



axiom

Build. Share. Protect.

Quarterly Activities Report

For the period ended 31 December 2018



Message from the CEO

The December quarter was one of mixed outcomes for the company. On the one hand we are progressing to expectation on the mining development of our project on San Jorge but on the other, we received notice from the Solomon Islands Ministry of Mines, Energy and Rural Electrification (MMERE) that our application for a prospecting licence on the Kolosori tenement was unsuccessful.

The Kolosori decision came to us in late December 2018 and steps were immediately taken to resolve this unfortunate decision. We have reapplied for a prospecting licence and requested the MMERE review this decision. We are also seeking judicial review given that the facts of the matter appear not to be grounded in the laws of the country. The bureaucracy, judicial and parliamentary bodies in the Solomon Islands were shut for the holiday period since the end of December 2018. We anticipate providing an update on this situation in February 2019.

We are confident that once this matter receives due consideration from the Solomon Islands Government and legal authorities, we will again look to its development, a crucial part of the overall Isabel Nickel Project.

Now to the positive aspects of our development of the San Jorge mine . . .

I am happy to inform you that all is well!

Our infill/grade control drill program for the first six months of production is now complete. Mine site construction has rapidly advanced with the completion of the grade control program over the initial mining areas. Our first inventory stock yard has been established in preparation for the commencement of mining. In short, we are underway with the development of the project.

Throughout the quarter, we commissioned drill rigs, drilled holes, mobilised our fleet, took delivery of our barges and heavy machinery, established a fuel depot and received construction materials, and created an operational office block on site.

Equally as important, we have now built a road from the mine site to the jetty at the harbour foreshore. Ease of access from mine site to sea is one of the key factors in the economic rationale.

We anticipate announcing a new off-take and financing arrangement shortly. We are in late stage negotiations with a number of parties, some of whom have conducted on and off site due diligence.

In October, we obtained AUD 2.5 million in development funding from sophisticated and professional investors, including AUD 0.5 million from two Directors, Mr Jeffrey Markoff and myself.

Mr Markoff, who joined the Board in September, committed a further AUD 2 million in December via a private placement of shares and options. This brings Mr Markoff's investment into Axiom in excess of AUD 6 million since 2016 and AUD 0.7 million for myself in the same period. Mr Markoff brings invaluable business and development experience to the Board, especially at this pivotal time for Axiom.

We have also announced we are working through the statutory administration requirements to issue a Prospectus for an entitlements offer which will be provided to shareholders on the same or similar terms to the proposed Private Placement announced in December.

In conclusion, the quarter past sees us poised to move into production and justify the long term faith you have had in us. With a fresh expectation and resolve, Axiom will now take its rightful place in the nickel industry.

Ryan Mount, CEO

**Build.
Share.
Protect.**

Nickel Market

Nickel and Cobalt Update

You could be forgiven if you are confused about the current status of the worldwide nickel market. The recent price has been volatile and most predictors point to the current so-called trade war between the United States and China as the governing rationale for such. This has sent vibrations through the resource sector as a whole. Such brinkmanship will inevitably cease and world markets will return to normal.

So where does this leave the nickel market in early 2019? Surprisingly in good shape. In a recent interview, Andrew Mitchell, the principal nickel analyst for Wood McKenzie, was upbeat. "At the moment the nickel price is very much being driven by sentiment," he said. "More nickel is being consumed than produced." "The nickel market is still looking at a supply deficit for this and next year."

The London Metals Exchange nickel inventories fell 44% in 2018 and just recently fell through the 200,000 tonne mark for the first time since 2013. The reality is the posturing from world leaders may well affect market perceptions but the supply and demand factor more than compensates for such. The market for nickel is there and will continue to recover throughout 2019.

2019 may well be the year that the nickel price begins its much anticipated upward trajectory, buoyed by demands from the stainless steel and battery industries.



Solomon Islands

Isabel Nickel Project

San Jorge Mining Lease

The first shipment of nickel ore remains on schedule for the first quarter of 2019.

The selection of suitable mining fleet and equipment for the first shipment of nickel ore has been finalised. These consist of excavators, articulated and fixed body dump trucks, front end loaders, graders, compactors, weigh bridges, fuel depot, permanent and portable analysis laboratories, barges and marine tug set, light vehicles and other ancillary equipment.

A sheeting material has been identified to assist in making the roads useable for all types of weather. A number of suitable self-propelled barges have been made available to Axiom to transport equipment and other materials to the mine site.

The development of the initial ore drying area (stockyards) has been cleared and technically prepared along with suitable base material selected. This area is capable of holding 120,000 tonnes of nickel ore.

