



30 June 2012

## ASX Release

The directors of AXG Mining Ltd (“AXG”) are pleased to present their quarterly report for the period ended 30 June 2012.

## Corporate

During the period AXG commenced engaging investors in North America for the purpose of raising sufficient funds to begin phase one drilling on the high impact *Condorama* project. The company has also met with financiers in South America and is in discussions over a planned listing on the Lima Stock Exchange (BVL).

As at 30 June 2012, the Company had issued the following fully paid ordinary shares in company:

Method	Share Price/Unit	Number of Shares Issued
As per prospectus of 20 April 2012	\$0.009	32,399,444
Shares issued under S708	\$0.009	13,746,047
	\$0.005	40,000,000
Total Shares Issued		86,145,491

## Activity

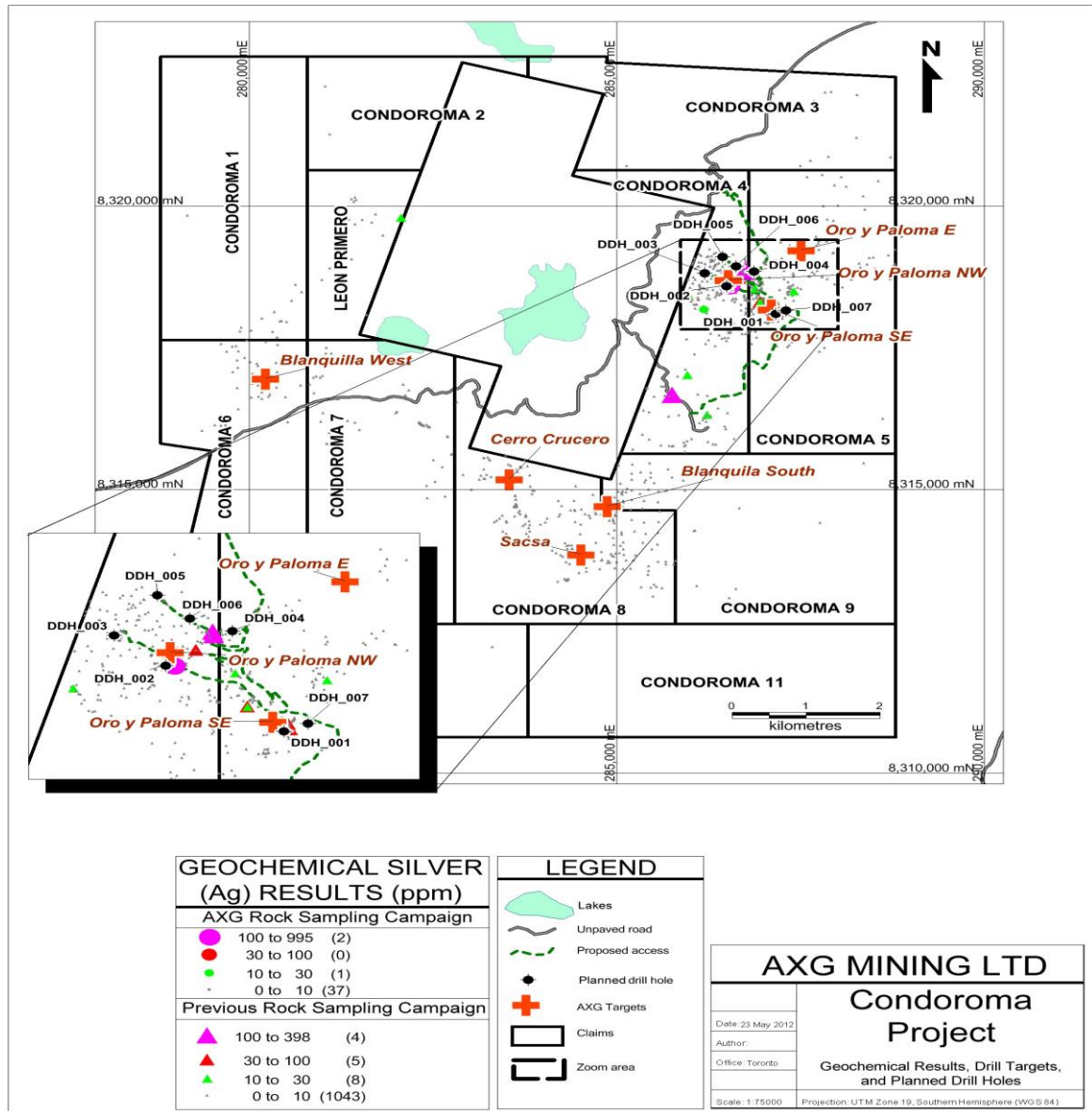
During the period analysis of the sampling program completed in the previous quarter was concluded. In total 39 samples were collected from various locations across the *Condorama* property. Sampling was designed to cover areas of interpreted major structures prospective for gold, silver, copper, molybdenum and base metal mineralisation. Samples were collected and submitted to ALS Peru S.A laboratory in Lima for multi-element testing, including trace gold

analysis. Analysis confirmed the potential for copper, gold and molybdenum mineralisation, as well as high grade silver values up to **995gpt Ag**.

Following analysis of the sampling results, detailed mapping at the Oro y Paloma copper-gold porphyry prospect area on the Condorama Property has identified the strong anomalous silver bearing breccia zones cross-cutting the main structural trend. The Phase One drill campaign will now also test the potential of the silver zone, while primarily exploring for new porphyry mineralization.

Oro y Paloma is now recognised as one of **up to seven** potential targets identified across the 9,817 hectare Condorama property to date. Follow up work in the next quarter will include further geochemical sampling and mapping of the regional targets, with the view to refine new drill targets for later campaigns. The details of the new anomalous silver zone, Phase One drill campaign and other regional targets for future exploration are indicated on the map below.

+ See chapter 19 for defined terms.



The Company remains committed to the region and, although at an early stage, excited about the mineral potential of the claims, typical of those in the area.

Roland Berzins

Company Secretary

+ 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 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration & evaluation	(69)	(91)
(b) development	-	-
(c) production	-	-
(d) administration	(66)	(815)
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	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other (preparatory work - Peru)	(102)	(362)
<b>Net Operating Cash Flows</b>	<b>(238)</b>	<b>(1,264)</b>
<b>Cash flows related to investing activities</b>		
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	1
1.10 Loans to other entities	(228)	(456)
1.11 Loans repaid by other entities	15	338
1.12 Other (Unsecured Loans)	(90)	0
<b>Net investing cash flows</b>	<b>(302)</b>	<b>(117)</b>
1.13 Total operating and investing cash flows (carried forward)	(540)	(1,381)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(540)	(1,381)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	512	1,090
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)	(6)	(33)
	<b>Net financing cash flows</b>	506	1,057
	<b>Net increase (decrease) in cash held</b>	(34)	(324)
1.20	Cash at beginning of quarter/year to date	55	345
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	21	21

**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	228

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

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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

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+ 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	65
4.2 Development	-
4.3 Production	-
4.4 Administration	65
<b>Total</b>	<b>130</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	21	56
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>21</b>	<b>56</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.

**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 <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>	518,132,597	518,132,597		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	86,145,491	86,145,491		
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>	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 <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 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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