



**MONAX  
MINING LIMITED**

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For immediate release  
Friday 29 January 2016

# Monax Mining Limited

# Quarterly Report

For the quarter ended 31 December 2015

## HIGHLIGHTS

- ***Mt Ringwood Project (Gold)***
  - ❖ Monax secured exciting new gold project located in the highly prospective Pine Creek area, Northern Territory
  - ❖ Visible gold observed at Great Northern Mining Leases with 4 samples reporting >1000g/t gold
  - ❖ 30% of rock chip samples collected by Monax on the project area report >1g/t gold
- ***Western Gawler Craton Project (Nickel-Copper)***
  - ❖ Farm-In partners, Western Areas Limited completed 105 drill holes for 9,193m on project area
  - ❖ Several prospective mafic intrusions identified in widely spaced drilling to date
  - ❖ Petrology confirms the presence of magmatic nickel/copper sulphides
  - ❖ Western Areas Limited completes Stage 2 by expending \$1.2 million on the project and earns 90% of the Western Gawler Craton Project
  - ❖ Monax elected to retain a 10% interest in the WGC Project
- ***Phar Lap Project (Copper-Gold)***
  - ❖ Farm-In and Exploration Joint Venture partner Iluka Resources completed a 3 diamond hole drilling program at Phar Lap iron-oxide copper-gold (IOCG) Project

## Corporate

In the three months to 31 December 2015, Monax Mining Limited ("Monax") (ASX:MOX) had a very active period undertaking mapping and sampling on the newly acquired Mt Ringwood Gold Project in the Northern Territory, as well as drilling on the Western Gawler Craton and Phar Lap Projects funded and undertaken by Western Areas Limited ("Western Areas") and Iluka Resources Limited ("Iluka") respectively.

The acquisition of the Mt Ringwood Gold Project was 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 14,000,000 Monax Shares to the owners of the Mining Leases at Mt Ringwood as an Option payment (see 15 October 2015 ASX Release for details).

During the Quarter, Western Areas advised Monax that they had reached the 90% Earn In for the Western Gawler Craton Project. Monax elected to maintain a 10% interest in the Western Gawler Craton. Monax and Western Areas will now form an unincorporated joint venture whereby Monax has the option to co-fund exploration pro-rata (based on a 10% interest).

Monax completed a Share Purchase Plan during the Quarter with applications received for 14,550,000 new shares raising \$145,500.

During the Quarter, Monax implemented further cost saving measures including moving its Exploration Office, staff reductions and relinquishing non-core tenements. The Margaret Dam tenements in northern South Australia, the Parndana (EL 5353) tenement on Kangaroo Island South Australia and the granted tenement and applications in the Cloncurry area in northwest Queensland were relinquished.

As at 31 December 2015, Monax had a cash balance of \$0.37 million. During the quarter \$57,000 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. **Croydon - gold**



**Figure 1. Location of Monax's South Australian projects as of 31 December 2015.**

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

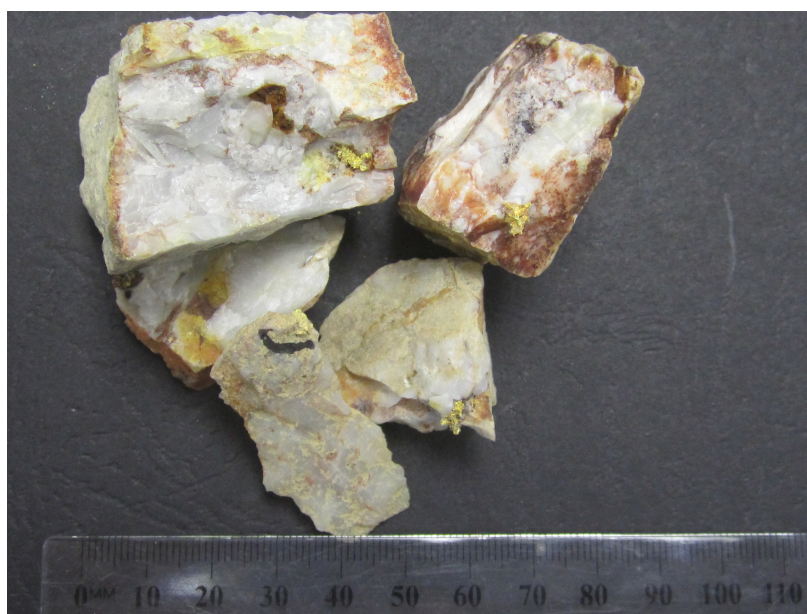
During the quarter, Monax announced it has agreed to terms with several private holders of Mining Leases and Exploration Licences in the Mt Ringwood area, approximately 120km south of Darwin (Figure 3) (See ASX Release 15 October for further details). Monax also announced it has agreed to purchase an additional 12 Mining Leases from Newmarket Gold NT Holdings Pty Ltd (formerly Crocodile Gold Australia Pty Ltd) ("Newmarket") which enhances Monax's position within the Pine Creek area and provides Monax with a significant contiguous package of prospective ground within a highly prospective terrain (see Figure 2).

