



30 January 2009

ASX Release

The directors of AXG Mining Ltd ("AXG") have pleasure in presenting their quarterly report for the period ended 31 December 2008.

Operations

Dalgaranga J/V (AXG 49.9%; Equigold 51.1%)

The joint venture partners have been unable to secure a suitable sale or joint venture for the project and are holding discussions concerning its future.

Western Queen (AXG 100%)

Following extensive exploration of the Project tenements for base metals, Buxton Resources Ltd withdrew from the farm-in agreement in October 2008. Tenements with limited gold potential are being reviewed and surrendered if appropriate.

Mt Ida Uranium

First-pass air-core drilling of selected surficial calcrete radiometric anomalies failed to intersect significant uranium mineralisation. The low tenor results obtained from partial digest techniques were verified by some confirmatory total digest analysis.

Corporate

The Company is very conscious of the current economic sentiment surrounding the market and is vigorously evaluating prospective ventures that would enable the Company to utilise the full economic potential of its financial resources.

R Berzins

Company Secretary

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Appendix 5B

Mining exploration entity quarterly report

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation (b) development (c) production (d) administration	(326)	(500)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	33	88
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(452)	(839)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity Investments (c) other fixed assets	(19)	(22)
1.9	Proceeds from sale of: (a) prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities	(300)	(300)
1.11	Loans repaid by other entities		
1.12	Other (share application)		
	Net investing cash flows	(319)	(322)
1.13	Total operating and investing cash flows (carried forward)	(771)	(1,161)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(771)	(1,161)
1.14	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(771)	(1,161)
1.20	Cash at beginning of quarter/year to date	2,701	3,091
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,930	1,930

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	77
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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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

Nil

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

Nil

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	Nil	N/A
3.2	Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	75
4.2	Development	
Total		75

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	1,930	98
5.2	Deposits at call		2,603
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,930	2,701

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	E59/1119	Surrendered	100%	-
		E59/1128L	Surrendered	100%	-
		L59/36	Surrendered	100%	-
		L59/38	Surrendered	100%	-
		L59/42	Surrendered	100%	-
		M59/207	Surrendered	100%	-
6.2	Interests in mining tenements acquired or increased	N/A			

+ 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 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	99,750,000	99,750,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	99,750,000	99,750,000	<i>Exercise price 20 cents</i>	<i>Expiry date 31 August 2010</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>				

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 H Berzins..... Date: 30 January 2009
(Director/Company secretary)

+ See chapter 19 for defined terms.

Print name:Roland H 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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