



29 January 2010

ASX Release

The directors of AXG Mining Ltd ("AXG") have pleasure in presenting their quarterly report for the period ended 31 December 2009

Operations

Dalgaranga J/V (AXG 49.9%; Equigold 51.1%)

The Dalgaranga project is a 50.1% / 49.9% JV between Lihir Gold Ltd's wholly owned subsidiary Equigold Ltd ("Lihir") and AXG Mining. The mine and processing facilities were close and rehabilitated in 2002.

As manager, Lihir is in discussion with an independent third party concerning the sale of the Joint venture and related tenements but as yet, no definitive outcome has been reached.

MAPP Ltd and Turkmenistan

In accordance with the Scope of Works that exists between MAPP and the Geological Survey of Turkmenistan, the parties have collaborated together for the purposes of mutual prospecting for an inlier of Permian-Triassic rocks in the Tuvergyr Region of Turkmenistan.

The parties have collected samples and are in the process of completing the specific data details associated with the samples and will submit the samples to respective mutually agreeable assay laboratories for analytical and comparison purposes.

The results of these samples will be forwarded to the market as soon as practically possible.

Corporate

MAPP Ltd and Turkmenistan

AXG has entered into an agreement to acquire up to 100% of the issued capital of MAPP. MAPP is to be the first foreign company to be awarded the exclusive right to carry out exploration works for minerals within Turkmenistan.

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Initially, via the Formal investment contract between MAPP and the Turkmenistan Government, MAPP has the rights to explore two areas covering a total of 18,500 square kilometres in the Koytendag and Tuvergyr (contractual territories) regions of Turkmenistan.

Following protracted negotiations, the directors of MAPP have received the Investment Contract of prospecting works on areas Tuvergyr and Koytendg, as approved by the Cabinet of Turkmenistan, from the State Corporation "Turkmengeolgiya".

During the first quarter of 2010, the Chairman of AXG Mining Ltd has planned to undertake a formal visit to Turkmenistan and to meet with representatives of the Government and its State Corporations / agencies to complete the formal documentation of the Investment Contract.

For further information, please contact the undersigned:

Mr Gordon Sklenka
Director
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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 mineralization and type of deposit 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 of Exploration Results, Mineral Resources and Ore Reserves' Mr J Jordan consents to the inclusion in the report of the matters based on his information in the form and context 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.

Name of entity

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31 DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date
		\$A'000	(6 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	(4) (238)	(21) (440)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	19
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(242)	(443)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	(4)	(4)
1.9	Proceeds from sale of: (a) prospects (b)equity investments (c)other fixed assets		400
1.10	Loans to other entities	(151)	(65)
1.11	Loans repaid by other entities		
1.12	Other (share application)		141
Net investing cash flows		(155)	472
1.13	Total operating and investing cash flows (carried forward)	(397)	29

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(397)	29
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	(397)	29
1.20	Cash at beginning of quarter/year to date	545	119
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	148	148

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	70
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

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

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	25
4.2	Development	
Total		25

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	148	545
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		148	545

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	M59/350 M59/050	100% 100%	0% 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	109,750,000	109,750,000		
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>	102,250,000	102,250,000	<i>Exercise price 20 cents</i>	<i>Expiry date 31 August 2010</i>
7.8 Issued during quarter				
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>				

+ See chapter 19 for defined terms.

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..... Date: 29 January 2010
(Director/Company secretary)

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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