



**axiom**  
Build. Share. Protect.

# Quarterly Activities Report

**For the period ended 30 June 2018**





# Message from the CEO

Important gains for Axiom Mining Limited ('Axiom' or 'the Company') for this quarter included the conditional approval of two significant applications for mineral rights over the Isabel Nickel Project by the Minerals Board of the Solomon Islands Government's ('SIG') Ministry of Mines. A third application approval for a Prospecting Licence over Kolosori was also issued to Axiom. These authorisations are a testament of our ongoing negotiations with the SIG, recognition of our respect for the community in which we operate and our commitment to collaboratively work with local stakeholders.

During May, the Ministry of Mines formally considered our mining lease ('ML') application. Shortly thereafter, Axiom was notified by members of the Minerals Board that the ML was approved pending formal written legal advice from the Attorney-General, who is also a member of the Minerals Board.

At the same time, the Chairman of the Minerals Board also wrote to Axiom stating that the Minerals Board had reserved its decision, pending the Attorney General's formal written endorsement.

As I write to you, we are awaiting the next Minerals Board meeting (anticipated in the first half of August) at which time we foresee confirmation. There has been a delay partly due to the Minister of Mines having been overseas, the recent retirement of the Chairman of the Minerals Board and its subsequent appointment of a new Chairman.

During our negotiations with the SIG and the Minerals Board, Axiom reinforced the need for efficiency in these final stages.

I am confident that our concluding negotiations with SIG and its Minerals Board will be procedural and finalised in an amicable and professional manner.

We have taken steps to ensure that our legal rights, as conferred by Solomon Islands legislation, are well and truly protected from any potential damage due to unexpected delay or interference.

Despite an often slow pace of the licencing process, we continue to make steady progress towards our goal of the first ore shipment in late 2018 — an activity that will see the Solomon Islands economy flourish and our landowner partners and stakeholders benefit from and acknowledge our joint endeavours.

Separately, we continue to pursue justice regarding employees of Sumitomo Metal Mining Company Ltd creating rogue email accounts to distribute false and misleading information about Axiom. There have been a number of interlocutory hearings with no trial date set.

This matter has no influence on final judgements regarding Axiom's licencing or development activities over the Isabel Nickel Project. That said, it is an issue that shareholders want resolved to prevent the spread of damaging misinformation. I agree that it is in the best interests of both the Company and our shareholders to seek justice.

Moving forward, I'd like to highlight some noteworthy happenings occurring on-site and behind the scenes.

First, we are ramping up our site activities including the following:

- An up-to-date assessment of the plans for the Isabel Nickel Project;
- Upgrade of the camp and its facilities;
- Mobilisation of key equipment to site;
- Roads upgrade; and
- Review of the design of the port loading facilities and shipping protocols.

Second, we've strengthened key operational positions within the company, such as the appointment of a Project Development Manager to oversee the design and construction of the mine, its supporting infrastructure and to efficiently manage the delivery of the project.

Lastly, we are also quite excited that the West Guadalcanal copper-gold Project is now drill ready. With a significant amount of geological mapping and trenching complete, roads and camps established in logistically challenging areas, coupled with the purchase of a new drilling rig and the appointment of our in-house drill team; we now embark on a 2,000 m drill program.

This next quarter is certainly shaping up to be one of Axiom's most transformative periods in its history.