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 has completed three field mapping and sampling trips to the project area with a total of 355 samples collected and assayed for gold. A total of 106 samples (approximately 30%) reported >1 g/t gold (see Figure 3). All results have been previously reported (see ASX Releases 15 October 2015; 26 October 2015; 27 November 2015; 3 December 2015 and 6 January 2016 for details).

The sampling has highlighted the prospectivity of the Great Northern and Great Western Mining Leases as well as the region along the western part of the project including the Star of the North Mining Leases, the C5 and C8 areas and the area south of the abandoned Goodall Gold Mine (see Figure 3).

Several samples containing visible gold were collected from the Great Northern Mining Leases (Plate 1).



**Plate 1:**  
Samples of visible gold from the Great Northern Mining Leases

Monax is currently collating the mapping and sampling data to formulate the 2016 exploration program.

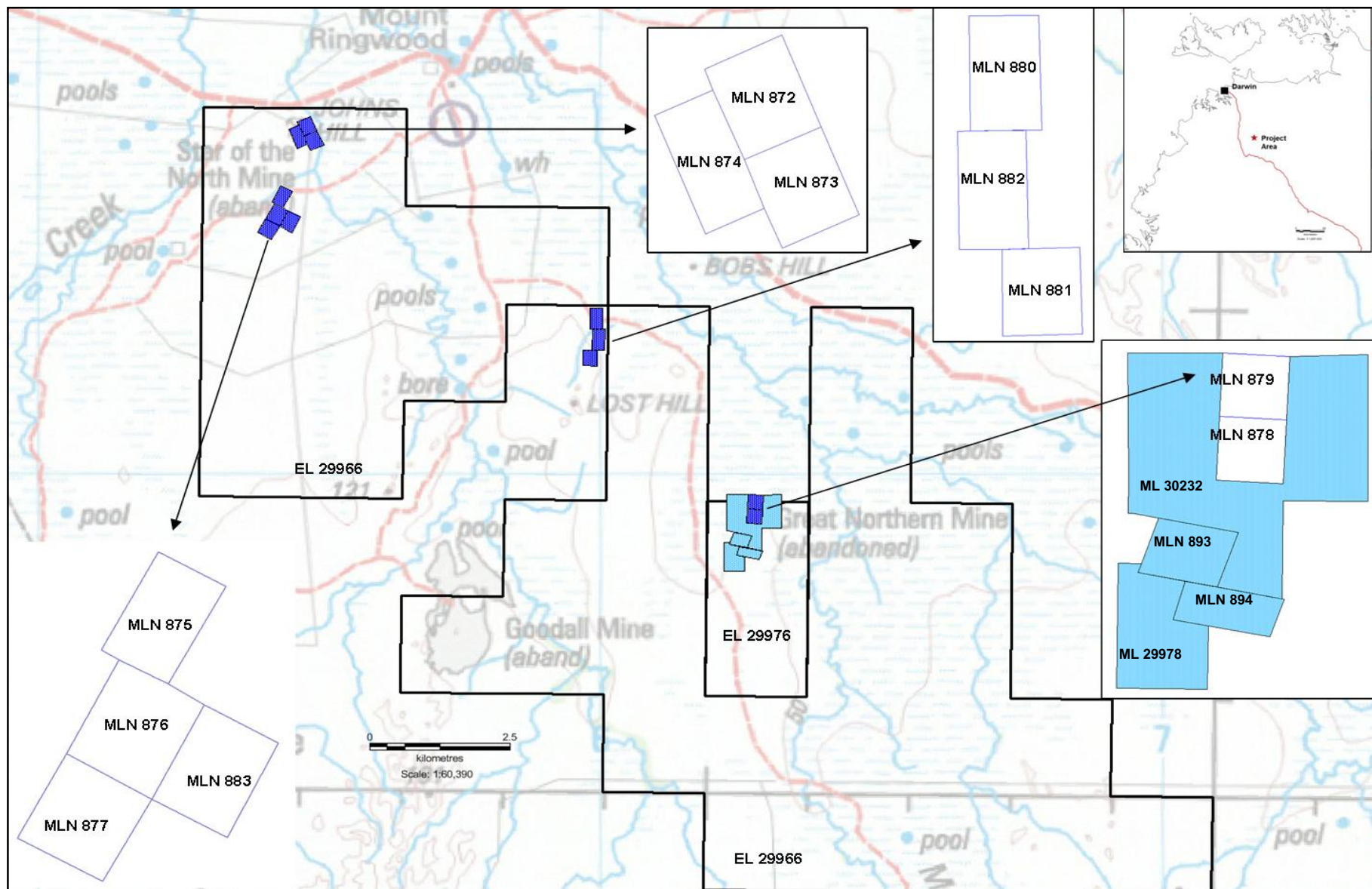


Figure 2. General location plan – Mt Ringwood Gold Project.



