



**MONAX
MINING LIMITED**

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For immediate release
31 July 2012

Monax Mining Limited
Quarterly Report
For the quarter ended 30 June 2012

HIGHLIGHTS

- ***Punt Hill Project***–
 - ❖ Major Chilean mining company, Antofagasta plc, approves US\$2.5 million budget for 2012 exploration program.
 - ❖ Meeting with traditional landowners held at Port Augusta to discuss proposed drilling program.
 - ❖ Monax receives \$60,000 South Australian Government PACE funding for follow-up hole at Camel Dam.
- ***Monax / Antofagasta Strategic Alliance*** – Four project areas in South Australia currently under application.
- ***Waddikee Project*** – Maiden graphite exploration commenced. Coarse flake graphite identified at two prospects by petrology.
- ***Phar Lap Project*** – Monax has commenced the land access process for planned drilling in late 2012.

Exploration

South Australian projects

Monax (ASX: MOX) has five South Australian projects (Figure 1).

1. Punt Hill – copper-gold (farm-in with Antofagasta).
2. Monax | Antofagasta Strategic Alliance.
3. Waddikee – graphite, manganese and iron.
4. Phar Lap – copper-gold.
5. Yorke Peninsula – copper-gold (includes Melton JV with Marmota Energy).

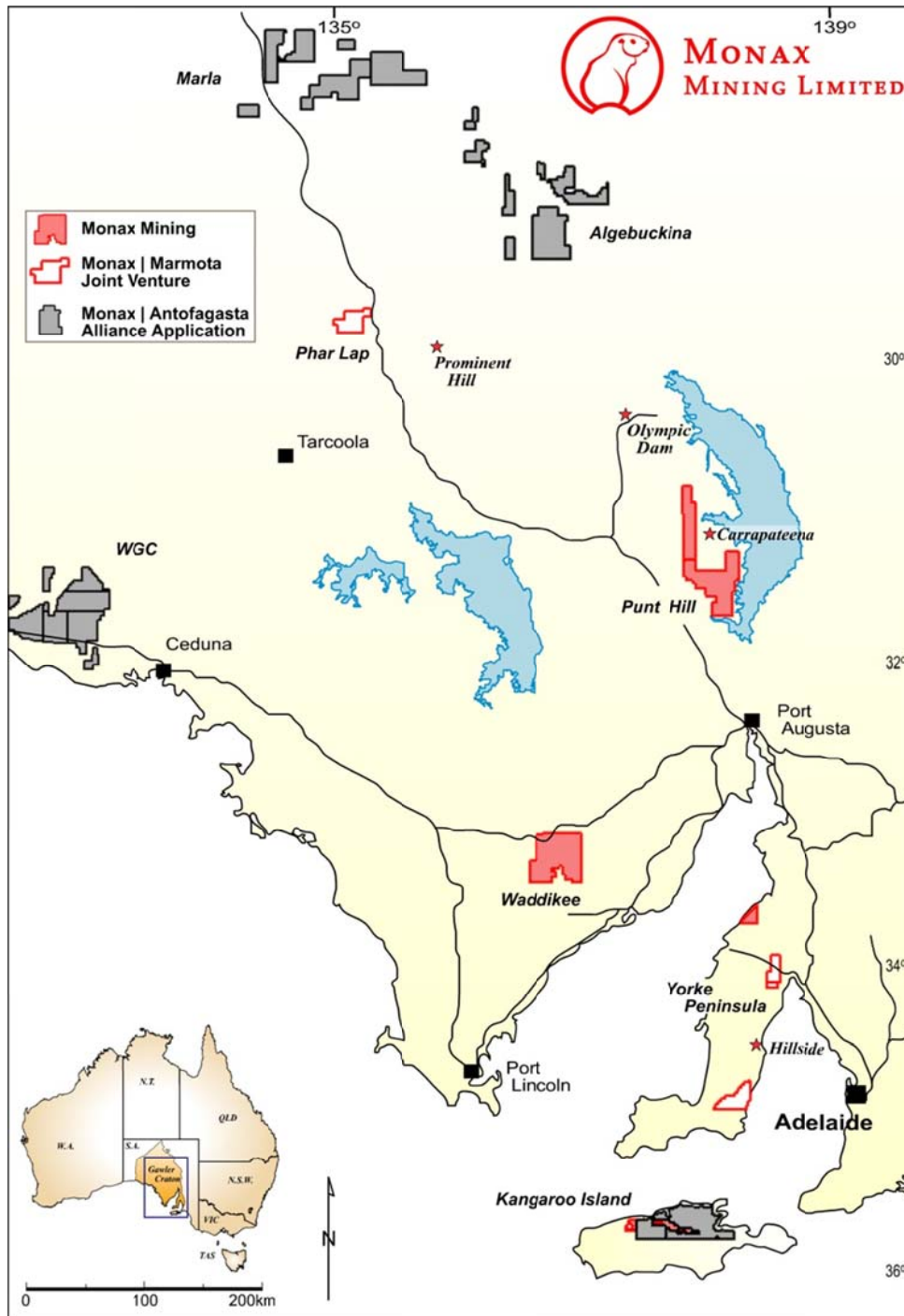


Figure 1. Location of Monax's projects.

***Punt Hill Project – copper-gold
(Monax 100%; Antofagasta earning 51%)***

The Punt Hill Project is located within the highly prospective Olympic Iron Oxide Copper-Gold (IOCG) Province on the eastern margin of the Gawler Craton in northern South Australia.

This province is host to the world class Olympic Dam and Prominent Hill mines, as well as the recently discovered Carrapateena and Hillside deposits.

The Punt Hill project is subject to a farm-in agreement with major Chilean mining company Antofagasta PLC ("Antofagasta"), through its wholly-owned subsidiary, Antofagasta Minerals S.A.

The agreement commits Antofagasta to spend a minimum of US\$1.5 million on the project within the first two years.

The previously proposed MIMDAS survey has been cancelled due to unavailability of the contractors.

During the quarter, Monax was successful in receiving a \$60,000 PACE grant from the South Australian Government towards a follow-up drill hole at the Project's Camel Dam prospect.

Hole CDDD01 at Camel Dam drilled in 2011 under the Antofagasta farm-in agreement showed 226m of intense hematite-chlorite-sericite IOCG style alteration within Donington Suite granite from 478m. This is the same granite complex which hosts the Carrapateena deposit.

In places, the alteration was so strong it had almost completely destroyed and brecciated the original granitic rock texture.

CDDD01 was a technical success as it showed alteration commonly associated with IOCG systems, indicating that the area has undergone major fluid influx over a prolonged period.

