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ASX RELEASE

Further flake graphite discovered at Monax's Waddikee Graphite Project in South Australia

HIGHLIGHTS

- **Further flake graphite found at the Wilclo South prospect – part of Monax's Waddikee Graphite Project - extending strike length of graphite to ~2.5km.**
- **Visible flake graphite found at Francis prospect, also part of the Waddikee Project, potentially defining new zone of coarse flake graphite.**
- **2012 Punt Hill drilling program in northern SA completed.**
- **Further tenements added to the Monax Alliance.**

Monax Mining Limited (ASX:MOX) ("Monax" or "the Company") is please to provide an update on current exploration across its project portfolio (Figure 1).

Waddikee Graphite Project
(100% Monax)

A program of mapping and sampling has commenced to provide further geological information for planned drilling to commence in February 2013. Work at the Wilclo South prospect has extended the surface exposure of visible flake graphite up to ~2.5km in strike length. Areas mapped and sampled are shown on Figure 2.

The Wilclo South prospect contains a prominent airborne electromagnetic (AEM) anomaly (see Figure 2) and previous sampling and drilling was confined to the northern part of the area, within an uncropped paddock. With harvesting completed, access to the southern area was approved with several outcrops of coarse, visible flake graphite sampled (Figure 3). Graphitic float collected from the area was also sampled and appears to indicate two potential limbs of a large regional fold structure (Figure 3).

Fourteen samples were collected at the Wilclo South prospect (see Plates 1 & 2).

The Francis prospect located approximately 5.3km west south-west of the Wilclo South prospect (see Figure 2) was targeted due to a very strong AEM anomaly. Figure 4 shows the location of four graphite float samples collected from the area within a zone of anomalous AEM and historical ground electromagnetic (EM) data. The float graphite samples all contained visible flake graphite.

Monax is encouraged about the discovery of float graphite over this strong EM anomaly at the Francis prospect.

The Company is planning several lines of detailed ground EM to assist with locating drill holes to target the highly conductive feature, which possibly represents a new zone of coarse visible flake graphite. Historical EM data at Francis contains the highest EM values within the area and the anomaly is up to 3.5km in length (Figure 4).

Plate 1. Sample of visible coarse graphite float from Wilclo South

Plate 2. Sample of visible coarse graphite from an outcrop at Wilclo South

Monax will commence a ground EM survey in mid-January 2013 followed by a detailed reverse circulation (RC) drilling program at the Wilclo South prospect with the aim of defining a Resource by mid-2013. RC drilling at Francis and Lacroma is also planned for early 2013.

Mapping downgraded the Balumbah Siding area (Figure 2). Historical sampling reported graphite up to 11% total graphitic carbon (TGC), but inspection of this area showed the graphite to be narrow and mainly amorphous.

Monax is currently awaiting the results from beneficiation work undertaken on samples from Wilclo South with final results expected in early 2013.

Punt Hill Copper-Gold Project
(Monax 100%; Antofagasta earning 51%)

Monax completed a seven hole drilling program totalling 6875m in mid-December 2012. Drill hole details and locations are shown in the Table below.

The first drill hole of the campaign was MMDD01. This was a re-entry into a hole drilled by Monax in 2007. The hole was originally terminated at ~911m within the Beda Volcanics (part of the cover sequence), due to technical difficulties and geological understanding at that time.

The extension of this drill hole intersected in the drill hole returned 75m @ 0.2% Cu and 1.5 g/t Ag from 990m. This included a 10m zone reporting 0.72% Cu, 0.18 g/t Au and 2.55 g/t Ag (1034 – 1044m). Several narrow zones of anomalous copper were also reported including:

- 4m @ 0.17% Cu (1099 – 1103m)
- 4m @ 0.56% Cu (1164 – 1168m).

(Note: Hole MMDD01 drilled vertical and due to the flat lying nature of the metasedimentary rocks, reported widths represent interpreted true widths).