Ryan Mount, CEO

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# Nickel Market

## Nickel and Cobalt Update

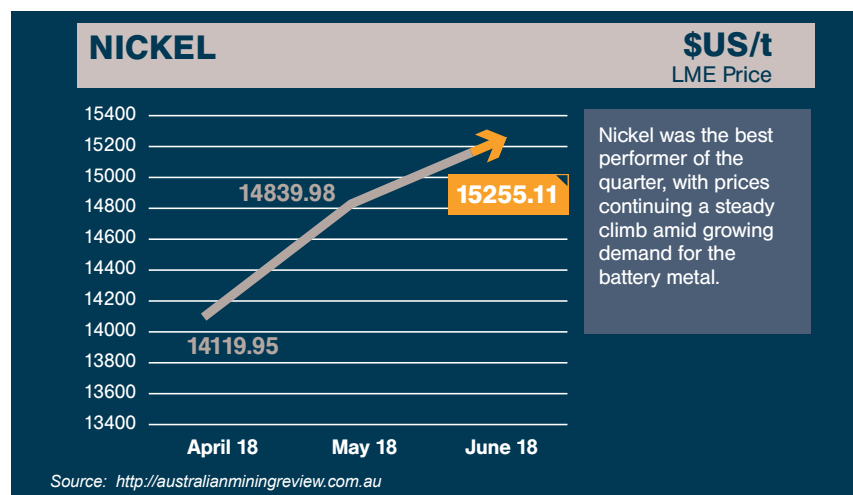
Driven by the expectation that electric car batteries will rejuvenate the sector, nickel's current price of approximately \$US15,421 per ton indicates a revival is well and truly here. There has been a 75% price rise over the last year from \$US8,818 a ton to current levels, but well off the 2007 levels of \$US50,707 per ton.

What is often overlooked though is the ongoing demand for nickel pig iron, a lower grade alternative to pure nickel used to produce stainless steel. Market demand is not only stable, it is growing.

For example, The London Metals Exchange supply of warehoused nickel has dropped from 460,000 tonnes three years ago to today's level of 280,000 tonnes, representing just 14% of annual demand.

For companies such as Axiom, mining low quality but valuable laterite nickel ore containing deposits of cobalt and scandium, the value is very real.

The potential factor for electric car batteries is certainly the driving force behind the nickel price increase but the reality factor is that low cost, environmentally acceptable mining projects such as Axiom's Isabel Nickel Project are poised to fulfil both the ongoing and increasing market demand for the traditional markets of stainless steel and nickel pig iron.



# Corporate Summary

## Funding Update – Completion of Private Placement

On 10 July 2018, Axiom announced the completion of a Private Placement of shares and options raising \$1 million.

This initial funding placement is part of a greater funding initiative to be undertaken by the Company over the coming months as it finalises planning and preparations for mine development. Axiom is currently in advanced discussions with a number of equity and debt investors who are supportive of our proposed plans of development of the Isabel Nickel Project and other opportunities in the Solomon Islands.

If the company is granted its required mining lease over San Jorge or other licences over the Isabel Nickel project, this will trigger one of the last hurdles for some of the interested parties we are in discussions with as to longer term and more structured financing.

In the meantime, Axiom has a number of current shareholders and other potential investors who have expressed interest in investment into the Company. Capital will continue to be required until commercialisation of one of our mineral assets. Shareholder value is paramount in these decisions including minimising dilution of share capital where possible. Therefore, it is the Board's opinion to keep any further capital raisings to a minimum/as required until the grant of leases and licences over the Isabel Nickel Project.

# Solomon Islands

## Isabel Nickel Project

Tenements	Ownership	Location	Area
San Jorge * (MLA)	80% Axiom Mining Limited 20% interest held by landowning tribes	San Jorge Island, Isabel Province	36 km <sup>2</sup>
Kolosori (PLA)		Santa Isabel Island, Isabel Province	42 km <sup>2</sup>
Tenement D (PLA)	100% Axiom Mining Limited	Santa Isabel Island, Isabel Province	145 km <sup>2</sup>

*\*Conditional approval (Ref ASX announcement 6/07/18)*

### San Jorge Exploration Development and Licences

In the lead up to the expected granting of a Mining Lease ('ML') for San Jorge, a detailed refurbishment of the development schedule and framework was established for environment, engineering and geosciences with a comprehensive cost, development and scheduling model being drafted for infrastructure construction, operational and support functions.

The Company has been actively engaging potential suppliers for goods, works and services. Axiom is accepting initial expressions of interest and has re-commenced the tendering process with critical service providers required for the development and mining operations.

This quarter also brought about significant progress with respect to the licences for the San Jorge Isabel Nickel Project. In May,

the Company was advised by the Solomon Islands Government ('SIG') through the Ministry of Environment that its Environmental Impact Statement was approved and that Development Consent had been granted to Axiom.

