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ASX RELEASE

Focused surface sampling enhances Monax's Waddikee Project as potential graphite province

HIGHLIGHTS

- **New discovery of surface graphite validates airborne electromagnetic (AEM) data.**
- **Surface samples collected from Cut Snake and Wilclo targets show additional coarse flake graphite.**
- **Discovery further enhances Waddikee Project as potential graphite province.**
- **Samples submitted for geochemical analyses and petrology.**
- **All proposed drilling plans approved by landowners.**

Monax Mining Limited (ASX: MOX) ('Monax' or 'Company') today announced it had located further surface graphite at its 100% owned Waddikee Project on South Australia's Eyre Peninsula (Figure 1).

The graphite was located in zones of strong conductivity, identified by airborne electromagnetic (AEM) data compiled by the Company earlier this year (Figure 2).

Monax recently undertook reconnaissance inspection of the planned drilling traverses and to search for surface graphite at its Waddikee Project (EL 4662), which is located about 100 kilometres south-west of Whyalla.

Last month, Monax announced that geochemical assay results had identified its Argent prospect – also part of its Waddikee Project - as a "high priority" graphite target.

"These latest samples further enhances our belief that the Waddikee Project has the potential to be a new graphite province," Monax Managing Director, Mr Gary Ferris, said today (see Table 1).

"We are continuing to review and collate all available data, with a plan to commence our maiden drilling program targeting graphite in late July or early August," he said.

"Monax geologists recently visited the Waddikee tenement to liaise with landowners, and successfully obtained their approvals for a proposed drilling program.

“We are extremely encouraged by the quality of the surface graphite we have discovered to date, and look forward with anticipation to the results of our drilling program to potentially enhance our knowledge of the area.”

Wilclo Target

The Wilclo Target is located in the north-eastern part of EL 4662 and comprises a major AEM feature (Figure 2).

It is located on the northern part of a long linear zone of high conductivity, where Monax geologists have located a small zone of graphite-rich gneiss at the surface (see Plate 1).

The collected sample comprises coarse visible graphite and has been submitted for geochemical analysis and petrology (Plate 1).

The Wilclo target depicted in Figure 3 shows a 3 kilometre strike length and the corresponding conductivity profiles show a significant steeply dipping conductivity feature, which is interpreted to represent graphite-rich sediments.

The discovery of surface graphite-rich rocks within a zone of high conductivity – as identified by the AEM data - provides encouragement for Monax’s planned drilling program.

One historical drill hole (CR519) tested this feature and reported graphite at depth between 10-18m (Note: down hole length, true width unknown).

Cut Snake Target

The Cut Snake Target is a prominent AEM feature (Figure 2), where the SA Department of Mines and Energy collected one historical sample from a local council borrow pit.

The sample comprised an altered quartzose schist which assayed 8.4% carbon, with petrology reporting the graphite flake size ranged between 0.4 – 1mm (Valentine, 1994).

Monax recently revisited this borrow pit and collected two further samples of ferruginous schist with visible graphite.

Two further samples of graphite schist were collected from a low scrubby rise located approximately 560m to the east-north east of the borrow pit (see Figure 4 and Plate 2). Both sample sites are located within a zone of high conductivity on the AEM data (Figure 4).

Monax has secured a drilling contractor and the Company’s maiden drill program is planned to commence in late July or early August.

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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.

Reference:

Valentine, J.T. 1994. Graphite in South Australia- a review of production, use and geology. Department of Mines and Energy, South Australia. Report Book 94/24 (unpublished).

