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Exploration Update

HIGHLIGHTS

- **Monax to focus exploration activity on its South Australian assets.**
- ***Punt Hill* – MIMDAS survey to commence shortly with drilling planned for second half of 2012.**
- ***Waddikee* – Manganese drilling in progress and graphite exploration commenced.**
- ***Phar Lap* – Two potential copper-gold targets identified with drilling planned for second half of 2012.**
- ***Monax:Antofagasta Strategic Alliance* – Four project areas under application.**
- **Chile Iron Sands project – In line with Company review, Monax lets option lapse.**

Monax Mining Limited (ASX:MOX) (“Monax” or “the Company”) today announced it will embark on a more focused exploration program, concentrating on its projects in South Australia following a comprehensive review of all its projects.

The Company said the review involved both internal assessment and prospectivity synthesis of current and potential projects.

As a result of the review, Monax provides the following exploration update.

Monax currently has five South Australian projects (see Figure 1):

1. Punt Hill (copper-gold) in South Australia’s Far North;
2. Waddikee (manganese, graphite, iron) on Eyre Peninsula;
3. Yorke Peninsula (copper-gold);
4. Phar Lap (copper-gold) in South Australia’s Far North;
5. Monax:Antofagasta Strategic Alliance

Punt Hill Copper-Gold Project
(Monax 100%; Antofagasta earning 51%)

Monax completed a four hole drilling program totalling 2561.2m in October 2012. Drill hole details and locations are shown in the Table below and Figure 2.

Prospect	Drill Hole No.	Easting	Northing	Depth to basement	Total depth
Otcheck	OCDD01	735000	6511900	432.1m	639.5m
Camel Dam	CDDD01	724361	6527435	425.8m	704.0m
Bottle Hill	BHDD01	723409	6535764	546.9m	766.6m
Sells Dam	SDDD01	725601	6536769	363.5m	451.1

All holes drilled vertical. Datum MGA 94.

This drilling program successfully defined additional areas of shallower IOCG style alteration and mineralisation than previous drill results. The shallower depth to basement will allow the use of electrical geophysical methods to locate zones of high grade mineralisation within basement gravity anomalies and will be a significant factor in future exploration.

The best results came from drill hole OCDD01 (Figure 3). This hole intersected basement at 432.1m depth below surface. The upper 30m of basement comprised massive hematitic breccia with visible copper (bornite and chalcocite) observed along fractures and within quartz-carbonate veins. The best interval was 9m @ 0.12% Cu between 435 - 444m. The intense alteration and brecciation in OCDD01 included earthy hematite, steely hematite and specular hematite, and is analogous to that at Olympic Dam and Carrapateena.

No further significant geochemical results were returned from the other three drill holes, however CDDD01 (Camel Dam prospect) comprised 226m of intense hematite-chlorite-sericite IOCG style alteration within Donington Suite granite from 478m. This is the same granite complex which hosts the Carrapateena deposit. In places, the alteration was so strong that it had almost completely destroyed and brecciated the original granitic rock texture. CDDD01 was a technical success as it was targeted as a direct Carrapateena analogy.

Both holes (OCDD01 & CDDD01) show alteration associated with IOCG systems, indicating that both target areas experienced major fluid influx over a prolonged period. The Otcheck and Camel Dam targets warrant further drilling. Monax currently has a PACE Application to seek collaborative funding for another drill hole at Camel Dam.

Major petro-physical, geochemical and geophysical inversion studies have been commenced. The aim of this is to systematically characterise the very large alteration and mineralisation system discovered at Punt Hill. Due to the improved spatial distribution of drill holes as exploration continues, Monax can progress its understanding with the aim to vector towards high grade mineralisation. Results from these studies will be ongoing throughout the year and will greatly assist the development of Monax's intellectual understanding of the Punt Hill system.

Monax will undertake a MIMDAS survey in the next quarter. MIMDAS is a broad-band, high resolution multi-channel acquisition system, which was designed to acquire networked multi-channel electrical and electromagnetic geophysical data. MIMDAS is capable of acquiring induced polarisation (IP), magnetotellurics (MT), electromagnetic (EM) and controlled source audiomagnetotellurics (CSAMT) data and can provide significant improvement in resolution over traditional geophysical surveys. Monax has approximately 30 line kilometres of MIMDAS planned across the Punt Hill project.

