



FOR IMMEDIATE RELEASE  
Monday, 16 September, 2013

**ASX RELEASE**

## **EXPLORATION UPDATE**

### **HIGHLIGHTS**

- **Chile's Antofagasta to continue SA-focused Strategic Alliance with Monax for a third year.**
- **South Australian copper projects continue to be reviewed under the strategic alliance.**
- **Antofagasta to provide Monax with up to a further \$US400,000 to continue to review potential copper projects within South Australia.**
- **Beneficiation and metallurgical studies to commence on Wilclo South Graphite deposit.**
- **Monax to direct efforts towards marketing initiatives for graphite product.**
- **Modelling continues on Punt Hill copper-gold project for future drilling.**

### ***Monax | Antofagasta Strategic Alliance***

A wholly owned subsidiary of major Chilean copper producer Antofagasta plc ("Antofagasta") has advised Monax Mining Limited (ASX: MOX) that it intends to extend the strategic alliance between the two parties – focused on identifying copper projects in South Australia for development - for a further year

The decision continues the strong relationship between the parties and will extend the joint work together into a third year.

Under the terms of the additional year, Antofagasta will provide Monax with up to a further \$US400,000 to continue to review potential copper projects within South Australia.

In November 2011, Monax signed a two-year strategic alliance with Antofagasta, under which Antofagasta provided US\$1 million to Monax over two years for target-generation and exploration within South Australia.

During the initial two years, Monax reviewed numerous projects for the strategic alliance.

Currently, Monax has three Alliance projects under review (see Figure 1) at:

1. Olympic IOCG
2. Kangaroo Island
3. Tent Hill

Under the terms of the strategic alliance, properties which 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 (for a cumulative 70% interest) by spending a further US\$4 million within three years. At this stage, Antofagasta will make a cash payment (success fee) to Monax of US\$3 million.

Upon Antofagasta vesting its interests at 70% and Monax at 30%, both parties have the right to maintain their interest by contributing to exploration or development costs pro rata or dilute in accordance with a standard dilution formula.

If either party elects to discontinue funding the exploration on a project, the other party (the "Diluted Party") has the option to continue with the project and dilute the first party using a standard dilution formula. The Diluted Party may elect to start contributing funds to discontinued projects at any time before dilution to below a 10% interest. If either party is diluted below a 10% interest, they will revert to a net smelter royalty (NSR) of 1.5%.

The three projects noted above are still at an early stage of evaluation by the Alliance and have not yet been approved as Designated Projects by Antofagasta.

### ***Waddikee Graphite Project***

Monax recently announced its maiden JORC Inferred Mineral Resource for the Wilclo South Graphite deposit, part of the Company's Waddikee Project on Eyre Peninsula. The Wilclo South deposit comprises a total combined Inferred Resource of 6.4 million tonnes grading 8.8% total graphitic carbon (TGC) for the 550,000 tonnes of contained graphite using a 5% cut-off. The resource includes a high grade component of **1.75 Mt grading 12.5% TGC** using a 10% TGC cut-off (all details relating to the Resource are contained within ASX Release on 26 August 2013).

Monax is currently discussing beneficiation and metallurgical studies with a number of external consultants and will commence these studies once the successful consultant has been engaged.

In conjunction with these studies, Monax will also start concentrating its efforts on marketing initiatives for the graphite product. Monax understands the importance of graphite projects securing long term off-take partners and building up a customer base which is why it wishes to commence its marketing initiatives as early as possible. The Company will also investigate whether a strategic or end-user partner can also assist in funding future studies to move the project through the various stages towards production.

Monax has already received interest in the ability of the Company to supply a high quality product which will become the key focus for the graphite project moving forward.

### ***Punt Hill Copper-Gold Project***

Monax continues to model up to six potential targets on the Punt Hill project in the State's north. Drilling of any of these targets is dependent upon approval by the Punt Hill Technical Committee.

The Punt Hill Project is subject to a farm-in agreement with Antofagasta. Antofagasta has invested approximately US\$3.9 million in the Project since August 2010. Under the Punt Hill Farm-In

Agreement, Antofagasta can earn a 51% interest in the Project upon reaching US\$4 million expenditure in the Project.

### **Algebuckina Project**

The Algebuckina Project is located on the northeastern margin of the Gawler Craton within the Peake and Denison Inlier. This was the first Designated Project approved under the strategic alliance between Monax and Antofagasta.

The geology of the Peake and Denison Inlier has many similarities to iron-oxide copper-gold (IOCG) style mineralised sequences in the Olary Block in South Australia, as well as the Eastern Succession of the Mt Isa Inlier Queensland.

Detailed ground gravity and magnetic surveys were completed over two identified targets. The Eitzen Bore target is a 5km long, non-magnetic, 3 milligal gravity anomaly. Processing and modelling of the gravity data can support a dense body with specific gravity values between 3.8 and 4.2 g/cc at a depth of 600-700m. The modelled gravity profile is comparable to gravity models developed by Monax for the Carrapateena and Prominent Hill deposits. The anomaly may also be explained by a non-magnetic mafic unit at shallow depth.

