AXG MINING LIMITED

ABN 93 092 304 964

Notice of Annual General Meeting

Explanatory Statement and Proxy Forms

For the Annual General Meeting

4:00 PM November 29 2005

at

The Western Australian Club (inc)

101 St Georges Tce

Perth WA 6000

Proxy forms are to be returned to the registered office of AXG Mining Limited at
1171 Hay Street West Perth WA (PO Box 1922 West Perth WA 6872) or by faxed to (08) 9481 1155

To be received at least 48 hours before the meeting

AXG Mining Ltd
ACN 092 304 964

1 Agnew Way
Subiaco WA 6008
Ph: 08 9382 4344
Fax: 08 9382 4348
Email: admin@axgmining.com.au

SHAREHOLDERS INFORMATION

ATTENDING THE MEETING

If you are attending the meeting in person, please bring this letter and proxy form with you as your identification. Registration will be available from 3:30 PM and you are encouraged to register early.

Corporate shareholders who wish to appoint a person to act as their representative at the meeting can do so by providing that person with a letter authorizing the person to act as the representative of the company at the meeting.

APPOINTMENT OF A PROXY

If you are a shareholder and unable to attend and vote at the Annual General Meeting of the AXG Mining Limited on 29 November 2005, you are entitled to appoint a person as your proxy to attend and vote in your place. Your proxy need not be a shareholder of the Company.

To vote by proxy, please complete and sign the proxy form enclosed with the Notice of Annual General Meeting as soon as possible and either:

(a) return the proxy form by personal delivery or courier to AXG Mining Limited 1171 Hay Street, Subiaco, WA 6008

(b) return the proxy form by post to AXG Mining Limited PO Box 1922, West Perth WA 1922

(c) return the proxy by facsimile transmission to (08) 9481 1155

so that it is received no later than 48 hours before the meeting.

If a member appoints two proxies but the appointment does not specify the proportional number of votes that each proxy may exercise, each proxy may exercise half of the votes of the member.

Appointing a proxy does not preclude you from attending the meeting.

DETERMINATION OF SHAREHOLDERS RIGHT TO VOTE

For the purposes of this meeting those shareholders holding shares in the Company at 7:00 PM on 25 November 2005 will be voting members for the meeting.

NOTICE

NOTICE OF GENERAL MEETING

AXG MINING LIMITED (ACN 092 304 964)

NOTICE is given that the Annual general Meeting of shareholders of AXG Mining Limited (the Company) will be held at The Western Australian Club (Inc), 101 St Georges Terrace, Perth, Western Australia at 4 pm (Perth time) on 29 November 2005.

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial statements and reports of the directors and auditors for the year ended 30 June 2005

Resolution 1 – Election of Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:
' that Mr. Mr Gordon Sklenka who having been appointed a director of the Company on 24 February 2005 and being eligible, offers himself for re- election be and is hereby elected as a director of the Company.'

Resolution 2 – Election of Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:
' that Mr. Peter Jermyn who retires in accordance with rule 13.2 of the Company's constitution and being eligible, be re-elected as a director of the Company '

Resolution 3 – Remuneration Report

To consider and if thought fit, to pass the following as an ordinary resolution:
'That the Remuneration Report, as contained in the Director's Report be adopted.'

Resolution 4 – Approval of allotment and issue of Shares

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

'That for the purpose of ASX Listing Rule 7.1, and for all other purposes, approval be and is given for the issue of up to 5 million fully paid ordinary shares in the Company within 3 months of the date of this meeting.'

Resolution 5 –Approval for the Issue of Options to Mr. Harjinder Singh Kehal

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes that approval be given for the allotment and issue of 1,000,000 options to Mr. Harjinder Singh Kehal, and the issue of shares pursuant to the exercise of those options, on the following terms:

(1) each option, if exercised, entitles Mr Kehal to acquire a fully paid ordinary share in the Company at

an exercise price of 20 cents;

(2) options may be exercised by Mr Kehal as follows:

(a) 500,000 Options which may be exercised from 9 January 2005;
(b) 250,000 Options which may be exercised from 9 January 2006; and
(c) 250,000 Options which may be exercised from 9 January 2007.

(3) The options to expire if they are not exercised by 5pm (WST) on 9 January 2008 and will expire immediately if Mr Kehal ceases to be employed by the Company."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by Mr Harjinder Singh Kehal or any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy (appointed in writing) for a person who is entitled to vote, in accordance with the directions in the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form as the proxy decides,

Dated 28 October 2005
By order of the Board

Mr. Roland Berzins
Company Secretary

NOTE
A member entitled to vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote for the member at the Annual General Meeting. A proxy need not be a member. If the member is entitled to cast two or more votes at the Annual General Meeting the member may appoint two proxies. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the votes. A proxy form is attached.

