

AXG MINING LTD
ACN 092 304 964

PROSPECTUS

For the offer of up to 130,000,000 Shares in the capital of the Company at a price of \$0.009 per Share to raise up to \$1,170,000.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES	1
2.	CORPORATE DIRECTORY	3
3.	UPDATE ON ACTIVITIES AND DETAILS OF THE OFFER	4
4.	PURPOSE AND EFFECT OF THE OFFER	8
5.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	11
6.	RISK FACTORS	13
7.	ADDITIONAL INFORMATION	19
8.	DIRECTORS' AUTHORISATION	25
9.	DEFINITIONS	26
	APPLICATION FORM.....	28

1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with the ASIC and ASX	20 th April 2012
Opening Date	26 th April 2012
Closing Date	11 th May 2012*
Expected date for issue of the Shares	18 th May 2012
Expected date of Official Quotation of the Shares	25 th May 2012

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 20th April 2012 and a copy of this Prospectus was lodged with the ASIC on that date. Neither ASIC nor ASX nor their respective officers takes any responsibility for the contents of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

Risks that investors should consider include (but are not limited to) the following:

(a) Peruvian political risk

The Company's major assets are located in Peru, South America. Peru is, at present, a stable democracy but has a history of political and social unrest which could adversely affect the Company's ability to explore, develop and operate its properties. The government of Peru could adopt laws or otherwise take steps that would detrimentally affect the Company and its projects in this jurisdiction. There are also social problems in this jurisdiction and uncertain land tenure for many indigenous people could have adverse effects on the Company's projects.

(b) Emerging Market Risks

Peru is an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability than developed markets.

(c) Requirements for Additional Capital

The Company will be required to obtain further funding to reimburse the vendors of Halston and to meet the payment and exploration expenditure requirements required for Halston to earn an interest in the Condorama and Coporaque properties.

For further information in relation to the risk factors of the Company please refer to Section 5 of this Prospectus.

1. CORPORATE DIRECTORY

Directors

Alex Bajada (Chairman)

Gordon Sklenka (Executive Director)

Roland Berzins (Non-Executive Director)

Company Secretary

Roland Berzins

Registered Office

Suite 2, 16 Ord Street
West Perth
WA 6005

Telephone: (08) 9429 2900

Facsimile: (08) 9486 1011

Share Registry

Security Transfer Registrars Pty Ltd*
770 Canning Highway
Applecross
WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

Solicitors

Steinepreis Paganin*
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Telephone: (08) 9321 4000

Facsimile: (08) 9321 4333

Lead Manager

GBU Securities Pty Ltd
Suite 2, 16 Ord Street
West Perth
WA 6005

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

2. DETAILS OF THE OFFER

2.1 Offer

By this Prospectus, the Company invites investors identified by the Directors to apply for a total of up to 130,000,000 Shares at an issue price of \$0.009 per Share payable in full on application to raise up to \$1,170,000.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. Please refer to Section 4 for further information regarding the rights and liabilities attaching to the Shares.

The Company obtained shareholder approval for the issue of the up to 130,000,000 Shares offered pursuant to this Prospectus at a general meeting held on 10th April 2012.

2.2 Objectives

The Company is seeking to raise up to \$1,170,000 under this Prospectus in order to fund exploration commitments on the recently acquired Peru Projects. Refer to Section 3.2 for a breakdown of the intended use of funds raised under this Prospectus.

2.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 26th April 2012 and the Closing Date will be 11th May 2012 at 5:00pm WST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be) in their absolute discretion, should it be considered by them necessary to do so.

2.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.009 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

By Hand:

Suite 2, 16 Ord Street
West Perth
Western Australia

Or by Mail:

PO Box 1922
West Perth
WA 6872

Cheques should be made payable to "**AXG Mining Ltd – Application Account**" and crossed "**Not Negotiable**". Completed Application Forms must reach the address set out above by no later than the Closing Date.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding Acceptance of Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Acceptance as valid, and how to construe, amend or complete the Application Form is final.

Applicants should note the Directors may close the Offer early without notice or extend the Closing Date in their sole discretion subject to the Listing Rules.

