

5 September 2014



Mr Dale Allen
Senior Advisor – Listing Compliance
ASX Limited
GPO Box D187
Perth WA 6840

Email: Dale.Allen@asx.com.au

Dear Sir

AXG MINING LTD (the “Company”)

We refer to your letter dated 2 September 2014 regarding the Company announcement “AXG Mining exercises option over second Fraser Range licence” and your request for responses to specific question.

1. In the announcement concerning the Company’s price query, the Company stated the most recent announcements in chronological order, not in order of importance.

As such, the announcement concerning the take up of the option agreement was the most recent, followed by the NOM and board appointments. It was not a reflection of the “weighting” on the information, just a procedural matter.

The Company considers the appointment of the new directors (subject to shareholders appointment) and the capital injection of funding (again subject to shareholder support) to be significant factors and matters that would influence the public support for the Company.

The Company considers that an announcement to Exercise the Option to acquire E63 / 1564 would **not** have a material effect on the price or value of its securities

2. The basis for this consideration is that although the option to acquire has been advised to the current tenement owner in accordance with the Option Agreement;
 - a. The consideration payable on the exercise of the option to acquire has not been completed;
 - b. The transfer of ownership has not been completed, and as such the transaction is incomplete;
 - c. Whilst the geographical location of the tenement in question is potentially favourable, insufficient data is available as to the prospectivity of the tenement in question and considerable expenditure will be required. The capacity of the Company to source additional capital to undertake this exercise will be dependent upon the realisation of sufficient positive data concerning the Company’s other tenements in the area, E 63/ 1547 and the technical ability of the Company’s incoming management to facilitate this; and
 - d. The Company, to date, has had limited opportunity to successfully analyse the existing data concerning E 63 / 1547;
3. Not applicable; and
4. The Company is in compliance with Listing Rule 3.1.

Yours sincerely

A handwritten signature in cursive script, reading 'Guy T. Le Page'.

Guy T. Le Page, FFIN, MAusIMM
CHAIRMAN



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
www.asx.com.au

2 September 2014

Roland Berzins
AXG Mining Limited
Suite 4, 16 Ord Street
West Perth WA 6005

By email: rberzins@gcpcapital.com.au

Dear Roland

AXG Mining Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The trading in the Company's securities which occurred during the period from 25 July 2014 to 29 August 2014 which resulted in the Company's share price increasing 171% from \$0.007 on 25 July 2014 to \$0.019 on 29 August 2014 ("July – August Trading").
2. The Company's announcement entitled '*AXG Mining exercises option over second Fraser Range license*' released to the market on 29 August 2014 ("Fraser Range Announcement"). The Fraser Range Announcement is dated 25 July 2014 and disclosed that the Company had exercised an option to acquire a 100% interest in the Mt Ridley E-W Exploration License (E63/1564) ("Exercise of Option E63/1564").
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

6. ASX's policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “Listing Rule 3.1A.2 – the requirement for information to be confidential”. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the July – August Trading, the Exercise of Option E63/1564, the Fraser Range Announcement, and listing rule 3.1, we ask that you consider the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider that the Exercise of Option E63/1564 disclosed in the Fraser Range Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did the Company first become aware that the Exercise of Option E63/1564 had occurred, commenting specifically on the 25 July 2014 date contained in the Fraser Range Announcement.
4. If the answer to question 1 is “yes”, please advise the following:
 - 4.1. Why the Company did not make an announcement regarding the Exercise of Option E63/1564 at an earlier time or request a trading halt at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay?

5. Please confirm that the Company is in compliance with listing rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 4:00pm (WST) Thursday 4 September 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at dale.allen@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Dale Allen

Senior Adviser, Listings Compliance (Perth)