EXPLANATORY MEMORANDUM

1 Resolution 1 Election of Director

Re – election of Mr. Gordon Sklenka as a Director of the Company.

In accordance with the requirements of the Constitution, Mr. Sklenka who was appointed a director of the Company since the last Annual General Meeting, retires and is seeking re – election

Mr. Sklenka graduated form the University of Western Australia with a Bachelor of Commerce degree majoring in accounting and finance. He began his career in chartered accounting and has worked in Sydney and Perth. He has over 15 years experience in corporate finance in the areas of capital raisings, IPO's, acquisitions and project finance in the resources and technology sectors.

He previously worked in the corporate finance area of DJ Carmichael & Co, a large Perth based stockbroker, and also as an in house corporate finance specialist for a group of listed public companies. Prior to this he worked with First Capital Group, a boutique corporate advisory group that specialised in capital raising and financing for international and Australian projects in the resources sector.

The directors recommend that shareholders vote in favour of this resolution.

2 Resolution 2 Election of Director

Re – election of Mr. Peter Jermyn as a Director of the Company.

Mr. Jermyn has over 26 years experience in the minerals industry. After attending university under a scholarship from the Western Australian Department of Mines, he spent 10 years as an exploration consultant before becoming actively involved in the formation, financing and development of listed resource companies. He has had an extensive and successful involvement in the exploration for and the development of minerals and oil projects in Australia, Africa, North and South America, Indonesia, the Middle East and Russia. He has served at the executive level on the boards of companies listed on stock exchanges in Australia, New Zealand, the UK, Canada and the United States. Mr Jermyn brings to the Company considerable knowledge and expertise in the corporate and financial management, capital raising and promotional arenas of public companies, in addition to his background and experience in the exploration and mining of resource commodities.

The directors recommend that shareholders vote in favour of this resolution.

3 Resolution 3 Remunerations Report

In accordance with section 250R(2) of the Corporations Act, the shareholders are to vote on the Remuneration report.

The report is set out in the Directors report accompanying the Company's Annual:

- The report sets out the board's policies in relation to the nature and level of remunerations paid to the directors and executives;
- Discusses the links between the board's policies and performance;
- Provides details of performance conditions for executives;
- Explains various components of executive remunerations

The vote on the proposed resolution 3 is advisory only and will not bind the directors or the Company. However, the board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. The directors recommend that shareholders vote in favour of this resolution.

4 Resolution 4 Approval and Allotment of issue of shares

Approval of shareholders for the issue up to an additional 5 million fully paid ordinary shares in the Company.

Listing Rule 7.1 provides that a company may, in any 12 month period, issue equity securities up to an amount that equals 15% of the number of fully paid ordinary securities in the company then on issue without the need of shareholders approval. If shareholders approval is obtained for that issue then that issue will not use up any of the 15% allowance (referred in this Explanatory Memorandum as "**the 15% Allowance**"). .

The Company therefore seeks approval of the issue of shares referred to in Resolution 4 so that these securities will not use up the 15% allowance stated in Listing Rule 7.1 in respect of any issue made by the Company in the period 12 months after the date of the issue sought to be ratified. Currently the Company has 40,250,000 shares on issue. If shareholders approval is obtained under this resolution, the Company will be free to issue up to a further 6,787,500 equity securities over the next 12 months without shareholders approval.

The shares may be allotted and issued progressively, but in any case, not later than 3 months after the date of shareholders approval of the allot the shares. The Company will apply to the ASX for official quotation of the shares.

This will provide the Board with greatest flexibility in seeking to raise further funds for the Company in the future following the Annual General Meeting. The Board believes that the proposed issue is beneficial to the Company and recommends that the shareholders vote in favour of the resolution

Listing Rule 7.3 requires specific information be provided to shareholders for the purpose of obtaining shareholders approval pursuant to Listing Rule 7.1. This information is shown below for resolution 4:

1. **Quantity:** Up to 5,000,000 fully paid ordinary shares will be issued
2. **Date of issue:** Issued within 3 months of the date of the shareholders approval.
3. **Price:** The shares will be issued at a price not less than 85% of the weighted average price of the shares five (5) trading days prior to their placement
4. **Terms:** The Company intends to apply to the ASX for official quotation of the shares and the shares will be parri passu to all existing shares issued by the Company
5. **Proposed allottees are determined:** The Company will seek to allot the shares to sophisticated investors who are yet to be identified
6. **Intended use of funds raised** The Company is currently in negotiation with WRF Securities Ltd regarding the proposed acquisition by the Company of the Constance Range iron ore project from WRF Securities Ltd and the funds raised will be applied against potential acquisition costs associated with this proposal. Should the proposed acquisition not proceed the funds will be retained for future potential acquisitions or development of current assets.