2.5 Minimum Subscription

The minimum subscription in respect of the offer is \$250,000. No securities will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of the issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Applications.

2.6 Allotment of Shares

Allotment of Shares offered by this Prospectus will take place on a progressive basis as determined by the Board.

Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

The Directors will determine the allottees of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

2.7 Underwriter

The Offer is not underwritten.

2.8 Lead Manager

The lead manager for the Offer is GBU Securities Pty Ltd ACN 137 165 195 (**GBU Securities**) which is the holder of Australian Financial Services License Number

343 514. GBU Securities will be paid a 1% management fee under the Offer exclusive of GST for all funds raised under the Offer.

The Company may also pay a placement fee of a maximum of 5% (plus GST) of the amount subscribed (and accepted by the Company) to any Australia Financial Services Licensee in respect of Application Forms bearing their stamp.

2.9 Australian Securities Exchange Listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.10 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

2.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Shares and Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

2.13 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary Mr Roland Berzins on (08) 9429 2900.

3. UPDATE ON ACTIVITIES AND PURPOSE AND EFFECT OF THE OFFER

3.1 Update on Activities

On 19 September 2011 AXG announced it had signed binding letters of intent with Lara (**Letters of Intent**) to earn up to a 75% interest in two properties, Condorama and Coporaque, located in southern Peru (**Project Interest**).

The Project Interest was held by Halston, a private corporation that holds the rights to earn up to a 75% interest in the Condorama and Coporaque properties in Peru.

At a General Meeting of Shareholders on 16 November 2011, shareholders approved the issue of 126,000,000 shares to the vendors of Halston Exploration Inc. (**Halston**) to acquire 100% of the issued capital in Halston.

On 15th March 2012, AXG announced that it had settled the acquisition of Halston Exploration Inc. approved by shareholders at the Annual General Meeting on 16th November 2011, in accordance with an ASX waiver and had issued a total of 126,000,000 Shares to the shareholders of Halston.

At a General Meeting on 10th April 2012, Shareholders approved the issue of up to a further 130,000,000 shares at an issue price of \$0.009 per Share.

3.2 Purpose of the Offer

The primary purpose of this Prospectus is to raise funds for the acquisition of Halston and exploration of the projects.

Item	Assuming Full Subscription	Assuming Minimum Subscription
Exploration expenditure on the Condorama and Coporaque Projects ¹	\$700,000	\$200,000
Expenses of the Offer ²	\$85,212	\$27,275
Working Capital	\$384,788	\$22,725
TOTAL	\$1,170,000	\$250,000

Notes

1. Pursuant to the terms of the acquisition of the Condorama and Coporaque Projects, the Company is obligated to meet certain expenditure commitments on those Projects. The funds raised from the Offer will predominantly be used to undertake the initial exploration on those Projects.

2. Refer to section 6.6 of this Prospectus for details of the estimated expenses of the Offer.

3. AXG has also agreed to reimburse Halston for the actual costs that was incurred in developing the assets of Halston, up to a maximum of USD\$150,000, within 6 months of completion of the acquisition of Halston. The Company will use its existing cash reserves at that time and may be required to obtain further funding for the purposes of this payment if required.

4. If more than the minimum subscription is raised, but less than the maximum subscription, the funds will first be applied to the expenses of the offer up to \$85,212, and will then be applied

to the exploration expenditure on the Condorama and Coporaque Projects up to \$700,000, with any residual funds being allocated to the Company's working capital.

3.3 Effect of Offer on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares¹

	Maximum Subscription (Number)
Shares currently on issue	445,733,153
Shares offered pursuant to the Offer	130,000,000
Total Shares on issue after the Closing Date	575,733,153

Notes.

