MONAX
MINING LIMITED
ACN 110 337 733

Monax Mining Limited
11A Croydon Rd, Keswick, 5035
Tel: +61 8 8375 3900
Fax: +61 8 8375 3999
Website: www.monaxmining.com.au
Email: info@monaxmining.com.au

ASX RELEASE

For immediate release
31st October 2006
General Manager
The Company Announcements Office
Australian Stock Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

Dear Sir/Madam,

Monax Mining Limited

Quarterly Report

for the period ending 30 September 2006
including the monthly report for October 2006

HIGHLIGHTS

PUNT HILL

- **Iron-oxide copper-gold style alteration and mineralisation has been encountered in the first three drill holes of the Punt hill drilling program.**
- **Variable amounts of visible copper mineralisation in the form of bornite and chalcopyrite has been identified in all three drill holes.**
- **The drill holes have tested several residual gravity anomalies over a strike length of 3.6 km within the Groundhog Gravity Trend.**
- **The gravity feature tested with these three holes extends over 6.7 km.**

NEW TENEMENT APPLICATIONS

- **A new exploration licence application has been applied for on Kangaroo Island at Pioneer Bend.**
- **The application covers an area with potential for zinc and lead mineralisation and extends the Western River and Parndana tenements to the north-east.**

Tenement Status

Project	Tenement	Status	Acquired	Area (km2)
Ambrosia	EL 3358	Granted	100%	854
Mt Hope	EL 3355	Granted	100%	320
Moorlands	EL 3356	Granted	100%	324
Parndana	EL 3376	Granted	100%	100
Western River	EL 3088	Granted	100%	301
Wynbring	EL 3359	Granted	100%	247
Eureka Bluff	EL 3458	Granted	100%	549
Dingo Hill	EL 3394	Granted	100%	516
Mattaweara	EL 2964	Granted	100%	119
Waddikee	EL 3357	Granted	100%	1004
Punt Hill	EL 3457	Granted	100%	887
Brimpton Lake	EL 3561	Granted	100%	222
Mulgathing	ELA 134/06	Application	100%	258
Kimono Tank	ELA 136/06	Application	100%	234
Kolendo	ELA 202/06	Application	100%	130
Indooroopilly	ELA 315/06	Application	100%	570
Dingo Hill West	ELA 173/06	Application	100%	195
Pioneer Bend	ELA 557/06	Application	100%	95

