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## ASX RELEASE

### **Maiden graphite drill program commences at Monax's Waddikee Project in South Australia**

#### **HIGHLIGHTS**

- **Monax has commenced drilling at its Waddikee graphite project in South Australia.**
- **58 holes totalling approximately 4700m planned.**
- **Drilling to test seven priority target areas based on surface sampling and conductive zones within regional airborne electromagnetic data.**

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

The Waddikee Project (EL 4662) is located about 100 kilometres south-west of Whyalla, within an area that is becoming the premier graphite province in South Australia.

Previous geological mapping and exploration by Monax confirms the presence of extensive graphite prospective rock units on its Waddikee tenement, which covers an area of 999km<sup>2</sup>.

A detailed airborne electromagnetic (AEM) survey over the tenement highlighted long linear zones of high conductivity (Figure 2), which corresponds with surface graphite and the reported presence of graphite in historical exploration drill holes. Table 1 provides a summary of rock samples collected by Monax on EL 4662 and historical samples.

"All graphite-focused exploration at the site has increased our belief that our 100% owned Waddikee Project has the potential to be a new graphite province," Monax Managing Director, Mr Gary Ferris, said today.

"The drilling program will comprise approximately 58 holes totalling about 4700m (Figure 2), and is expected to be completed in 4 weeks," he said.

"The aim of the drilling program is to follow up on coarse flake graphite discovered at both our Balumbah and Argent prospects - which are part of the Waddikee Project - and to test the interpreted zones of graphite from the AEM data."

Figure 3 shows a detailed view of the Lacroma prospect, also part of the Waddikee Project. Drill hole CP 528 was drilled in 1982 by WMC Exploration and reported a 70m intersection of graphite gneiss (88-158m EOH – downhole length, true width unknown).

The AEM data shows an interpreted easterly dipping conductive feature (see Figure 3). Monax will redrill the WMC hole as no samples exist from the original drilling. Monax will also drill a traverse of holes to the west of the original WMC Exploration hole to locate the thick zone of graphite closer to the surface.

Figure 3 also shows a second interpreted zone of graphite located to the east of the proposed drilling traverse, which will be tested later in 2012.

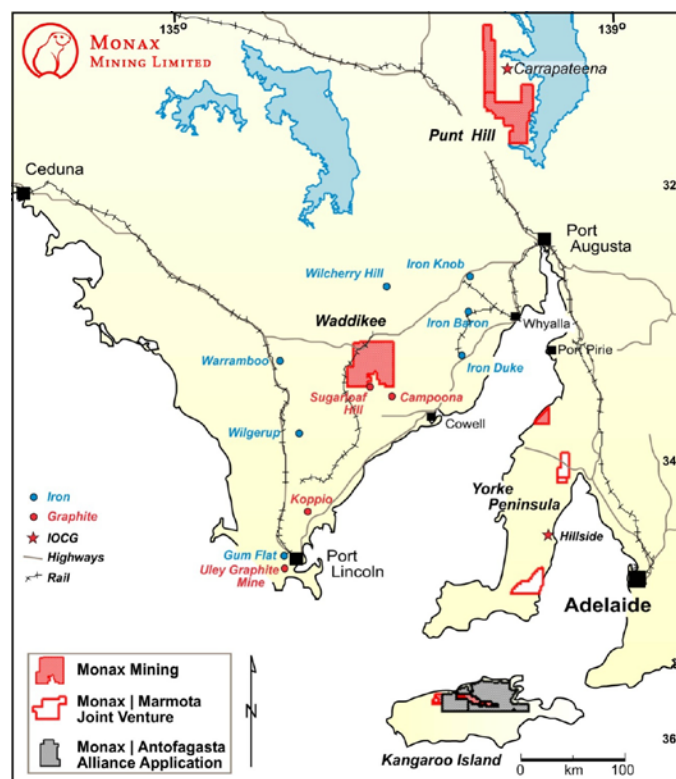
Mr Ferris said Monax continued to work closely with local landholders to minimise any disturbance its maiden graphite drill program may cause to the current cropping season. This included a commitment that the location of drill holes was in paddocks not being cropped, and/or along fence lines.

Monax plans to undertake a follow-up drilling program in late 2012 following the cropping season.

