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## **AXG Mining Ltd. to acquire Copper-Gold Projects in Peru**

**West Perth, Australia, September 19, 2011** – AXG Mining Ltd. (“AXG” or the “Company”) is pleased to announce it has signed binding Letters of Intent with Lara Exploration Ltd. (“Lara”, TSX Venture Symbol: LRA) to earn up to a 75% interest in two properties, *Condoroma* and *Coporaque*, located in southern Peru. The properties consists of 24 mineral concessions covering 17,764 hectares and are located 75 kilometres from one another in the southern part of the Cusco Region. Substantial surface geochemical sampling and mapping of the property by Lara has identified several prospective targets.

### **Highlights:**

- The properties are close to and along the same structure as large mines and development projects, including:
  - Xstrata’s Tintaya mine and the Las Bambas and Antapaccay development projects;
  - HudBay’s recently acquired Constancia project;
  - First Quantum’s recently acquired Haquira project; and,
  - PanPacific’s Quechua project.
- Both Condoroma and Coporaque are drill ready with strong exploration targets
- They are close to existing infrastructure providing a low cost of exploration
- Projects are only 75 kilometres apart and straddle major mines and development projects
- AXG proposes to undertake a capital raise to assist in funding the exploration program



The properties are located along a prominent and highly prospective copper-gold mineralization belt (the Andahuaylas-Yauri mineralization) which has a long history of mining and runs through several large mines and development projects including the *Tintaya* mine and *Las Bambas* and *Antapaccay* development projects owned by Xstrata plc (XTA.L) ; the *Constancia* project recently acquired by Hudbay Minerals (HBM.T); the *Haquira* project recently acquired by First Quantum Minerals (FM.T); and the *Quechua* project owned by Pan Pacific Copper Company (see *Figure 1*). Peru is widely considered one of the best mining jurisdictions in the world ranking 3<sup>rd</sup> globally in copper production, 4<sup>th</sup> in the world in molybdenum production and is Latin America's largest producer of gold. With a strong mining culture and a large pool of experienced workers, Peru is ranked 6<sup>th</sup> globally and 2<sup>nd</sup> in Latin America in terms of attracting exploration investment.

### **Condorama**

The geology of the *Condorama* property appears to be consistent with that of other large copper-gold porphyry and skarn systems in Peru. Significant surface mineralization and structural features cross the property and trend towards the Tintaya-Antapaccay deposits to the northwest. Ground geophysics (IP survey) has revealed conductive targets along this trend which AXG intends to drill test in the upcoming exploration campaign.

Under the terms of the Letter of Intent, the Company has entered into a two-stage option agreement whereby it can earn 55% of the rights and interests of the *Condorama* property by (i) making staged payments to Lara of an aggregate of US\$800,000 (including an initial cash payment of US\$100,000 upon execution of the option agreement) with such payments satisfied by a mutually agreed upon split of cash and/or fully paid ordinary shares of AXG, and (ii) incurring exploration expenditures of an aggregate of US\$3,500,000 over a 3 year period. The Company can earn an additional 20% of the rights and interests of the *Condorama* property (for a total 75% interest) by (i) making a cash payment to Lara of US\$1,000,000 within 60 days of having earned its 55% interest in the property, and (ii) incurring exploration expenditures of an aggregate of US\$7,000,000 over the subsequent 3 year period, and (iii) delivering a Pre-Feasibility Study (in accordance with NI 43-101 standards) within 4 years of executing the option for an additional 20% interest. The table below details the amounts and timing of cash/common equity payments and exploration expenditure obligations for *Condorama*:

<b>Date</b>	<b>Payments (US\$ 000s)</b>	<b>Exploration Expenditures (US\$ 000s)</b>	<b>Explanatory Notes</b>
Execution Date ("ED")	\$100		Cash payment upon signing agreement
ED + 12 months (Yr 1)	\$200	\$1,000	Minimum 1,500m diamond drilling



ED + 24 months (Yr 2)	\$500	\$1,000	Minimum 2,000m diamond drilling
ED + 36 months (Yr 3)		\$1,500	
<b><i>By end of yr 3, aggregate payments of \$800k and exploration expenditures of \$3,500k earns a 55% interest</i></b>			
Notice Date ("ND")	\$1,000		ND within 60 days of having earned 55% Cash payment on or before ND
ND + 36 months (Yr 6)		\$7,000	Minimum of \$1,500 exploration per year
ND + 48 months (Yr 7)			Delivery of NI 43-101 Pre-Feasibility Study
<b><i>By end of yr 3 following ND, aggregate payments of \$1,000k, exploration expenditures of \$7,000k and by end of yr 4 following ND, the delivery of a NI 43-101 Pre-Feasibility Study earns an additional 20% interest</i></b>			
<b><i>Aggregate payments of \$1,800k, exploration expenditures of \$10,500k and delivery of a NI 43-101 Pre-Feasibility Study earns a 75% total interest in Condorama</i></b>			

### **Coporaque**

The *Coporaque* property has the potential to host large porphyry mineralization consistent with the geology and mineralization of the area. Limited mapping and surface geochemistry has already revealed outcrops of porphyry with gold-copper-molybdenum mineralization. The focus of the exploration campaign will be to identify the size of the porphyry body and to locate additional mineralized bodies.