A significant drilling program is planned for the second half of 2012. This drilling program will incorporate more untested geophysical targets, anomalies that present from the MIMDAS survey

as well geological development from the numerous studies currently in progress. This project remains the cornerstone focus for Monax, which is pleased to count on continued support from its project partner, Antofagasta.

***Waddikee Manganese, Iron and Graphite Project
(100% Monax; OM Manganese earning 60% interest in manganese and iron)***

Monax is currently drilling at Waddikee for manganese. The Waddikee project is the subject of a farm-in agreement with OM (Manganese) Limited (OMM), a wholly-owned subsidiary of OM Holdings Limited (ASX:OMH) for manganese and iron. OMM is required to fund A\$2 million over four years to acquire a 60% participating interest in the project.

The current drilling program is nearing completion and results are expected in mid-May.

The Waddikee tenement is also prospective for graphite. Monax has commenced exploration for graphite, which has involved an assessment of historical drilling and an interpretation of airborne electromagnetic (AEM) survey data. The Waddikee project has been the focus of continued exploration for more than 40 years, primarily for base metals (silver, lead and zinc), uranium and gold. As a consequence, there is a vast amount of historic exploration information preserved across the project. Graphite is highly conductive and is readily detected in any electrical based geophysical survey method such as AEM.

Six preliminary target areas have been identified as containing prominent conductivity anomalies and/or having graphite identified in surface samples. This will be the focus of Monax's initial exploration for graphite on the tenement (Wilclo, Lacroma, Ridgestone, Balumbah, Jamieson Tank, and Cut Snake – see Figure 3).

At the completion of its current manganese drilling program and while awaiting the laboratory results, Monax is planning to review all historical drilling at Jamieson Tank and submit any graphitic-rich zones for geochemical analyses.

Monax will also undertake a reconnaissance surface sampling program to fully assess reported occurrences of graphite on the tenement.

Monax believes existing results of historical surface sampling and the assessment of the AEM data and historical drilling, clearly demonstrates the enormous potential for a commodity (graphite) which has not previously been explored for on the project – a view shared with other exploration companies on Eyre Peninsula that have identified the area as an emerging graphite province.

Monax will undertake a graphite drilling program in the second half of 2012.

Yorke Peninsula Copper-Gold Project

Monax has three project areas on Yorke Peninsula (see Figure 4):

1. Melton (50:50 Joint Venture with Marmota Energy Limited - ASX:MEU)

The Melton project is located on the northern Yorke Peninsula, along the Pine Point Fault Belt, a newly defined structural corridor which hosts the Hillside deposit (Rex Minerals). Drilling in 2010 and 2011 provided encouraging results from the Miranda anomaly. The best result was 9m @ 1% Cu in hole MIRDD08 (461-470m).

Monax and Marmota Energy Limited are planning the next phase of exploration for the Melton project which will commence in late 2012 after the current cropping season. Further drilling is warranted based on results returned from the Miranda anomaly.

2. Webling Bay (100% Monax)

Monax will undertake a full geophysical review for the Webling Bay tenement before undertaking any surface exploration. The Webling Bay tenement has high-resolution aeromagnetic data and some detailed gravity and electrical geophysical data. Monax has delayed previously planned soil sampling to focus initially on reviewing existing data before undertaking surface exploration.

Webling Bay is located within a prime cropping area and to maintain good relationships with landowners, Monax will plan any surface exploration to commence at the end of the cropping season, expected to be in December 2012.

3. Coonarie (Monax 100% of all minerals excluding uranium; Marmota 70% uranium, Monax 30% uranium)

Monax is assessing the prospectivity of Coonarie and developing a suitable strategic direction for the project.

Recent drilling results from Adelaide Resources (ASX:ADN), Core Exploration (ASX:CXO) and Rex Minerals (ASX:RXM) has highlighted the ongoing and improved prospectivity of the Yorke Peninsula for copper-gold mineralisation.

Phar Lap Copper-Gold Project (Monax 100% of all minerals excluding uranium; Marmota 75% uranium, Monax 25% uranium)

EL 3909 (Phar Lap) is located about 60km WNW of Prominent Hill on the southwestern margin of the Mt Woods Inlier. The Mt Woods Inlier contains the Prominent Hill (Cu-Au) and Cairn Hill (Fe-Cu) mines as well as several IOCG style targets including Joes Dam and Manxman.

The Phar Lap project has been part of Monax's portfolio for some time, but has not been thoroughly explored due to the uncertainty caused by its proximity to the Woomera Prohibited Area (WPA). A small fraction of the tenement has now been defined as located in the WPA Red Zone (a zone where exploration is prohibited); this portion has been relinquished.