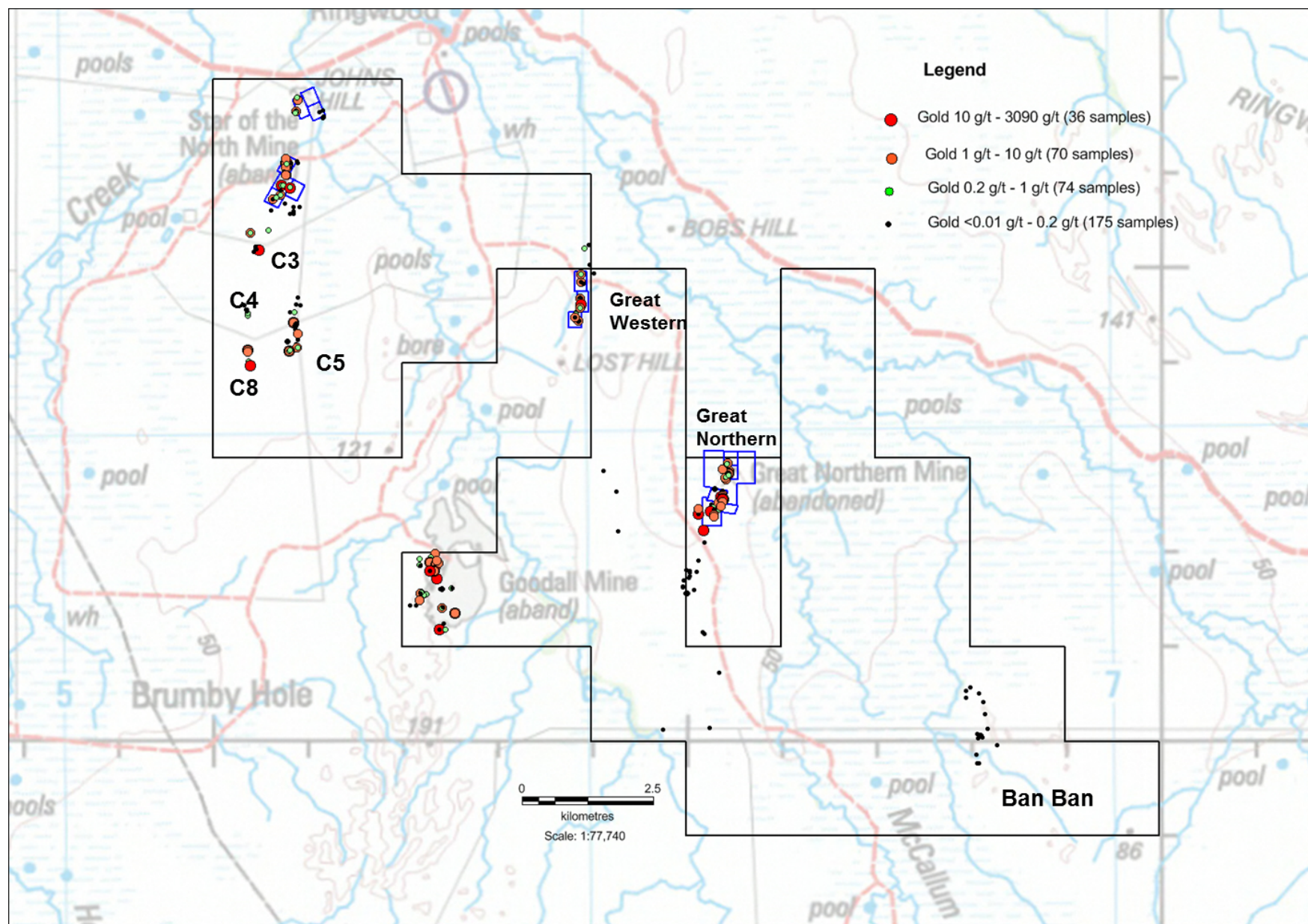


Figure 3. Summary of rock chip results – Mt Ringwood Gold Project.

**Western Gawler Craton Project – copper-nickel  
(Monax 10% - Western Areas Limited 90%)**

Exploration work during the quarter included further ground access and heritage surveys, surface electro-magnetic (EM) surveys, and drilling. The cumulative expenditure from this exploration work exceeded the minimum expenditure required to complete Stage 2 of the JV earn-in on the Monax ground (a spend of over \$1.2M within 2.5 years). WSA now has a 90% interest in the Monax ground and Monax elected to retain their 10% interest in the project and continue as a contributing Joint Venture Partner.

The extensive broad scale drilling (reverse circulation/aircore) program continued during the quarter, with a total of 105 drill holes completed for 9,193m. The initial drilling is designed to test specific magnetic features that may represent prospective mafic-ultramafic intrusions, and to gather more broad spaced lithological information throughout the tenure (Figure 4).