The mining camp is nearing completion with the new mess now in operation. Additional employee accommodation is now complete. The camp facilities are now capable of supporting up to 100 employees for the initial phase of mine production which will later be expanded to accommodate up to 180 personnel. The new ablution blocks are also nearing completion with some camp services up for tender.

The ore drying duration testing has begun to ascertain how long it will take for the freshly mined ore to reach an acceptable shipping moisture content.

Grade control drilling continues and with more drill rigs being sourced, this will shorten the required drilling program.

To date, 250 holes have been drilled in the two initial areas defined to supply nickel for the first shipment of ore.

The fuel supply contracts are being considered for final execution, with two large storage tanks en route to the mine site.



Kolosori and Tenement D

Kolosori

Axiom submitted its landowner agreements to the MMERE in November in support of its prospecting licence application.

In December, Axiom was informed that its application was unsuccessful. Axiom has requested the MMERE review its decision. Axiom has also submitted a new application for a prospecting licence over the same area.

In the meantime, MMERE recently appointed a new Chairman of the Mines and Minerals Board, a new Director of Mines and a new Permanent Secretary, who all commenced in their new roles in January 2019. Axiom is now conversing with these new officials to progress its interests over Kolosori.

Tenement D

Axiom submitted its landowner agreements to the MMERE in November in support of its prospecting licence application.

In December, the MMERE requested supplementary material which Axiom provided. Axiom expects that a prospecting licence will be issued in due course.



Community Affairs

The cornerstone of any mining company's successful development is its relationship with the community in which it operates. In the South Pacific, the corporate register is littered with the remains of companies that ignored the sensitivities and unique demands crucial to the development of a successful mining operation.

In the Solomon Islands, the issue is very real. Latter day carpetbaggers and undue influence from countries looking solely to their aspirations through front companies masquerading as mining, logging or real estate entities, has become a harsh reality.

The Solomon Islands Government and its ministries are aware of the situation. To their credit, the Government is taking steps to protect the local communities and landowners who can be adversely affected but it is a difficult task fraught with many pitfalls and corrupt practices.

Companies such as Axiom have been caught up in this unfortunate and illegal series of events. That said, our saving grace in dealing with and overcoming matters outside normal good business practice is the respect and affection we have developed in the communities we work with.

Axiom's code of conduct is represented by its values of Build. Share. Protect. While negotiating with many levels of government and its bureaucracies, the company is grounded in its relationship with the landowners and communities where it operates.

Axiom's CEO, Ryan Mount said, "It's a horse and cart situation. Unless you know and understand the culture and aspirations of the people, you cannot expect them to support your business endeavours. The word 'Community' comes first."

"Our respect for the land, people and culture is not just an operating credo — it is the blueprint for a successful mining operation."

"We live and work in the country and we participate in community events on a regular basis.

On 26 October, I was honoured to be invited as official guest speaker for the 2018 graduating class of The Sir Dudley Tuti College in Isabel Province." "I was informed that I was the first "outsider" to be given this honour."

"The turning of sod, development and subsequent production of nickel ore on a new project is what the company works toward. The subsequent reward that brings to our shareholders and stakeholders but equally as important is the contribution to the community and its potential to help the aspirations of a new generation so ably represented by that graduating class of 2018."



West Guadalcanal

The West Guadalcanal Project is considered highly prospective for a large copper (Cu) and gold (Au) porphyry system and related Au and silver (Ag) high and low sulphidation epithermal mineralisation. The project also has potential to host multi-element skarn mineralisation. A twenty kilometre northeast trending mineralised corridor potentially hosts for world class deposits.

Phase I exploration program included trenching and regional to semi detailed geologic mapping activities in the Humvee and Tahoe prospects.