Drill Hole No.	Easting	Northing	Azimuth	Dip	Total depth
MMDD01	743328	6503022		90°	1248.4m
PHDD1201	741802	6503642		90°	969.5m
PHDD1202	739692	6507636		90°	1077.5m
PHDD1203	737499	6507582		90°	866.3m
PHDD1204	741867	6505406	225°	60°	1306.8
PHDD1205	737595	6505090		90°	790.3
PHDD1206	724360	6527433	325°	60°	641.2
PHDD1207	735425	6508032	090°	60°	885.6

Datum MGA 94 Zone 53. Holes vertical unless specified above.

The remaining holes intersected either altered metasediments or altered to fresh Donington Suite granite with some minor sulphides. No extensive zones of mineralisation were reported in the remaining drill holes.

Monax believes the project remains highly prospective for Olympic Dam style iron oxide copper-gold mineralisation and it will now turn its attention to other areas to help define the dimensions of the system and the location of other possible high grade mineralisation. The Technical Committee is scheduled to meet in February 2013, where it will review the recently completed drilling program and discuss the exploration program moving forward.

Monax:Antofagasta Strategic Alliance

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

Monax now has 15 tenements covering five separate areas, all located in South Australia, which are potentially subject to the Alliance.

The terms of the agreement require that Antofagasta spend through Monax US$1 million over two years to facilitate area prospectivity identification and analysis, basic exploration, project generation and target selection. Any initial properties that 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 (cumulative 70% interest) by spending a further US$4 million on exploration within three years and subsequently be required to make an additional cash payment (success fee) to Monax for US$3 million.

The 15 Alliance tenements are outlined below (see Figure 1 and Table below for location and tenement details):

Project	Tenement	No.	Status	Area
Marla	Christmas Well	ELA 2012/00261	Application	320 km^2
	Mount Alice	ELA 2012/00278	Application	811 km^2
Algebuckina	Algebuckina	EL 5093	Granted	399 km^2
	Douglas Creek	EL 5094	Granted	935 km^2
	Old Umbum	EL 4990	Granted	540 km^2

WGC	Nullarbor	ELA 2012/00063	Application	963 km^2
	North of Yalata	EL 5077	Granted	941 km^2
	West of Yalata	EL 4992	Granted	957 km^2
	Yalata	EL 4993	Granted	951 km^2
	East Yalata	ELA 2012/00276	Application	904 km^2
Olympic IOCG	Arthur Hill	ELA 2012/00250	Application	346 km^2
	Hunts Bore	ELA 2012/00318	Application	271 km^2
	Vanguard	ELA 2012/00326	Application	424 km^2
Kangaroo Island	Parndana	ELA 2012/00067	Application	868 km^2
	West of Parndana	ELA 2012/00068	Application	226 km^2

Algebuckina Designated project

The Algebuckina DP ("ADP") comprises three Alliance tenements and two tenements held by Falcon Minerals Limited (ASX:FCN) ("Falcon") – refer ASX Announcement 19 December 2012 - and is located on the northern margin of the Gawler Craton (Figure 1). The ADP is located within the Peake and Denison Inlier and exploration will commence upon approval by the South Australian Government of the recently signed Option to Purchase Agreement with Falcon.

Once this approval has been granted and the Aboriginal heritage process has been completed, a detailed gravity survey is planned over four selected targets.

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.

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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.

