



MONAX MINING LIMITED

ABN: 96 110 336 733

Exploration Office
Level 3, 100 Pirie Street
ADELAIDE
SA 5000

Tel: +61 8 8232 8320

Fax: +61 8 8232 8811

www.monaxmining.com.au

11 January 2017

Further Significant Sampling Results at Litchfield Lithium Project

HIGHLIGHTS

- Soil samples east of Tank Hill report >100 ppm lithium (215 ppm Li₂O)
- Rock chip sample in the area reports lithium up to 7.25% Li₂O
- Maiden drill program planned for Q2 2017

Monax Mining Limited (**Monax** or **the Company**) is pleased to announce further encouraging sampling results at the Litchfield Lithium Project located within the Bynoe Lithium Province where spodumene mineralisation has recently been reported by neighbouring companies (see Figure 1). New sampling results have identified an additional zone of anomalous pegmatite, located east of the existing Tank Hill trend, which was outlined by the Company's initial sampling results (see ASX Release 21 December 2016 for further details).

Further High-grade Results

The Tank Hill trend covers an area up to 4km in length and comprises two parallel pegmatite zones. Additional results have been received from the soil sampling program completed late in 2016, reporting 1110 ppm Li (2386 ppm Li₂O) further highlighting the prospectivity of this area.

The new area of interest consists of a zone of outcropping pegmatite located east of the Tank Hill trend, alongside Skewes Road (see Figure 2 & Plate 1). Three soil traverses completed over this area reported a significant zone of anomalous lithium up to 190 ppm Li (410 ppm Li₂O). The traverses cover a strike length of 600m with poorly outcropping to sub-cropping pegmatite zones traceable both south and north; however these are yet to be sampled. Further to this, a highly encouraging rock chip sample collected in the area has reported 7.25% Li₂O (see Figure 2).

Regional Prospectivity

Soil sampling has been used extensively within the Bynoe Lithium Province to outline prospective drill targets. Neighbouring companies working within the field have reported spodumene mineralisation via deeper drill testing, but a lack of spodumene at surface most likely due to deep weathering. Specifically, Liontown Resources (ASX:LTR) reported anomalous lithium in soils over the Sandra Prospects (see LTR ASX Release 14 April 2016) whereby subsequent drilling reported 42m @ 1.0% Li₂O and 24m @ 1.1% Li₂O including spodumene mineralization (see LTR ASX Release 26 July 2016).

Forward Program

These additional sampling results further enhance the Lithium potential across the Litchfield project and have assisted Monax in outlining up to seven areas which warrant drill testing in 2017, following the wet season.

For further information, please contact:

Gary Ferris

Managing Director

Monax Mining Limited

P: 0423 259 488

E: info@monaxmining.com.au

Duncan Gordon

Investor Relations

Adelaide Equity Partners Limited

P: 0404 006 444

E: dgordon@adelaideequity.com.au

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 engaged under a contract to provide services as Managing Director as required 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.

Forward Looking Statements

"The information in this report includes forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based."