In 2008, an extensive geophysical program was conducted over the project which included the acquisition of airborne magnetic, radiometric, electromagnetic and ground gravity data. This exploration was completed and funded by Marmota Energy Limited (as part of the "Mineral Rights Transfer and Joint Venture Agreement" between 'Marmota' and 'Monax'. Monax has recently undertaken a comprehensive review of the geophysical data which has resulted in two prominent anomalies being identified.

The responses in the unprocessed Phar Lap geophysical data was dominated by a suite of thin 'vertical sheet like' mafic rocks known as the Gairdner Dykes. These rocks are half the age and unrelated to the known IOCG related mineral systems of the Eastern Gawler Craton, however are commonly intersected by explorers in their quests to discover IOCG deposits, as they exhibit comparable geophysical qualities.

After extensive processing and filtering the Gairdner Dykes, two anomalies have been outlined PLGA 1 and PLGA2 (Figure 5). These anomalies are similar to the anomaly associated with the Carrapateena ore body (Figures 5 & 6). Monax believes that comparative modelling (3D inversion modelling and apparent density modelling) between the Phar Lap data and publicly available Carrapateena data has demonstrated that the source of anomaly PLGA2 is very similar to the body that sources the Carrapateena ore body; in density volume product (i.e. from the apparent density modelling, density contrast (maximum density 1.2 Vs 1.3 g/cc), dimensions and depth (approximately 550m to top).

Monax has commenced the land access process and plans to drill these targets in mid-2012.

Monax:Antofagasta Strategic Alliance

Monax has 12 tenement applications covering four separate areas which are potentially subject to the Alliance.

In October 2011, Monax announced the formation of a Strategic Alliance with Antofagasta Minerals Adelaide, a wholly owned subsidiary of 'Antofagasta plc', a major international copper mining company, for project generation in South Australia.

The terms of the agreement require that Antofagasta spend through Monax US\$1 million over two years to facilitate area prospectivity identification and analysis, basic exploration, project generation and target selection. Any initial properties that are identified as a project of interest become a 'Designated Project' (DP). Once a DP has been formed, Antofagasta will have acquired a 51% interest and Monax a 49% interest in the project.

Antofagasta will then have the option to earn an additional 19% of any DP (cumulative 70% interest) by spending a further US\$4 million on exploration within three years and subsequently be required to make a cash payment (success fee) to Monax for US\$3 million.

The 12 tenement applications are outlined below (see Figure 1 and Table below for location and tenement details):

1. Marla
2. Algebuckina
3. WGC (western Gawler Craton)
4. Kangaroo Island

Project	Tenement	No.	Status	Area	Area type
Marla	Sarda Bluff	ELA 2011/00268	Application	736	km ²
Algebuckina	Algebuckina	ELA 2011/00269	Application	399	km ²
Algebuckina	Douglas Creek	ELA 2011/00270	Application	935	km ²
Algebuckina	Old Umbum	ELA 2011/00271	Application	540	km ²
Marla	Henrietta Creek	ELA 2011/00275	Application	929	km ²
Marla	Mt Beviss	ELA 2011/00276	Application	979	km ²
WGC	Nullarbor	ELA 2012/00063	Application	963	km ²
WGC	North of Yalata	ELA 2012/00064	Application	941	km ²
WGC	West of Yalata	ELA 2012/00065	Application	957	km ²
WGC	Yalata	ELA 2012/00066	Application	951	km ²
Kangaroo Island	Parndana	ELA 2012/00067	Application	868	km ²
Kangaroo Island	West of Parndana	ELA 2012/00068	Application	226	km ²

Marla and Algebuckina

The Marla and Algebuckina tenement applications are located on the northern margin of the Gawler Craton (Figure 1) and cover an area of 4518 km². The applications are located within areas of limited basement outcrop and have received minimal exploration for IOCG mineralisation. It is believed that this area is the potential northern continuation of the IOCG Province.

Monax believes these under-explored areas are prospective for IOCG style mineralisation and require detailed geophysical datasets to provide a better insight into the potential of this part of the Gawler Craton for IOCG mineralisation.

WGC (Western Gawler Craton)

The WGC project comprises four tenement applications covering an area of 2950 km² (Figure 1). The basement rocks on the western Gawler Craton record a history of active tectonism which resulted in the mafic and ultramafic intrusives being introduced into a package of Palaeoproterozoic sediments; a setting analogous to the Thompson Nickel Belt in Manitoba, Canada. Monax considers this area prospective for nickel-copper mineralisation.