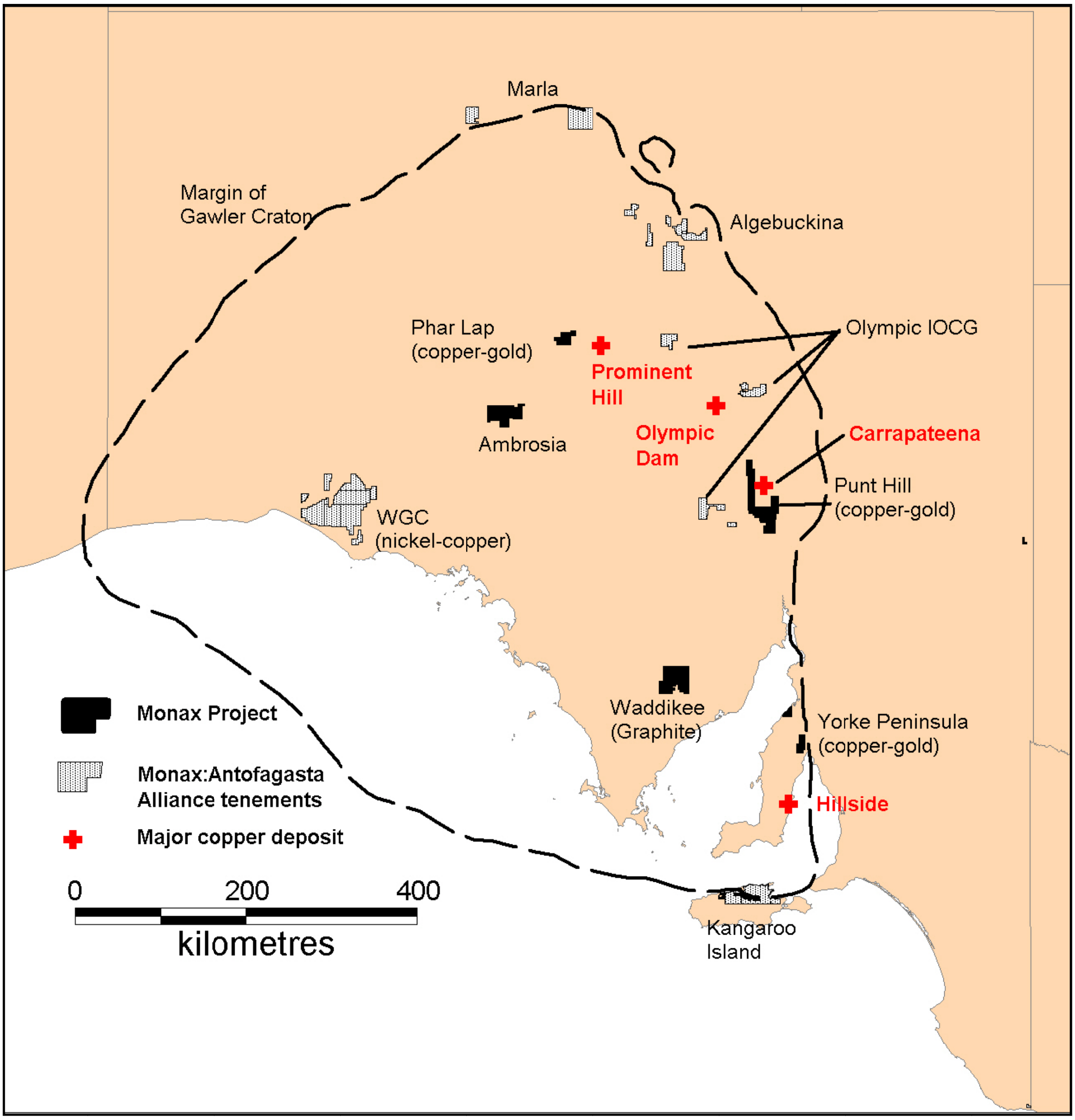

Figure 1. Location of Monax South Australian projects.

