



Albany – Fraser Range Option

- AXG Mining has executed a 12-month option with XTL Energy International on three strategic Albany-Fraser Range tenements, one with an immediate drill target within an interpreted layered mafic intrusion.
- The tenements (one granted and two under application) are currently held by unlisted public Company XTL Energy Ltd, a Perth based mineral exploration company.
- It is proposed to undertake a 5,000 metre Aircore drill program in 1H 2013 on the key Mt Ridley tenement (EL63/1547).
- AXG is also placing up to 200 million Shares @ 0.20 cents to raise up to A\$400K (before costs) to Sophisticated Investors pursuant to s708 Corporations Act (Cwth) 2001.

Introduction

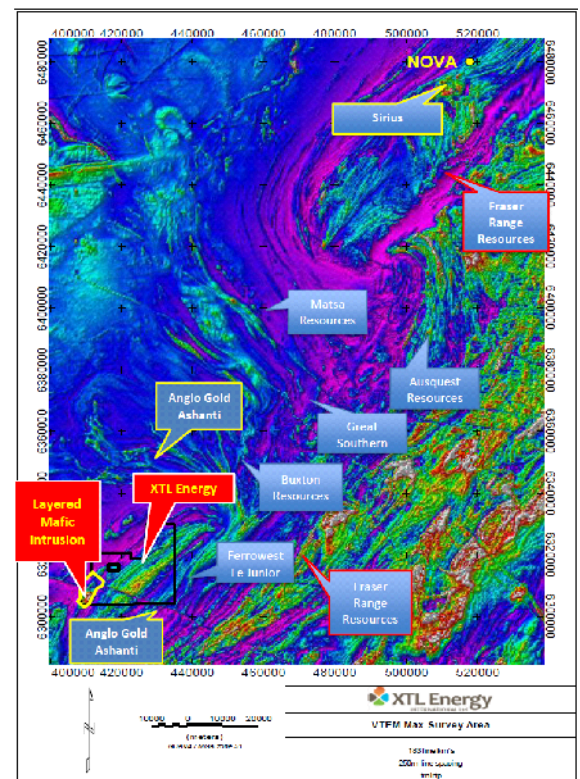
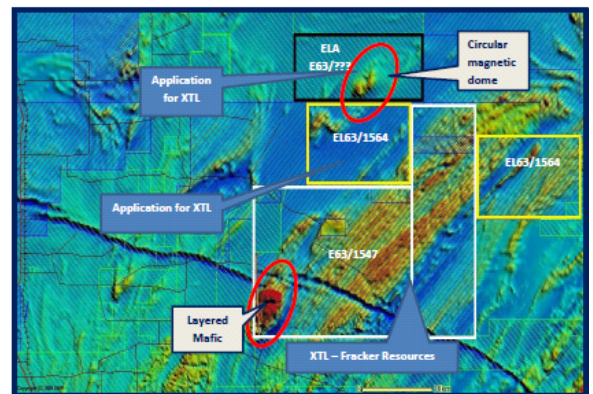
XTL Energy Ltd (“XTL”) is a Perth based unlisted Public company with a portfolio of Fraser Range exploration projects in Western Australia that has granted 12 month options over three tenements to AXG Mining Ltd (ASX: AXC) or (“AXG”).

Sirius Resources NL’s (ASX: SIR) has recently announced a Ni-Cu-Co discovery at the Nova Deposit (RM Research estimate exploration target 10-15Mt @ 6% Ni eq). The Nova Ni-Cu-Co massive sulphide discovery by SIR is ~100 kilometres to the NNE and appears to be remobilised sulphides from an ultramafic layered intrusion.

There is potential for both in-situ and remobilised Ni, Cu and Co massive sulphides in this emerging province which also hosts the well mineralised Ravensthorpe area to the south west and Anglo Gold Ashanti 70%/Independence Group 30% Tropicana 5 million ounce gold deposit in the north east of the Albany Fraser province.

Albany-Fraser Range Tenements

- E63/1547 (Mt Ridley): (Fraka Investments Pty Ltd 100% in trust for AXG) was granted 13 February 2013 and consists of 165 blocks covering approximately 475 km².
- E63/1564 (Mt Ridley E-W): (XTL 100%). 87 tenement blocks covering around 250km². The latest application with the magnetic dome covering 80 blocks. The tenement is an estimated six months from granting and requires the execution of a Heritage Agreement.
- E63/1617 (Mt Ridley North): (XTL - 100%). This application is likely to cover approximately 153km². The tenement is an estimated six months from granting and also requires the execution of a Heritage Agreement.





