



20 January 2011

ASX Release

The directors of AXG Mining Ltd ("AXG") have pleasure in presenting their quarterly report for the period ended 31 December 2010.

Operations

Limited field work has been undertaken in the Turkmenistan project in the quarter as the Company awaits the official signing of the Investment Contract.

Corporate

MAPP Ltd and Turkmenistan

MAPP Ltd is an associate of AXG Mining Limited and has managed the Turkmenistan Project through the Formal investment contract between "MAPP" and the Turkmenistan Government. Mr Bajada is currently in Turkmenistan and in discussions with the government.

Capital

During the period, AXG Mining Limited announced a non - renounceable rights issue to shareholders ("Rights Issue").

This Rights Issue offered one (1) new share, at one (1) cent per share, for every one (1) share held on the record date for the rights Issue.

The Rights Issue was not underwritten and the Company received entitlement applications for 41,236,216, shares leaving a shortfall of 68,513,784 shares – an uptake of 37.57%.

In order to complete the shortfall take-up, the directors of the Company have asked for shareholders approve to authorise the directors of the Company to participate in the offer. The date of the meeting is set for 8 February 2011, and the shortfall will be completed after the meeting.

The funds raised will be used for working capital purposes

For further information, please contact the undersigned:

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Chairman

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

AXG MINING LIMITED

ABN

93 092 304 964

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(54)	(57)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(296)	(405)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	10
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	1
	Net Operating Cash Flows	(351)	(452)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(2)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(100)	(100)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(100)	(102)
1.13	Total operating and investing cash flows (carried forward)	(451)	(554)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(451)	(554)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	412	412
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (proceeds from shares not yet issued)	76	76
	Net financing cash flows	488	488
	Net increase (decrease) in cash held	37	(66)
1.20	Cash at beginning of quarter/year to date	101	204
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	138	138

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	147
1.24	Aggregate amount of loans to the parties included in item 1.10	150

1.25 Explanation necessary for an understanding of the transactions

Consulting fees, Director fees and Management fees.

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

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

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5
4.2 Development	-
4.3 Production	-
4.4 Administration	125
Total	130

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	138	101
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	138	101

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				
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 <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	150,986,216	150,986,216		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	41,236,216	41,236,216	1.0 cent	1.0 cent
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	nil	nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- Sign here: Roland Berzins Date: 31 January 2011
(Director/Company secretary)

Notes

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