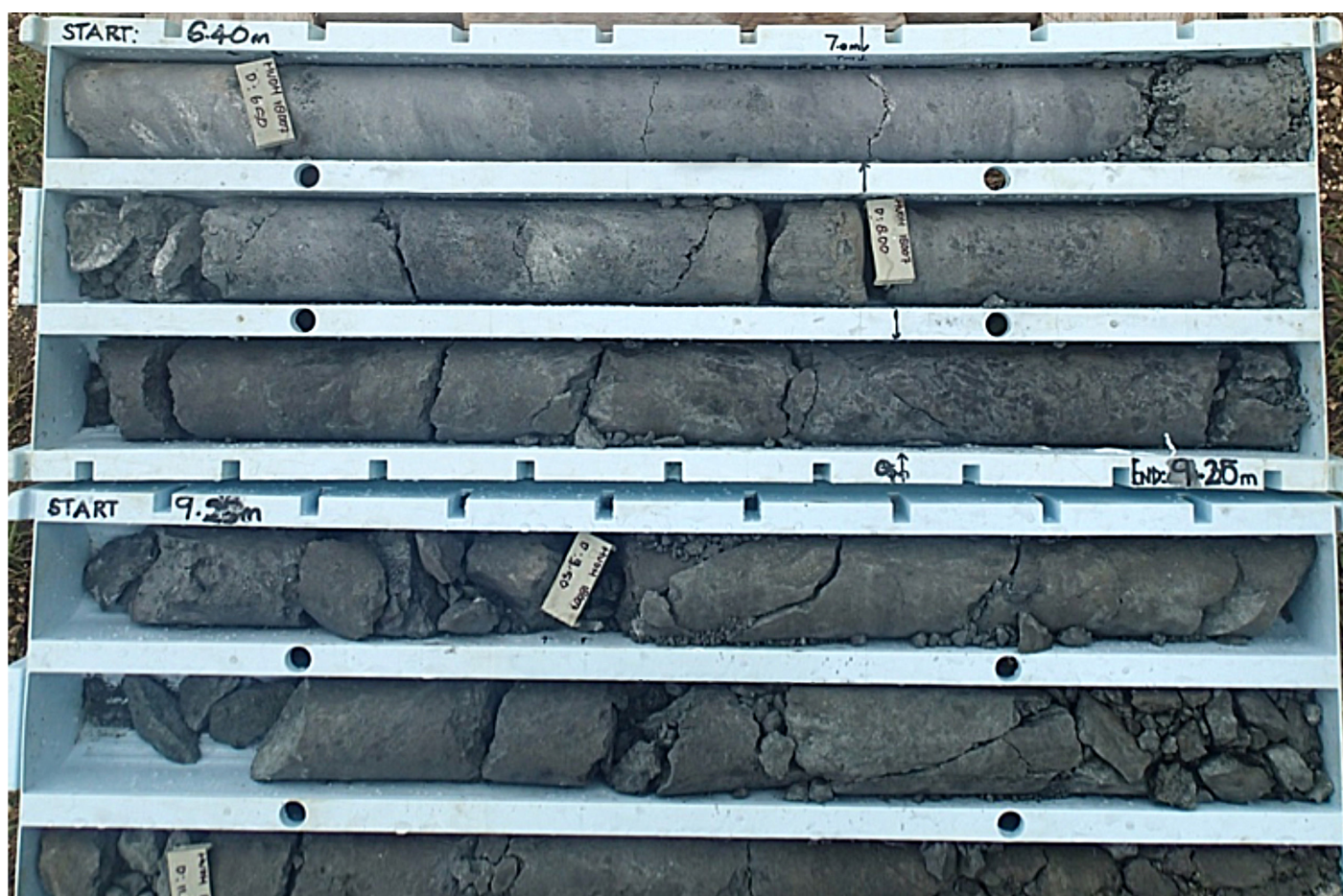
The Phase II exploration program commenced in April 2018 and involved drilling of targets defined by the previous exploration phase.

The scout drilling focused on the Humvee prospect targeting the Cu-Mo-Au identified in previous exploration phases.

The Humvee prospect mineralisation is hosted by hydrothermally altered andesite breccia. Geological mapping in the area have so far revealed a 300m by 700m mineralised zone which is coincident with the broad geophysical (magnetics) and radiometric (potassium) anomalies.

Current drilling is targeting the 50m wide mineralised Humvee Fault / Shear Zone that would have acted as a conduit for the mineralising fluids in the area and the massive pyrite-chalcopyrite outcrop that host the high grade copper mineralisation.

This phase of the drilling program is now complete. Final sampling, logging and assaying of the last drill holes are occurring this month with final results due to be announced shortly. Upon review of these results, Axiom will then expand the drill program more broadly in the tenement and in the current area of exploration focus.



Schedule of tenements

AUSTRALIAN TENEMENTS

Cardross, Mountain Maid, OK and Mount Molloy

Axiom continues to review its position in respect of these tenements, particularly with recent copper and gold price increases. The geochemical and geological field program was curtailed early due to the onset of the wet season.

Initial desktop studies on the economics of heap leach operations for both gold and copper is underway concentrating on all four project areas in a staggered start basis to maximise potential production from the deposits. Off-site metallurgical treatment is an emerging possibility due to synergies with existing mining operations in the district.

Renewal applications for ML 20003 Cardross and ML 4831 Mount Molloy are currently with the Queensland Government's Department of Natural Resources, Mines and Energy.

Mining tenements held as at 31 December 2018				
Country	Name and location	Tenement number	Interest held	Status
Solomon Islands	Isabel Nickel Project			
	San Jorge	ML 01/18	80%	ML Granted
	Kolosori		80%	PL Application
	Tenement D		100%	PL Application
	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 (Renewed)
	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

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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

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