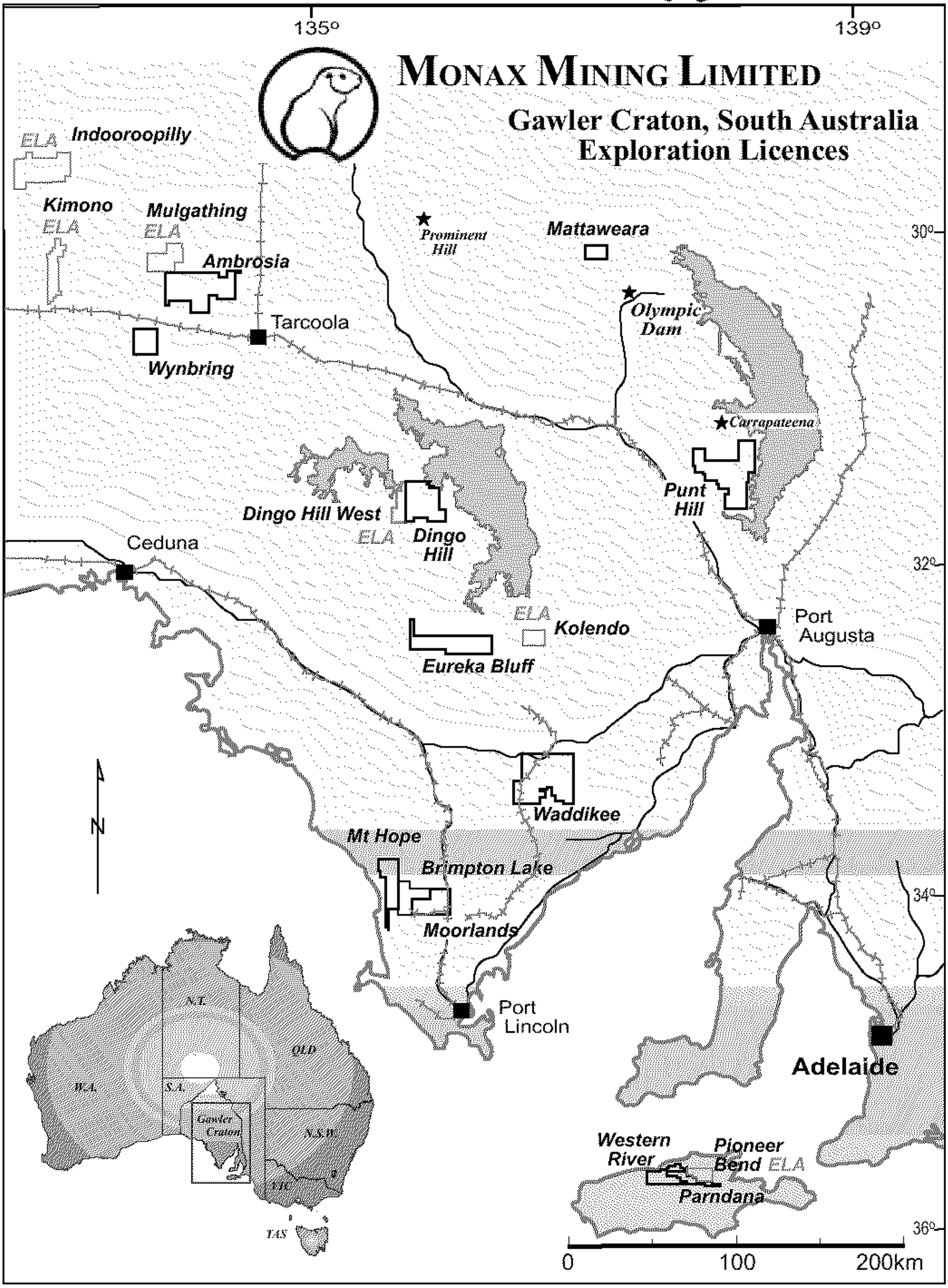
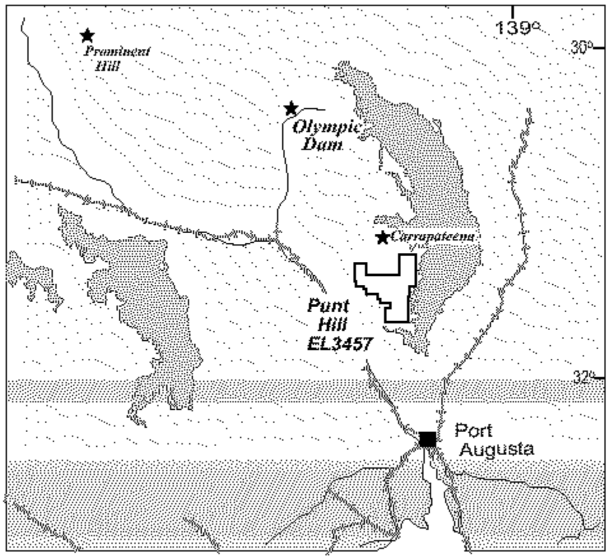


Figure 1. Tenement Locations

Punt Hill Drill Program

Drill testing of high priority gravity anomalies will began in September when Monax commenced its biggest exploration program since listing on the Australian Stock Exchange. Monax is targeting Olympic Dam-style uranium, copper and gold in the Punt Hill tenement which is located in a highly prospective area of the State that recently yielded the Carrapateena copper discovery, 25 kilometres north of Punt Hill.

An initial twenty hole drilling program, costing around $2 million, is currently underway in tenement (EL 3457). The company has been pleased to announce that it has encountered iron-oxide copper-gold style alteration and mineralisation in the first three drill holes of the program.



