



Quarterly report for the period ending 30 September 2014

OVERVIEW

Exploration

- ❖ The Company has commenced staged exploration programs on its 100% owned Mt Ridley Project located in the South-West corner of the highly prospective Fraser Range Province.
- ❖ Low level detailed aeromagnetic surveying covering some 800sq/kms of the Company's tenure at the Mt Ridley Project is underway.
- ❖ Ground based high powered moving loop electromagnetic (EM) surveying to commence in the December quarter following up anomalies identified from the low level aeromagnetic survey.
- ❖ Ground based EM surveying will initially focus on ovoid shaped anomalies interpreted to be mafic-ultramafic intrusions similar to that of Sirius Resources Ltd "Eye" structure which hosts the Nova nickel-copper deposit.
- ❖ First pass drilling testing conductive targets generated from the ground EM surveying is slated for early 2015.

Corporate

- ❖ Mr Robert Downey was appointed as Non-Executive Chairman
- ❖ Mr Dean Goodwin was appointed as Managing Director.
- ❖ Mr Guy Le Page stepped down as Chairman but continues as a Non-Executive Director.
- ❖ Mr Gordon Sklenka resigned as a director.
- ❖ Mr Roland Berzins resigned as a director and Company Secretary
- ❖ Mr Keith Bowker was appointed as Company Secretary.
- ❖ A placement of 250 million shares at \$0.002 each together with 250 million free attaching options with an exercise price of \$0.0125 on or before 31 August 2019.
- ❖ A total of 25 million options at an exercise price of \$0.0125 exercisable on or before 31 August 2019 were issued to the new Directors and Company Secretary.
- ❖ A total of 108,800,714 shares were issued to pay for various liabilities to preserve cash.



EXPLORATION

Mt Ridley Project

The Company commenced exploration activities at Mt Ridley late in the quarter with the commissioning of a low level detailed aeromagnetic survey designed to cover the Company’s entire tenement package totalling some 800sq/kms. The survey is designed to highlight areas of potential layered mafic-ultramafic intrusions, similar to that of Sirius Resources Ltd (ASX: SIR) “eye” structure, within the central portions of E63/1547.

These layered intrusive bodies are expected to lie within the Gravity Corridor, a corridor of more dense iron rich mafic-ultramafic rocks that are highly prospective for nickel and copper mineralisation (Figure 1). Sirius Resources Ltd (ASX: SIR) Nova Nickel deposit lies centrally within this Gravity Corridor that has been coined by other explorers in the Fraser Range as the “nickel corridor”