This initial phase of drilling has been highly successful, confirming the widespread presence of mafic/ultramafic intrusive rocks throughout the tenure. Assays from the latest phase of drilling have been received and an assessment of the complete geochemical data set to date, together with the geological logging, will facilitate the identification of further priority areas.

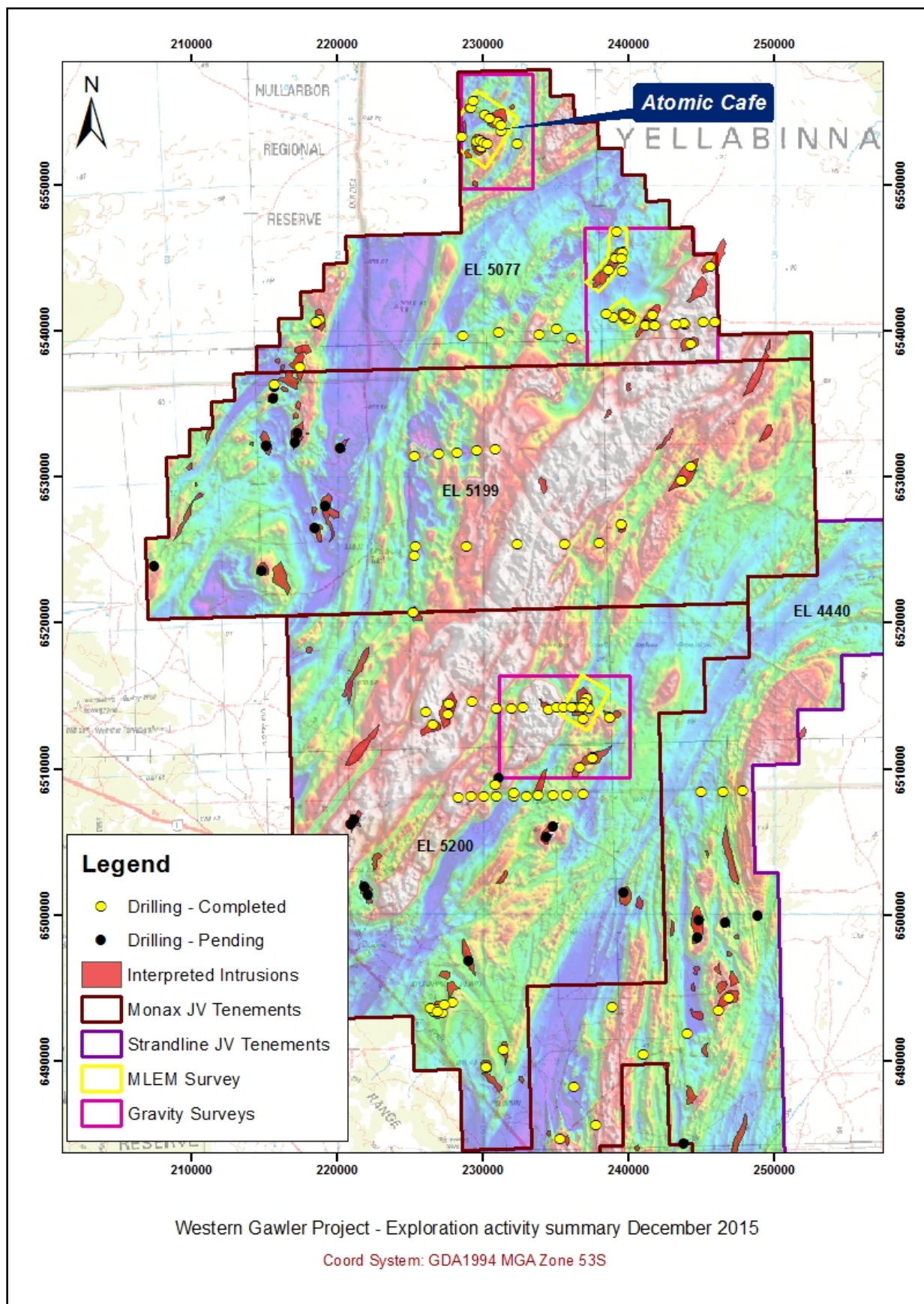
Given the early identifications of prospective lithology and mineralisation, a number of test geophysical surveys were planned over specific areas to test the effectiveness of electromagnetic and gravity systems in imaging the basement through the thick cover sequence. Both techniques were deemed to be highly effective and highlighted the ongoing importance that these geophysical systems will be in the future phases of exploration.