Location diagram - Punt Hill


Sunset over the drill rig - Punt Hill

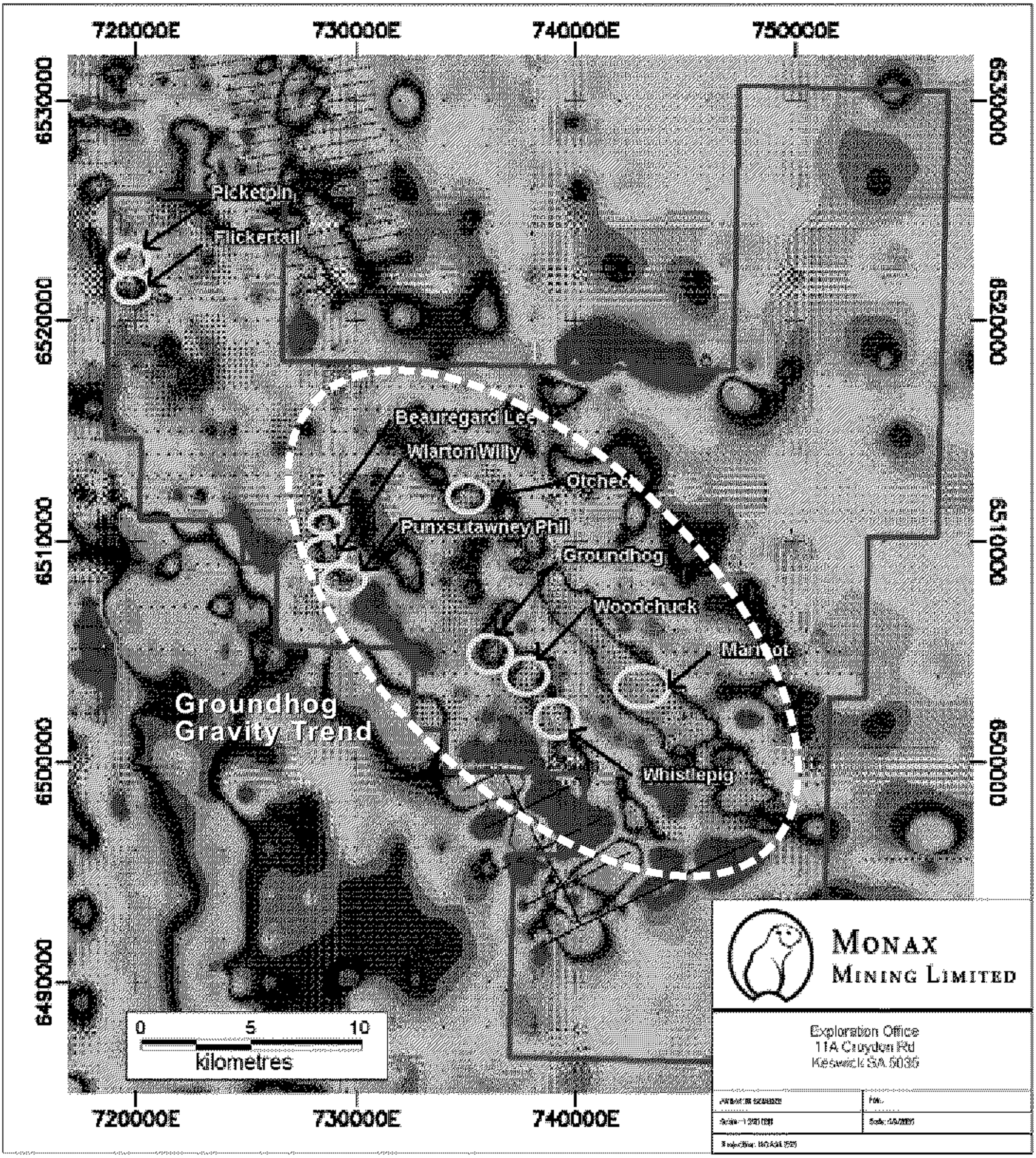


Figure 2. Residual Gravity Image with target areas.

