



AXG Mining Limited

MEDIA RELEASE

15 September 2004

**AXG's \$2.5 MILLION CAPITAL RAISING CLOSSES HEAVILY OVERSUBSCRIBED
DRILL TESTING TO COMMENCE IMMEDIATELY**

AXG Mining Ltd ('AXG') has raised **\$2.5 million** in an oversubscribed gold float and will list on the Australian Stock Exchange on Wednesday 15 September 2004.

Perth based AXG will immediately commence a major reverse circulation (RC) drilling program at its flagship Murchison project to test a number of identified high priority gold targets as described in its prospectus.

AXG's Chairman Mr Jermyn, said: "the RC drilling program will start by drill testing Target 1 at Western Queen where previous drilling has returned a very significant intercept of 21m grading 1.9g/t gold, including 2m grading 5.2 g/t gold in an area which has the potential to host a new high grade gold discovery. The Western Queen open cut orebody previously mined averaged 8.77 g/t gold for 163,500 ounces of gold".

RC drilling will also be undertaken to increase a 108,000 ounce indicated and inferred gold resource at the unmined Western Queen South deposit where significant results of 23m @ 13.2 g/t gold, 16m @ 10.5 g/t gold and 12m 8.6 g/t gold were returned from previous drilling campaigns. In addition, AXG will commence focussed exploration comprising of RAB and auger drilling at other targets identified by Geoinformatics Exploration Pty Ltd ("Geoinformatics").

AXG is capitalizing on an extensive data review completed by world renowned collaborative company Geoinformatics who in their 2003 report to the company note that: "**The Warda Warra Greenstone Belt is of similar size and geological setting to other greenstone belts which have hosted world class deposits such as Plutonic and Big Bell. Therefore there is no apparent reason why this greenstone belt cannot also host another world class gold deposit**".

Additionally, Snowden Corporate Services Pty Ltd state in the AXG Prospectus: "***In the context of the funds being raised and the company's stated objectives, we expect that the company will define at least several high quality gold deposits within its Western Queen project tenements over the course of the next 2 years***".

Mr Jermyn said: "This augurs well for AXG in its quest to have early exploration success".

As an added incentive all AXG shareholders will be entitled to participate in a non renounceable entitlement issue of Options on the basis of one Option for every one Share held on 29 October 2004. The Options are to be issued at 1 cent each with an exercise price of 20 cents and expiry date of 31 August 2010.

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