During the EM survey work in the Atomic Café area, a moving loop EM (MLEM) anomaly was detected on the margin of a mafic intrusion, coincident with a significant gravity anomaly. Prior drilling had confirmed the presence of mafic hosted magmatic copper sulphides in the area, which upgraded the ranking of this target. Just prior to the end of the quarter, drill hole WGDD0001 (582.6m) was completed to test the source of the anomaly. The drill hole did not intersect conductive lithologies, and, with the results of the down-hole EM, it is believed that the source of EM anomalism may be the complex interaction of cover and complex basement stratigraphy.

However, the drill hole did encounter significant lengths of fine disseminated sulphides comprised of chalcopyrite and pyrrhotite. Assay results are still pending but the presence of mafic hosted magmatic sulphides provides further evidence for the prospectivity of the area to host intrusive related nickel and copper mineralisation.

Planned activities for the coming quarter will include further ground access and heritage surveys, surface geophysical surveys, and continuation of the reverse circulation/aircore drilling.





**Figure 4: 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 option to earn 80%)***

In May 2015, Monax signed a Farm-in and Exploration 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 by Iluka on the project during the December quarter included:

- Gravity processing and modelling on the three targets surveyed in the September quarter
- Seismic reprocessing and interpretation on vintage lines
- Drill site access preparation, and
- Execution of a diamond drilling program comprising three vertical drill holes totalling 1395m, including geological logging and sampling.

Drilling commenced on a programme of three diamond drill holes on 27 November and was completed on 18 December 2015. These drill holes each tested one of three gravity anomalies believed to be consistent with IOCG mineralisation (see Figure 5).

