



30 July 2009

ASX Release

The Directors of AXG Mining Ltd (“AXG”) have pleasure in presenting their quarterly report for the period ended 30 June 2009.

Operations

Dalgaranga JV (AXG 49.9%: Equigold 50.1%)

The Dalgaranga mine and processing facilities were closed and rehabilitated in 2002 and still carry substantial bonds in relation to the rehabilitation works. Progress of regrowth and earthworks stability is regularly monitored by the Department of Mines and Petroleum and the bonds reviewed. Following an inspection during the March quarter, the bonds were recently reduced by \$29,000 and a \$10,000 security was retired.

The Joint Venture partners have agreed to divest the Project and have invited expressions of interest from prospective parties. Negotiations are ongoing and upon reaching an agreement, the market will be informed.

Turkmenistan project - MAPP

AXG has entered into an agreement to acquire up to 100% of the issued capital of the MAPP Ltd., which holds an exclusive right to explore for minerals within an area of 18,500 square kilometres of Turkmenistan.

The acquisition of MAPP will be on a 3-staged basis, with the consideration and acquisition dependent upon the achievement of successive milestones, plus payments to the vendors of MAPP of Performance and Hydrocarbon bonuses, based on other distinct criteria.

The initial earning stage of 20% is complete, based on;

- a) Cash payment of A\$500,000
- b) Issue of 10,000,000 fully paid ordinary shares in the capital of AXG
- c) Issue of 2,500,000 options.

In recognition of introducing the Project to AXG and assisting in the acquisition, Silksnow Pty Ltd (“Silksnow”) will receive a facilitation fee linked to the stages of acquisition of MAPP. Upon acquiring the initial 20% of MAPP, Silksnow will receive 1,000,000 fully paid ordinary shares in the capital of AXG.

Although shareholder approval is not required for this initial 20% acquisition, shareholder approval will be sought for the issue of further shares and options should AXG increase its

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shareholding in MAPP under the agreement it has with MAPP shareholders.
AXG has the right to acquire up to 100% of the issued capital of MAPP.

The shares and options that are issued in the course of the acquisition, including those associated with the Performance and Hydrocarbon bonuses and facilitators fees, will be subject to 12 months voluntary escrow periods.

The Directors believe that MAPP's exclusive rights to mineral exploration in Turkmenistan will give the Company the opportunity to develop and grow into an international mineral explorer.

In order to better appreciate the style of mineralisation present, and as part of the conditions of exclusivity, the Company has commenced a programme of detailed ground exploration in the vicinity of the Sernoe Uranium Mine in the Tuarkeyr Region of Turkmenistan. This programme includes;

- Detailed geological mapping with the pit and the immediate surrounds
- Chip sampling, radiometrics and XRF analysis of interpreted ore zones,
- Quantification and sampling of dump material for Au/U analysis,
- Grid-based ground radiometrics and magnetometry,
- Trial partial leach soil geochemistry and radon emanometry; and
- Provision and installation of geological software and equipment and training of local staff.

For further information, please contact the undersigned:

Mr Gordon Sklenka
Director
+61 (8) 9486 1122

Information in this report pertaining to mineral resources and exploration results was compiled by Mr. J Jordan who is a member of Aus. I.M.M. Mr J Jordan has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting to Exploration Results, Mineral Resources and Ore Reserves". Mr J Jordan consents to the inclusion in the report of matters based on this information in the form and context which it appears.

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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

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

30 JUNE 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation (b) development (c) production (d) administration	(10) (231)	(53) (1,068)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	7	114
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(234)	(1,007)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	(950) (12)	(1,123) (74)
1.9	Proceeds from sale of: (a) prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities	(248)	(1,233)
1.11	Loans repaid by other entities	465	465
1.12	Other (share application)		
Net investing cash flows		(745)	(1,965)

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1.13	Total operating and investing cash flows (carried forward)	(979)	(2,972)
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1.13	Total operating and investing cash flows (brought forward)	(979)	(2,972)
	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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(979)	(2,972)
1.20	Cash at beginning of quarter/year to date	1,098	3,091
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	119	119

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	77
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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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

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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

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	N/A
3.2	Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	75
4.2	Development	
Total		75

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	119	1,098
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		119	1,098

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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	E70/2947 Surrendered E70/2927 Surrendered	100% 100%	- -
6.2	Interests in mining tenements acquired or increased			

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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	109,750,000	109,750,000	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000	10,000,000	
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>	102,250,000	102,250,000	<i>Exercise price 20 cents</i> <i>Expiry date 31 August 2010</i>
7.8	Issued during quarter	2,500,000	2,500,000	20 cents 31 August 2010
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

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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 give a true and fair view of the matters disclosed.

Sign here: Roland H Berzins.....
(Director/Company secretary)

Date: 31 July 2009

Print name:Roland H Berzins

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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