1. A summary of the rights and liabilities attaching to the Shares is set out in Section 4 of this Prospectus.

3.4 Financial effect

The audit reviewed balance sheet as at 31 December 2011 and the unaudited pro-forma balance sheet as at 31 December 2011 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Shares are issued under the Offer and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	ACTUAL AUDIT REVIEWED 31 Dec 2011	PROFORMA 31 Dec 2011 Min. Subscription	PROFORMA 31 Dec 2011 Max. Subscription
CURRENT ASSETS			
Cash ^{1,2}	179,247	201,972	564,035
Other current assets	457,663	457,663	457,663
TOTAL CURRENT ASSETS	636,910	659,635	1,021,698
NON-CURRENT ASSETS			
Exploration ¹	13,322	2,075,322	2,575,322
Other assets	406,722	406,722	406,722
TOTAL NON-CURRENT ASSETS	420,044	2,482,044	2,982,044

	ACTUAL AUDIT REVIEWED 31 Dec 2011	PROFORMA 31 Dec 2011 Min. Subscription	PROFORMA 31 Dec 2011 Max. Subscription
TOTAL ASSETS	1,056,954	3,141,679	4,003,742
CURRENT LIABILITIES			
Creditors and borrowings ²	205,709	555,709	555,709
Other current liabilities	24,751	24,751	24,751
TOTAL CURRENT LIABILITIES	280,460	580,460	580,460
TOTAL LIABILITIES	280,460	580,460	580,460
NET ASSETS (LIABILITIES)	826,494	2,561,219	3,423,282
EQUITY			
Share capital ^{2,3}	11,082,562	12,817,287	13,679,350
Options Reserve	(124,520)	(124,520)	(124,520)
Retained loss	(10,131,548)	(10,131,548)	(10,131,548)
TOTAL EQUITY	826,494	2,561,219	3,423,282

Notes:

1. Normal commercial activities, as per 3.2;
2. Completion of Halston acquisition;
3. Minimum subscription and full subscription taken up.

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights attaching to Shares are set out in the Constitution, and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. A full copy of the Constitution is available from the Company on request free of charge.

The following is a summary of the principal rights of the holders of Shares. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

(a) Voting

At a general meeting, on a show of hands, every member present in person has one vote. At the taking of a poll, every member present in person or by proxy and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General meetings

Each member is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, reports and financial reports and other documents required to be sent to members under the Constitution, the Corporations Act and the Listing Rules.

(c) Dividends

Subject to any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may fix the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

(d) Transfer of shares

Subject to this Constitution, a member may transfer one or more shares the Member holds by:

- i. a registrable transfer;
- ii. an instrument of transfer in compliance with this Constitution; or
- iii. any other method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

The Company may decline to register a transfer of shares where permitted to do so under the provisions of the Constitution, the Corporations Act and the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for refusal. The Directors must decline to register a transfer of shares when required by the Corporations Act, by the Listing Rules or by the ASTC Operating Rules.

(e) Variation of rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(f) Directors

The minimum number of Directors is three and the maximum is nine. Currently, there are three Directors. Directors must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. In the case of an equality of votes on a resolution, the chairman has a casting vote (except when only two Directors are competent to vote on the question).

(h) Issue of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(i) Officers' indemnity

To the full extent permitted by the law the Company must indemnify each officer of the Company against all losses and liabilities incurred by the person as an officer of the Company (except in the event of certain conduct), including costs and expenses incurred in defending an action for liability incurred by that person.

5. RISK FACTORS

5.1 General

The Shares offered under this Prospectus should be considered speculative.

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

A number of material risk factors are set out below. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares.

5.2 Risks Specific to Peru

Below you will find information relating to risk factors for Peru which is provided for background purposes only. Information presented herein has been extracted from and is presented on the authority of various public official documents and private sources.

(a) Overview

Peru is located on the western coast of South America. It shares its borders with Ecuador and Colombia to the north, Brazil and Bolivia to the east and Chile to the south. Peru's major cities are Lima, the nation's capital, Arequipa, Trujillo, Chiclayo, Iquitos, Piura, Chimbote and Cusco.

(b) Peruvian political risk

The Company's major assets are located in Peru, South America. Peru is, at present, a stable democracy but has a history of political and social unrest which could adversely affect the Company's ability to explore, develop and operate its properties.

