AXG MINING

AXG Mining Ltd
(ASX: **AXC**)

ASX Announcement
5 August 2013

Corporate Update

- **Relinquishment of Peru Option...Focus on Fraser Range farm-in**
- **Conversion of Debt to Equity**
- **Placement to raise up to A$2.50 million with RM Corporate Finance**

Corporate Update

The board of **AXG Mining Ltd** (**AXG** or "the Company") has completed a review of the Company's operations and finances, with a view to placing the Company on an appropriate footing in the challenging environment facing junior explorers. As a result of this review the board has made the following decisions:

Withdrawal from the Peru projects

The board has decided to relinquish options on both the Condoroma Project and the Coparaque Project in Southern Peru and to cease any further activities on either of these projects. The Company will have no further liabilities in relation to these projects. In light of the current economic climate it was considered prudent to focus the Company's activities on its recently optioned Fraser Range tenements with a view to raising sufficient capital to commence an exploration program on this project.

Conversion of Debt to Equity

As part of the review the Company has made the decision to convert a number of amounts owed to directors, creditors and loans to equity. These liabilities will be converted to ordinary fully paid shares in the Company at the current share price of 0.1 cents per share, subject to shareholder approval. A notice of General Meeting will be issued shortly containing full details of these proposed conversions.

Consolidation of Capital

As part of the restructure the board has decided to consolidate the capital of **AXG** on a 1 for 7 basis. Directors consider this is in the best interests of the Company and is subject to shareholder approval at the same General Meeting referred to above.

Issue of Convertible Notes

Directors have executed a capital raising mandate with **RM Corporate Finance Pty Ltd** (AFSL 315235) (**RMCF**) to issue up to A$2.50 million A$1 Convertible Notes (the "Notes"). This is considered the most appropriate strategy for raising capital in the current market and will be subject to shareholder approval at the meeting referred to above. The funds raised will be used to commence exploration on the Fraser Range project and also for ongoing working capital requirements. Details of the Notes are contained in the separate announcement recently made by the Company.

Conclusion

The board considers that the above initiatives will put the Company in an excellent position to advance the Fraser Range project, located in what is widely considered one of the most promising exploration areas in Australia. The company acknowledges the continued support of shareholders and remains committed to its strategy of developing high impact exploration projects.

Contacts

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