Development Consent allows Axiom to progress with the important development construction and infrastructure to support mining on its San Jorge Nickel deposit, subject to issuance of the ML.

Following this, the Minerals Board ('MB') advised Axiom it had reserved its decision to issue the ML for San Jorge subject to written legal advice from the Attorney General. Axiom was subsequently notified that the Attorney General has formally advised the MB in writing that there is no reason why the ML should not be granted.

Axiom anticipates to be granted the ML for San Jorge at the next MB meeting to be held in early August.

## Kolosori and Tenement D

In May, the MB approved two Prospecting Licence Applications ('PLA') over the Kolosori and 'Tenement D' deposits, both located in Isabel Province. The Kolosori nickel deposit was formally held and developed by Axiom. The Minister of Mines has issued Axiom a letter of intent (LOI). This LOI provides Axiom exclusive rights to negotiate and settle Surface Access Agreements with the landowners of these areas.

Prior to a March 2016 decision of the Solomon Islands Court of Appeal, setting aside the Kolosori Prospecting Licence issued to Axiom, the Company had completed a significant drill program, based on 1,069 drill holes with 12,719 m of drilling and 14,014 of samples assayed.

A second PLA was also conditionally approved by the Minerals Board over Tenement D, which is nickel mineralised land that surrounds the Kolosori tenement, covering a huge area of 145m<sup>2</sup> and part of the Isabel Nickel Project. The Company also expects the LOI for Tenement D to be issued in early August following the meeting of the MB.