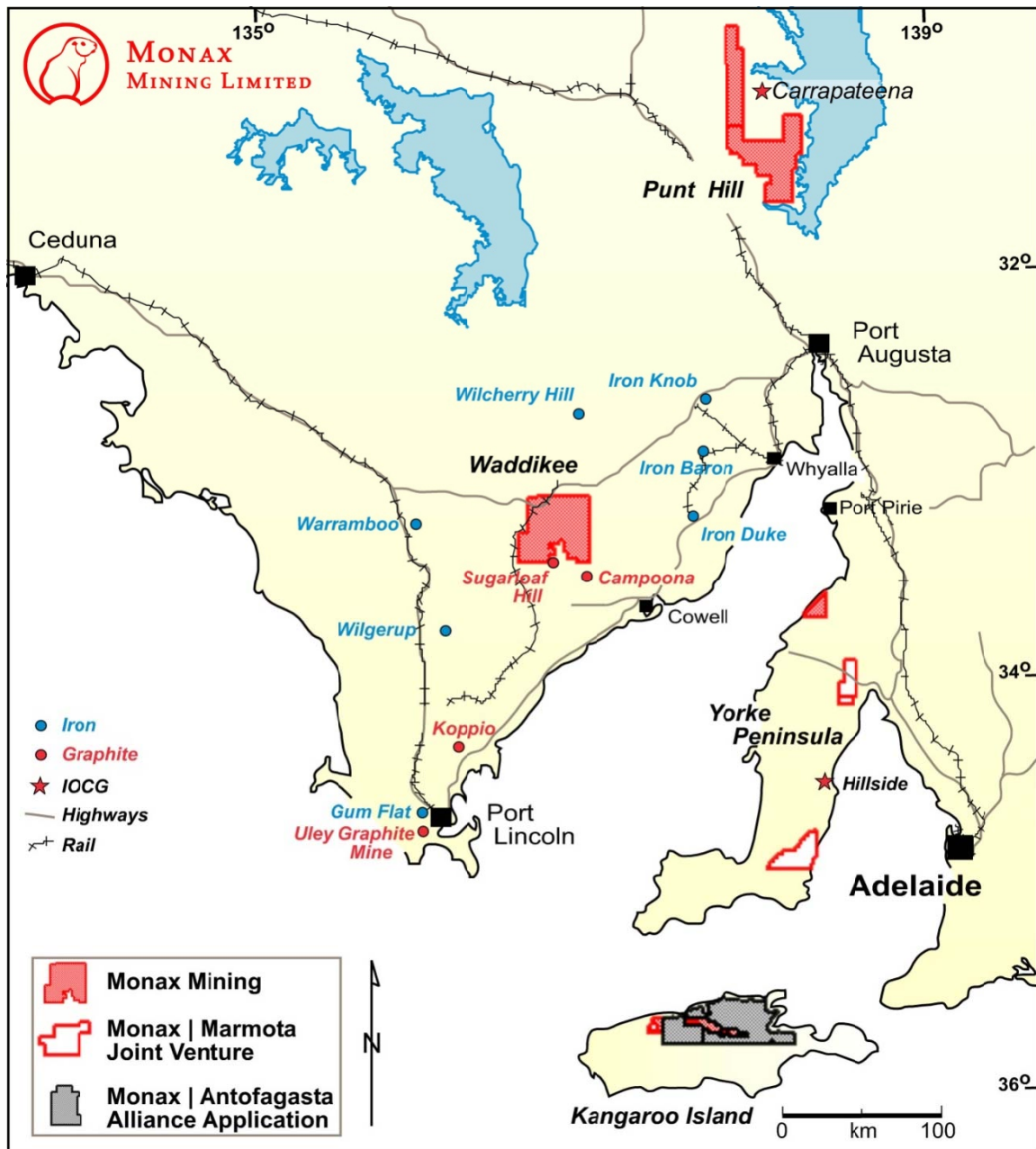


Figure 1. Location of the Waddikee project, central Eyre Peninsula, highlighting other graphite and iron projects within the region.

Table 1. Summary of Surface Graphite Carbon and Petrology Results for Waddikee Project

Target/location	Sample No.	Easting	Northing	Carbon (%)	Petrology
Argent/ARG 1	52317	631186	6298332	1.38	
Argent/ARG 2	52318	631193	6298229	16.00	Foliated graphite, from 0.2mm to 1.5mm in crystal size, is common (~15%), with some kinked flakes and recrystallised areas with smaller graphite flakes (< 0.2mm long).
Argent/ARG 3	52319	631221	6298328	15.31	Graphite is less abundant compared to the previous sample, (5-7%) with some kinking and shredding. Some areas have poorly oriented graphite flakes less than 0.4mm in grainsize, but other areas have more foliated graphite that is locally more than 1mm in crystal size.
Argent/ARG 4	52320	631186	6298332	19.84	
Argent/ARG 5	52321	631235	6298342	13.21	There is more abundant and mostly recrystallised but foliated graphite in this sample than in the other two ARG samples, to 1.5 or 2mm in crystal size, with some kinked flakes, and small areas with bent or contorted flakes. There may be as much as 20% graphite in this thin section area.
Argent	28701	631238	6298524	16.04	
Argent	28702	631238	6298524	10.24	
Argent	28703	631235	6298342	13.06	
Argent	28704	631143	6298247	11.45	
Stanley	STA 1	631957	6299251	2.54	
Balumbah	BAL 1			9.97	Graphite flakes are confirmed by reflected light microscopy to form an estimated up to possibly 20% of the rock. Overall range in graphite flake length is 30 µm to rarely 2000 µm, estimated average about 800 µm
Balumbah	RS 6131 159*	628300	6322000	19.8	Graphite occurs as well-crystallised flakes that are arranged in a moderately well-defined preferred orientation. Most flakes lie in the range ~0.2-1.0mm and average flake size is ~0.6mm.
Cut Snake	RS 6131 160*	631535	6306326	8.4	Graphite occurs in moderate amount as well crystalline plates. The display a strong preferred orientation and most range in size ~0.4-1.0mm. Average flake size is ~ 0.6mm.
Lacroma North	5001	620652	6320547	13.94	
Lacroma North	5002	620649	6320565	7.87	
Wilclo South	5045	634862	6314201	7.12	
Jamieson Tank	Locality 36*	625190	6298750	27.7 & 31.7**	

