
AXG MINING LIMITED

ACN 092 304 964

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Suite 2, 16 Ord Street West Perth, Western Australia on 10 April 2012 at 10:15 AM (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please contact the Company Secretary on (08) 9429 2900.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the General Meeting of Shareholders of AXG Mining Limited (**AXG** or **The Company**) to which this Notice of Meeting relates will be held at Suite 2, 16 Ord Street West Perth, Western Australia on 10 April 2012 at 10:15 AM (WST) ("**Meeting**").

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00 PM (WST) on 8 April 2012.

VOTING IN PERSON

To vote in person attend the General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. [If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.]

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

AXG MINING LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of AXG Mining Limited (**Company**) will be held at Suite 2, 16 Ord St West Perth, Western Australia on 10 April 2012 at 10:15 AM (WST) (**Meeting**).

The Explanatory Memorandum to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the 'Definitions' section of the Explanatory Memorandum.

AGENDA

1. Resolution 1 – Approval of issue of Shares for Capital Raising

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 130,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if the Resolution is passed, or an associate of that person. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Ratification of Shares Issued under Prospectus

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Shareholders ratify the issue of 51,777,779 Shares issued under Prospectus on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on 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 to vote as the proxy decides.

3. Resolution 3 – Ratification of Prior Issue – Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 24,709,331 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on 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 to vote as the proxy decides.

BY ORDER OF THE BOARD



Roland Berzins
Company Secretary
Dated: 8 March 2012

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Suite 2, 16 Ord St West Perth, WA on 10 April 2012 at 10:15 AM (WST)

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolution in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

1. Action to be taken by Shareholders

Shareholders should read the Notice and Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative ("**proxy**") to vote in their place. All Shareholders are invited and encouraged to attend the General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the General Meeting in person.

2. Background

2.1 Background

AXG Mining Limited is a public company listed on the official list of the ASX (ASX Code: AXC) (**AXG** or the **Company**).

On 19 September 2011, AXG announced it had signed binding letters of intent with Lara Exploration Ltd. (TSX Venture Symbol: LRA) (**Lara**) to earn up to a 75% interest in two properties, Condorama and Coporaque, located in Southern Peru (**Project Interest**).

The Project Interest is held by Halston Exploration Inc. (**Halston**), a private corporation that holds the rights to earn up to a 75% interest in the Condorama and Coporaque properties in Peru.

The Company had entered into a heads of agreement to acquire 100% of the fully paid ordinary shares in the capital of Halston for a consideration comprising:

- (a) the issue of 126,000,000 Shares at a deemed issue price of \$0.012 each (**Vendor Shares**); and
- (b) reimbursement of up to US\$150,000 in business development expenditure to the Vendors.

2.2 Capital Raising

At the Annual General Meeting of Shareholders on 16th November 2011 (**Meeting**), Shareholders approved the issue of the Vendor Shares and for the Company to issue up to 130,000,000 Shares at an issue price which was not less than the lower of 1 cent and the Volume Weighted Average Price (VWAP) of Shares over the last five days on which sales of Shares were recorded before the date of the Meeting (**Original Offer**).

A Prospectus for the Original Offer (**Prospectus**) was subsequently released to the market on 2 December 2011 offering 170,000,000 Shares at an issue price of \$0.009 (0.9 cents) per Share. This comprised the 130,000,000 Shares approved by Shareholders at the AGM and up to a further 40,000,000 Shares under its 15% capacity imposed by ASX Listing Rule 7.1.

51,777,775 Shares have since been issued pursuant to the Prospectus at \$0.009 per Share.

As at 16 February 2012, the Company had not issued all of the 130,000,000 Shares under the Original Offer and was no longer able to issue Shares under the Prospectus as it was now more than three months since the Meeting. The Directors have determined therefore, to seek a new approval to issue up to 130,000,000 new Shares. This is the purpose of Resolution 1 of this Notice of Meeting.

2.3 Mispricing of Prospectus

During the preparation of this Notice of Meeting, ASX advised the Company that the Shares issued under the Original Offer had been issued at a price that was lower than that approved by Shareholders at the Meeting.