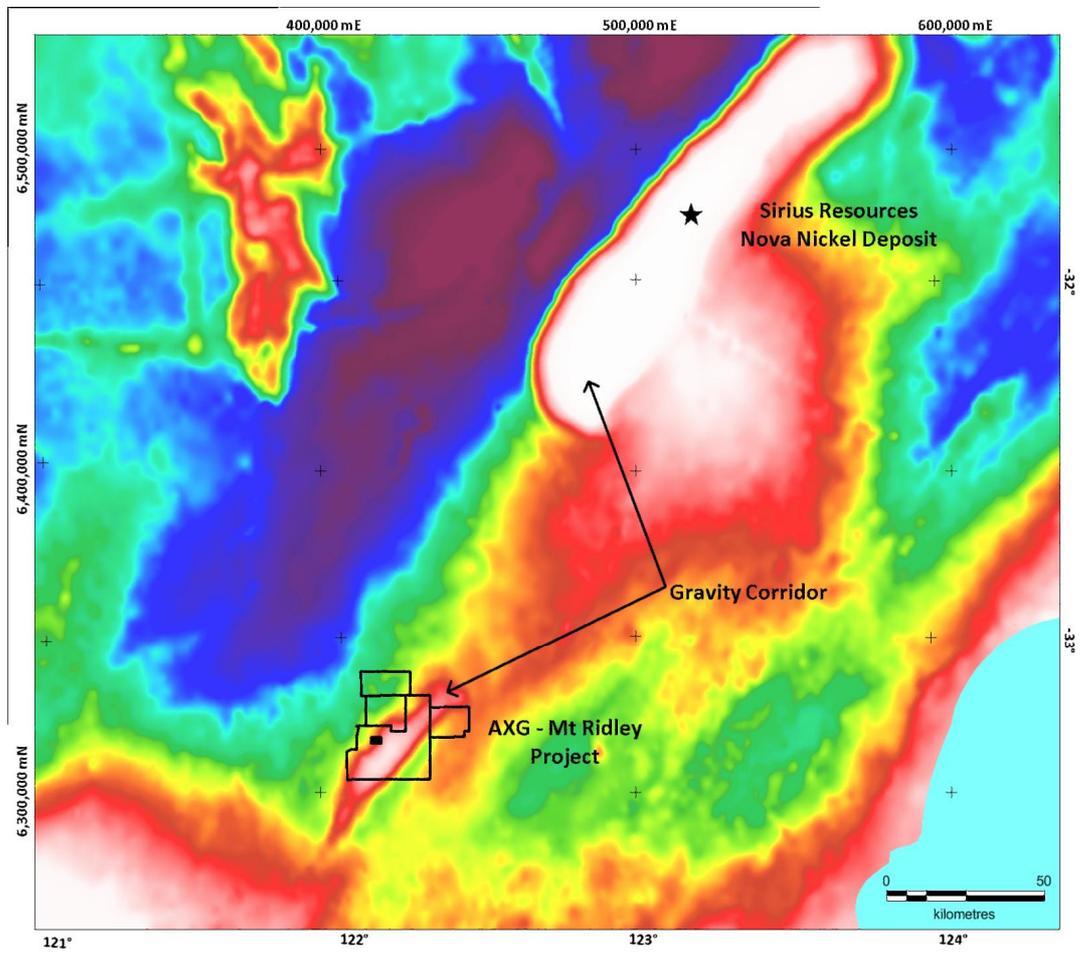


Figure 1: Regional gravity images showing extension of important gravity corridor into AXG tenure, Albany-Fraser Range Province (source: Southern Geoscience).

The detailed aeromagnetic survey will be followed up by ground based high-powered moving loop electromagnetic (EM) surveys. The ground EM will initially focus on areas exhibiting layered mafic-ultramafic intrusive signatures similar to that of the “eye” structure.