Antofagasta has approved a significant budget up to US\$2.5 million for the planned 2012 exploration program at Punt Hill. This is on top of the approximately US\$1.5 million Antofagasta has already spent on the project to date.

This latest commitment by Antofagasta will potentially involve the investment of a total of US\$4 million of exploration funds in the project pursuant to the farm-in agreement between Monax and Antofagasta, signed in September 2010.

During the quarter, Monax also met with the Kokatha Uwankara Native Title Group to discuss the proposed drilling program. Based on the successful discussions at the meeting, a heritage clearance has been arranged for late July.

Monax has successfully engaged the Company's preferred drilling contractor and plans to commence drilling in late August.

This project remains the cornerstone exploration focus for Monax, which is pleased with the continued support from its project partner, Antofagasta.

Monax / Antofagasta Strategic Alliance

Monax has 13 tenement applications covering four separate areas in South Australia, which are potentially subject to the Alliance.

In October 2011, Monax announced the formation of a Strategic Alliance with Antofagasta Minerals Adelaide, a wholly owned subsidiary of 'Antofagasta plc', a major international copper mining company, for project generation in South Australia.

The four projects are (see Figure 1 for project locations):

1. Marla
2. Algebuckina
3. WGC (western Gawler Craton)
4. Kangaroo Island

All of these projects are at an early stage of evaluation by the Alliance, and further reporting on these will be made as exploration activities progress.

Waddikee Project – graphite, manganese and iron (Monax 100%)

The Waddikee project is located south of the township of Kimba on central Eyre Peninsula, South Australia (Figure 1). During the quarter, OM (Manganese) Limited (OMM), a wholly-owned subsidiary of OM Holdings Limited (ASX:OMH) withdrew from the farm-in agreement for manganese and iron.

OMM did not earn any interest in the tenement, which remains wholly-owned by Monax. The withdrawal provides Monax with significant exploration opportunity for potential iron mineralisation, as well as the Company's new focus on graphite.

Waddikee is located on central Eyre Peninsula (Figure 2) and contains the prospective Hutchinson Group metasediments. The Eyre Peninsula is now the focus of graphite exploration in South Australia with several ASX listed companies actively exploring for graphite within the region.

During the quarter, Monax has been assessing surface graphite samples. Coarse flake graphite has been confirmed at the Argent and Balumbah prospects by petrology. Plate 1 shows coarse flake graphite from the Balumbah prospect with graphite up to 2mm in length observed with an average flake size of 0.8mm reported. Geochemical analyses of this sample reported 9.97% total carbon.