This area is covered by recent sand and limestone units, which has hindered previous attempts at exploration. The acquisition of high-resolution aeromagnetic data flown by the South Australian government has greatly increased the geological understanding of the region and provides a significant dataset for mineral exploration.

Kangaroo Island

Monax has two tenement applications covering an area of 1094 km² on the northern part of Kangaroo Island (Figure 1). The southern margin of the Gawler Craton is interpreted to correspond with the major Cygnet-Snelling Shear Zone which hosts Monax's Bonaventura zinc (+Pb±Cu±Au) deposit and historic Kohinoor Gold Mine. Drilling by the Department of Mines and Energy on the north coast of Kangaroo Island reported dolerite and granite basement rocks of the Donington Suite in Investigator 1 at 313m below the surface.

The Donington Suite is host to several major IOCG deposits/prospects on the eastern Gawler Craton including Carrapateena and Punt Hill; however no exploration for IOCG has been undertaken within the Kangaroo Island region. A number of Proterozoic basement geological interpretations, including that from Geoscience Australia, depict the extension of the Pine Point Fault Zone on Yorke Peninsula as the Cygnet-Snelling Shear Zone. The coverage of geophysical data outside of Monax's 100% Kangaroo Island tenements is very poor, but there does appear to be a number of poorly defined high intensity gravity and magnetic anomalies. Just as the Marla and Algebuckina projects define the logical northern extension of the IOCG Province, Kangaroo Island logically defines the southern extension.

Monax has three Exploration Licences on Kangaroo Island which are excluded from the Alliance.

All of these projects are at an early stage of evaluation by the Alliance, and further reporting on these will be made as exploration activities progress.

Huentelauquen Iron Sand Project

Monax signed an Option Agreement over an iron sands project in Chile, South America in the December 2011 quarter. The project is located near the settlement of Huentelauquen, about 200km north of the country's capital city, Santiago.

Monax has undertaken due diligence on the project and as a result of the project review has withdrawn from the project.

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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 2004 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.

