



**axiom**  
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# Quarterly Activities Report

For the period ended 30 June 2017



# Message from the CEO

This quarter saw the Company expand its engagement with the senior levels of the Solomon Islands government (SIG). The aim of this was to unlock some of the doors that had been delaying our progress in gaining our key licences for the Isabel Nickel Project.

We were very pleased with a series of ministerial meetings that were held culminating in a lengthy briefing to the Prime Minister and Caucus in late May.

The path to securing such permits and licences in these jurisdictions is at times not so straightforward. Axiom abides by the laws of the country and continues to consider the most efficient way to securing these licences.

It was pleasing to receive the renewal of West Guadalcanal tenement with its highly prospective gold acreage. We take the granting of this renewal as an indication that we are making progress in assisting the SIG to move forward.

We are also pleased that we have closed out a number of funding initiatives during the quarter. Of particular note is the continued support of major shareholder InCoR Holdings PLC. We thank all shareholders for their ongoing support.

We remain confident that we can deliver the licences for the Isabel Nickel Project and will continue to ensure that due process is followed to that end.

Ryan Mount, CEO

## Highlights from the quarter

- Grant of West Guadalcanal Prospecting Licence renewal
- Promising consultations held on the licence applications with the Solomon Islands Government at Prime Ministerial and Cabinet level
- Exploration activity that has identified widespread cobalt and scandium enrichment at San Jorge, along with further high grade prospectivity near to the Phase 1 drill area
- Finalisation of the Rights Entitlement (Rights) Issue and Loyalty Bonus Option Issue
- Key shareholder support from InCoR Holdings PLC, through take-up of an additional \$1 million in equity through the Rights Issue shortfall
- The establishment of a \$4 million convertible note arrangement with Magna against which \$2 million has been drawn to date
- Ongoing community engagement including Axiom supporting the consecration of a new local church in Isabel Province, Solomon Islands



# Corporate summary

## Solomon Islands Licence Application process

On 11 May 2017, Axiom Mining Limited ('Axiom') announced that it had been granted the renewal of its Prospecting Licence over its West Guadalcanal gold tenement. The project is 100% owned by Axiom.

While Axiom remains focused on the development of its laterite nickel tenement on San Jorge Island and the licence application for Kolosori, the granting of this licence renewal represents the first successful outcome of Axiom's licence strategy and validates the approach that the Company has taken with key stakeholders including the Solomon Islands Government in pursuit of the major licences.

With strong senior executive presence located on the ground in Honiara, led by CEO Ryan Mount, the Company continues to work with senior levels of the government and key landowners groups to progress the licence applications for San Jorge Mining Lease and Kolosori Prospecting Licence.

As reported in the ASX announcement of 16 June 2017, the Company has held meetings with the Prime Minister Manasseh Sogovare and members of his Cabinet. Progress continues with the Company receiving positive ministerial recognition, support and understanding of the benefits of its plans for the project to the Solomon Islands economy.

Negotiations continue in an advanced state, and the Company remains confident of a positive outcome.

## Funding and investor support

The Company recognises the desire of shareholders and investors for information on the Company's activities. Shareholder briefing sessions were held in Sydney and Brisbane in late April to give an update on the Company's operations.

The Company entered into a series of funding transactions in the March and June Quarters 2017.

The Entitlement (Rights) Issue and the issue of Loyalty Bonus Options were closed out in the June Quarter resulting in the listing of a new class of options on the ASX quoted as AVQO. Whilst the return from the Rights Issue was low, which was understandable given the surrounding circumstances, the preceding placement generated \$1.5 million which together with the Rights Issue delivered \$1.75 million in working capital.

The Company was pleased to announce that one of its key shareholders InCoR took up \$1 million of the remaining Rights Issue shortfall in June - a measure of ongoing support for the Company, particularly its assets, position in Solomon Islands and the ongoing approach to secure the Company's future.

Whilst these capital injections have been critical, the Company further identified the need for additional avenues for capital and as a result entered into a Convertible Note arrangement with Magna on 16 June 2017. This arrangement provided an initial \$2 million injection with the flexibility for the Company to draw on an additional \$2 million in October. Terms of this arrangement were announced in the ASX announcement on 16 June 2017.

The Company had a cash balance of \$2.5 million at 30 June 2017 and continues to minimise its costs as it proceeds to acquire the key licences.

# Solomon Islands

## Isabel Nickel Project

Tenements	Ownership	Location	Area
San Jorge (PL 01/15)	80% Axiom Mining Limited  20% interest held by landowning tribes	San Jorge Island, Isabel Province	36 km <sup>2</sup>
Kolosori	Nil - reapplication submitted	Santa Isabel Island, Isabel Province	42km <sup>2</sup>

### San Jorge Exploration and Development

As reported in ASX announcements during the quarter, the Company closed out its Phase 1 Drilling program at San Jorge and continued with a low level of additional exploration activity.