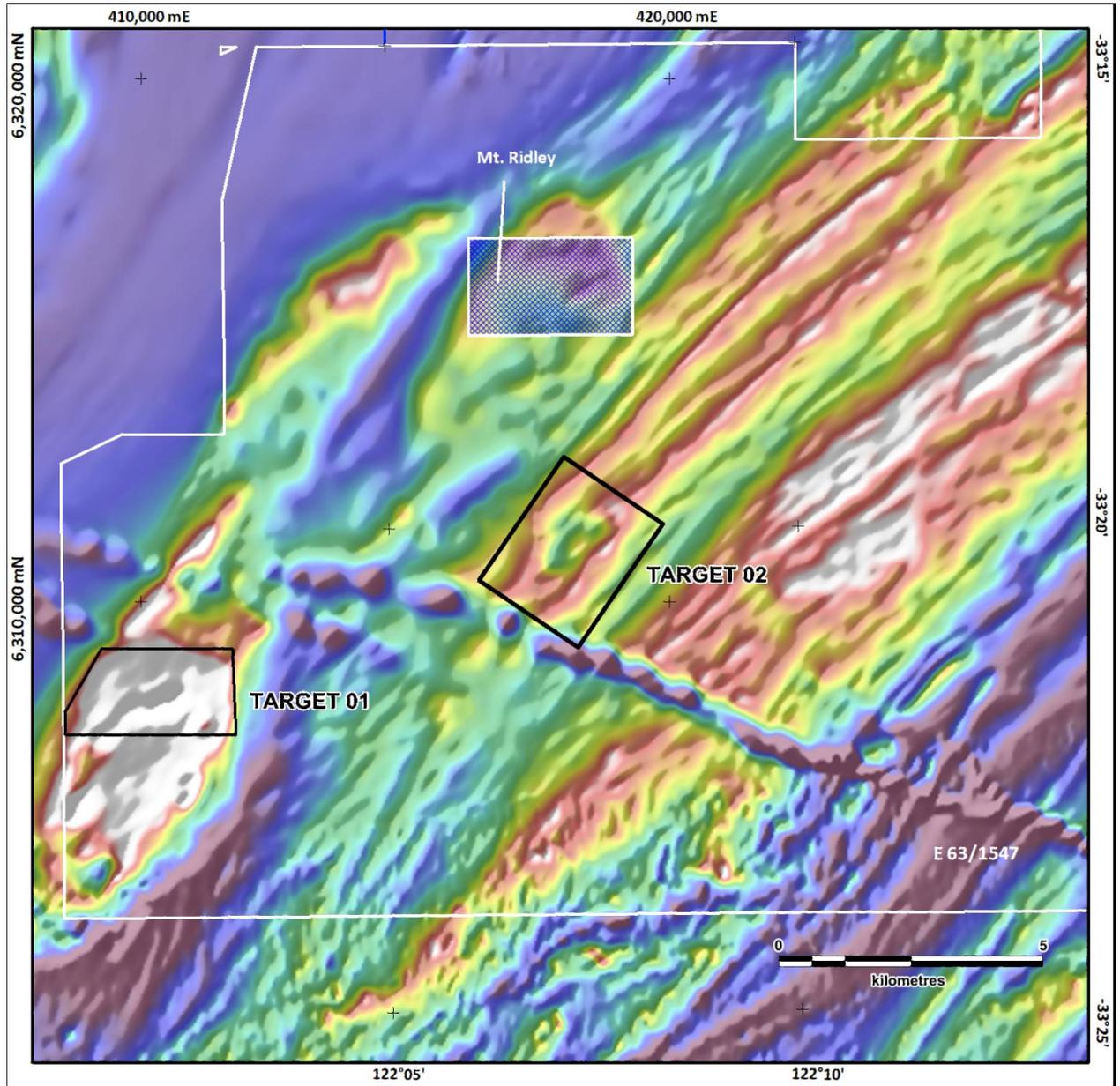


Figure 2: Priority target areas to be covered by upcoming high powered ground EM surveys over low resolution regional aeromagnetic image, Albany-Fraser Range Province (source: Southern Geoscience).

First pass moving loop ground EM will commence in late October over two previously identified high priority targets located in the South-West corner of E63/1547 (Figure 2). Target 1 is a large moderately magnetic ovoid shaped body exhibiting layered mafic-ultramafic intrusive characteristics. Target 1 was previously flown with airborne electromagnetics (VTEM) back in March 2013. This survey delineated several conductive targets which will be followed up by the



upcoming high powered ground EM work. Target 2 is more typical of an “eye” structure with a characteristic ovoid shape and low magnetic centre or core. This target will also be covered by ground EM early in November. Further ground EM surveying will also be carried out over new targets delineated by the low level detailed aeromagnetics during November and December 2014.

First pass Reverse Circulation and Diamond drilling programs are expected to commence in early 2015 following up conductive targets generated from the ground EM work.

CORPORATE

During the quarter a number of significant changes were made to the Board of Directors and Capital Structure of the Company.

The Board and Company Secretary changes were:

- ❖ Mr Robert Downey was appointed as Non-Executive Chairman
- ❖ Mr Dean Goodwin was appointed as Managing Director.
- ❖ Mr Guy Le Page stepped down as Chairman but continues as a Non-Executive Director.
- ❖ Mr Gordon Sklenka resigned as a Director.
- ❖ Mr Roland Berzins resigned as a Director and Company Secretary
- ❖ Mr Keith Bowker was appointed as Company Secretary.

The changes to the capital structure were approved at a shareholders meeting held on 8 September 2014 and were as follows:

- ❖ A placement of 250 million shares at \$0.002 each together with 250 million free attaching options with an exercise price of \$0.0125 on or before 31 August 2019 (Mr Downey and Mr Goodwin each participated in the placement).
- ❖ A total of 10 million options each to new Directors Mr Downey and Mr Goodwin at an exercise price of \$0.0125 exercisable on or before 31 August 2019.
- ❖ A total of 5 million options to new Company Secretary Mr Keith Bowker at an exercise price of \$0.0125 exercisable on or before 31 August 2019.
- ❖ A sign on fee of 4 million shares to Mr Goodwin for his appointment as Managing Director.
- ❖ A total of 20,722,500 shares were issued in lieu of outstanding Directors fees.
- ❖ A total of 14,285,714 shares were issued to acquire a tenement.
- ❖ A total of 13,542,500 shares were issued as part payment of a loan.
- ❖ A total of 37,500,000 were issued as consideration for corporate advisory fees.
- ❖ A total of 18,750,000 shares were issued to extinguish a contingent liability arising from an earlier tenement acquisition.

The above shares and options were issued on 19 September 2014.



