



PLACEMENT

AXG Mining Ltd ("AXG" or "the Company") has reached agreement with RM Capital Pty Ltd (AFSL 221938) to place up to 10,000,000 fully paid ordinary shares at a price of 8 cents per share together with one for two free attaching options (AXCO) to raise up to \$800,000 (before expenses of the offer) on a best endeavors basis.

The funds raised will be used to supplement working capital and assist in evaluating and identifying new projects. The placement is to be made pursuant to s708 of the Corporations Act (Cwth) 2001 and Chapter 7.1 of the ASX Listing Rules.

The placement will be undertaken in two tranches. Tranche 1 will comprise 4,500,000 shares together with 2,250,000 free attaching options and tranche 2 will comprise 5,500,000 shares and 2,750,000 free attaching options.

Two directors of the company have indicated that, subject to shareholder approval, they will participate in tranche 2 for 1,500,000 shares.

Tranche 1 will be issued under the Company's 15% placement facility and tranche 2 will be subject to shareholder approval at a general meeting of the Company to be held in late February 2007.

Yours faithfully

Gordon Sklenka
Director

AXG Mining Ltd
ACN 092 304 964

1171 Hay Street
West Perth WA 6005
Ph: 08 9481 1144
Fax: 08 9481 1155
Email: admin@axgmining.com.au

AXG Mining Ltd
ACN 092 304 964

1171 Hay Street
West Perth WA 6005

Ph: 08 9481 1144

Fax: 08 9481 1155

Email: admin@axgmining.com.au