



30 April 2012

ASX Release

The directors of AXG Mining Ltd ("AXG") are pleased to present their quarterly report for the period ended 31 March 2012.

Corporate

Acquisition of Halston Exploration Inc.

During the period, settlement of the Share Sale Agreement was finalized, with AXG formally acquiring 100% of Halston Exploration Inc. ("Halston"). Halston has the option to earn up to a 75% interest in the *Condorama* and *Coporaque* properties in Southern Peru, South America.

As at 31 March 2012, the Company had issued the following fully paid ordinary shares in the Company:

Method	Number of Shares issued
As per prospectus of 2 December 2011	17,000,000
Shares issued under S708	4,209,331
Shares issued via Share based payments	4,000,000
Shares issued for the acquisition of Halston	126,000,000
Total shares issued	151,209,331

Activity

During the period, the work program over the Condorama project area was completed. Surface geochemistry, mapping and sampling was undertaken to further refine future drill holes.

Results of the sampling are pending and will be released to the market when they are received.

AXG entered into a drilling agreement with local operator Consorcio JM S.A.C ('Consorcio') for an approximately 3,500 metre diamond drilling program at Condoroma. Consorcio has extensive knowledge of the area and utilises highly experienced workers from Peru. The drilling program is part of the broader field program which is scheduled to commence in May 2012. Initially, the Oro y Paloma target area will be tested with a number of deep holes designed to test the presence of porphyry style mineralization at depth.

Formal agreements were signed with the Condoroma community to construct an access road, create drill pads and commence drilling at Oro y Paloma within the Condoroma Project. The construction of the access road has commenced as has the preparation of drill pads.

Drill permits have been received from the government, allowing for drilling to be undertaken at Oro y Paloma within the Condoroma project. Oro y Paloma lies on the Sultana Fault, a significant regional structure that connects the property to the **Tintaya cluster**. The Tintaya cluster hosts the Tintaya Copper–Gold Mine, Antapacay and Coroccohuayo Deposits (Xstrata), as well as the Quechua Discovery (Pan Pacific Copper).

Roland Berzins

Company Secretary

About AXG Mining Limited

AXG Mining Ltd is a mineral exploration company that is currently focused on the Condoroma and Coparaque projects in Southern Peru, in which it has entered into option agreements to earn up to a 75% interest in each. The projects, comprising 24 mineral concessions, are located along the highly prospective Andahuaylas-Yauri belt.

+ 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")

31 March 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(7)	(22)
(b) development	-	-
(c) production	-	-
(d) administration	(119)	(749)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (preparatory work - Peru)	(260)	(260)
Net Operating Cash Flows	(386)	(1,025)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(71)	(228)
1.11 Loans repaid by other entities	10	323
1.12 Other (Unsecured Loans)	90	90
Net investing cash flows	29	185
1.13 Total operating and investing cash flows (carried forward)	(357)	(840)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(357)	(840)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	265	578
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 (share issue costs)	(21)	(27)
	Net financing cash flows	244	551
	Net increase (decrease) in cash held	(113)	(289)
1.20	Cash at beginning of quarter/year to date	169	345
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	56	56

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	36
1.24	Aggregate amount of loans to the parties included in item 1.10	68

1.25 Explanation necessary for an understanding of the transactions

Consulting fees, Director fees and Management fees – 1.2

Set up cost associate with office and field work in PERU re: Acquisition – 1.10

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

Share issued of 126,000,000 @ deemed issue price of \$0.012 for the acquisition of Halston Exploration Inc

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

+ See chapter 19 for defined terms.

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	-	-
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	125
Total	130

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	56	169
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	56	169

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.

Appendix 5B
Mining exploration entity quarterly report

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	431,987,106	431,987,106		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	151,209,331	151,209,331		
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>	nil	nil	<i>Exercise price</i>	<i>Expiry date</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 Berzins
(Director/Company secretary)

Date: 30 April 2012

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.

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