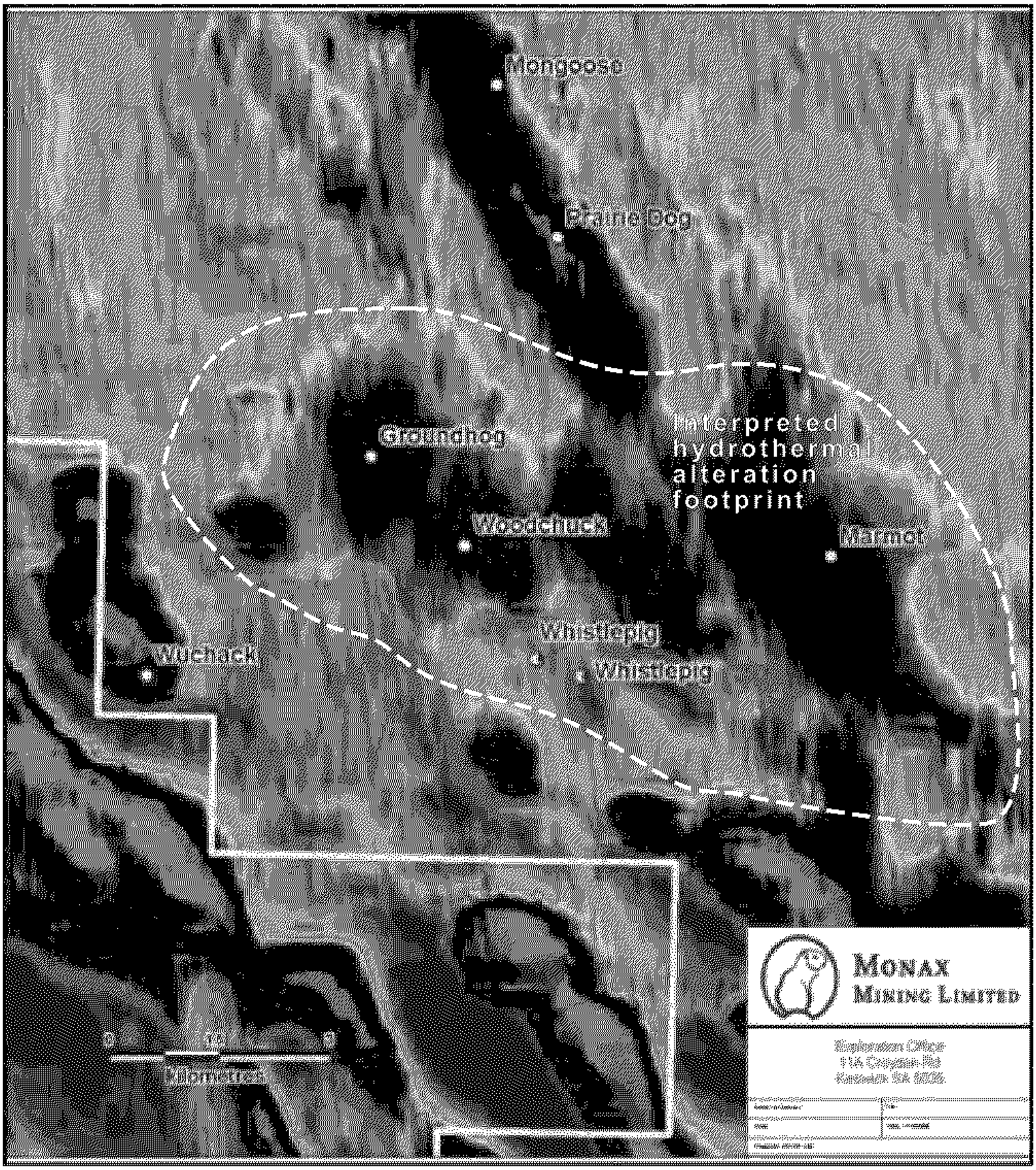


Figure 3. Residual aeromagnetic image - Punt Hill

Punt Hill Drill Program

The first drill hole of the program at the Whistlepig target hit basement at 721 metres in highly altered Gawler Range Volcanics to 751 metres followed by hematite breccia and alteration with variable amounts of visible bornite and chalcopyrite mineralisation from 751 metres to 966 metres.