Plate 1. Poorly outcropping pegmatite from Skewes road area

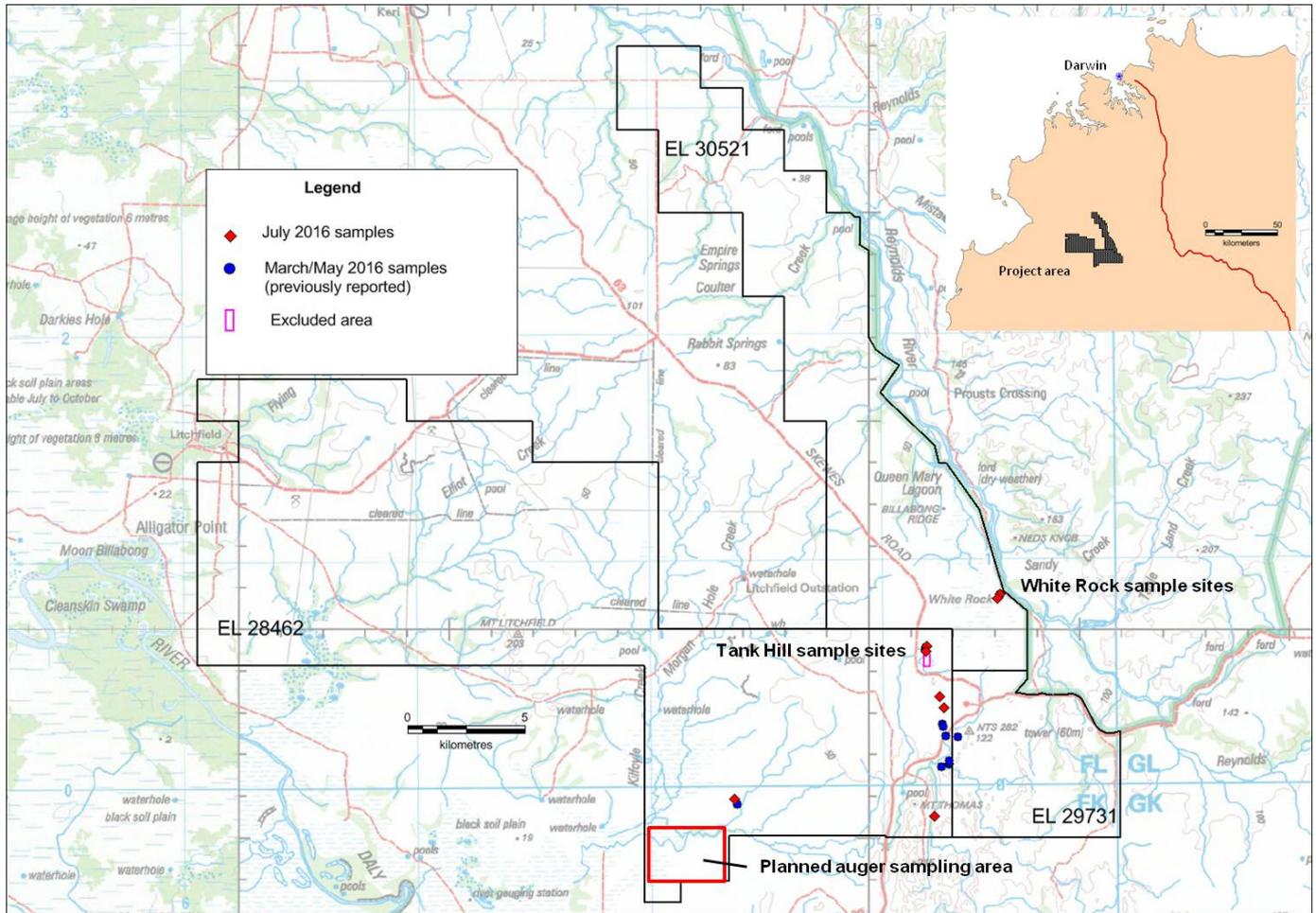


Figure 1: Litchfield Project and initial sampling locations

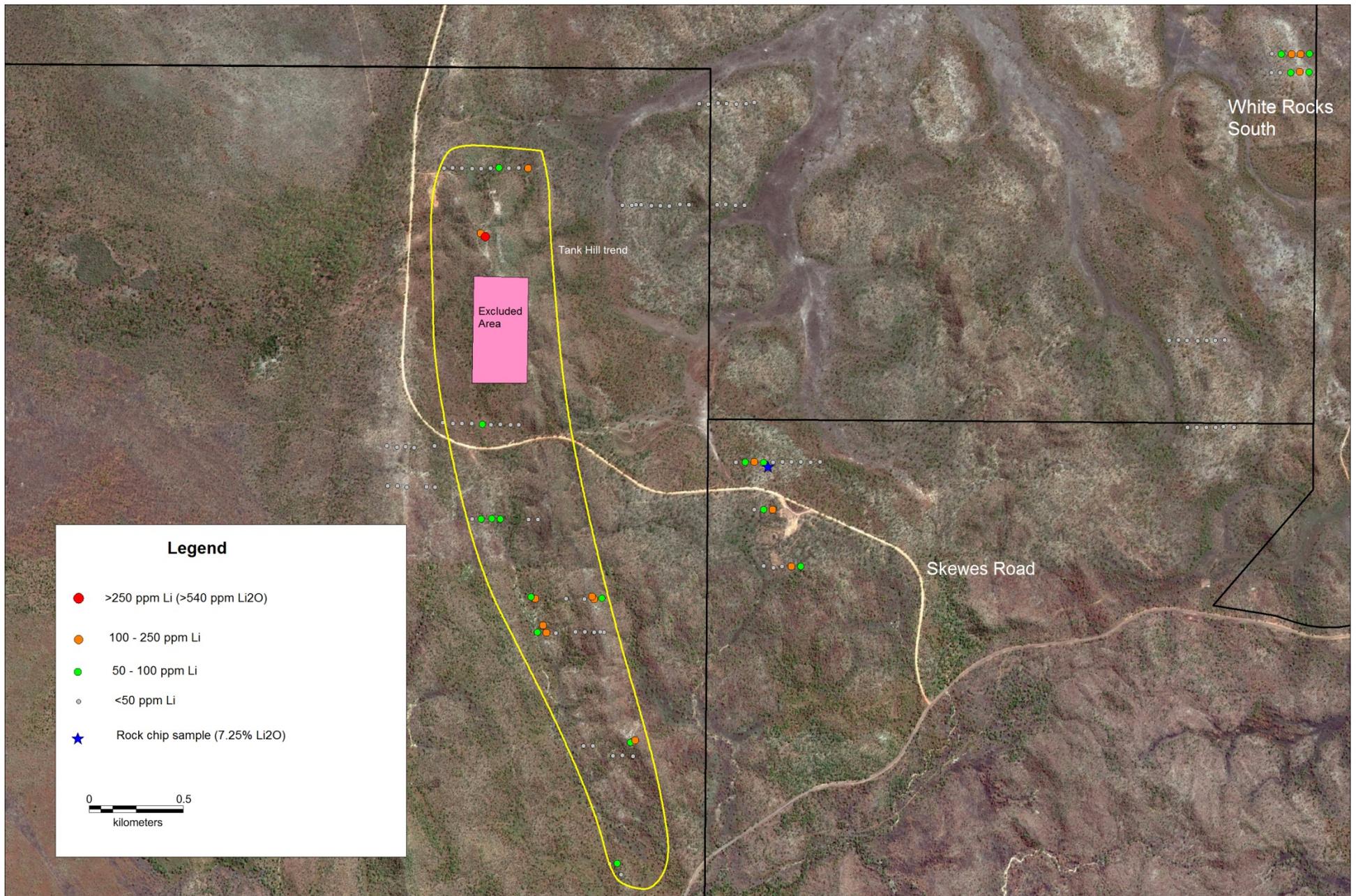


Figure 2: General view of soil sampling results for Tank Hill trend and Skewes Road area (background – Google Earth Imagery). Note results are Li only (to convert to Li₂O – multiply Li by 2.15).

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Soil samples were collected from surface within Exploration Licences 30521, 29731 and 28462. Samples were collected using hand tools (pick and shovel) and were sieved on site to <1.6mm. Samples were mostly collected along pre-designated traverses at 50m intervals. Rock chip sample was collected on EL 29731. The samples are not considered as being highly representative. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> Not Applicable – no drilling results reported.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> Not Applicable – no drilling results reported.
<i>Logging</i>	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> Not Applicable – no drilling results reported.
<i>Sub-sampling techniques and sample</i>	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and</i> 	<ul style="list-style-type: none"> Soil samples collected in the field were sieved to <1.6mm. Samples were dried at the laboratory and sieved to <250 micron. For rock chip, no sample preparation was completed on sample collected in the

Criteria	JORC Code explanation	Commentary
<i>preparation</i>	<p><i>whether sampled wet or dry.</i></p> <ul style="list-style-type: none"> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>field. Sample was crushed and pulverised at the laboratory for analysis</p> <ul style="list-style-type: none"> • • The sample size is considered appropriate for reconnaissance sampling for lithium.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Soil samples were assayed in a commercial laboratory using standard methods for lithium. Lithium was determined by peroxide fusion with final analysis by inductively coupled atomic emission spectroscopy (ICP-AES). Rock chips were assayed in a commercial laboratory using standard methods for lithium (same as above). • Laboratory QA/QC samples were assayed by the laboratory with all results within expected error range. Samples were assayed at Bureau Veritas laboratory in Adelaide.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Not Applicable – no drilling results reported. • Lithium results reported have not been adjusted – original results reported for Li only. Initial soil sampling results included in the previous ASX report show original Li value and adjusted value, these were converted to Li₂O using standard industry formula (Li x 2.153). Rock chip sample result was adjusted using above formula to convert to Li₂O. •
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Soil sample locations and rock chip location were collected using a hand held GPS (+/- 5m accuracy). • MGA94 (Zone 52)
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The data is not appropriate for use in estimating a Mineral Resource and is not intended for such use. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. • No sample compositing was undertaken.

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The samples were collected at selected sites and it is unknown if this results is biased or unbiased.
<i>Sample security</i>	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Unknown.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • No audits or reviews have been completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> • The areas sampled are located on Exploration Licences 30521, 29731 and 28462 held by May Drilling Pty Ltd. • The tenements are free of any known impediments.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> • A review of historical company exploration found no exploration focussed on lithium.
<i>Geology</i>	<ul style="list-style-type: none"> • Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> • Pegmatite hosted lithium
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • Not Applicable – no drilling results reported.
<i>Data aggregation</i>	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. 	<ul style="list-style-type: none"> • Not Applicable – no drilling results reported.

Criteria	JORC Code explanation	Commentary
<i>methods</i>	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Not Applicable – no drilling results reported.
<i>Diagrams</i>	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Map showing tenement location is included in Release and results have been previously released
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All results for samples shown in Release
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Other data not considered material
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Monax is reviewing the results and will plan a drilling program and further soil sampling for 2017.