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ASX RELEASE

Monax Alliance Enters into Non-Binding Agreement with ERO Mining over Northern Gawler Craton Iron Oxide Copper Gold Project

HIGHLIGHTS

- **Non-binding term sheet signed over Northern Gawler Craton Project with ERO Mining**
- **Agreement provides Monax Alliance with a four month exclusive period to undertake technical due diligence on the project**
- **Prominent gravity target of potential Iron Oxide Copper Gold style identified**
- **Detailed gravity survey planned to commence shortly**
- **Subsequent to successful technical due diligence, Monax Alliance will enter into a farm in agreement to earn an 80% interest in the project.**

Monax Alliance Pty Ltd is pleased to announce it has entered into a Non-Binding term sheet ("Agreement" or "Term Sheet") with ERO Mining Ltd (ASX:ERO) to undertake technical due diligence on the Northern Gawler Craton Project. Monax Alliance Pty Ltd ("the Alliance") is a wholly owned subsidiary of Monax Mining Limited (ASX:MOX) and was established as the vehicle for the strategic alliance between Monax and major Chilean copper producer Antofagasta plc.

The Northern Gawler Craton Project comprises two granted tenements, EL4019 and EL4020, covering an area totalling 439km², and is located approximately 1100km north-north-west of Adelaide, and approximately 50km east of the township of Marla (Figure 1).

The main target within the project area is the 'Welbourn Hill' target which is a prominent magnetic and gravity feature identified within regional geophysical data sets.

Drilling undertaken by ERO in 2008-2009, intersected weak copper mineralisation, associated with a three milligal gravity anomaly, and an offset, deeper-sourced magnetic anomaly. The drilling failed to adequately explain the cause of the gravity anomaly. An intersection of 19m @ 0.1% copper from 639m depth was reported from the drilling

program. The Alliance has interpreted this intersection and related alteration to possibly be located peripheral to an iron oxide copper gold style deposit.

Under the term sheet signed with ERO, the Alliance has a four month exclusive period to undertake technical due diligence on the project. The Alliance will undertake a 900 station, detailed gravity survey to assist with modelling and target generation. Modelling of the currently available gravity data shows that the drilling by ERO has not adequately explained the significant gravity anomaly.

In addition, the Alliance may undertake a detailed heli-borne magnetic survey to assist with modelling the depth of the prominent magnetic feature, which is offset to the gravity feature.

Subsequent to the expiry of the four month period, or earlier if due diligence is completed, the Alliance and ERO will enter into a farm-in agreement for all minerals. Discussion of commercial terms for the potential farm-in phase, are at an advanced stage and will be subject to relevant internal approval prior to finalisation.

Under the terms of the Alliance Agreement, which commenced in November 2011, Antofagasta will provide US\$1 million to Monax over two years for target-generation within South Australia. The Alliance is targeting properties containing base and precious metals.

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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.

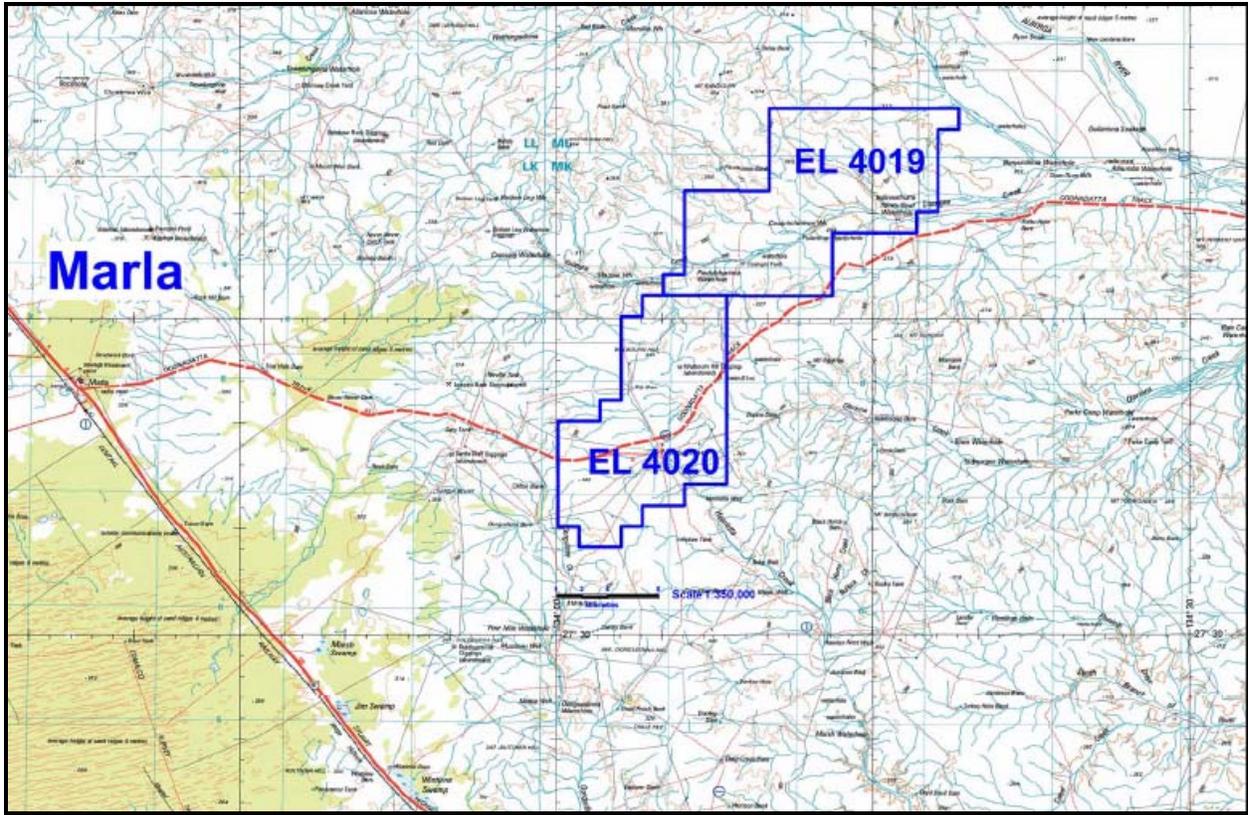


Figure 1. Northern Gawler Craton Project location