The government of Peru could adopt laws or otherwise take steps that would detrimentally affect the Company and its projects in this jurisdiction. Such laws or steps could involve the expropriation of property, implementation of exchange controls and price controls, increases in production royalties and income and mining taxes, refusal to grant or renew required permits or licenses or requiring unfavourable amendments to or revoking current permits and licenses, and enacting environmental or other laws that would make contemplated operations uneconomic or impractical.

Social problems in this jurisdiction and uncertain land tenure for many indigenous people could have adverse effects on the Company's projects. These effects could be the result of the local populations and other interested parties encroaching on the land on which the Company's projects are located, challenging the boundaries of such land or the Company's rights to operate on such land, impeding project activities through roadblocks or other public manifestations or attacking project assets or personnel.

(c) Emerging Market Risks

Peru is an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results. These risks include:

- Currency fluctuations;
- Inflation;
- Exchange controls;
- High interest rates;
- Wage and price controls;
- Economic and political instability;
- The imposition of trade barriers;
- Expropriation and political violence or disturbance; and
- Changes in economic, tax and other policies.

In addition, economic conditions in Peru are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Peru. There can be no assurance that the economic conditions in Peru will not continue to be affected negatively by events elsewhere, especially in emerging markets.

5.3 Specific Risks to the Company

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other business.

Set out below are specific risks that may adversely affect the Company:

(a) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. The Company will from time to time require further funding to develop its projects. In particular, the Company will be required to obtain further funding to reimburse the vendors of Halston and to meet the payment and exploration expenditure requirements required for Halston to earn an interest in the two properties, Condoroma and Coporaque, located in southern Peru pursuant to Letters of Intent and the proposed formal option and farm-in agreement between Halston and Lara. Further details regarding the Project Interest are set out in Section 3.1 of this Prospectus and recent public announcements by the Company.

In addition, the Company is required to meet certain exploration expenditure targets in order to earn its interest in the Condoroma and Coporaque Projects. The amount being raised under this Prospectus will not be sufficient to meet those exploration expenditure commitments, and the Company will need to raise additional funds during the next few

years to meet the remainder of those exploration expenditure commitments.

Market conditions which are then generally prevailing will impact on the price or cost at which the Company will be able to raise such funds and no assurance can be given that such funding will be available on terms acceptable to the Company. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(b) Exploration Success

The mineral tenements of the Company as described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Company does not have a significant operating history, although it should be noted that the Company's directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when

originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(e) Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(f) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations in Peru concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, complying with environmental laws may be difficult, costly and result in delays to any project activities.

(g) Title Risks

Interests in tenements in Peru are governed by the respective Country legislation and are evidenced by the granting of licences and leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance.

All of the Company's various work permits, mining licences, mining leases, mining area licences and exploration licences are due for renewal from time to time. The Company has no reason to believe any of these will not be renewed, however this cannot be guaranteed.

(h) Company Negotiation / Surface Access Risks

The Company is proposing to conduct exploration activities on its concessions in Peru. It is possible that, in relation to concessions which the Company has an interest in or will in future acquire such an interest, there may be areas over which legitimate community rights do exist. If community rights do exist, the ability of the Company to gain access to the concessions (through obtaining consent of any relevant landowner)

or to progress from the exploration phase to the development and mining phase may be adversely affected.

(i) Contractual Risks

The ability of the Company to achieve its objectives will depend on the performance by counter parties and their obligations under the Agreement. If the counter party defaults in the performance of its obligations it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

(j) Conflicting Interest Risks

Certain Directors of the Company are also Directors and officers of other companies engaged in mineral exploration and development of mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which such persons become aware will not necessarily be made available to the Company. The Directors intend, however, to allocate these to such companies on the basis of prudent business and judgement and the relative financial abilities and needs of the Company to participate. Although such persons have been advised of their fiduciary duties to the Company, there exists actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

(k) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment. The Company's future ability to recruit and retain highly qualified management personnel will also be critical to its success.