Transaction Overview

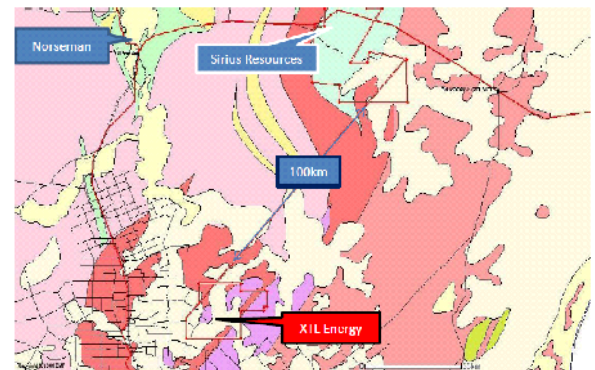
- Option: AXG has executed an option to acquire a 100% interest in EL63/1547 (Mt Ridley), EL63/1564 (Mt Ridley E-W) and EL63/1617 (Mt Ridley N).
- Option Period: The option period will commence for 12 months from the date of granting of EL63/1547, EL63/1564 and EL63/1617 respectively. The option(s) can be extended for a further 6 months (on any tenement) from the date of expiry. In the case of issuing Shares the deemed price will be a 5-day VWAP prior to the expiration of the respective option (s).
- Option Fee: An option fee of A\$35,000 in cash and A\$25,000 in Shares to XTL. In the case of EL63/1547 the fee will be payable within 60 days of signing of the Option Deed.
- Consideration on Exercise of Option: The consideration payable on exercise of the Options is:
 - EL63/1547: 250 million AXG Shares;
 - EL63/1564: 100 million AXG Shares, and
 - EL63/1617: 100 million AXG Shares.
- The Shares are to be issued at a deemed issue price of A\$0.002 per AXG Share. The Shares are to be issued within 60 days from exercise of the Option. The Option can be exercised over any/all of the tenements at any time 12 months from the date of grant. The issue of Shares is subject to shareholder approval.
- Fee: A fee of 65 million Shares (A\$135,000) is payable by AXG Mining on execution of the Option agreement between XTL and AXG to Corporate Advisers.
- The proposed timetable is set out as below:

Indicative Timetable

TIMETABLE	
Execution of Opt Agreement	5-Mar 13
General Meeting-Sh Approval/Placement Appr	Mid-late Apr-13
Exploration Commences (EL63/1547)	Apr 13

Highlights

- Base and precious metal focus, encouraging similarities of geology both Nova & Mt Ridley. Exposure to a range of potential commodities typical of these deposit styles: Ni, Cu, Co, PMG's, Zn, Ag, Au.
- XTL's Mt Ridley, Mt Ridley E-W and Mt Ridley North: Limited historical base metal and gold exploration has been undertaken on the project areas.
- Substantial ground holding covering three tenements for 840km² in an emerging greenfields nickel province.
- Western Australia's only known analogous Proterozoic rock types to the world class Broken Hill (NSW), Mt Isa and Cannington (QLD), base metal deposits.