Geochemical analyses of multiple samples from the Argent prospect reported graphite ranging from 1.38 to 19.84% (see ASX Announcement June 12 2012 for details).

Monax has identified up to eight priority areas based on surface sampling, the reporting of graphite in historical drill holes and interpretation of regional airborne electromagnetic data.

Monax commenced drilling in mid-July with about 58 holes totalling approximately 4700m planned. The drilling should take approximately four to five weeks to complete.

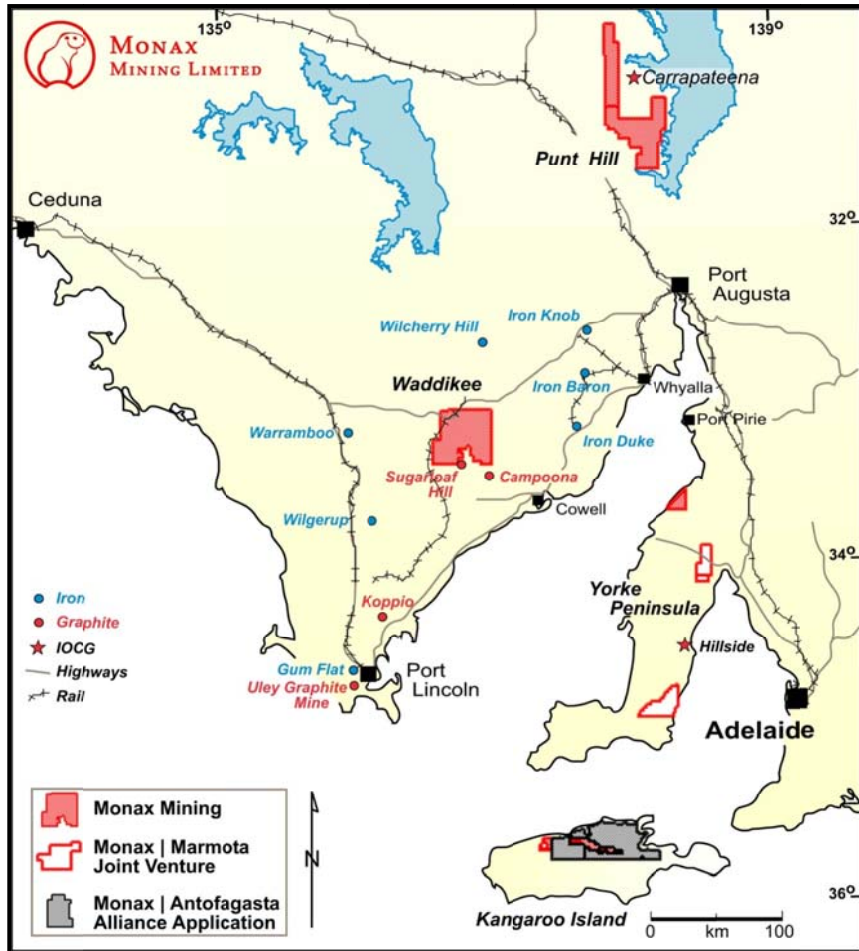


Figure 2. Location of the Waddikee Project, central Eyre Peninsula.