* Reference Valentine 1994. Geochemistry undertaken by Amdel (method not specified). Petrology undertaken by Amdel. Coordinates estimated from map within report.

** Two samples returned 15.4 and 3.7% of ferruginous concentrate which assayed 27.7 and 31.7% carbon (Valentine, 1994).

Monax samples – geochemistry undertaken by Genalysis using CSA method. Petrology undertaken by Pontifex and Associates. Sample coordinates collected by hand held GPS. Datum MGA 94, zone 53.

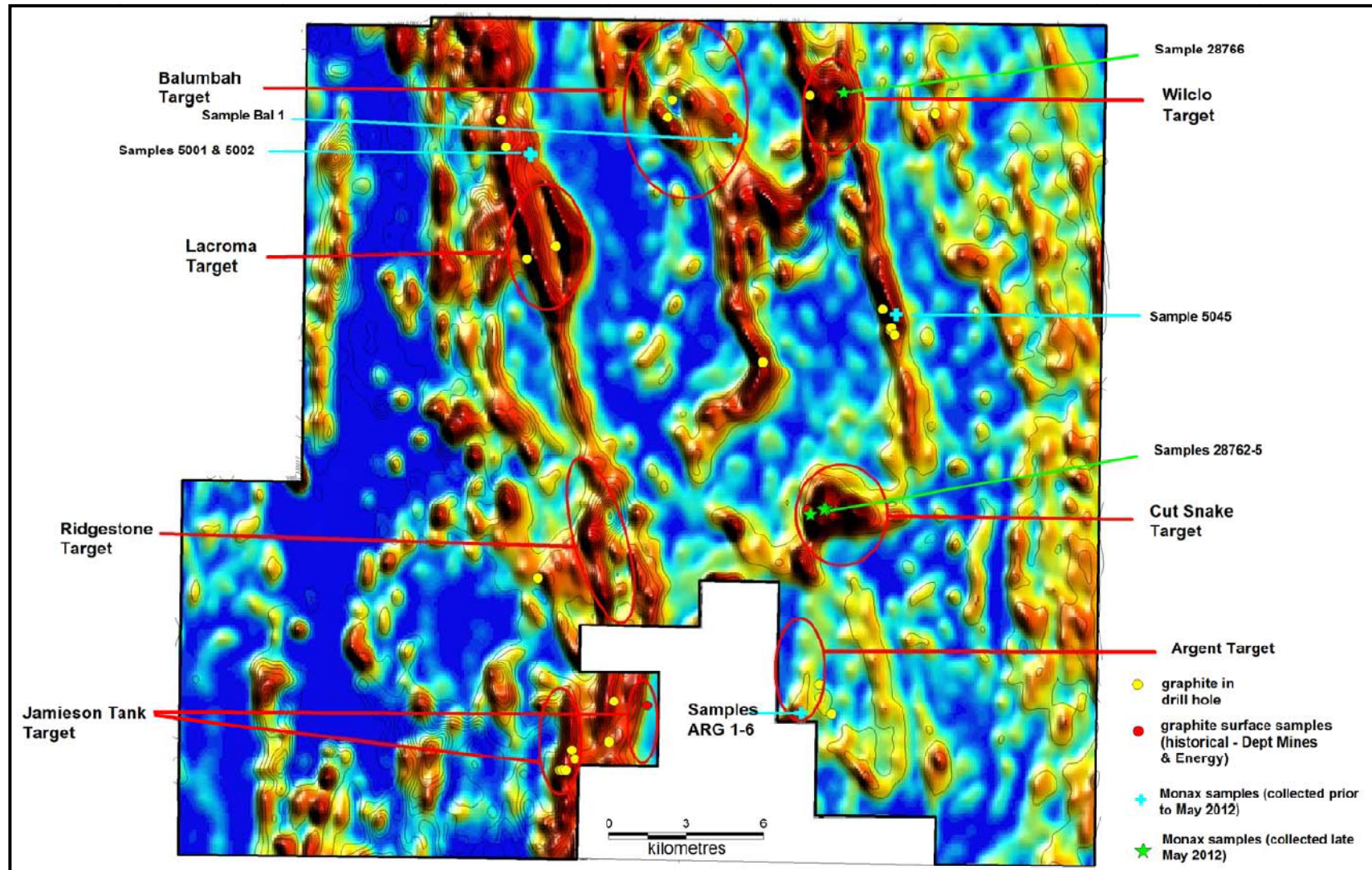