SEPTEMBER QUARTER ANNOUNCEMENTS

Date	Announcement
25/07/2014	Trading Halt
28/07/2014	Boards Appointment and Placement
31/07/2014	Quarterly Cashflow and Activity Report
8/08/2014	Notice of General Meeting/Proxy Form
29/08/2014	Completion of tenement acquisition option
1/09/2014	Response to ASX Price Query
5/09/2014	Response to ASX Aware Letter
8/09/2014	Results of Meeting
9/09/2014	Initial Director's Interest Notice - Dean Goodwin
9/09/2014	Initial Director's Interest Notice - Robert Downey
9/09/2014	Final Director's Interest Notice - Roland Berzins
9/09/2014	Board Changes
9/09/2014	Final Director's Interest Notice - Gordon Sklenka
11/09/2014	Details of Company Address
22/09/2014	Becoming a substantial holder
22/09/2014	Appendix 3Y - Guy Le Page
22/09/2014	Appendix 3Y - Robert Downey
22/09/2014	Appendix 3Y - Dean Goodwin
22/09/2014	Section 708A Cleansing Notice & Appendix 3B
23/09/2014	Ceasing to be a substantial holder
23/09/2014	Becoming a substantial holder
23/09/2014	Becoming a substantial holder
24/09/2014	Change in substantial holding
24/09/2014	Change in substantial holding
29/09/2014	Full year statutory accounts 30 June 2014
30/09/2014	Amended Full Year Statutory Accounts 30 June 2014

AXG Mining Ltd
(ASX: **AXC**)

ASX Announcement
31 October 2014



INVESTOR INFORMATION

Registered Office

Suite 1, 56 Kings Park Road
West Perth WA 6005
PO Box 964 West Perth 6872

Principal Place of Business

Unit 1, 11 Anvil Way
Welshpool WA 6106
Phone 9358 2877
Fax 9358 3344

Capital Structure as at 30 September 2014

571,850,899 listed ordinary fully paid shares
1,785,714 options exercisable at \$0.070 on or before 30 June 2016
7,500,000 options exercisable at \$0.015 on or before 31 December 2016
5,059,748 options exercisable at \$0.021 on or before 31 December 2016
275,000,000 options exercisable at \$0.0125 on or before 31 August 2016

No options are listed on ASX

Company Management

Robert Downey	Non- Executive Chairman
Dean Goodwin	Managing Director
Guy Le Page	Non-Executive Director
Keith Bowker	Company Secretary

ASX Codes

Shares	AXC
Options	no options are listed on ASX

DEAN GOODWIN

Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dean Goodwin who is a Member of the Australian Institute of Geoscientists. Mr Goodwin is the Managing Director of the Company. Mr Goodwin has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Goodwin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(59)	(59)
(b) development	-	-
(c) production	-	-
(d) administration	(4)	(4)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other income	-	-
Net Operating Cash Flows	(63)	(63)
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 (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(63)	(63)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(63)	(63)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	500	500
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 (provide details if material)	-	-
	Net financing cash flows	500	500
	Net increase in cash held	437	437
1.20	Cash at beginning of quarter/year to date	-	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	437	437

Payments to directors of the entity, associates of the directors, 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

N/A

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

A total of 108,800,714 fully paid ordinary shares were issued on 19 September 2014 at a deemed price of \$0.004 per share to extinguish various liabilities.

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

N/A

+ 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	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

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	437	-
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	437	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL63/1564 Western Australia	Nil	100%

6.3 Interests in mining tenements at end of the quarter

Location	Project Name	Tenement #	Ownership	Titleholder
Western Australia	Lake Halbert	EL63/1547	100%	AXG Mining Limited
Western Australia	Sheoak Hill	EL63/1564	100%	Global Metals Ltd
Western Australia	Lake Crystal	EL63/1617*	Nil	Proto Resources & Investments Ltd

*Under bare trust arrangement with option to acquire.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas 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	571,850,899	571,850,899		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	250,000,000 108,800,714	250,000,000 108,800,714	\$0.002 \$0.004	\$0.002 nil
7.5 +Convertible debt securities <i>(description)</i>	Unsecured Convertible Notes issued in March 2014 (\$20,000)	Convertible at the lower of \$0.049 or 80% of the 5 Trading Day VWAP prior to conversion together with 1 free unlisted option for every 2 shares issued		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,785,714 5,059,748 7,500,000 275,000,000	- - - -	<i>Exercise price</i> \$0.070 \$0.021 \$0.015 \$0.0125	<i>Expiry date</i> 30 June 2016 31 December 2016 31 December 2016 31 August 2019
7.8 Issued during quarter	275,000,000	-	\$0.0125	31 August 2019
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Dean Goodwin
 (Managing Director)

Date: 31 October 2014

Print name: Dean Goodwin

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.