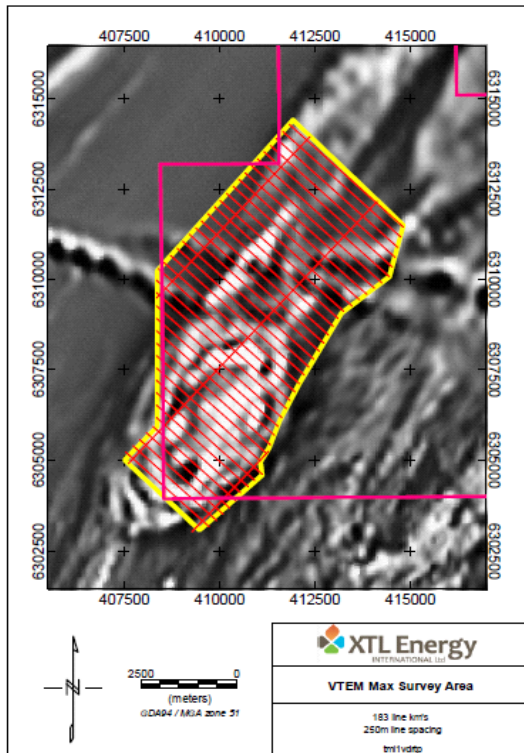
Exploration Program & Budget

- EL 63/1547: The Company is planning a helicopter-borne geophysical survey in 1H 2013 on the Mt Ridley Project Area.
- The survey is approximately 183 line-kms and will target a layered mafic intrusion previously identified by BHP. The interpreted layered mafic intrusion in the SW corner of XTLs' EL 63/1547 is a possible target for base metal (Cu, Ni, V, Cr), platinumoids and/or magnetite mineralisation.
- The majority of the layered mafic is on private farming land and RC drilling could commence in about 7-8 weeks from receipt of the VTEM data. Ashley Hood (XTL director) has been in contact with them regularly regarding the VTEM survey.



- The 12 month exploration budget for Mt Ridley is approximately A\$400,000 and includes an allocation of Aircore and RC drilling.

XTL Layered Mafic target area



EL63/1564 and EL63/1617: The exploration budgets and exploration programs for Mt Ridley EW and Mt Ridley N are currently being reviewed however are like to commence with regional geochemical sampling and, subject to results, auger/aircore drilling.

AXG Recent Developments

AXG recently (31/1/2013) announced its intention to spin out part of its Peruvian Joint Venture Agreements with TSX listed Lara Exploration Inc (TSX: LRA) into a newly listed TSX-V Company.

The spin out will allow AXG and its shareholders to continue to have exposure to the upside of the Condoroma project without suffering the dilution of further capital raisings. It also makes capital raising easier for the projects in the Canadian market where the Peruvian Mining sector is better understood.

Finally, AXG will be free to look at other high impact exploration projects.

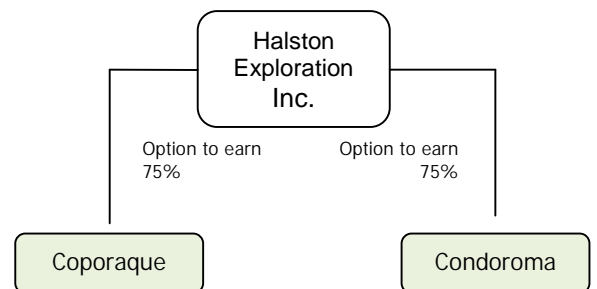
The Condoroma Project is on the prolific Andahuaylas-

Yauri mineral belt in South-Eastern Peru, South America. Oro y Paloma lies on the Sultana Fault, a significant regional structure that connects the property to the Tintaya cluster. The Tintaya cluster hosts the Tintaya Copper – Gold Mine, Antapacay and Coroccohuayo Deposits (Xstrata), as well as the Quechua

Discovery (Pan Pacific Copper) and Hudbay Mining's Constancia project.

AXG's Condoroma Project is approximately 15 kilometres south of Tintaya and along the same mineral trend. The region currently hosts in excess of four billion tonnes of copper- gold discoveries.

AXG Background



AXG is a mineral exploration company that listed on ASX in 2006 raising A\$4.0 million to initially focus on mineral exploration in Western Australia.

In 2011, the Company switched its focus to South America where it has entered into option agreements to earn up to 75% in two Cu+/-Au+/-Mo porphyry projects in Southern Peru, namely the Condoroma and Coporaque, Projects. Significantly the projects are situated along the highly prospective Andahuaylas Yauri belt, a known host of several world class Cu+/-Au+/-Mo deposits.

Peruvian Exploration

AXG is earning up to 75% in both the Condoroma and Coporaque Projects. The projects are situated in the Cusco region of southern Peru. The projects comprise 24 mineral concessions covering 17,764 hectares. Previous reconnaissance exploration has been successful in outlining a number of drill targets that will be the target of follow up drilling by the Company in mid 2013 following the spin-out on TSX-V.



Condoroma Project (AXG earning 55-75%)

Commitment Period	Months	Exploration Expenditure	Payments
First Period	18	\$700,000	\$100,000
Second Period	12	\$1,200,000	\$200,000
Third Period	12	\$1,600,000	\$500,000
Totals	42	\$3,500,000	\$800,000

The project comprises 12 mining claims covering 9,816 hectares and lies adjacent to historical Au, Cu, Ag, Pb, Zn mines. Previous geochemical sampling together with Induced Polarisation ("IP") and Magnetic surveys has outlined a total of six drill targets covering a total area of 1.7 kilometres x 0.80 kilometres. Diamond drilling is scheduled to commence in mid 2013.



