



30 July 2010

## ASX Release

The directors of AXG Mining Ltd (“AXG”) have pleasure in presenting their quarterly report for the period ended 30 June 2010.

## 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 closed 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

Limited field work or activity has been undertaken in the quarter as the Company awaits the official signing of the Investment Contract.

For further information, please do not hesitate to contact:

Mr Gordon Sklenka  
Director  
+61 (8) 9486 1122

Roland Berzins  
Company Secretary

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.

---

+ See chapter 19 for defined terms.

# 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

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

30 June 2010

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	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 & evaluation (b) development (c) production (d) administration	(1)  (118)	(25)  (697)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	32
1.5 Interest and other costs of finance paid		(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(109)</b>	<b>(691)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	(24) (4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	64	660
1.10 Loans to other entities	(60)	(334)
1.11 Loans repaid by other entities		97
1.12 Other (provide details if material)		141
<b>Net investing cash flows</b>	<b>4</b>	<b>536</b>
1.13 Total operating and investing cash flows (carried forward)	(105)	(155)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(105)	(155)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	250	250
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	250	250
<b>Net increase (decrease) in cash held</b>		145	95
1.20	Cash at beginning of quarter/year to date	69	119
1.21	Exchange rate adjustments to item 1.20		
		214	214
1.22	<b>Cash at end of quarter</b>		

**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	87
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

**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

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

Amount available \$A'000	Amount used \$A'000

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

3.1	Loan facilities		
3.2	Credit standby arrangements		

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	5
4.2	Development	
4.3	Production	
4.4	Administration	150
<b>Total</b>		<b>155</b>

**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	214	69
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>214</b>	<b>69</b>

**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		
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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	102,250,000	102,250,000	<i>Exercise price 20.0c</i>	<i>Expiry date 31 August 2010</i>
7.8 Issued during quarter				
.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: .....R Berzins..... Date: .....30..July 2010...  
(Director/Company secretary)

Print name: ...Roland 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.

== == == == ==