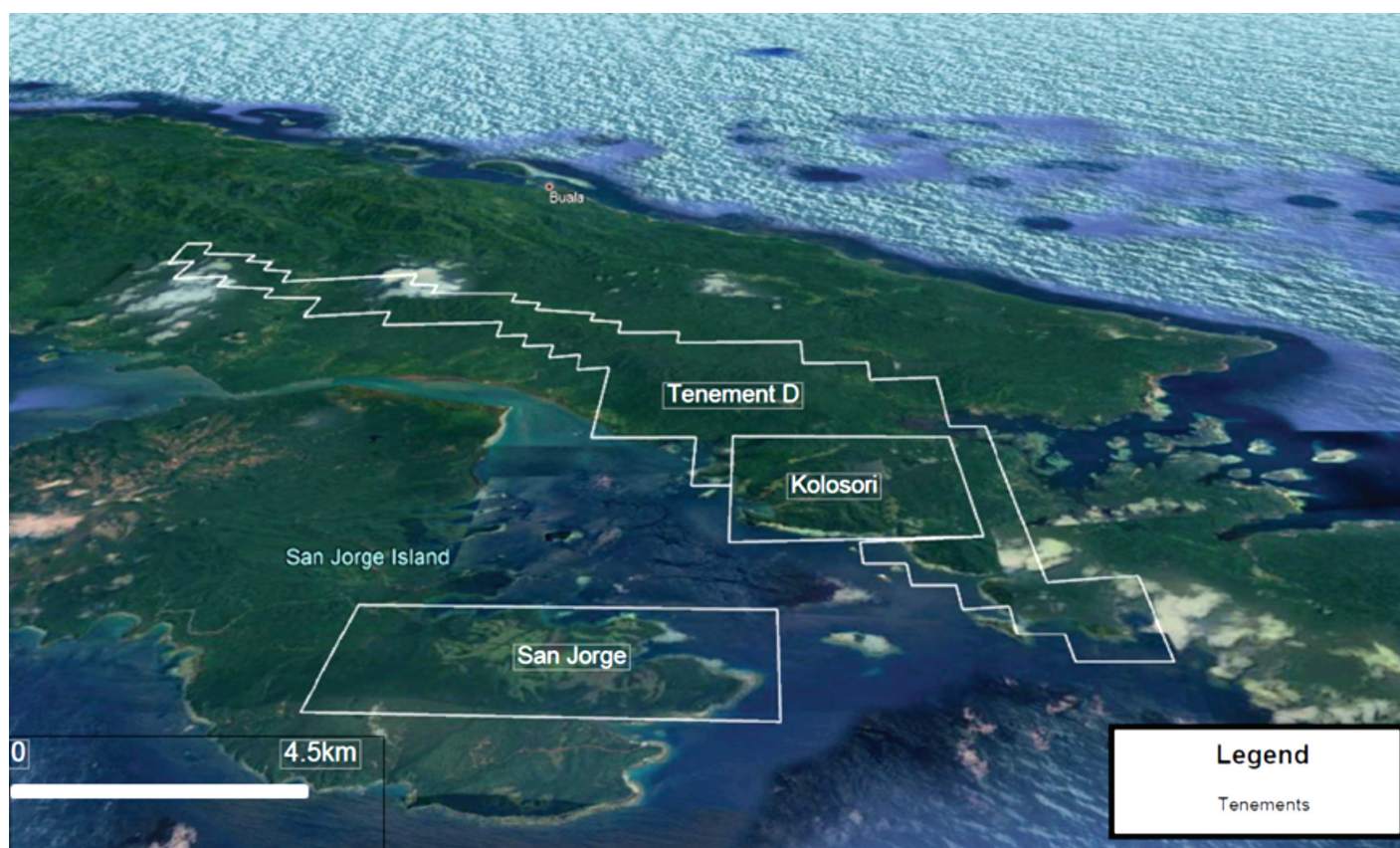


Image showing the location of the San Jorge (MLA), Kolosori (PLA) and Tenement D (PLA) on Isabel.



# Community Update

## Isabel Nickel Project

Community engagement has experienced an important shift of focus from negotiation of terms to implementation of obligations by both Axiom and the landowners as set out under the agreements and an increasing awareness in the community about mining operations.

During the quarter, community consultations were held in the main villages to help the local community gain an overall understanding of the exploration and mining actions for the Isabel Nickel Project. Axiom has also implemented its community assistance, providing social capital development support to landowner groups.

### San Jorge

Axiom is actively engaging with the community to implement the recently signed Surface Access Agreement. This involves conducting regular consultations and meetings with the San Jorge landowners to ensure they are kept informed of what

lies ahead, and how the landowners and Axiom can better work together for mutually beneficial outcomes.

While awaiting approval of its mining lease, Axiom has commenced discussions with the community regarding potential employment opportunities in line with its 'Localisation Policy'. The policy advocates for the recruitment and development of locals possessing relevant skills and knowledge to create long term employment opportunities and a sustainable future for all involved.

## Community Events

Axiom, as major sponsor, provided significant funding for the Kodili Festival in the Isabel Province from 25 – 29 June 2018. This year's festival theme, "Our Living Culture Our Future" celebrated the cultural heritage, legacy and the conservation of natural resources in the Solomon Islands.



Community discussion on planned exploration activities



Local workers enjoy a break while sharing the opportunity for paid employment and work experience.

# West Guadalcanalx

- **Successful completion of the trenching and geological mapping program (Phase I)**
- **Drilling to commence (Phase II)**

Following compilation of historical open-file data, a thorough review of Axiom's previous exploration and consideration of the growing market appetite for copper and gold opportunities, the Company has focused efforts on a prospect known as Humvee.

The Humvee area mineralisation is hosted in hydrothermally altered tuffs, andesite porphyry and volcanic breccia.

Completion of early stage field exploration has now identified several targets which will be used as a basis for a more comprehensive drilling program. Geological mapping in the area has so far revealed a 300 m by 700 m zone coincident with the broad geophysical (magnetics) and radiometric (potassium) anomalies. This area is now the current focus of exploration for this tenement.

Phase I of exploration has been completed which comprised of systematic trenching and regional to semi detailed geologic mapping activities in the Humvee prospect.

A total of 58 trenches and 1,633 trench samples for 2,120 m and 99 grab/float samples were collected.

An initial test/rig commissioning hole was drilled through volcanics on the fringes of the Humvee Prospect.

The drilling rig has since been relocated to the target zone within the Humvee area with results expected during Q3'18.