Under the terms of the Letter of Intent, the Company has entered into a two-stage option agreement whereby it can earn 55% of the rights and interests of the *Coporaque* property by (i) making staged payments to Lara of an aggregate of US\$650,000 (including an initial cash payment of US\$100,000 upon execution of the option agreement) with such payments satisfied by a mutually agreed upon split of cash and/or common shares of AXG, and (ii) incurring exploration expenditures of an aggregate of US\$3,000,000 over a 3 year period. The Company can earn an additional 20% of the rights and interests of the *Coporaque* property (for a total 75% interest) by (i) making a cash payment to Lara of US\$1,000,000 within 60 days of having earned its 55% interest in the property, and (ii) incurring exploration expenditures of an aggregate of US\$7,000,000 over the subsequent 3 year period, and (iii) delivering a Pre-Feasibility Study (in accordance with NI 43-101 standards) within 4 years of executing the option for an additional 20% interest. The table below details the amounts and timing of cash/common equity payments and exploration expenditure obligations for *Coporaque*:

<b>Date</b>	<b>Payments (US\$ 000s)</b>	<b>Exploration Expenditures</b>	<b>Explanatory Notes</b>
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		(US\$ 000s)	
Execution Date ("ED")	\$100		Cash payment upon signing agreement
ED + 12 months (Yr 1)	\$200	\$500	
ED + 24 months (Yr 2)	\$350	\$1,000	Minimum 1,000m diamond drilling
ED + 36 months (Yr 3)		\$1,500	Minimum 1,500m diamond drilling
<b><i>By end of yr 3, aggregate payments of \$650k and exploration expenditures of \$3,000k earns a 55% interest</i></b>			
Notice Date ("ND")	\$1,000		ND within 60 days of having earned 55% Cash payment on or before ND
ND + 36 months (Yr 6)		\$7,000	Minimum of \$1,500 exploration per year
ND + 48 months (Yr 7)			Delivery of NI 43-101 Pre-Feasibility Study
<b><i>By end of yr 3 following ND, aggregate payments of \$1,000k, exploration expenditures of \$7,000k and by end of yr 4 following ND, the delivery of a NI 43-101 Pre-Feasibility Study earns an additional 20% interest</i></b>			
<b><i>Aggregate payments of \$1,650k, exploration expenditures of \$10,000k and delivery of a NI 43-101 Pre-Feasibility Study earns a 75% total interest in Coporaque</i></b>			

Binding agreements are subject to due diligence (including, but not limited to, confirmation of satisfactory claims registration), regulatory and shareholder approval (at a General Meeting scheduled for October), and will be entered into by AXG via the acquisition of Halston Exploration Inc. ("Halston"), a private corporation that holds the rights to earn up to a 75% interest in the *Condorama* and *Coporaque* properties. Consideration for the acquisition of Halston will be comprised of (i) 126 million fully paid ordinary shares of AXG, and (ii) reimbursement of up to US\$150,000 in business development expenditures. Post the acquisition of Halston, AXG will have approximately 345.5 million fully paid ordinary shares outstanding. AXG contemplates raising capital in order to fund its exploration program, to fund the reimbursement of Halston and for general corporate purposes. The full terms of the consideration to acquire 100% of Halston and the effect on the capital structure of AXG will be contained in AXG's Notice of General Meeting.

### **About AXG Mining Ltd.**

AXG Mining Ltd. is an exploration company with a focus on precious metals and base metals in Australia and the Americas. AXG's common shares trade on the Australian Stock Exchange under the symbol "AXC".



### **About Lara Exploration Ltd.**

Lara Exploration Ltd. is a prospect generator dedicated to the identification, acquisition and exploration of precious and base metal deposits and other resource opportunities in South America. Lara currently holds a portfolio of mineral properties Brazil, Columbia, Peru and China and its common shares trade on the TSX Venture Exchange under the symbol “LRA”.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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### **Forward-Looking Statements:**

Statements regarding plans with respect to the Company’s mineral properties are forward-looking statements. There can be no assurance that the Company’s plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company’s mineral properties.

For further information please contact:

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Figure 1