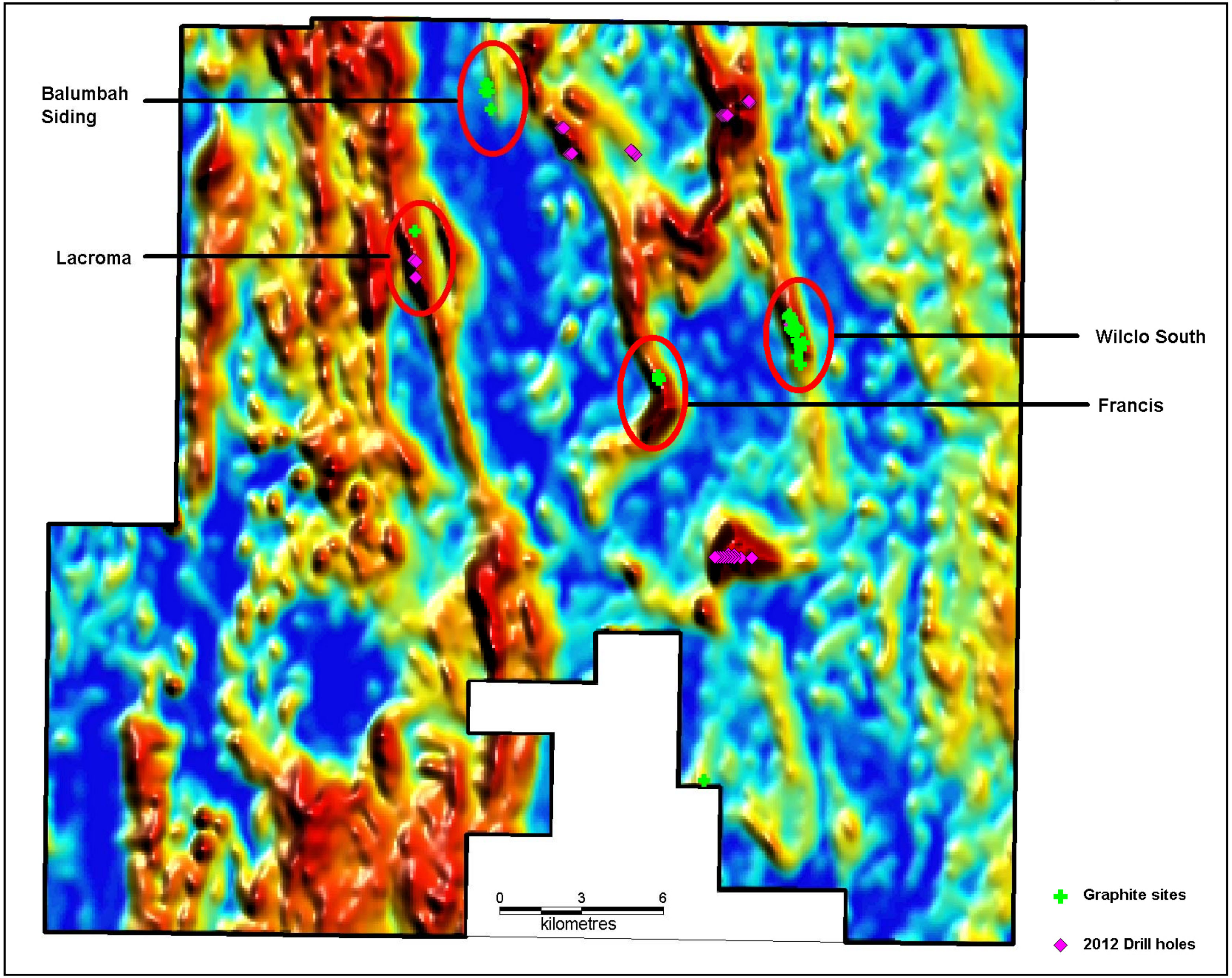

Figure 2. Waddikee Graphite Project. Location of mapping sites. Background 100-150m depth AEM data (red = zones of high conductivity).

