



21 February 2005

The Manager
Australian Stock Exchange Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sir/Madam

RAB Drilling Underway – Murchison Project

AXG Mining Limited ('AXG') advises that a 4000 metre rotary air blast (RAB) drilling programme has commenced today at its flagship Murchison Project. The 80 hole programme is designed to test a number of high priority targets outlined by Geoinformatics Exploration Pty Ltd as part of their previous extensive review of the project.

The drilling will test Target # 3 an area characterised by anomalous lag geochemistry (peak 410ppb) and at which previous drilling returned a significant intercept of 1m @ 12.90 g/t gold.

Drilling will also test Target # 5, a structurally complex area where the possibility of discovering a new gold mineralisation system is considered to exist.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Jermyn', written over a faint, light-colored oval stamp.

Peter Jermyn
Chairman

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