Based on the results received to date, Antofagasta has made the decision not to take up its option to earn an additional 19% interest and under the terms of the Agreement, Antofagasta will retain a 51% interest and the 51/49 Phase will commence.

### **Capital Management**

Monax also advises that it has sold approximately 11.1 million ordinary shares that it held in ASX-listed uranium and base metals developer, Marmota Energy Ltd. The decision to sell a portion of its holding in Marmota was undertaken as part of Monax's capital management program. The funds arising from this sale of shares will be allocated towards advancing its SA projects.

### **Change of Address**

Monax has relocated its Adelaide-based Exploration Office to:

Unit 2, 81 Harrison Road  
Dudley Park  
SA 5008  
P (08) 8245 4900  
F (08) 8245 4999

Monax's Registered Address remains as 140 Greenhill Road, Unley SA 5061.

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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.*

Information in this report that relates to Mineral Resources was compiled by Ms Sharron Sylvester, who is a Member of the Australian Institute of Geoscientists (RPGEO 10125). Ms Sylvester is a full-time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012 and consents to the release of the information compiled in this report in the form and context in which it appears.

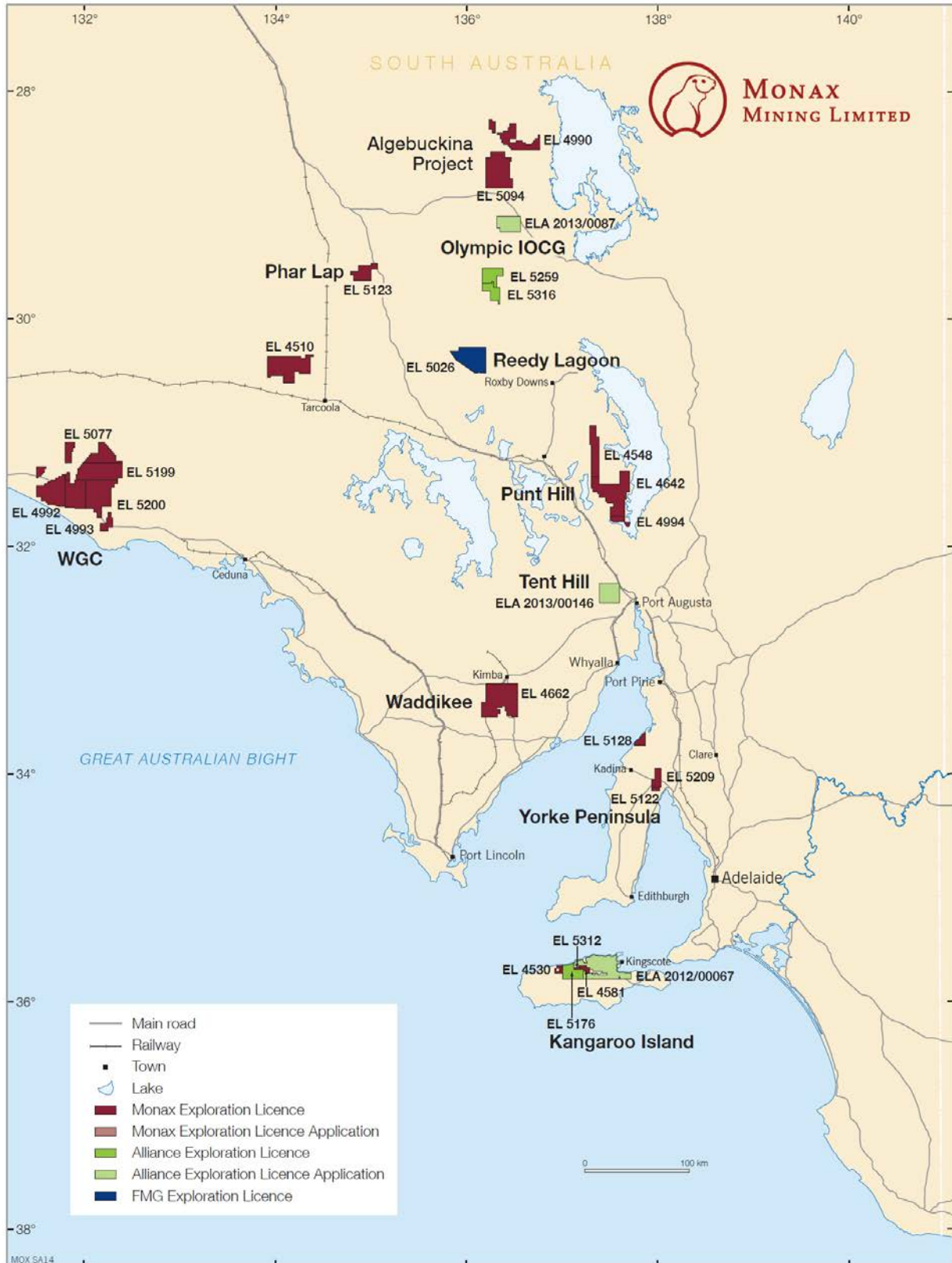


Figure 1. Location of Monax Projects.