AXG Mining Limited

QUARTERLY REPORT

FOR THE 3 MONTHS ENDED 31 March 2007

AXG Mining Limited ("AXG") is pleased to provide the following quarterly report for the March quarter 2007.

OPERATIONS

Murchison Project

AXG and its joint venture partner Equigold NL, completed the sale and purchase with Mt Magnet Gold NL of tenements ML 59/45 and ML 59/208. The total consideration for the sale was $250,000 cash payable upon signing and a deferred consideration based on a percentage royalty calculated on the production of 20,833 ounces of gold and payable on a sliding scale depending on the Average Perth Gold Mint price received for the preceding month. The calculation is based on a fixed production schedule regardless of gold actually produced for the month.

AXG's share of the joint venture is 49.9%.

Acquisition of Uranium Projects

With the finalisation of the above tenement sale, the Company entered into a Heads of Agreement to acquire a 270km^2 package of tenements covering areas of Uranium mineralization in the Wheatbelt and Goldfields region of Western Australia.

The package consisted of three separate projects:

Gum Well – Ida Valley

Two granted EL's covering 100km^2 are located at Gum Well, west of Lake Raeside, and cover part of the Cainozoic Lake Raeside – Lake Barlee paleo-drainage system.

The project is targeting Yeelirrie style mineralisation consisting of large tonnage paleo channel hosted uranium. AXG considers that significant potential exists in following up previous exploration results and considers this project to be an early drilling opportunity.

Kalguddering

The project area consists of ELA 70/2927 covering an area of 100km^2. The project is located in the wheatbelt area of WA, 10 km south of Wongan Hills in Kalguddering.

Drilling of radiometric anomalies in the area have identified low level uranium results however the area where uranium bearing autonite was intersected and has been confirmed has never been drill tested. A number of drill ready targets have been identified in the project area.

Nukarni – Merredin

The third project consists of ELA 70/2947 covering an area of approximately 70 km^2 and located 25 km northwest of Merredin.

The principal feature revealed in an airborne magnetic survey conducted over the project area was the extensive uranium response over the Cainozoic paleo – drainage peaking in a 1 km^2 area identified on the western flank of the project area.

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The terms of the acquisition of the three projects are the issue of 2.5m shares and 2.5m options in AXG at a deemed issue price of 10 cents per share and 2 cents per option and the payment of $135,000. The acquisition is subject to due diligence, to be completed in April 2007.

Evaluation and identification of potential projects is continuing and the Company is assessing its remaining tenements in order to maximize their value to the Company

CORPORATE

Capital Raising

As ratified in the general meeting of the Company on 28 March 2007, the Company has reached agreement with RM Capital Pty Ltd to place up to 12,000,000 fully paid ordinary shares in the Company at a price of 8 cents per share together with one for two free attaching options to raise $960,000 (before expenses of the offer) on a best endeavour basis.

The funds raised will be used to supplement working capital and assist in evaluating and identifying new projects

Directors

On February 13, 2007, the Company appointed Mr. Alex Bajada Chairman of the Company.

Mr. Bajada is a former stockbroker with many years experience in the corporate sector and the management of public companies.

Mr. Bajada is currently an independent director of the WA Local Government Superannuation Plan, Chairman of the ASX listed Texas oil and gas producer Advance Energy Limited and managing director of ASX listed Excalibur Mining Corporation Limited.

On 4 April 2007, Mr. Mostert, a director of the Company since January 2004, resigned as director due to his extensive overseas commitments. The board of directors wish to express their appreciation of the efforts and assistance given by Mr. Mostert during his term as director.

Gordon Sklenka
Director

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31st March 2007

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation	(26)	(124)
	(b) development		
	(c) production		
	(d) administration	(58)	(332)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	26
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(78)	(430)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity Investments	(2)	(4)
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects	125	125
	(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)	(40)	249
	Net investing cash flows	83	370
1.13	Total operating and investing cash flows (carried forward)	5	(60)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	5	(60)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	424	424
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		(9)
	Net financing cash flows	424	415
	Net increase (decrease) in cash held	429	355
1.20	Cash at beginning of quarter/year to date	556	630
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	985	985

Payments to directors of the entity and associates of the directors
Payments to 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	50
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

Nil

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

Nil

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	Nil	N/A
3.2	Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	25
4.2	Development	
	Total	**25**

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	533	70
5.2	Deposits at call	452	486
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	985	556

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	M39/045 M59/208 L59/38 L59/40	Western Queen Western Queen Surrendered Surrendered	49% 49% 100% 100%	Nil Nil Nil Nil
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	45,250,000	45,250,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	42,750,000	41,863,000	*Exercise price 20 cents*	*Expiry date 31 August 2010*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

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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 4).

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

Sign here: Roland H Berzins...................................... Date:.27th April 2007...........................
(Director/Company secretary)

Print name: ....

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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