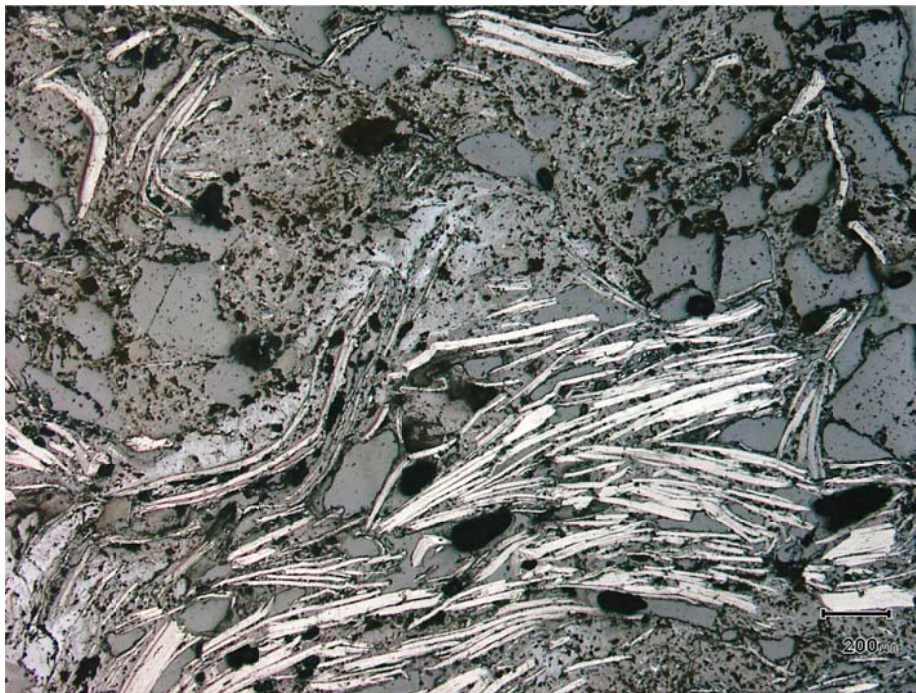


Plate 1: Polished section (PS) (x50) of sample from Balumbah prospect. Reflected light clearly shows wispy graphite flakes as individuals and in "loose books", largely within oxidised biotite between granuloze quartz (note scale bar = 200 microns, which = 0.2mm).

Phar Lap Copper-Gold Project

(Monax 100% of all minerals excluding uranium; Marmota 75% uranium, Monax 25% uranium)

EL 3909 (Phar Lap) is located about 60km west north-west (WNW) of the Prominent Hill mine, on the south-western margin of the Mt Woods Inlier in South Australia's Far North. The Mt Woods Inlier contains the Prominent Hill (Cu-Au) and Cairn Hill (Fe-Cu) mines, as well as several IOCG style targets including Joes Dam and Manxman.

Geophysical modelling on the Phar Lap project has outlined two gravity anomalies (Figure 3).

Monax believes that comparative modelling (3D inversion modelling and apparent density modelling) between the Phar Lap data and publicly available Carrapateena data has demonstrated that the source of anomaly PLGA2 is very similar to the body that sources the Carrapateena ore body; in density volume product (i.e. from the apparent density modelling, density contrast {maximum density 1.2 Vs 1.3 g/cc}), dimensions and depth (about 550m to top).

Monax has commenced the land access process and plans to drill these targets in late 2012.

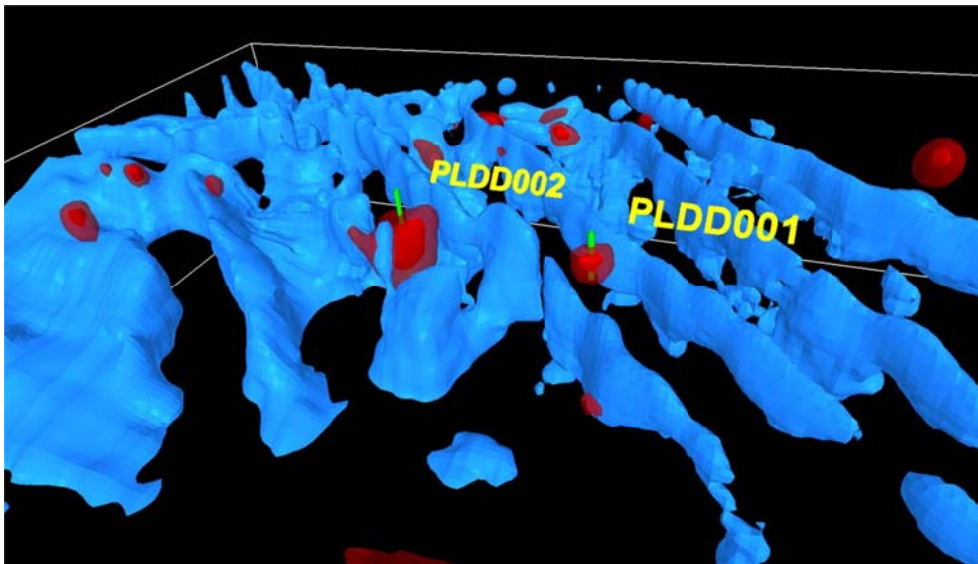


Figure 3. 3D Inversion Model for Phar Lap targets (red-gravity, blue-magnetics)

Yorke Peninsula Project – copper-gold

Monax has three sub-projects located on the Yorke Peninsula in South Australia. They are:

1. Melton (50:50 Joint Venture with Marmota Energy Limited – ASX:MEU)
2. Webling Bay (100% Monax)
3. Coonarie (Monax has 100% rights to all minerals excluding uranium)

No exploration was undertaken on the Melton, Webling Bay and Coonarie projects during the quarter.