5 Resolution 5 Approval for the allotment and Issue of Options to Mr. Harjinder Singh Kehal.

Approval of shareholders for the issue of 1 million options over fully paid shares in the Company. to the Company's Chief Operating officer Mr. Harjinder Singh Kehal

At the Company's Annual General Meeting of 30 November 2004, the shareholders voted in favour of the issue of options to Mr. Kehal, in accordance with his contract of employment. The Options were issued to Mr Kehal on 30 June 2005. This resolution seeks to approve the. issue of the options to Mr Kehal for the purposes of Listing Rule 7.4. The Company is seeking this approval in order that the issue of the options (and the shares pursuant to the options) will be considered as having been approved for the purposes of Listing Rule 7.1. Please refer to the comments is respect of Resolution 4 as to Listing Rule 7.1. The effect of the approval, if granted, will be that the issue of the options and the shares pursuant to the options will not use up any of the 15% Allowance.

Listing Rule 7.5 requires specific information to be provided to shareholders for the purposes of obtaining approval pursuant to Listing Rule 7.4. This information is shown for the purposes of resolution 5.

1. **Quantity:** 1,000,000 options.
2. **Price at which the Options were issued:** Nil. The options were issued pursuant to the Company's contract of employment with Mr Kehal.
3. **Terms of the Options:** Each Option, if exercised, entitles Mr Kehal to acquire a fully paid ordinary share in the Company at the price of 20 cents each. The options may be exercised as follows:
   500,000 Options which may be exercised from 9 January 2005;
   250,000 Options which may be exercised from 9 January 2006; and
   250,000 Options which may be exercised from 9 January 2007.

The Options will expire if they have not been exercised by 5pm (WST) on 9 January 2008 or if Mr Kehal ceases to be employed by the Company. The Options are not transferable. The Options will not be listed on the ASX. If shares are issued pursuant to the Options they will rank pari passu in all respects with the Company's then issued shares. The Company intends to apply for official quotation by the ASX of the shares if and when they are issued, however, such official quotation is subject to compliance with the Listing Rules of the ASX.

4. **Names of the persons to whom the options were issued:** Mr Harjinder Singh Kehal. The options are issued pursuant to the contract of employment between Mr Kehal and the Company.
5. **Intended use of the funds raised:** If Mr Kehal exercises the options, the Company proposes to use the funds received (20 cents per option) for the Company's working capital purposes.

AXG Mining Limited

ABN 93 092 304 964

FORM OF PROXY

I/We (print name) ....

of ....

a member/members of AXG Mining Limited hereby appoint

....

of ....

or failing him/her ....

of ....

or failing him/her, the Chairman of the meeting, as my/our proxy at the Annual General Meeting of the Company to be held commencing at **4.00pm** on **29 November 2005**, and at any adjournment thereof and to vote for me/us on my/our behalf in respect of all/the following*

....

....

of my/our shares in the manner as set out below.

In relation to any undirected proxies the Chairman intends to vote in favour of all resolutions.

If you do not wish to instruct your proxy how to vote, please place a cross in the box. ☐

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Mr Gordon Sklenka as a Director	☐	☐	☐
Resolution 2	Re-election of Mr Peter Jermyn as a Director	☐	☐	☐
Resolution 3	Adoption of Remuneration Report (non-binding resolution)	☐	☐	☐
Resolution 4	Approval for the allotment and issue of 5 million Shares	☐	☐	☐
Resolution 5	Approval to the issue of options to Mr Harjinder Singh Kehal	☐	☐	☐

Dated this ...... day of .... 2005.

Signature of Member/s

....

....

Notes:

1. Each proxy form and the power of attorney or a certified copy thereof (if any) under which it is signed must be received by the Company at: 1171 Hay Street, West Perth, Western Australia, 6005, or PO Box 1922, West Perth WA 6872, or by facsimile on (08) 9481 1155 not later than 48 hours before the appointed time of the General Meeting.

2. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Act 2001 or under the hand of its attorney.

3. Should you desire to direct your proxy how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.

4. *If two proxies are appointed you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made.