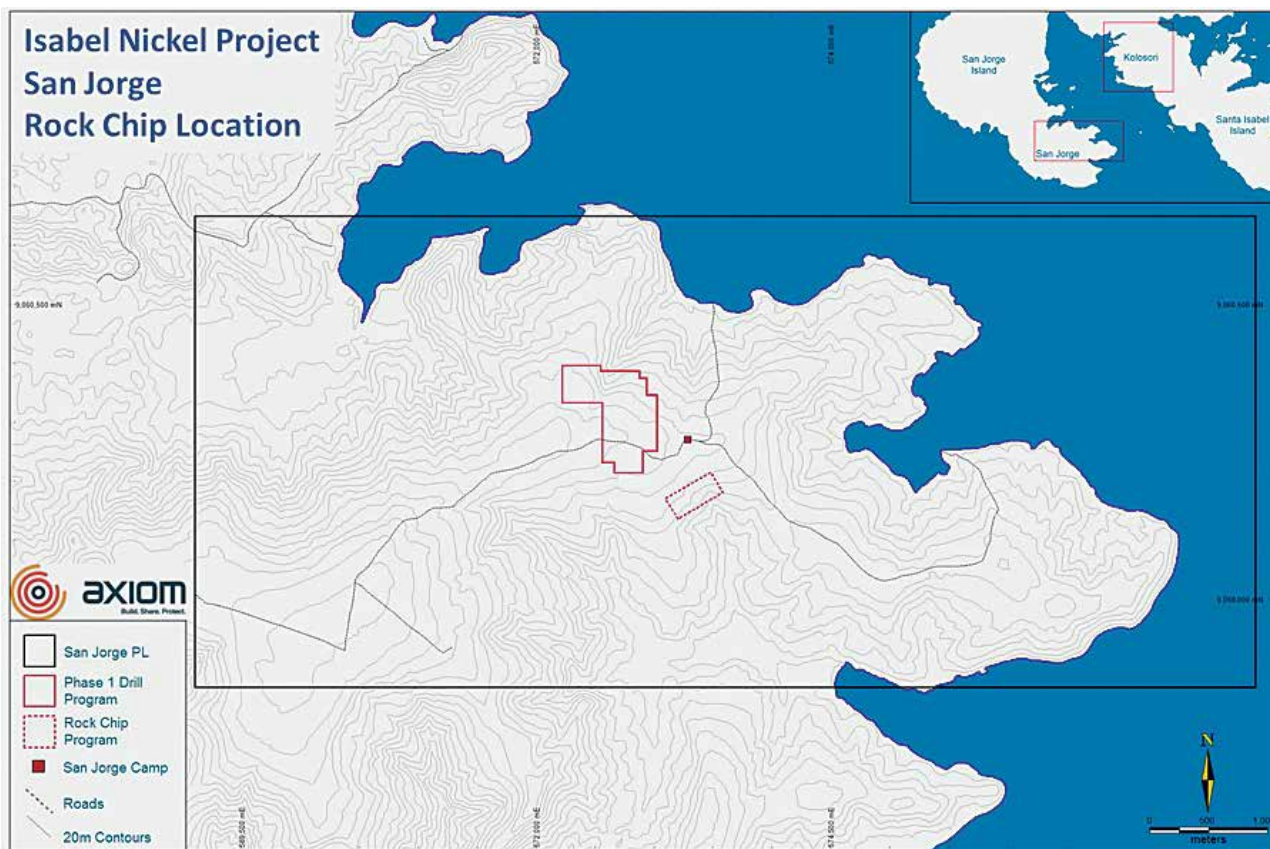
As part of this ongoing activity, a high grade area of mineralisation was uncovered just 500m south-east of the recently completed Phase 1 drilling area. Targeting an exposed area of saprolite occurring close to surface,

a program of rock chip sampling was undertaken delivering grades of between 2% and 3.58% Ni. Full results of the program are shown in Table 1 of the ASX announcement released on 24 April 2017.

These samples contain the highest grades identified by Axiom over the whole of the Isabel Nickel Project in the past two and a half years. The consistency of these results, and that the samples lie at surface, is very encouraging.



*Exposed high-grade laterite prospect*



*San Jorge location overview*

Operational activity continues at a lesser intensity to prepare the project for development in anticipation of the Mining Lease being awarded. Much of the field work is in relation to establishing the platform to ensure the appropriate environmental controls are implemented.

## Kolosori

Whilst the Company awaits award of the Prospecting Licence, no field activity is being undertaken. The Company has continued to review and refresh its project analysis to ensure prompt readiness to move to the field in anticipation of the licence being awarded.

## Community update

Axiom continues to maintain and advance relationships with the communities within which it operates.