The Prospectus should have offered Shares at no lower than the VWAP of Shares over the last five days on which sales in the Shares were recorded before the date of the Meeting. The VWAP on 4th November 2011 was actually 0.9871 cents and the Shares should have been offered at no less than this price.

The following table summarises the funds received, the Shares that were issued (at 0.9 cents per share) and the number of Shares that should have been issued at 0.9871 cents per Share.

Issue Date	Consideration Received	Actual Shares Issued	Issue Price	5 day VWAP	Correct Share Issue	Overallocated Shares
29/12/2011	\$ 312,999.98	34,777,775	\$ 0.009	\$ 0.009871	31,709,044	3,068,731
3/02/2011	\$ 100,000.00	11,111,111	\$ 0.009	\$ 0.009871	10,130,686	980,425
15/02/2011	\$ 53,000.00	5,888,889	\$ 0.009	\$ 0.009871	5,369,264	519,625
TOTAL	\$ 465,999.98	51,777,775			47,208,994	4,568,781

This has effectively resulted in the Company issuing 4,568,781 shares more than it would have done if it had issued the Shares at the correct price.

The Company has made a submission to ASX which was considered by the National Listings Committee and has been advised that it should seek shareholder ratification of the issue of 51,777,775 Shares before it can utilise its 15% capacity once again.

Resolution 2 seeks Shareholder ratification of this prior issue of 51,777,775 Shares.

2.4 Shares Issued Without Shareholder Approval

Since the Meeting at which Shareholders ratified the issue of all Shares that had previously been issued without Shareholder approval, the Company has issued a further 24,709,331 Shares without Shareholder Approval under the 15% Rule.

2.5 Summary

The following table shows the number of Shares that will be on issue on completion of the issue of Vendor Shares, the proposed Capital Raising (Resolution 1) and the Ratification of Shares (Resolutions 2 and 3).

Shares	Number of Shares
Shares Issued as at AGM	229,500,000
Shares issue under Prospectus subject to Shareholder ratification (Resolution 2)	51,777,775
Shares issued prior to the General Meeting and to be ratified (Resolution 3)	24,709,331
Vendor Shares to be issued	126,000,000
Shares to be issued pursuant to Capital Raising (Resolution 1)	130,000,000
TOTAL	561,987,106

3. Resolution 1 – Capital Raising

3.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 130,000,000 Shares at an issue price of \$0.009 per Share. The Company will apply for official quotation of the Shares on the ASX in accordance with the Listing Rules.

In the event that Shareholders approve Resolution 1, the Company will issue a prospectus for the issue of those Shares.

The purpose of the issue of the Shares is outlined in Section 2 above.

3.2 Listing Rule 7.1 – Shareholder Approval

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

3.3 Technical information required by Listing Rule 7.3

For the purposes of the Shareholder approval of the issue of securities under the Capital Raising and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) the maximum number of Shares to be issued pursuant to Resolution 1 is 130,000,000 Shares;

- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued at a price of \$0.009 per Share;
- (d) the Company does not know who the recipients of the Shares will be at this time, however the Directors note that the Shares will be issued to applicants chosen by the Directors (where appropriate acting in consultation with any appointed stock broker or lead manager) pursuant to a prospectus to be lodged by the Company with ASIC. None of the recipients will be related parties of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue; and
- (f) the Company intends to use the funds raised from the Capital Raising firstly to meet the ongoing payments and exploration commitments related to the Peruvian Projects being acquired by the Company and for general working capital purposes.

4. Resolution 2 – Ratification of Shares Issued under Prospectus

4.1 General

As summarised in Section 2.3 of this Notice, the Company has issued 51,777,775 Shares issued under a Prospectus at a price that is lower than that approved by Shareholders.

ASX has advised that it requires the Company to obtain Shareholder approval for the issue of these Shares at \$0.009 (0.9 cents) per Share.

The Company therefore seeks Shareholder ratification of the issue of 51,777,775 Shares at 0.9 cents per Share.