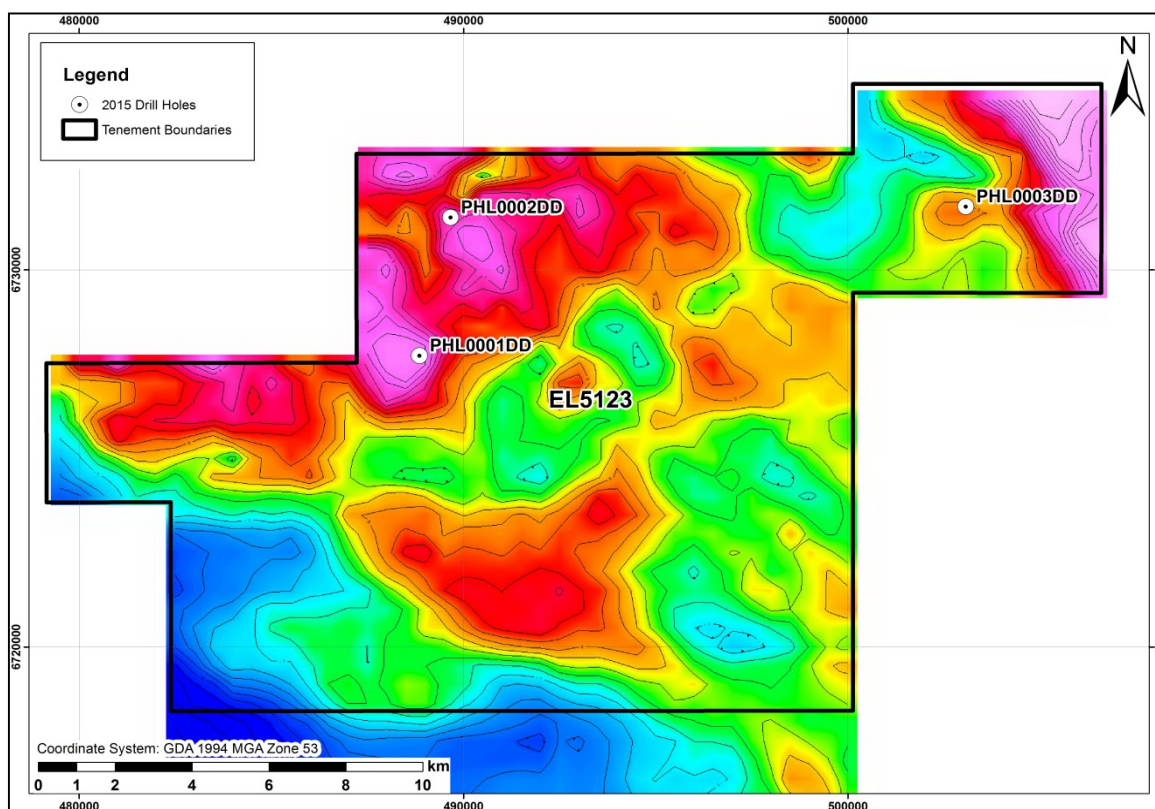
A 1m half core sample was taken every 10m within the basement sequence for multi-element analyses, in order to document lithology and alteration. In addition, specific density measurements were done to constrain the re-modelling of the gravity anomalies. Samples were also taken in intervals with disseminated sulphides and quartz veins.

Hole PHL0001DD and PHL0002DD intersected zones of less than 1% disseminated pyrite with trace of chalcopyrite and bornite. A total of 90 samples were taken in hole PHL0001DD and 87 samples in hole PHL0002DD, excluding standards and blanks.

Assay data from PHL0001DD and PHL0002DD demonstrate only very weak localised enrichment of Cu to a maximum value of 449ppm, consistent with trace chalcopyrite and bornite noted in the drill core. No significant gold values were returned, all values being 0.003 g/t or less. Data from PHL0003DD are pending. Based on observations of the core, it is not expected to yield significant results.

Work planned for Q1 2016 includes:

- Interpretation and processing of assay results
- Re-interpretation of local and regional geophysical models based on depth to basement, core density and seismic velocity data; and
- Development of a geological model to assess remaining potential, from integration of geochemical, geophysical and geological data (including petrographic analysis).



**Figure 5. Locations of 2015 diamond drill hole collars over residual gravity image**

**For further information please contact:**

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*'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 31 December 2015

During the quarter, Monax relinquished Exploration Licence's (EL) 5347 and 5353 in South Australia and Exploration Permit Minerals (EPM) 25671 in Queensland. Monax also relinquished EL Applications 2015/103, 2015/104 and 2015/105. Below is a table of Monax Mining Limited's and Monax Alliance Pty Ltd's current tenement holdings as of 31 December.