5.4 General risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;

- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(b) Share Market Conditions

There are general risks associated with any investment in the share market. The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

5.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

6. ADDITIONAL INFORMATION

6.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2011 audited financial statements on 30 September 2011:

Date Lodged	Subject of Announcement
16/04/2012	Appendix 3B
13/04/2012	Appendix 3B
10/04/2012	Results of meeting
10/04/2012	Changes in Directors interests
19/03/2012	Appendix 3B- Amended
19/03/2012	Drill Rig for Condorama Project
15/03/2012	Settlement of Halston Acquisition and Appendix 3B
12/03/2012	Half Yearly Report and Accounts
08/03/2012	Notice of General Meeting/ Proxy Form
29/02/2012	Extension of Settlement Date
23/02/2012	Appendix 3B
15/02/2012	Appendix 3B – Tranche 3
15/02/2012	Appendix 3B
03/02/2012	Appendix 3B- Tranche 2
31/12/2011	Research Report Available on Company Website
31/12/2011	Quarterly Report and Appendix 5B
29/12/2011	Completion of Minimum Subscription and Appendix 3B
28/12/2011	Appendix 3B
28/12/2011	Completion of Acquisition of Copper-Gold project
20/12/2011	Extension of Prospectus
05/12/2011	Amended Appendix 3B
05/12/2011	Appendix 3B
02/12/2011	Prospectus
21/11/2011	Market Update – Research Report on Website
16/11/2011	Results of Annual General Meeting
16/11/2011	Appendix 3B and Section 708A Notice
15/11/2011	Appendix 3B and 708A Notice
11/11/2011	Appendix 3B and 708A Notice

03/11/2011	Change of Director's Interest Notice
31/10/2011	Quarterly Activities and Cash flow Report 30 September 2011
25/10/2011	Clarification of AXG Mining's Financial Report 30 June 2011
20/10/2011	Change of Director's Interest Notice
20/10/2011	Change in substantial holding
18/10/2011	Notice of Annual General Meeting/Proxy Form
30/09/2011	Financial Report year ended 30 June 2011
19/9/2011	AXG Mining to acquire copper gold projects in Peru

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

6.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the Offer.

Directors' relevant interests in securities of the Company at the date of this Prospectus and remuneration for the period 1 July 2009 to 30 June 2011 is set out below:

Name	Shares	Total Remuneration (\$ 2010)	Total Remuneration (\$ 2011)
Alex Bajada	9,900,000	\$82,700	\$30,000
Gordon Sklenka	11,333,334	\$92,475	\$71,674
Roland Berzins	2,420,000	\$105,483	\$34,423

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be

divided among the Directors and in default of agreement then in equal shares. The maximum aggregate remuneration for non-executive Directors has been set at \$250,000.

It is currently resolved that:

- (a) Mr Alex Bajada, will receive director fees of \$30,000 per annum;
- (b) Mr Gordon Sklenka will receive director fees of \$24,000 per annum; and
- (c) Mr Roland Berzins will receive director fees of \$24,000 per annum.

The total remuneration received by the Directors exceeds these director fees and includes consulting fees, superannuation and non-monetary benefits as disclosed in the Annual Report.

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

As at the date of this prospectus (20 April 2012) the directors hold the following shares in the Company:

Name	Shares
Alex Bajada	9,900,000
Gordon Sklenka	11,606,013
Roland Berzins	2,420,000

The Directors will not be applying for any Shares under the Offer.

6.3 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

As stated in clause 2.8, the lead manager for the Offer is GBU Securities Pty Ltd ACN 137 165 195 which is the holder of Australian Financial Services License Number 343 514. GBU Securities Pty Ltd will be paid a 1% management fee under the Offer exclusive of GST.

Mr Bajada and Mr Sklenka are both directors of GBU Securities Pty Ltd. Mr Berzins, who is not a director nor a shareholder of GBU Securities, approved the selection of GBU Securities as lead manager based on economic and practical standards.

6.4 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

GBU Securities Pty Ltd has given its written consent to being named as the Lead Manager to the Offer in this Prospectus. GBU Securities Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

6.5 Litigation

Other than as set out below, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.6 Estimated Expenses of Offer

The total expenses of the issue are estimated to be approximately \$85,212 (assuming full subscription) comprising lead manager and placement fees, legal costs, printing and other administrative expenses, including ASIC fees.

