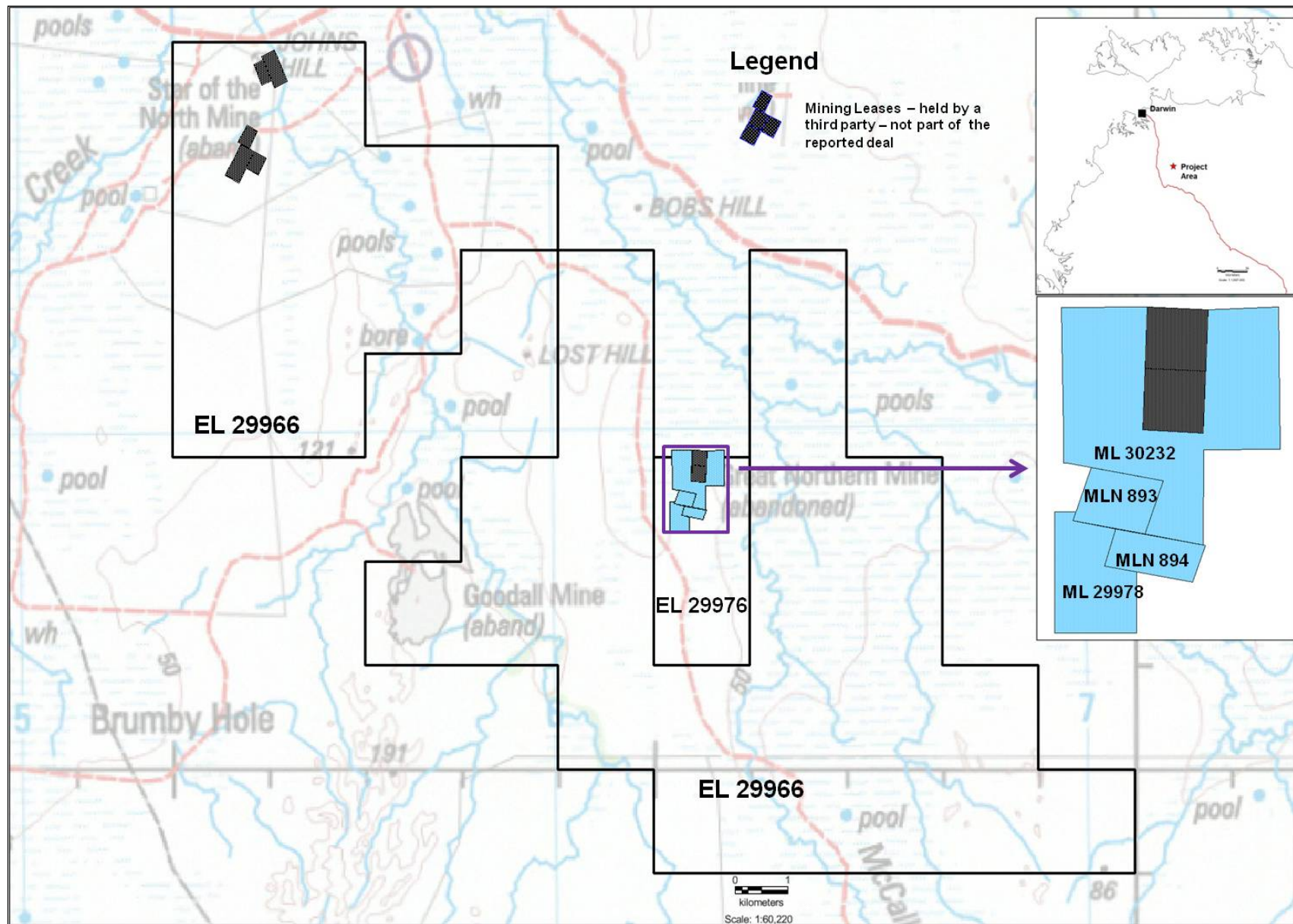


Figure 3. Location of Mt Ringwood Project.



**Plate 2. Example of Gold collected on ML 30232 by leaseholder (all of the rocks shown have visible gold – not assayed).**



**Plate 3. Visible gold within quartz from Mt Ringwood Mining Leases (Note: none of the samples above have been assayed). These samples were collected during a one day field reconnaissance undertaken by Monax.**



## **Margaret Dam (“Kimberlite”) Project -diamonds**

During the quarter, Monax completed one diamond drill hole (MDDD1501) on the Margaret Dam Project located within the Woomera Prohibited Area (WPA) in northern South Australia.

Previous geophysical modelling outlined a magnetic body at a depth of approximately 80m. The mafic intrusive in hole MDDD1501 contains minor magnetite and is considered the cause of the geophysical anomaly.

The mafic rock in drill hole MDDD1501 is thought to represent a Delamerian unit (approximately 500 million years old) intruded into older Adelaidean sediments.