Figure 2. Location of Monax surface samples on Waddikee Project (blue crosses and green stars). Yellow dots are historical drill holes which report graphite and red dots are surface samples collected by SA Department of Mines and Energy. Background image AEM data.

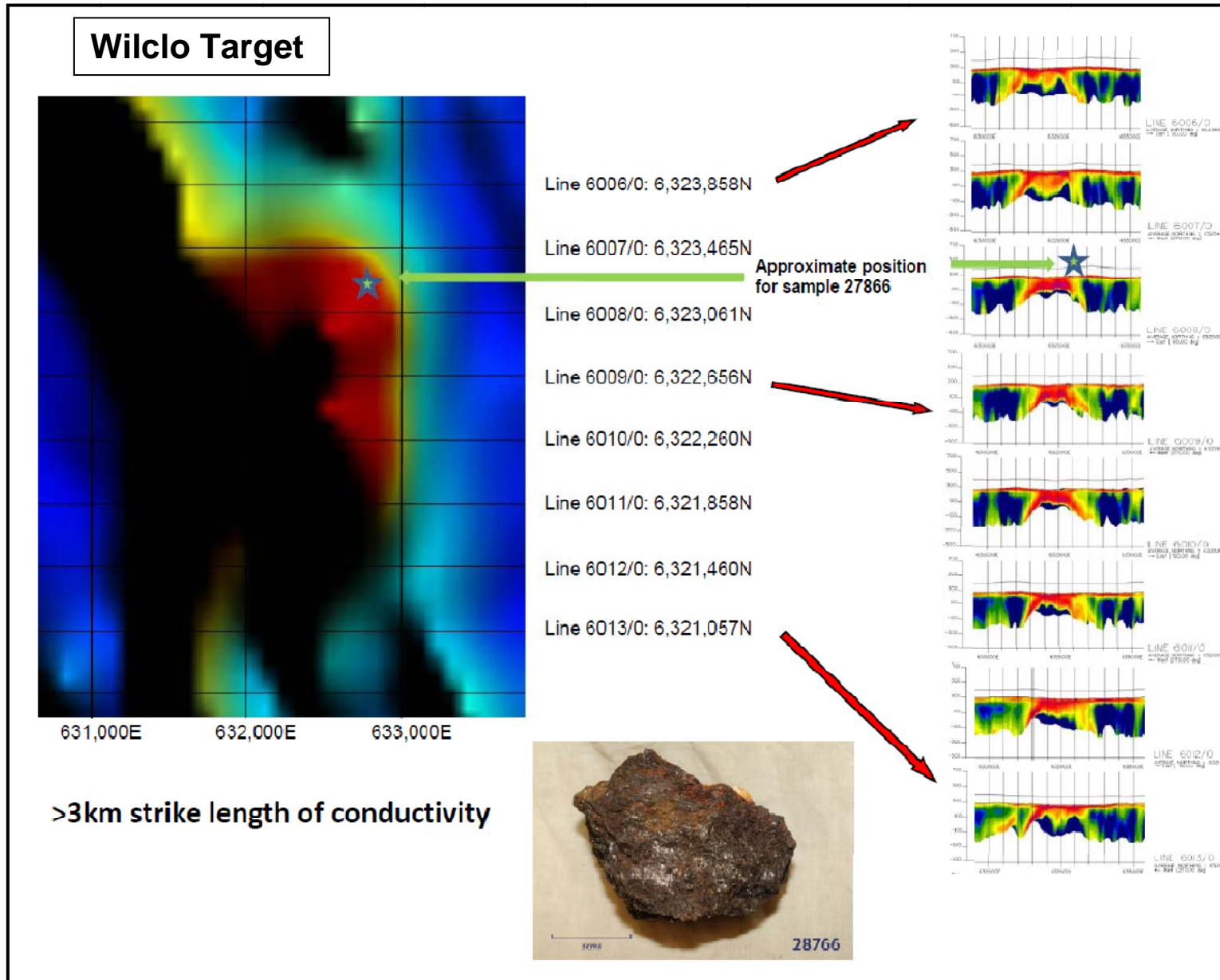


Figure 3. Detailed plan showing AEM data and AEM section lines for the Wilclo Target. Red areas are zone of high conductivity interpreted to represent potential zones of graphite. Approximate location of Sample 27866 shown.