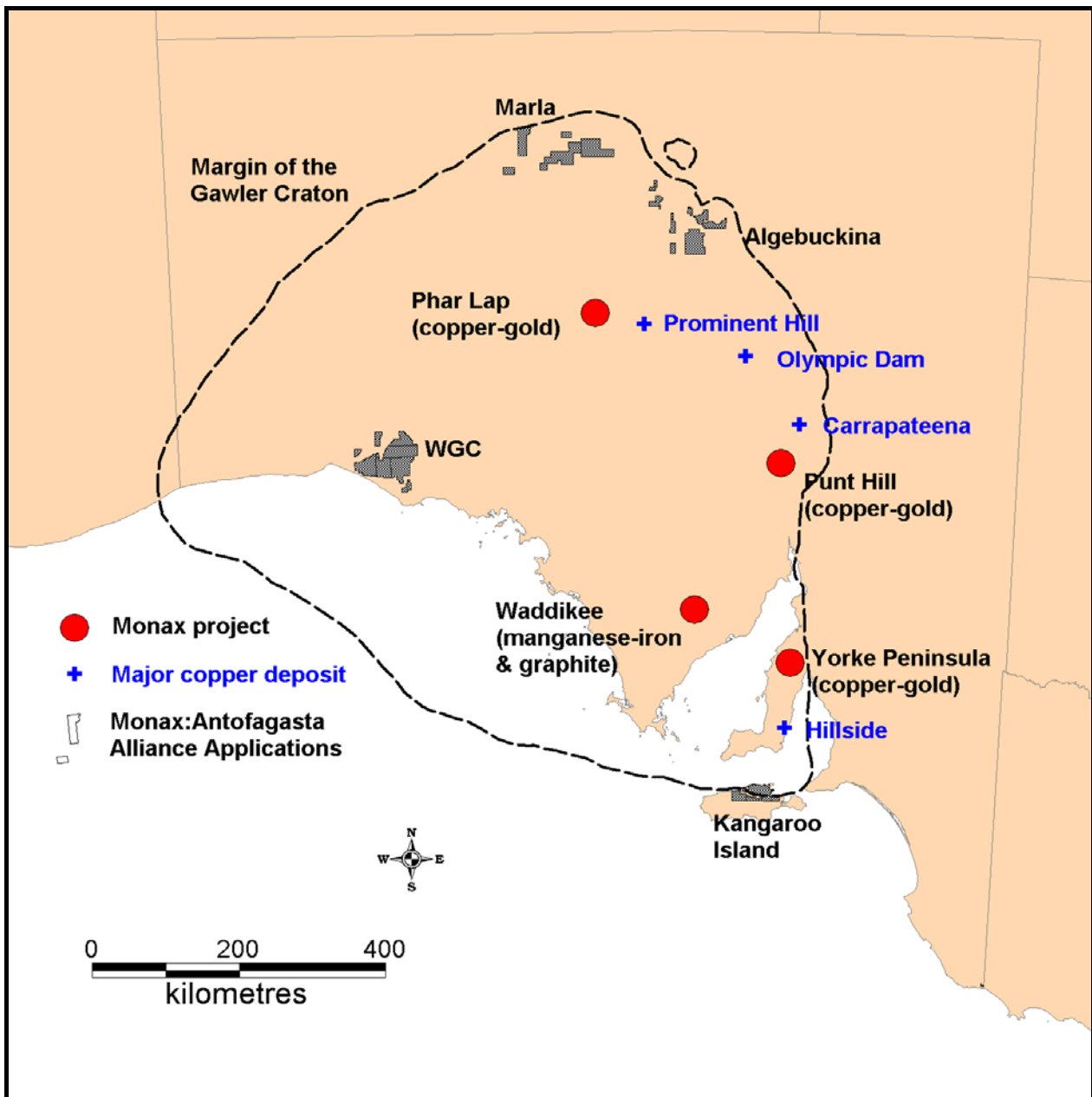


Figure 1. Location of Monax South Australian projects.

