



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 *Condoroma* and *Coparaque* copper-gold projects in the world class Andahuaylas-Yauri mineral belt in Southern Peru.

+ 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 2013

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(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)

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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

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>				

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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: 31 July 2013

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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