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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 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
<b>Argent/ARG 1</b>	52317	631186	6298332	1.38	
<b>Argent/ARG 2</b>	52318	631193	6298229	<b>16.00</b>	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).
<b>Argent/ARG 3</b>	52319	631221	6298328	<b>15.31</b>	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.
<b>Argent/ARG 4</b>	52320	631186	6298332	<b>19.84</b>	
<b>Argent/ARG 5</b>	52321	631235	6298342	<b>13.21</b>	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.
<b>Argent</b>	28701	631238	6298524	<b>16.04</b>	
<b>Argent</b>	28702	631238	6298524	<b>10.24</b>	
<b>Argent</b>	28703	631235	6298342	<b>13.06</b>	
<b>Argent</b>	28704	631143	6298247	<b>11.45</b>	
<b>Stanley</b>	STA 1	631957	6299251	2.54	
<b>Balumbah</b>	BAL 1			<b>9.97</b>	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
<b>Balumbah</b>	RS 6131 159*	628300	6322000	<b>19.8</b>	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.
<b>Cut Snake</b>	RS 6131 160*	631535	6306326	<b>8.4</b>	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.
<b>Lacroma North</b>	5001	620652	6320547	<b>13.94</b>	
<b>Lacroma North</b>	5002	620649	6320565	<b>7.87</b>	
<b>Wilclo South</b>	5045	634862	6314201	<b>7.12</b>	
<b>Jamieson Tank</b>	Locality 36*	625190	6298750	<b>27.7 &amp; 31.7**</b>	

\* 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.

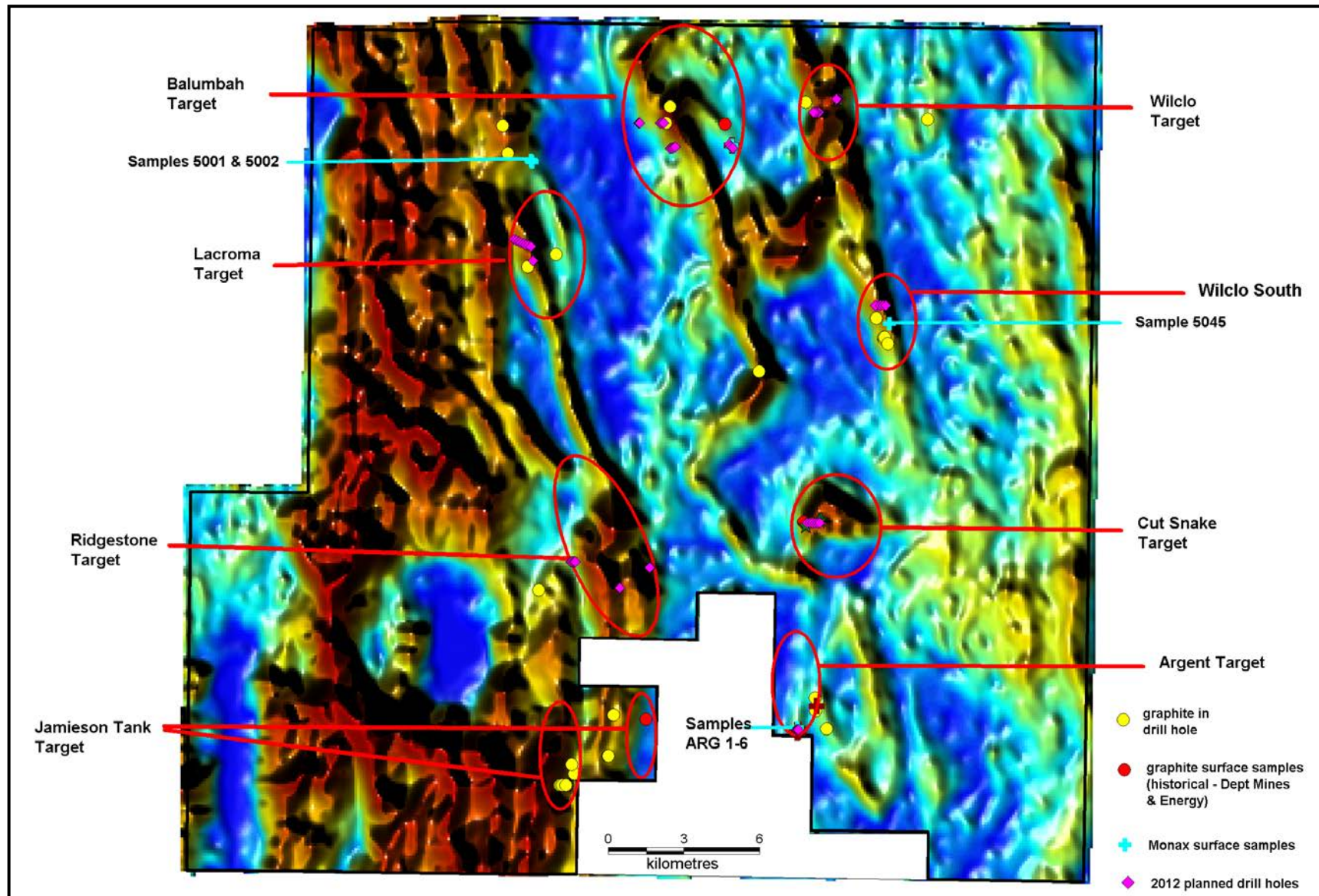


Figure 2. Location of planned drill holes on Monax's Waddikee Project (pink diamonds). Yellow dots are historical drill holes which report graphite and red dots are surface samples collected by SA Department of Mines and Energy. Blue crosses are previous samples collected by Monax in the search for iron. Background image AEM data.