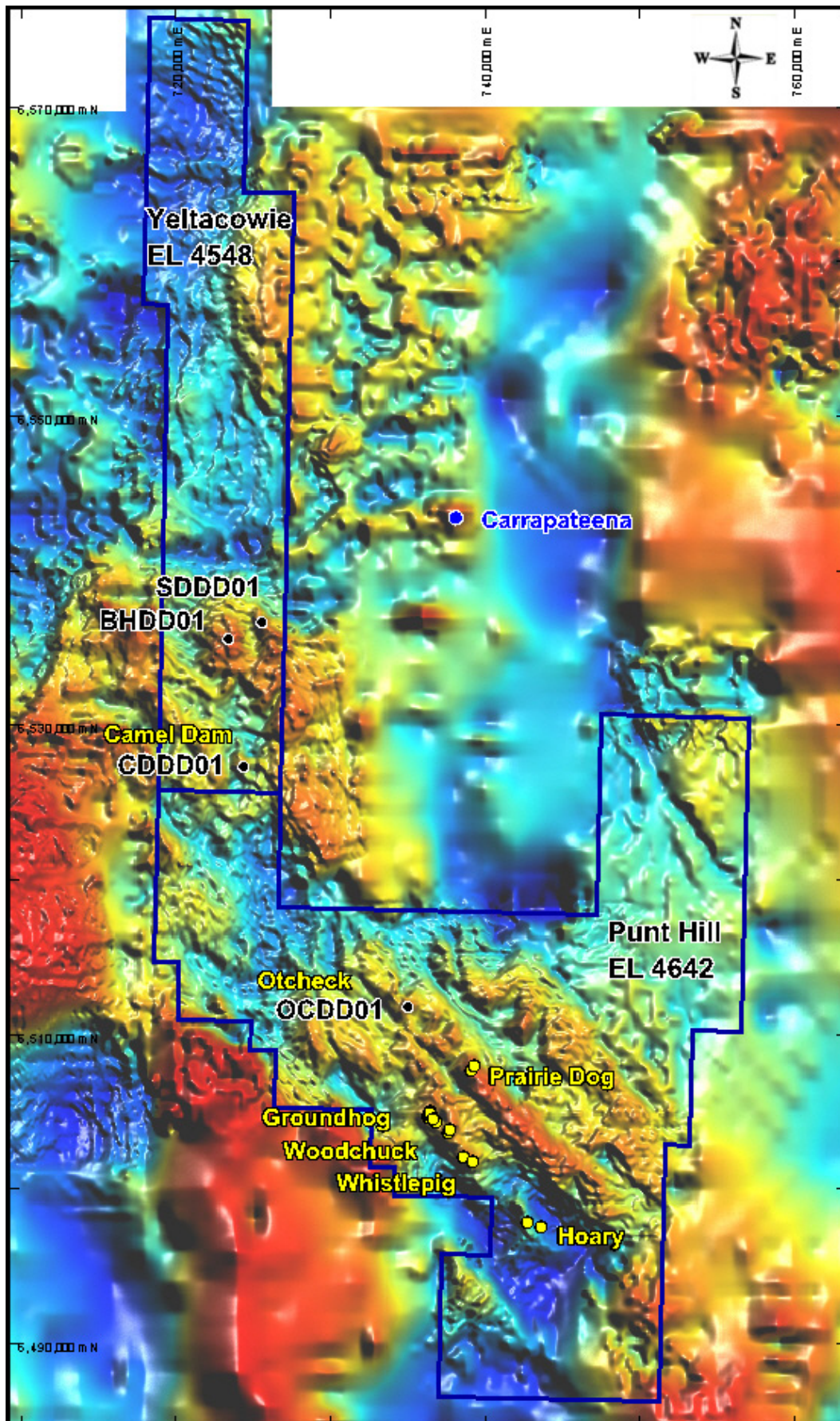


Figure 2. Location of four recently completed drill holes and historical drill holes at Punt Hill.

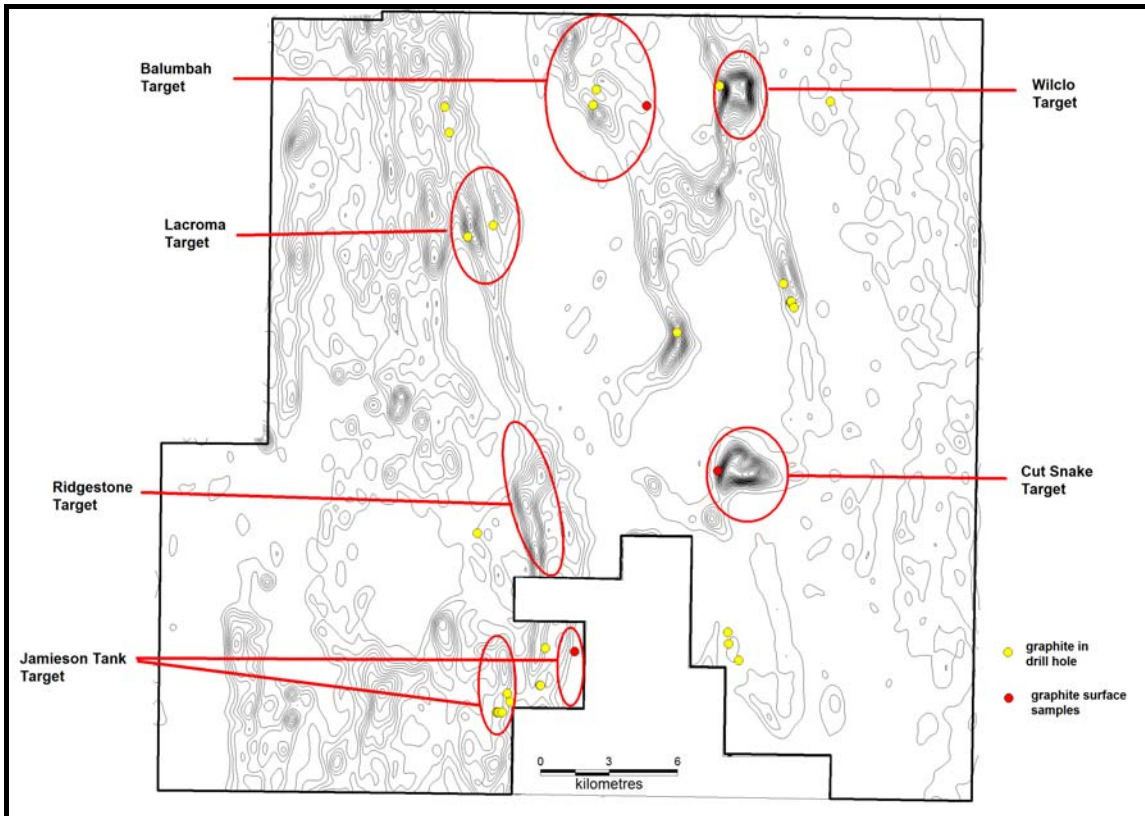


Figure 3. Waddikee (EL 4662). AEM contours showing location of historical drill holes which intersected graphite (yellow dots) and surface samples with graphite (red dots) and six target areas identified for graphite exploration.