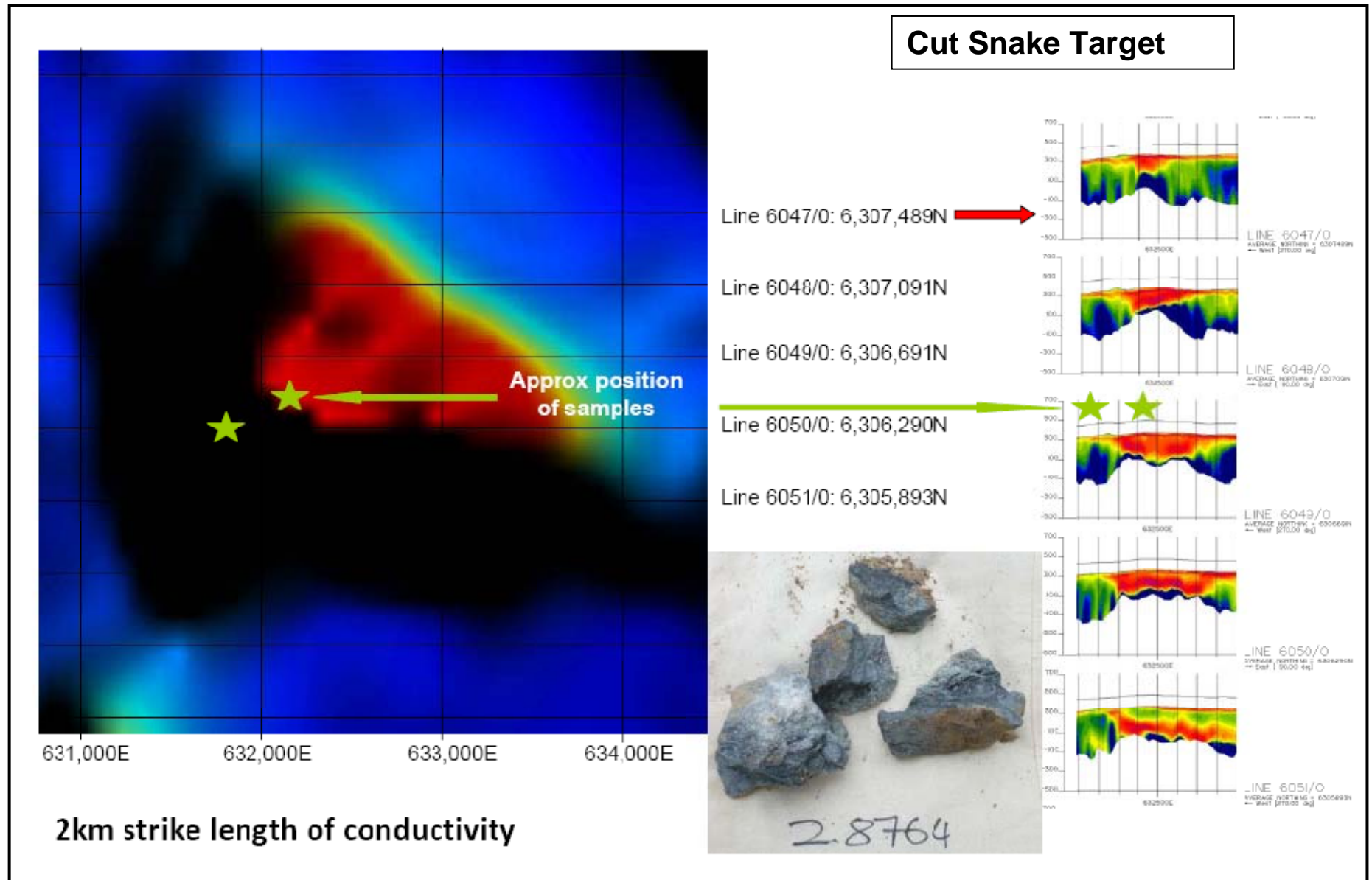


Figure 4. Detailed plan showing AEM data and AEM section lines for the Cut Snake Target. Red areas are zone of high conductivity interpreted to represent potential zones of graphite. Approximate location of samples shown.



Plate 1. Sample from “Wilclo” Target with visible coarse flake graphite.



Plate 2. Sample of graphite schist from “Cut Snake” Target.