



30th June 2013

ASX Release

The directors of AXG Mining Ltd (“AXG” or “The Company”) are pleased to present their Quarterly Report for the period ended 30th June, 2013.

Corporate

During the period the company undertook a substantial review of operations and implemented a number of cost saving initiatives. It is anticipated that as a consequence of these measures corporate overheads will be reduced going forward.

Negotiations with strategic investor groups in North America and locally are ongoing. The company acknowledges the continued support of key shareholders in a challenging financial climate. The Company anticipates having some funding initiatives in place early in the next quarter to fund exploration and operations going forward.

Activity

Analysis and further interpretation of data was undertaken to prepare a 5,000 metre Aircore drill program on the key Mt Ridley tenement in the Albany-Fraser Range, Western Australia. The company notes that the primary target appears to be remobilized sulphides from an ultramafic layered intrusion, with potential for both in-situ and remobilized Nickel, Copper and Cobalt massive sulphides. This displays identical characteristics to Sirius Resources NL’s (ASX: SIR) “Nova” Ni-Cu-Co discovery approximately 100km to the NNE.

In light of market conditions, work at the Company’s South American projects was delayed during the quarter. The board is reviewing the status of the Peru projects going forward in light of the difficult market conditions for junior companies both in Australia and North America.

Roland Berzins

Company Secretary



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About AXG Mining Ltd.

AXG Mining (ASX: AXC) is an Australian listed exploration company with a primary focus on large scale base and precious metals deposits. AXG's exploration portfolio includes the Mt Ridley nickel-copper-cobalt project in the rapidly emerging Albany-Fraser Range province in Western Australia, as well as the *Condorama and Coparaque* copper-gold projects in the world class Andahuaylas-Yauri mineral belt in Southern Peru.

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 2013

Consolidated statement of cash flows

| | Current quarter \$A '000 | Year to date (12 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 | (36) | (51) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (11) | (117) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 19 | 19 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other | - | - |
| Net Operating Cash Flows | (28) | (149) |
| 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 | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (28) | (149) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (28) | (149) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 30 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 25 | 110 |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (share issue costs) | - | (11) |
| | Net financing cash flows | 25 | 129 |
| | Net increase (decrease) in cash held | (3) | (20) |
| 1.20 | Cash at beginning of quarter/year to date | 4 | 21 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 1 | 1 |

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

1.25 Explanation necessary for an understanding of the transactions

Consulting fees, Director fees and Management fees – 1.2
On consolidation, costs formerly accrued to administration were reversed 1.2 (d)

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

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| |
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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 | 2 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 2 |
| Total | 4 |

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 | 1 | 4 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 1 | 4 |

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 | 665,632,597 | 665,632,597 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 77,500,000 | 77,500,000 | | |
| 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> | 12,500,000 | 12,500,000 | <i>Exercise price</i> \$0.01 | <i>Expiry date</i> \$0.01 |
| 7.8 Issued during quarter | 12,500,000 | 12,500,000 | \$0.01 | \$0.01 |
| 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.