Iron-oxide copper-gold ("IOCG") style (bornite and chalcopyrite) mineralisation has also been intersected at Woodchuck, the second target along trend. The drill hole targeted a gravity feature 1.8 km to the north-west of the Whistlepig hole where similar mineralisation was encountered (Figure 2). Basement was reached at 589 m (132 m shallower than Whistlepig) and consisted of highly altered Gawler Range Volcanics. Visible signs of mineralisation were encountered at 620m and continued to 790m where the drill hole passed from mineralised hematite breccia into highly altered shales and carbonates with zones of visible pyrite (iron sulphide) and chalcopyrite (copper sulphide). The hole ended within the alteration system at 975 m.

The Groundhog drill hole targeted a gravity anomaly 1.8 km to the north-west of the Woodchuck hole and 3.6 km north-west of the Whistlepig hole along the Groundhog Gravity Trend (Figure 2). Basement was reached at 714m and consisted of highly hematite altered Gawler Range Volcanics. Visible signs of mineralisation (Figure 2) were encountered at 817m in hematite-albite alteration overprinted by amphibole-carbonate-chlorite alteration. The visible mineralisation consists of bornite and chalcopyrite (copper sulphides) and continues to 960m where the drill hole passes into weakly altered Hiltaba Suite granite. The hole was terminated at 972m.

A similar sequence of alteration appears to exist within the basemnt of each of the first three drillholes. The top consists of moderatley silica-hematite altered volcanics with recognisable remnant volcanic textures. This grades to intese silica-hematite-albite alteration and brecciation which obliterates all protolith

Examples of copper mineralisation in the Whistlepig drillhole

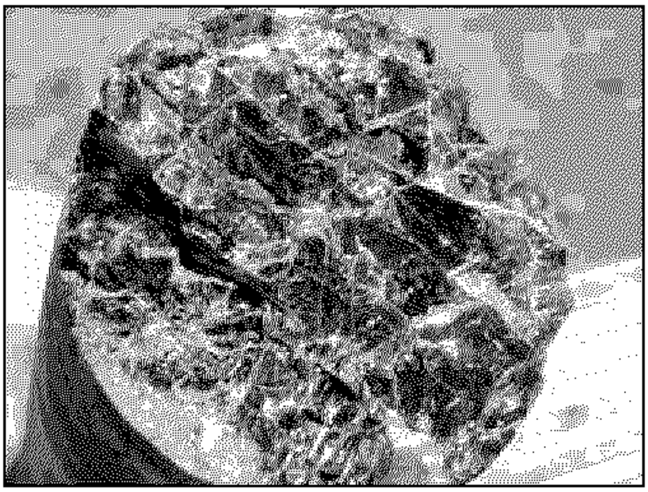
Punt Hill Drill Program

textures. Iron alteration consits of earthy, steely and specular hematite. The top 50-100m of this zone has undergone supergene weathering prior to deposition of the Pandurra Formation which directly overlies basement.

A transitional zone exists beneath the weathered zone where remnant primary sulphides (bornite + chalcopyrite) are preserved. This zone grades into intense amphibole-chlorite-carbonate-hematite-fluorite alteration, with variable amounts of bornite and chalcopyrite, which appears to overprint the silica-hematite-albite alteration.

At least 14 high priority drill targets have been identified from an assessment of the company's 1x1 km gravity survey data conducted in 2005. These anomalies are interpreted to be structurally controlled along regional northwest – southeast trending faults in a geological environment similar to the Carrapateena discovery, Olympic Dam and Prominent Hill.