Copper mineralisation comprising abundant chalcocite and minor malachite is evident within fault, trenches and outcrops in Humvee as sampled in the trenches. One of the aims of the current drilling program is to target high-grade zones to determine their extent. It is hoped that these zones may represent cap material of a larger underlying porphyry system.

Regional potential is also indicated in the reconnaissance mapping. The mapping has identified high sulphidation epithermal mineralization likely at the fringes of high level intrusions with associated hydrothermal alteration within the West Guadalcanal corridor. These areas form part of the future targets to explore once the Phase II, 2,000 m of drilling is completed.

Axiom CEO Mr Ryan Mount said, *"There has been a significant amount of preparation conducted by our exploration team in advance of this drilling program. The preparation involved logistics, surface exploration, geophysics analysis and community engagement. We are one of the only companies in recent history to be able to drill out this highly prospective target – this is a testament to our unique ability to execute an exploration program in what the industry considers difficult areas."*

He further added, *"The work done on this tenement over the past six months was executed in parallel to the company's pursuit of the licensing for the Isabel Nickel Project, leveraging off our already established overheads."*

This tenement is adjacent to known gold-silver deposits. Axiom considers this project under-explored and highly prospective for southwest Pacific style mineralisation, namely: gold-silver-base metal epithermal; and copper-gold porphyry including skarn mineralisation.





*Preparing equipment for the drill site.*





# Australian tenements

## Queensland

### Cardross and Mountain Maid

Axiom continues to review its position in respect of these tenements, particularly with recent copper and gold price increases.

A month-long field work program was undertaken during the quarter for EPM 19821 at Cardross and Mountain Maid to obtain up-to-date technical data. The program included meeting with landowners, soil traversing with the high sensitivity XRF machine, combined with geological mapping and rock chipping (for gold). Data obtained was used to update the renewal application and expenditure / sub-block reduction on areas of low prospectivity lodged with the Queensland Government on 18 July 2018.

Field work completed at Mountain Maid included core density and mine scoping along with geological mapping.

A renewal application over Cardross ML 20003 has been lodged with the Queensland Government's Department of Natural Resources, Mines and Energy for a further three-year period.

### Mt Molloy and OK Mines

Minimal activity was undertaken on these projects during the quarter.

A renewal application over Mt Molloy ML 4831 has been lodged with the Queensland Government's Department of Natural Resources, Mines and Energy for a further 11 years and is being processed.

## Schedule of tenements

Mining tenements held as at 30 June 2018					
Country	Name and location	Tenement number	Interest held	Status	
Solomon Islands	Isabel Nickel Project				
	San Jorge		80%	ML Approved (subject to formal endorsement)	
	Kolosori		80%	PL Approved (LOI issued)	
	Tenement D		100%	PL Approved (LOI issued, subject to formal endorsement)	
	West Guadalcanal Project				
	West Guadalcanal	PL 01/14	100%	Granted	
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	
Schedule of tenements abbreviations					
EPM	Exploration Permit for Minerals		PL		Prospecting Licence
ML	Mining Lease		LOI		Letter of Intent

# Contacts and notes

## Contact details

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## About Axiom Mining Limited

Axiom Mining Limited ('the Company') 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)

## 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, some of which may be outside the Company's control. 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.

The information in this ASX Announcement relating to exploration results for the West Guadalcanal Project is extracted from a release to the ASX on 11 February 2014 and 31 July 2015. Axiom is not aware of any new information or data that materially affects the information in the original market announcements and that all material assumptions and technical parameters underpinning these exploration results continue to apply and have not materially changed.

## Competent Person's Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Clinton Rivers who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Rivers 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 Rivers is Group Exploration Manager for 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.

## BUILD

SUSTAINABLE MINING PROJECTS

## SHARE

THE BENEFITS FROM OUR  
OPERATIONS AMONGST  
ALL STAKEHOLDERS

## PROTECT

THE WELLBEING OF OUR PEOPLE  
& LOCAL COMMUNITIES THROUGH  
SAFE & ENVIRONMENTALLY  
RESPONSIBLE OPERATIONS