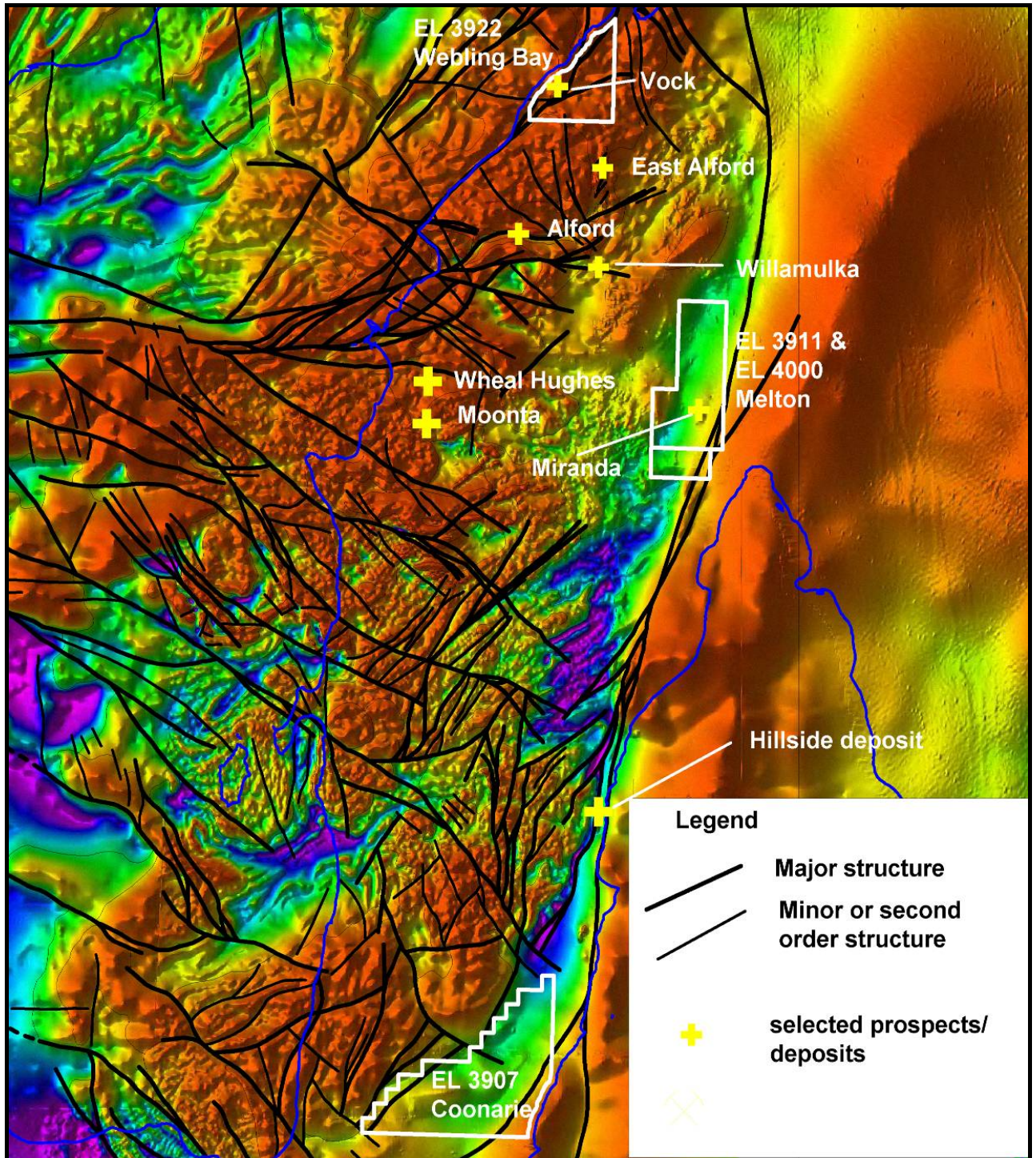


Figure 4. Monax projects, Yorke Peninsula, South Australia (Note - Monax has a 50:50 joint venture at Melton with Marmota Energy). Background is regional aeromagnetic data with structural interpretation and showing location of copper deposits and selected copper prospects.