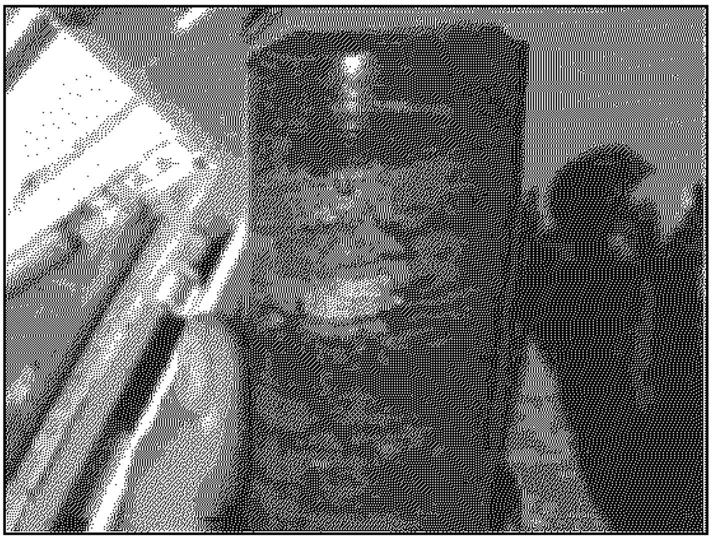
An aeromagnetic survey at 100 m line spacing is also being conducted over most of the tenement. This survey will greatly advance our understanding of the geology and mineral potential of the tenement.



Massive fluorite vein in the Woodchuck drill hole

Examples of copper mineralisation in the Woodchuck drill hole

Punt Hill Drill Program



Examples of copper mineralisation in the Groundhog drill hole

New tenement applications

Monax has applied for one new tenement in the last quarter. The Pioneer Bend exploration licence application covers 95 km^2 of ground, adjacent to the Parndana exploration licence on Kangaroo Island. The exploration licence application is interpreted to be prospective for Mississippi Valley Type lead-zinc mineralisation.

Michael Schwarz
Managing Director
Monax Mining Limited

For further information please contact Michael Schwarz, Managing Director on 08 83753900 or email: info@monaxmining.com.au

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr M P Schwarz, who is a Member of the Australian Institute of Geoscientists. Mr Schwarz 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 Schwarz consents to the inclusion of the information in this report in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Monax Mining Limited

ABN	Quarter ended ("current quarter")
96 110 336 733	**30 September 2006**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(356)	(356)
	(b) development		
	(c) production		
	(d) administration	(188)	(188)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	53	53
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material))		
	ASX Listing Fees	(10)	(10)
	Prepaid insurance etc	(22)	(22)
	GST	(15)	(15)
	Other	(18)	(18)
	Net Operating Cash Flows	(556)	(556)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(30)	(30)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(30)	(30)
1.13	Total operating and investing cash flows (carried forward)	(586)	(586)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(586)	(586)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)		
	Payments relating to issue of shares		
	Net financing cash flows		
	Net increase (decrease) in cash held	(586)	(586)
1.20	Cash at beginning of quarter/year to date	3,855	3,855
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	3,269	3,269

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 $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108
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), legal fees paid to a legal firm in which a director is a partner and company secretarial & associated fees paid to a listed entity where two directors are directors.

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,500
4.2	Development	
	Total	**1,500**

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 $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	95	146
5.2	Deposits at call	3,171	3,706
5.3	Bank overdraft		
5.4	Other (provide details) – IPO Trust Account	3	3
	Total: cash at end of quarter (item 1.22)	3,269	3,855

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				
6.2	Interests in mining tenements acquired or increased	ELA557/06 Pioneer Bend	Application	0%	100%

+ 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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	49,166,670	29,200,003		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	5,000,000 2,500,000 2,500,000 850,000 100,000		*Exercise price* $0.25 $0.30 $0.40 $0.26 $0.182	Expiry date 30/06/2008 30/06/2009 31/12/2010 12/04/2011 23/08/2011
7.8	Issued during quarter	100,000		$0.182	23/08/2011
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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.

Print name: Dom Francese................................. Date: ....31/10/2006.......................
(~~Director~~/Company Secretary)

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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