Skarn and porphyry copper mineralisation is the target, both common mineralisation styles known to host major mineral deposits in the region. Significant surface mineralization and structural features transect the property and trend towards the Tintaya-Antapaccay deposits to the northwest. An IP survey has revealed conductive targets along this trend that will be the target of the upcoming drill campaign.

Terms of Option Agreement

The Company may earn 55% by:

- (i) On exercise of the option agreement a payment of US\$100K together with further cash payments of US\$700K (mixture of AXG shares + cash), and
- (ii) AXG can earn an additional 20% by:
 - a. Cash payment to Lara Exploration of US\$1.0 million within 60 days of earning a 55% interest in the Condoroma, and
 - b. Spending a further US\$3.50 million over the subsequent 3 year period, and
 - c. Completing a Pre-Feasibility Study within 4 years of executing the

option for an additional 20% interest.

Coporaque Project (AXG earning 55-75%)

Previous reconnaissance exploration by Lara Exploration has identified outcropping porphyry Cu-Au-Mo mineralization and six areas worthy of follow up exploration. Follow up exploration will consist of more detailed mapping and geochemical sampling ahead of a maiden drill campaign later in the 2013 season.

Terms of Option Agreement

Pursuant to a Letter of Intent, the Company may earn 55% in the project by:

Commitment Period	Months	Exploration Expenditure	Payments
First Period	24	\$300,000	\$50,000
Second Period	12	\$800,000	\$200,000
Third Period	12	\$1,900,000	\$350,000
Totals	48	\$3,000,000	\$600,000

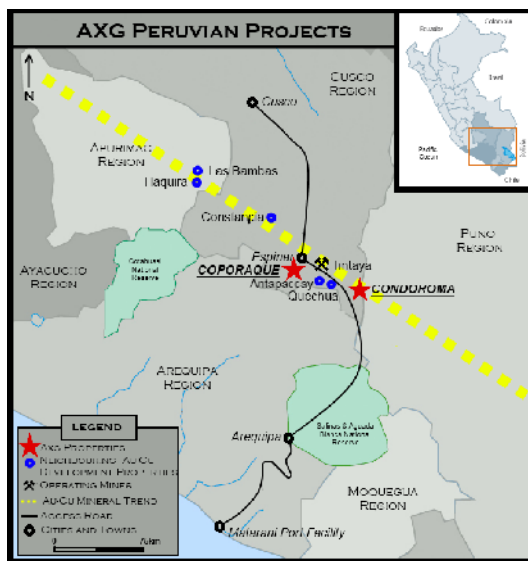
- (i) On exercise of the option agreement a payment of US\$100K together with further cash payments of US\$650K (mixture of AXG shares + cash), and
- (ii) AXC can earn an addition 20% by:
 - a. Cash payment to Lara Exploration of US\$1.0 million within 60 days of earning a 55% interest in Coporaque, and
 - b. Spending a further US\$7.0 million over the subsequent 3 year period, and
 - c. Completing a Pre-Feasibility Study within 4 years of executing the option for an additional 20% interest.



Peru JV Milestones & Budget

Yr	CONDOROMA	COPORAQUE	COST
			A\$m
1	Redfine drill targets	Airborne Geophysics	A\$2
	Drilling (>1,500m)	Mapping/Sampling	
	Test mineralisation	Outline drill targets	
2-3	Continue drilling	Drilling	A\$6
	(<2,000m)	Yr 2->1,000m	
		Yr 3 >1,500m	
4-7	Deliver 43-101 PFS	Deliver NI 43-101 PFS	A\$16
	Continue drilling	Continue drill program	
	>1,500m/yr	>1,500m/yr	

Peruvian Mining Industry



Peru ranks highest in Latin America in terms of its climate for investment in mining. The estimated portfolio of mining investment is composed of 41 major projects, including both exploration and expansion projects, which together amount to US\$42.5 billion for the period 2010-2016. Over US\$6.8 billion of the announced investment will come from mining companies such as Xstrata Copper and Antamina (BHP Billiton, Xstrata Copper).

Despite the huge investment in Peru by multinational mining companies, the recent confrontation over US\$4.8 billion Minas Conga development between President Humala and local protesters – which also included the declaration of a state of emergency, demonstrates that clashes between local farming communities and multinational mining companies are set to continue for the foreseeable future.

Investment in mineral exploration in Peru has grown rapidly in the last three years and now accounts for 5% of the global exploration budget (>US\$534 million). According to the Metals Economics Group, Peru ranked 6th in the world and 2nd in Latin America for investment in exploration.