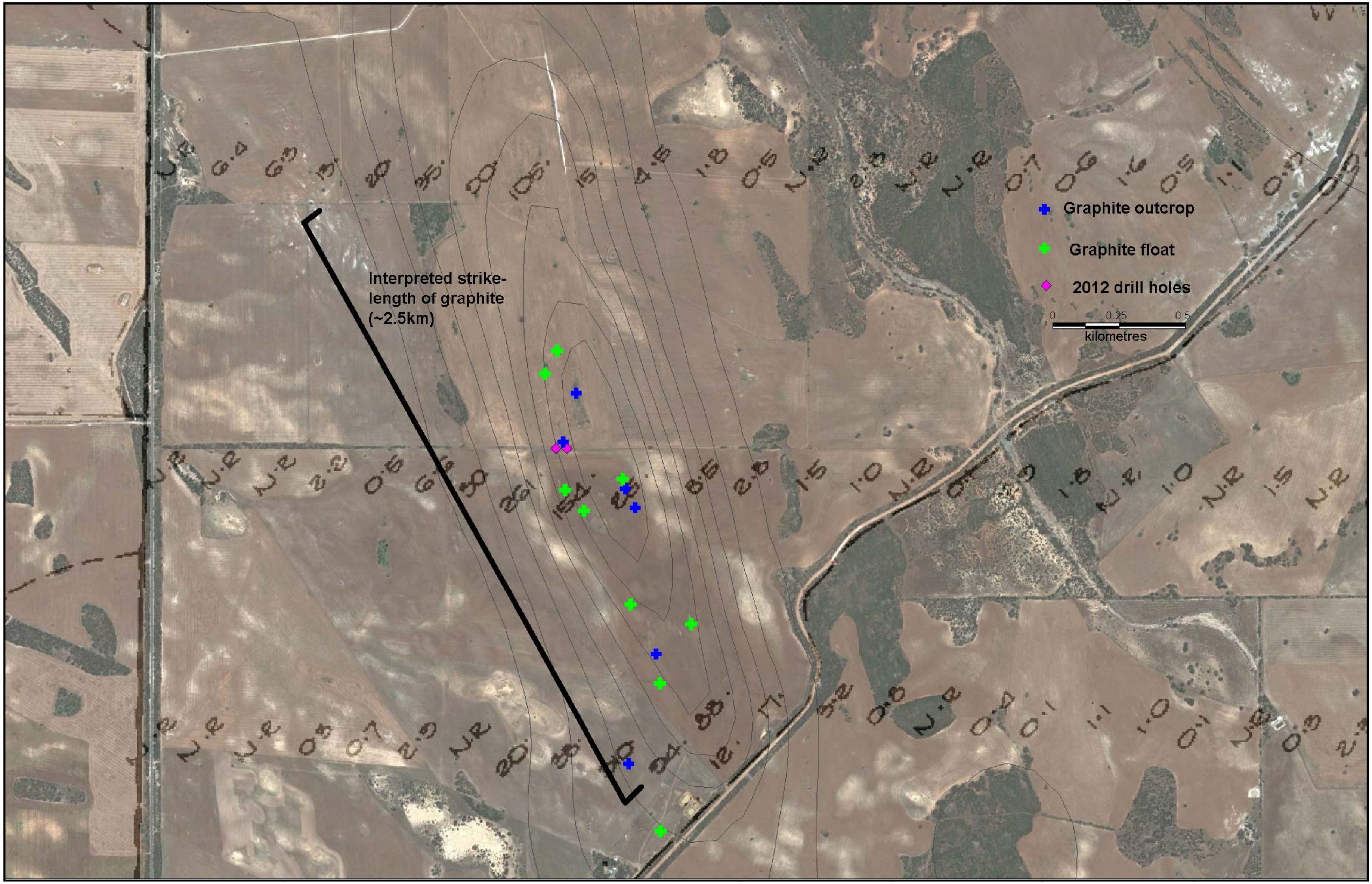

Figure 3. Wilclo South prospect. Location of graphite sites including graphite in outcrop and float. Background Google Earth image. Contours from 100-150m AEM survey data and numbers from historical WMC EM survey (large numbers denote point of high conductivity).

Figure 4. Francis prospect. Location of float samples containing visible flake graphite. Location of graphite sites including graphite in outcrop and float. Background Google Earth image. Contours from 100-150m AEM survey data and numbers from historical WMC EM survey (large numbers denote point of high conductivity).