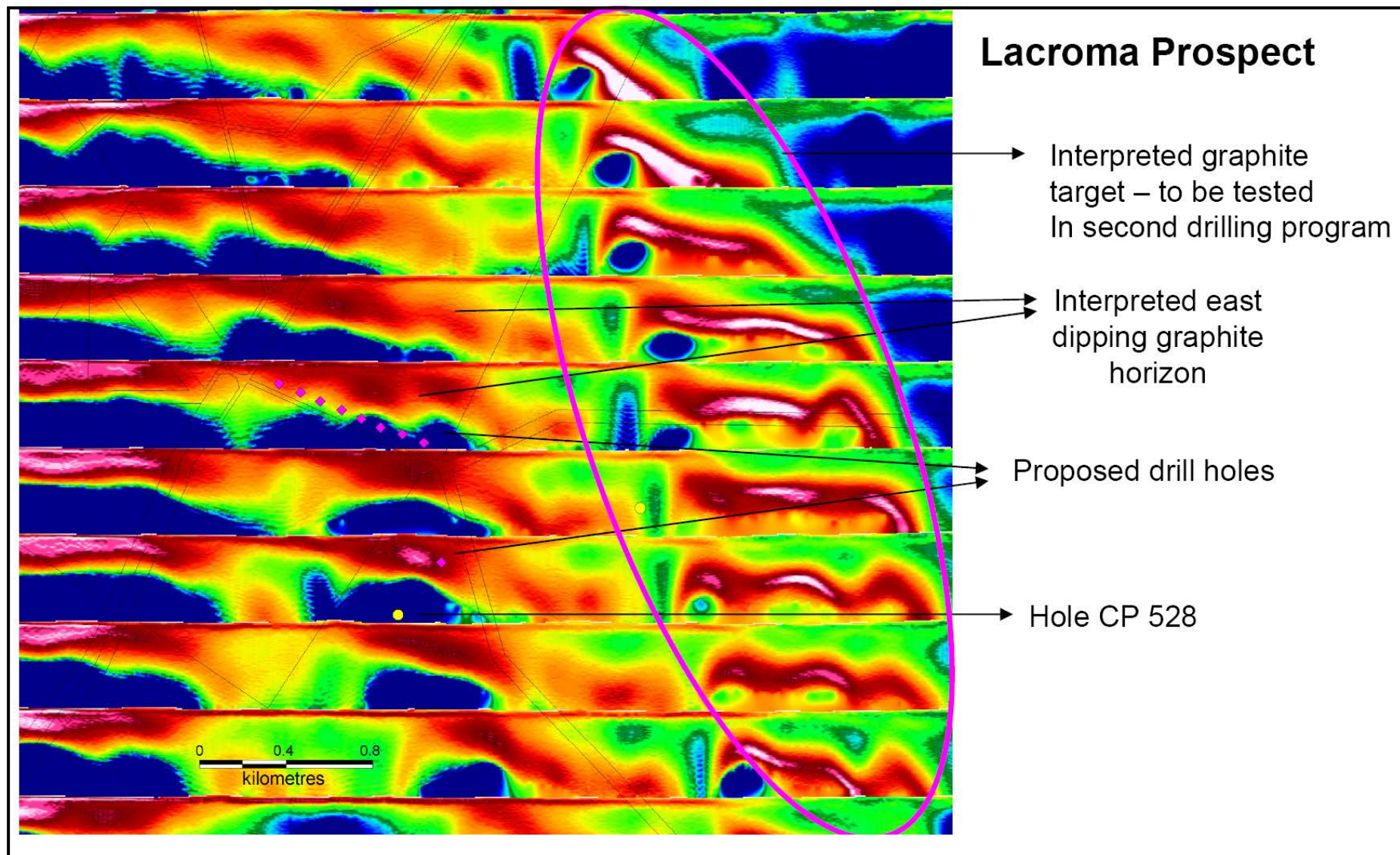


Figure 3. Lacroma Prospect. Location of proposed drill holes on AEM profiles. The AEM profiles show two potential zones of graphite mineralisation.