Item	Full Subscription \$	Minimum Subscription \$
ASIC Fees	2,137	2,137
ASX Fees	4,875	2,138
Lead manager fees ¹	11,700	2,500
Placement fees ¹	58,500	12,500
Legal Fees	2,000	2,000
Printing and other expenses	6,000	6,000
Total	85,212	27,275

Notes.

1. Further details regarding the lead manager fees and placement fees payable by the Company in connection with this Offer are set out in section 2.8 of this Prospectus.

6.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 1.3 cents per Share on 23 February 2012.

Lowest: 0.8 cents per Share on 8th March 2012.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 0.10 cents on 19th April 2012.

6.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on (08) 9429 2900 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated: 20th April 2012

A handwritten signature in black ink, appearing to read 'Alex Bajada', with a horizontal line drawn underneath it.

Mr Alex Bajada
Chairman
Signed for and on behalf of
AXG Mining Ltd

8. DEFINITIONS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

"\$" or "AUD" means Australian dollars.

"**Annual Report**" means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2011 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2011.

"**Applicant**" means a person who submits an Application Form.

"**Application Form**" means an application form for Shares under the Offer.

"**Application Monies**" means application monies for Shares received by the Company.

"**ASIC**" means Australian Securities and Investments Commission.

"**ASX**" means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors.

"**Business Day**" means as defined in the Listing Rules.

"**CHESS**" means ASX Clearing House Electronic Subregistry System.

"**Closing Date**" means 11th May 2012 or such earlier or later date as the Directors may determine.

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

"**Constitution**" means the constitution of the Company as at the date of this Prospectus.

"**Corporations Act**" means Corporations Act (Cth) 2001.

"**Directors**" means the directors' of the Company as at the date of this Prospectus.

"**Halston**" means Halston Exploration Inc. as outlined in 4.1.

"**Halston Consideration Shares**" as the meaning given to that term in section 2.1 of this Prospectus.

"**Half Yearly Report**" means the financial report lodged by the Company with ASIC in respect to the half year ended 31 December 2011 and includes the corporate directory, chairman's report, review of activities, financial report of the Company and its controlled entities, together with a Directors' report in relation to that period of the financial year and the auditor's review for the period to 31 December 2011.

"**Lara**" means Lara Exploration Ltd. (TSX Venture Symbol: LRA).

"Letters of Intent" has the meaning given to that term in Section 3.1 of this Prospectus.

"Listing Rules" means the Listing Rules of ASX.

"Lodgement Date" means the date of this Prospectus.

"Offer" means the Offer of Shares pursuant to this Prospectus as detailed in Section 2.1.

"Official List" means the official list of ASX.

"Official Quotation" means quotation of Shares on the Official List.

"Share" means an ordinary fully paid share in the capital of the Company on the terms in Section 4.

"Shareholders" means a holder of Shares.

"Project Interest" has the meaning given to that term in Section 3.1 of this Prospectus.

"Prospectus" means this prospectus with the date.

"Section" means a section of this Prospectus.

"USD\$" means United States dollars.

"Vendor" means Lara.

"WST" means Western Standard Time, being the time in Perth, Western Australia.

APPLICATION FORM

AXG MINING LTD

ACN 092 304 964

I/We hereby offer to subscribe for the number of Shares in AXG Mining Ltd shown below, and agree to be bound by the Constitution of AXG Mining Ltd and the terms and conditions of the Offer. I/We confirm that I/We do not require a disclosure document.

- A. I/We apply for _____ Shares at \$0.009 each.
- B. Total Application Monies of AUD \$ _____ are in the form of an attached cheque.
- C. Cheque Details, please attach your cheque to a copy of the application form.

Drawer	Bank	Branch	Cheque Amount
			\$

Bank: Commonwealth Bank of Australia, West Perth
Account Name: AXG Mining Ltd – Application Account
BSB: 066-130
Account No: 1022-0594

- D. Complete Full Name Details

Applicant	
Registration Instructions	NAME:

- E. Complete Address Details

Number and Street		
Suburb or City		
State	Country	Postcode

- F. Complete Telephone Details

Home	Work	Contact Name
()	()	