4.2 Interests and Recommendations of Directors

If Shareholder approval is not obtained at this meeting, the Company's capacity to issue further shares without Shareholder approval will be restricted.

None of the Directors have an interest in the outcome of Resolution 2. Each of the Directors approved the proposal to put the Resolution to Shareholders and each of the Directors recommends that Shareholders vote in favour of the Resolution.

5. Resolution 3 – Ratification of prior issue – Shares

5.1 General

As at the date of this Notice of Meeting, the Company has issued 24,709,331 Shares by way of placements to parties falling under an exemption specified in Section 708 of the Corporations Act to providers of advisory, introductory and consulting services to

the Company. The Shares have been issued at a deemed issue price of \$0.009 per Share.

Resolution 3 therefore seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in an General Meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 24,709,331 Shares have been allotted prior to the date of the General Meeting;
- (b) the issue price was at \$0.009 per Share;
- (c) the Shares are all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares have been allotted and issued by way of a placement to investors falling within one or more of the classes of exemptions specified in Section 708 of the Corporations Act. None of the subscribers are related parties of the Company and no subscriber holds an interest of 20% or greater in the capital of the Company as a result of the issue of the Shares; and
- (e) 20,500,000 of the Shares have been issued to satisfy the provision of professional services by specialists and therefore no funds were raised from that issue. \$37,883.98 raised from the issue of 4,209,331 Shares will be used for working capital purposes

5.3 Interests and Recommendations of Directors

None of the Directors have an interest in the outcome of Resolution 3. Each of the Directors approved the proposal to put the Resolution to Shareholders and each of the Directors recommends that Shareholders vote in favour of the Resolution.

6. ENQUIRIES

Shareholders are requested to contact Company Secretary on (08) 9429 2900 if they have any queries in respect of the matters set out in these documents.

Definitions

In this Notice:

\$ means Australian dollars.

Acquisition means the acquisition by the Company of all of the issued capital of Halston in accordance with the terms of the Acquisition Agreement.

Annual General Meeting or **AGM** means the Company's annual general meeting held on 16 November 2011.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Company's current board of Directors.

Business Day means as defined in the Listing Rules.

Company or **AXG** means AXG Mining Limited ACN 092 304 964.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Explanatory Memorandum means this explanatory memorandum accompanying the Notice.

Meeting or **Meeting** has the meaning given in the introductory paragraph of the Notice.

Halston means Halston Resources Inc a company incorporated in Canada with company number 1855134.

Notice or **Notice of Meeting** or **Notice of General Meeting** means the Notice of General Meeting to which the Explanatory Memorandum is attached.

Peruvian Projects means the mining concessions comprising the Condorama and Coporaque properties, located in southern Peru.

Prospectus means the Prospectus dated 2 December 2012 and described in Section 2.2 of this Notice.

Proxy Form means the proxy form attached to the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Vendors mean the holders of the issued share capital in Halston

Vendor Shares means the Shares to be issued to the Vendors as referred to in Resolution 2.

WST means Western Standard Time as observed in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

PROXY FORM

**APPOINTMENT OF PROXY
AXG MINING LIMITED
ACN 092 304 964**

GENERAL MEETING

I/We

of

being a member of AXG Mining Limited entitled to attend and vote at the General Meeting, her

Appoint

Name of proxy

OR ☐ the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.15 AM, on 10 April 2012 at Suite 2, 16 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval to issue Shares for Capital Raising	☐	☐	☐
Resolution 2 – Ratification of Shares Issued Under Prospectus	☐	☐	☐
Resolution 3 – Ratification of Prior Issue - Shares	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

**Sole Director/Company
Secretary**

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

AXG Mining Limited
ACN 092 304 964

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) Post to AXG Mining Limited, PO Box 1922, West Perth WA 6872;
 - (b) Facsimile to the Company on facsimile number +61 8 9486 1011; or
 - (c) Deliver to Suite 2, 16 Ord Street, West Perth WA 6005

so that it is received not less than 48 hours prior to commencement of the Meeting.
Proxy forms received later than this time will be invalid.