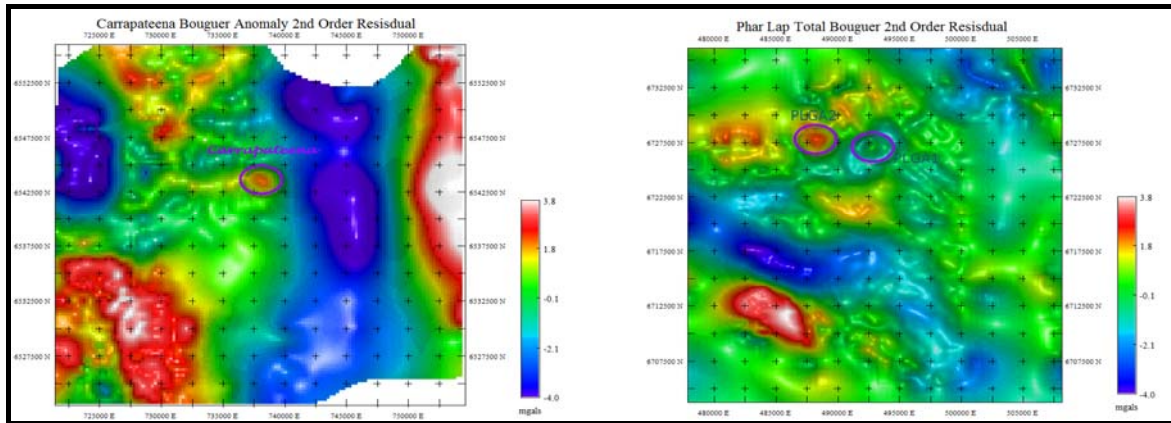


Figure 5. A comparison of the second order gravity residual for Carrapateena and Phar Lap showing similarity in bouguer gravity response.

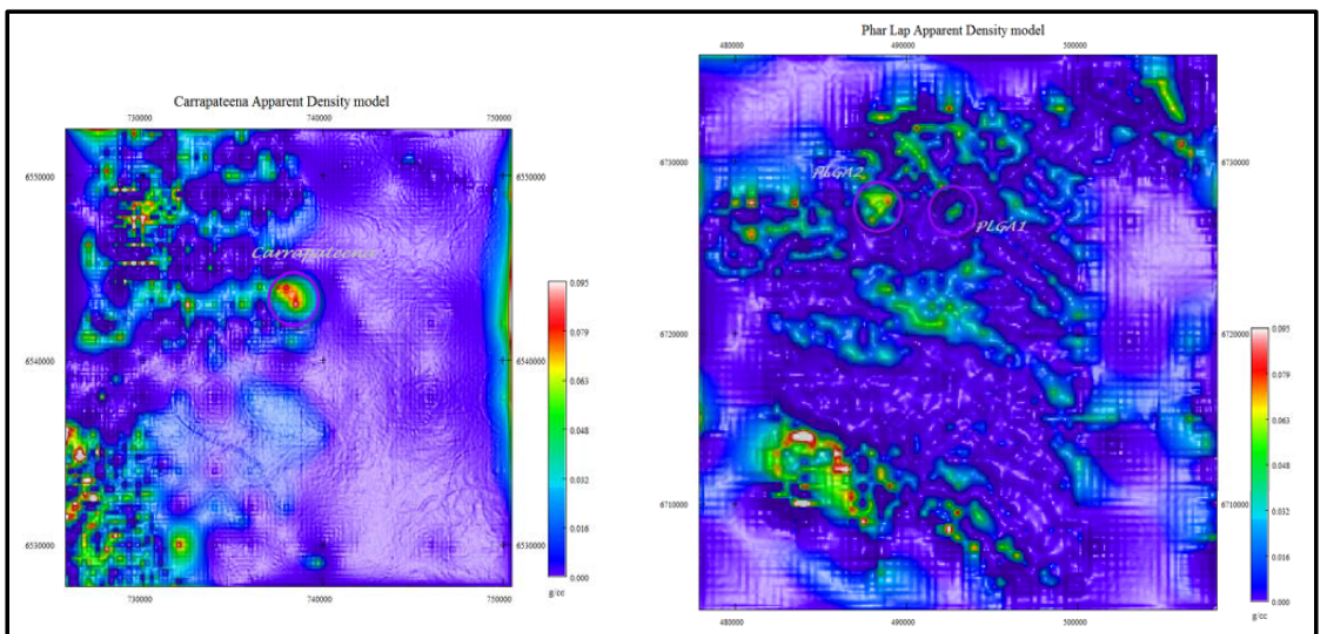


Figure 6. Phar Lap Project - Image of the apparent density model which demonstrates that PLGA2 has a similar density volume product and dimensions to that of the source body for Carrapateena.