Regional Exploration and Mining Activity

Both Condoroma and Coporaque are strategically located along the Andahualyas-Yauri mineral field, a host of world class mines such as Tintaya (105Mt @ 1.16% Cu, 120-Ktpa Cu production), Las Bambas (1.50Bt @ 0.61% Cu, 160Ktpa Cu) and Antapaccay (105Mt @ 1.16% Cu, 160Ktpa Cu production) (Xstrata), Constanza (372Mt @ 0.39%, 100Ktpa Cu forecast) (Hudbay Minerals), Haquria (688Mt @ 0.63% Cu, 230Ktpa forecast Cu production) (First Quantum Minerals) and Quechua Project (680Mt @ 0.38% Cu, 75Ktpa forecast Cu production) (Pan Pacific Copper Company). The belt is prospective for porphyry hosted Cu+/-Au+/-Mo deposits and hosts over 4Bt of Inferred and Indicated Cu+/-Au+/-Mo Resources.

Peru is ranked 2nd globally in copper production, 4th in the world in molybdenum production and is South America's largest gold producer. Peru is also ranked 6th globally and 2nd in Latin America in terms of attracting exploration investment.

Mining accounts for around 61% of Peru's exports and 5% of GDP. Current extraction covers gold, copper, silver, lead, zinc, molybdenum, tin and iron with the majority of mines (Cu/Au) situated in the Andes region.



Placement

The Company is seeking to place up to 200 million new Shares @ 0.2 cents to raise up to A\$400,000 ("Placement") before expenses of the issue.

The funds are to be raised to progress the Coporaque Project in Peru, the spin-out of the Condorama Project on TSX-V, for exploration at the Albany-Fraser Range tenements and for general working capital purposes.

Pro-Forma Capital Structure

The pro-forma capital structure of AXG Mining assuming the exercise of the Option on all three tenements is set out as follows;

*Pro-Forma Capital Structure	
# Shares (existing)	588,132,597
EL63/1547 (Mt Ridley)	250,000,000
EL63/1564 (Mt Ridley E-W)	100,000,000
EL63/1617 (Mt Ridley N)	100,000,000
Super/S Fee-Shares	65,000,000
XTL Opt Fee - Shares	12,500,000
Supers/S Fee-Opt (ex 0.90c, 6/16)	12,000,000
Placement	200,000,000
Total Shares	1,315,632,597
Total Opt (ex 0.90c, 6/16)	12,000,000
Share Price (A\$)	0.002
Cash (\$) (before explor, o/h)	400,000
Market Cap-undil (A\$)	2,231,265

*Assumes all three options are exercised and placement of 400 million Shares is completed.

XTL Consultants

Adam Elliston, BAppSc, MAIG GEOLOGIST
Adam Elliston is a geologist with nineteen years' experience in mineral exploration and mining throughout Australia. Commodities include gold and base metals in a variety of deposit styles and terrains, including extensive experience in the Northern Territory. Adam has significant management experience in exploration program and design, and has held senior management positions for companies including Tanami Gold NL and GBS Gold Australia Ltd. Adam has also worked for MPI Mines Ltd/ Leviathan Resources Ltd, RGC Exploration Ltd, Giants Reef/Dominion Mining Ltd, Cloncurry

Metals NL, and Redbank Copper Ltd. Most recently he was Project Manager (Queensland) for Gold Fields Australasia Ltd. He is a member of the Australian Institute of Geoscientists (MAIG).

Mr Ashley Hood, LOGISTICS
Ashley has more than ten years' experience in the mining industry working in exploration and operations for junior and large miners such as Anglo Gold Ashanti. Ashley holds a number of positions on boards of listed and unlisted companies and is able to draw on his broad senior management experience in delivering exploration and mining outcomes. His skills in management, project planning and contractual negotiations have helped him drive exploration projects, late-stage mine development, environmental permitting, and geophysics programs on some of Australia's major resource projects. Ashley is currently completing a Masters in Business at the University of Technology, Sydney.

Contacts

For and on behalf of the board

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The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk. The information in this announcement, insofar as it relates to Mineral Exploration and Mineral Resources is based on information compiled by Guy T Le Page, who is a member of the Australasian Institute of Mining and Metallurgy, and who has more than five years experience in the field of activity being reported on. Mr Le Page is a Director of the Company. Mr Le Page has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Le Page consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.