### 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               |
| 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       | EPM 26038    | 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      |
|------------|--------------|-------------|----------------|---------|--------------------|
| 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")

31 December 2015

#### Consolidated statement of cash flows

|   |  | Current quarter<br>\$A'000 | Year to date (6<br>months)<br>\$A'000 |
|---|--|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b> |  |                            |                                       |
| 1.1   | Receipts from product sales and related debtors            | -                          | -                                     |
| 1.2   | Payments for (a) exploration & evaluation                  | (57)                       | (250)                                 |
|   | (b) development  | -                          | -                                     |
|   | (c) production   | -                          | -                                     |
|   | (d) administration   | (120)                      | (299)                                 |
| 1.3   | Dividends received   | -                          | -                                     |
| 1.4   | Interest and other items of a similar nature received      | 2                          | 6                                     |
| 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                | (188)                      | (312)                                 |
|   | Administration income from JV agreements                   | -                          | 22                                    |
|   | Other – leave liabilities on termination                   | -                          | (58)                                  |
|   | - GST  | 20                         | 29                                    |
|   | - Grant  | 45                         | 45                                    |
| <b>Net Operating Cash Flows</b>                   |  | (298)                      | (817)                                 |
| <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                                     | 7                          | 7                                     |
| 1.10  | Loans to other entities                                    | -                          | (1)                                   |
| 1.11  | Loans repaid by other entities                             | -                          | -                                     |
| 1.12  | Other (provide details if material)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                   |  | 7                          | 6                                     |
| 1.13  | Total operating and investing cash flows (carried forward) | (291)                      | (811)                                 |

+ See chapter 19 for defined terms.



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

|      |  |              |              |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (291)        | (811)        |
|      | <b>Cash flows related to financing activities</b>          |              |              |
| 1.14 | Proceeds from issues of shares, options, etc.              | 146          | 146          |
| 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.                   | (14)         | (14)         |
|      |  | -            | -            |
|      | <b>Net financing cash flows</b>                            | <b>132</b>   | <b>132</b>   |
|      | <b>Net increase (decrease) in cash held</b>                | <b>(159)</b> | <b>(679)</b> |
| 1.20 | Cash at beginning of quarter/year to date                  | 532          | 1,052        |
| 1.21 | Exchange rate adjustments to item 1.20                     | -            | -            |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>373</b>   | <b>373</b>   |

**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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 73                         |
| 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

|  |
|--|
|  |
|--|

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

Western Areas Ltd pursuant to the Farm – In Option Agreement for EL 5077, EL 5199 and EL 5200 has incurred \$780k in the quarter ending 31 December 2015.

Iluka Resources Limited pursuant to the Farm – In and Joint Venture Agreement for EL 5123 has incurred \$495k in the quarter ending 31 December 2015

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 50         |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 100        |
| <b>Total</b>                   | <b>150</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 357                        | 532                         |
| 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>373</b>                 | <b>532</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 5347            | Relinquishment                | 100%                             | 0%                         |
|     |   | EL 5353            | Relinquishment                | 100%                             | 0%                         |
|     |   | EPM 25671          | Relinquishment                | 100%                             | 0%                         |
|     |   | EL 2015/103        | Application Lapsed            | 100%                             | 0%                         |
|     |   | EL 2015/104        | Application Lapsed            | 100%                             | 0%                         |
|     |   | EL 2015-105        | Application Lapsed            | 100%                             | 0%                         |
| 6.2 | Interests in mining tenements acquired or increased           |                    |                               |                                  |                            |

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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><br><i>(description)</i>  |                                 |                   |  |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                                 |                   |  |  |
| 7.3 <b>+Ordinary securities</b>  | 264,009,239                     | 264,009,239       |  |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 28,550,000                      | 28,550,000        |  |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  |                                 |                   |  |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                                 |                   |  |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 1,200,000<br>225,000<br>325,000 | Nil<br>Nil<br>Nil | <i>Exercise Price</i><br>\$0.026<br>\$0.051<br>\$0.053 | <i>Expiry Date</i><br>12/05/2020<br>28/07/2016<br>23/07/2017 |
| 7.8 Issued during quarter  |                                 |                   |  |  |
| 7.9 Exercised during quarter   |                                 |                   |  |  |
| 7.10 Expired during quarter  |                                 |                   |  |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |                                 |                   |  |  |
| 7.12 <b>Unsecured notes</b><br><i>(totals only)</i>  |                                 |                   |  |  |

+ See chapter 19 for defined terms.



## 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: .....  
(~~Director~~/Company secretary)

Date: .29/01/2016.....

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 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.