Axiom remains at the forefront in leading landowners to a higher level of governance where appropriate and within the bounds of the laws.

Axiom has also continued to work with the local communities in the following areas:

- involvement in the consecration of a new Church in Isabel Province which landowners funded from revenue generated from exploration activities on the Isabel Nickel Project
- donating equipment for and bringing awareness about the presence of people with disabilities and their special needs in Isabel Province
- supporting local cultural festivals directed at community participation and promoting tourism across the Province.



# West Guadalcanal

In May, the Company announced that the SIG has granted Axiom approval to further develop its tenement in a mineral rich area of Guadalcanal Island. Axiom applied for the renewal of the prospecting licence over the West Guadalcanal Project after its term had expired. The renewal has been granted and is 100% owned by Axiom.

Situated in the west of Guadalcanal Island, Solomon Islands, the area is highly prospective for epithermal gold-silver and porphyry copper-gold mineralisation.

Since the Solomon Islands gained Independence in 1978 there have been a number of owners, operators

and joint venture operators of the project including Niugini Mining (discovered Lihir Island gold mine), BHP and more recently Xstrata Copper (now Glencore). Exploration undertaken by previous operators was interrupted by civil unrest and global decisions to restrict spending on exploration in such regions during commodity downturns.

In 2014, Axiom conducted significant exploration and formed the view that the project is one of the most prospective areas for gold, silver and copper including hosting:

- A Porphyry Cu-Au hydrothermal footprint encompassing an area of 10km<sup>2</sup>
- A Carbonate base metal gold epithermal corridor which is greater than 10km long and hosting at least three exploration targets

While the Company maintains its focus on securing the Isabel Nickel Project licences it will undertake planning activities and basic exploration at West Guadalcanal, with a view to extending exploration activity when appropriate.



*Exploration Camp - West Guadalcanal*

# Australian tenements

## Queensland

### Cardross and Mountain Maid

Axiom is continuing to review its position in respect of these tenements particularly with recent gold price increases.

Cardross ML 20003 renewal application was lodged with the Department of Natural Resources and Mines Queensland on 31 January 2017 for a further 3 years.

### Mt Molloy and OK Mines

Minimal activity was undertaken on these projects during the quarter.

Mt Molloy ML 4831 renewal application was lodged with the Department of Natural Resources and Mines Queensland on 2 May 2017 for a further 11 years.

### Millungera

Axiom has now relinquished all 3 of the oil shale exploration tenements. EPM's 25256 and 25257 were both surrendered on 21 June 2017 with EPM 25252 allowed to expire on 25 June 2017 due to the non-core nature of the assets.

## Schedule of tenements

Tenements held at the end of the quarter and their location						
Country		Name and location	Tenement number	Interest held	Status	
Australia		Cardross Project, Chillagoe, Qld				
		Cardross	ML 20003	100%	Granted (Under Renewal)	
		Cardross	EPM 19821	100%	Granted	
		Mount Molloy Project, Mareeba, Qld				
		Mt Molloy copper mines	ML 4831	100%	Granted (Under Renewal)	
		OK Mines Project, Chillagoe, Qld				
		OK North	ML 4805	100%	Granted	
		OK South	ML 4806	100%	Granted	
		OK Extended	ML 4809	100%	Granted	
		OK Extended No. 2	ML 4813	100%	Granted	
		OK	ML 5038	100%	Granted	
Solomon Islands		Isabel Nickel Project, Santa Isabel Island and San Jorge Island				
		Kolosori		80%	PL under application	
		San Jorge	PL 01/15	80%	Granted	
		West Guadalcanal Project				
		West Guadalcanal	PL 01/14	100%	Granted	
Schedule of tenements abbreviations						
EPM	Queensland	Exploration Permit for Minerals		PL	Solomon Islands	Prospecting Licence
ML	Queensland	Mining Lease				

# Contacts and notes

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## About Axiom Mining Limited

Axiom Mining Limited focuses on tapping into the resource potential within the mineral-rich Pacific Rim. Through dedication to forging strong bonds and relationships with the local communities and governments where we operate, Axiom Mining has built a diversified portfolio of exploration tenements in the Asia Pacific region. The Company also owns all majority holdings in highly prospective gold silver and copper tenements in North Queensland, Australia.

The Company is listed on the ASX. For more information on Axiom Mining, please visit [www.axiom-mining.com](http://www.axiom-mining.com)

## Competent Person's Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr. John Horton, Principal Geologist of ResEval Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Member of the Australian Institute of Geoscientists (AIG). Mr. Horton has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Horton is a consultant of Axiom Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## Disclaimer

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business, including litigation outcomes in the Solomon Islands Court of Appeal. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company's analysis is based is complete or accurate; (iii) the Company's analysis is correct; or (iv) the Company's strategy, which is based in part on this analysis, will be successful.