Petrology showed the mafic rock is an olivine dolerite and three one metre samples were submitted for geochemistry, with low-level copper reported in one metre sample within a late carbonate vein. Monax is in the process of relinquishing the project tenements.

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

Gary Ferris  
Managing Director  
Monax Mining  
Ph: (08) 8245 4900  
Email: [info@monaxmining.com.au](mailto: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 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.’*

## Tenement Holdings as of 30 September

During the quarter, Monax relinquished four Exploration Licences (EL 5128, EL 4994, EL 5558 & EL 5094). Below is a table of Monax Mining Limited's and Monax Alliance Pty Ltd's current tenement holdings as of 30 September.

### Monax Mining Limited

Tenement	No.	Status	Monax Interest	Details	Tenure holder
Punt Hill	EL 4642	Granted	100%		Monax Mining
Yeltacowie	EL 4548	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
Parndana	EL 4581	Granted	100%		Monax Mining
Parndana	EL 5353	Granted	100%		Monax Mining
Phar Lap	EL 5123	Granted	100%	Farm-In with Iluka Resources	Monax Mining
Nullarbor	EL 5077	Granted	100%	Farm-In with Western Areas	Monax Mining
North Yalata	EL 5199	Granted	100%	Farm-In with Western Areas	Monax Mining
East Yalata	EL 5200	Granted	100%	Farm-In with Western Areas	Monax Mining
Shoulder Hill	ELA 2014/194	Application	100%		Monax Mining
Curdimurka	ELA 2015/103	Application	100%		Monax Mining
Dorothy Dam	ELA 2014/104	Application	100%		Monax Mining
Boorthanna	ELA 2014/105	Application	100%		Monax Mining
Bowilia Hill	EL 5669	Granted	100%		Monax Mining
Llewellyn Creek	EPM 25671	Granted	100%		Monax Mining
Malbon	EPM 25743	Application	100%		Monax Mining
Charley Creek	EPM 25750	Application	100%		Monax Mining
TBA	EPM 26036	Application	100%		Monax Mining

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

### Monax Alliance Pty Ltd

Tenement	No.	Status	Monax Interest	Details	Tenure holder
Margaret Dam	EL 5347	Granted	100%		Monax Alliance P/L
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 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 2015

### 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	(193)	(193)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(179)	(179)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	4
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	(124)	(124)
	Administration income from JV agreements	22	22
	Other – leave liabilities on termination	(58)	(58)
	- GST	9	9
<b>Net Operating Cash Flows</b>		<b>(519)</b>	<b>(519)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets		
1.10	Loans to other entities	(1)	(1)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>			
1.13	Total operating and investing cash flows (carried forward)	<b>(1)</b>	<b>(1)</b>

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(520)	(520)
	<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)		
	Costs from issue of shares, options etc.	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(520)	(520)
1.20	Cash at beginning of quarter/year to date	1,052	1,052
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	532	532

**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	67
1.24 Aggregate amount of loans to the parties included in item 1.10	-

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) and legal fees paid to a legal firm in which a director is a partner.

**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.

Monax Alliance Pty Ltd on behalf of Monax Mining Limited and Antofagasta Minerals Adelaide Pty Ltd has incurred on an accruals basis approximately \$7,216 for the Millers Creek Designated Project (EL 4463, EL 5259, EL 5347, EL 5316, EL 4899, EL 4898, EL 4854).

Western Areas Ltd pursuant to the Farm – In Option Agreement for EL 5077, EL 5199 and EL 5200 has incurred \$928k in the quarter ending 30 September 2015.

Iluka Resources Limited pursuant to the Farm – In and Joint Venture Agreement for EL 5123 has incurred \$67k in the quarter ending 30 September 2015

### **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	100
4.2 Development	-
4.3 Production	-
4.4 Administration	100
<b>Total</b>	<b>200</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	516	1,036
5.2 Deposits at call	15	15
5.3 Bank overdraft	-	-
5.4 Other (provide details)	1	1
<b>Total: cash at end of quarter (item 1.22)</b>	<b>532</b>	<b>1,052</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	EL 5128 EL 4994 EL 5558 EL 5094	Relinquishment Relinquishment Relinquishment Relinquishment	100% 100% 100% 100%	0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased	EPM 26038	Application	0%	100%

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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>	235,429,239	235,459,239		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	21,385,924	21,385,924		
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>	1,200,000 225,000 325,000	Nil Nil Nil	<i>Exercise Price</i> \$0.026 \$0.051 \$0.053	<i>Expiry Date</i> 12/05/2020 28/07/2016 23/07/2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	21,406,397	21,406,397	\$0.042	29/07/2015
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Appendix 5B


### Mining exploration entity quarterly report

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7.12	<b>Unsecured notes</b> (totals only)		
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## 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 ~~/does not\*~~ **(delete one)** give a true and fair view of the matters disclosed.

Sign here:  ..... Date: .27/10/2015.....  
(~~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.