Corporate

During the quarter to 30 June 2012, Monax Mining Limited (ASX:MOX) has continued to undertake planning for drilling programs on the Waddikee, Punt Hill and Phar Lap projects for the second half of 2012.

Monax holds 36 million shares (23.93% undiluted) in Marmota Energy Limited (ASX:MEU).

During the quarter, OM (Manganese) Limited withdrew from the Waddikee farm-in agreement for manganese and iron. OMM did not earn any interest in the Waddikee tenement which remains 100% owned by Monax.

As at 30 June 2012, the Company had a cash balance of \$2.4 million.

Exploration Program Planned for Current Quarter (July - September)

Punt Hill – copper-gold

- Aboriginal heritage clearance for second phase of drilling as part of Antofagasta farm-in.
- Drilling planned to commence late August.

Monax | Antofagasta Strategic Alliance

- Continue to assess potential copper projects within South Australia.
- Tenements within the Marla and Algebuckina project areas expected to be granted.

Waddikee – graphite, iron and manganese

- Maiden graphite drilling commenced in mid July.
- Assess drilling results.
- Continue assessment of the iron potential.

Phar Lap – copper-gold

- Land access for drilling (Woomera Prohibited Area, heritage clearance and pastoralist) to continue.

Yorke Peninsula – copper-gold

- The joint venture continues to review drilling data from previous drilling programs on the Melton project and determine the ongoing exploration strategy.

For further information please contact:

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'The information in the Quarterly Report that relates to Exploration Results, Mineral Resources, Ore Reserves or targets 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.'

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Monax Mining Limited

ABN

96 110 336 733

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(320)	(2,026)
(b) development	-	-
(c) production	-	-
(d) administration	(161)	(872)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	206
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Cash call contributions under JV agreements	-	1,265
Other	(62)	90
Net Operating Cash Flows	(508)	(1,337)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(19)
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	-	11
1.12 Other (provide details if material)	-	-
Net investing cash flows	(7)	(8)
1.13 Total operating and investing cash flows (carried forward)	(515)	(1,345)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(515)	(1,345)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	9
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)	-	-
	Net financing cash flows	-	9
	Net increase (decrease) in cash held	(515)	(1,336)
1.20	Cash at beginning of quarter/year to date	2,925	3,746
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,410	2,410

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	(211)
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, contributions to Joint Venture expenditure made to a related party and service fee payments to an associated entity.
The amount at 1.24 above represents costs to be recovered in relation to shared facilities from a related entity.

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

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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

+ See chapter 19 for defined terms.

Marmota Energy Limited pursuant to the Farm-In and Joint Venture Agreements for EL 4510 (formerly EL 3358), EL 3910, EL 3907, EL 3911 and EL 4000 has incurred on an accruals basis \$50,701 in the quarter ending 30 June 2012.

OM (Manganese) Ltd pursuant to the Farm-in and Joint Venture Agreement for EL 3357 has incurred on an accruals basis \$32,601 in the quarter ending 30 June 2012.

Antofagasta Minerals S.A. pursuant to the Farm-In Option Agreement – Punt Hill Project for EL 4642 and EL 4548 has incurred on an accruals basis \$73,181 in the quarter ending 30 June 2012.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	1,000

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	143	408
5.2 Deposits at call	2,265	2,515
5.3 Bank overdraft	-	-
5.4 Other (provide details)	2	2
Total: cash at end of quarter (item 1.22)	2,410	2,925

+ See chapter 19 for defined terms.

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	EPM 18304	Relinquished	100%	0%
		EPM 18403	Relinquished	100%	0%
		EPM 18404	Relinquished	100%	0%
		EPM 19088	Withdrawn	100%	0%
		EPM 19121	Withdrawn	100%	0%
		EPM 19110	Withdrawn	100%	0%
		EPM 19116	Withdrawn	100%	0%
6.2	Interests in mining tenements acquired or increased				

+ 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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	148,814,803	148,814,803		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	215,000 10,000 3,000,000 425,000 225,000	Nil Nil Nil Nil Nil	<i>Exercise Price</i> \$0.246 \$0.0517 \$0.10 \$0.0517 \$0.051	<i>Expiry Date</i> 18/07/2013 23/12/2013 31/07/2012 05/03/2015 28/07/2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				


+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)		
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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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date:31/7/2012.....
 (~~Director~~/Company secretary)

Print name: Virginia Suttell

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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+ See chapter 19 for defined terms.