

**17 May 2019**

## Rights issue to raise up to \$4.2 million and update

### Highlights

- 1 for 5 non renounceable, pro rata shareholder entitlement offer at \$0.04 per Axiom Share<sup>1</sup> to raise up to \$4.2 million (before costs), together with 1 attaching option, exercisable at \$0.10 and expiring on 30 April 2021, for every 1 new Axiom Share allotted under the entitlement offer.
- As at 16 May 2019, Axiom has extracted and stockpiled approximately 18,500 Wet Metric Tonnes (wmt) of nickel ore.
- Extraction currently at rate of 1,600 wmt per day, and expected to more than double this current rate with the provision of additional mining fleet due in late May.
- Changes to pre-shipment assay plan means first shipment now expected around end of July 2019.

Axiom Mining Limited (**Axiom** or **Company**) is pleased to announce a capital raising via a non renounceable, pro rata shareholder entitlement offer (**Entitlement Offer**), to raise a total of up to approximately \$4.2 million (before costs) to meet current expenditure and past expenditure incurred in, and prior to, the March 2019 quarter on mine development and operations focussed on the first shipment of nickel ore from its San Jorge project, as well as part of the anticipated operational expenditure and working capital requirements in the June 2019 quarter.

The Entitlement Offer entitles eligible shareholders to acquire:

- (**New shares**) 1 new Axiom Share for every 5 existing Axiom Shares held at 7.00pm (Sydney time) on Wednesday, 22 May 2019 at an offer price of \$0.04 per new Axiom Share; and
- (**Attaching Options**) 1 attaching option, exercisable at \$0.10 and expiring on 30 April 2021, for every 1 new Axiom Share allotted under the Entitlement Offer.

### Entitlement Offer Details

The Entitlement Offer is not underwritten. Eligible shareholders may apply for additional new Axiom Shares in excess of their entitlement on the same terms as the Entitlement Offer. The Company reserves the right to allot and issue any shortfall shares at its discretion.

More information regarding the Entitlement Offer is set out in a prospectus which has been lodged with ASIC today, which will be mailed to eligible shareholders in accordance with the timetable below.

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<sup>1</sup> References to an Axiom Share and Axiom option are references, respectively, to a CHESS Depository Instrument representing a unit of beneficial ownership in a fully paid ordinary share in Axiom registered in the name of CHESS Depository Nominees Pty Limited ACN 071 346 506 (**CDI**) and to an option to subscribe for an Axiom Share.

The Axiom Shares issued under the Entitlement Offer will rank equally in all respects with the Company's existing Axiom Shares. Existing Axiom option holders should note that in order to be able to participate in the Entitlement Offer they will need to exercise their options. Further details will be provided to option holders separately.

### Use of funds

The funds raised under the Entitlement Offer, net of Entitlement Offer expenses, will be used to meet current expenditure and past expenditure incurred in and prior to the March 2019 quarter on mine development and operations focussed on the first shipment of nickel ore from its San Jorge project, as well as part of the anticipated operational expenditure and working capital requirements in the June 2019 quarter.

There is no minimum amount sought to be raised under the Entitlement Offer and the new Axiom Shares and Attaching Options may be issued in respect of applications irrespective of the total level of subscriptions made.

### Timetable

Event	Date
Lodgement of Prospectus and announcement of Entitlement Offer	Friday, 17 May 2019
Existing shares quoted on an 'ex-entitlement' basis	Wednesday, 22 May 2019
<b>Entitlement Offer record date</b>	<b>7pm (Sydney time) Thursday, 23 May 2019</b>
Entitlement Offer opens Prospectus despatched	Monday, 27 May 2019
<b>Entitlement Offer closes</b>	<b>5pm (Sydney time) Wednesday, 5 June 2019</b>
Announcement of shortfall (if any) under the Entitlement Offer	Tuesday, 11 June 2019
Allotment date of new Axiom Shares and Attaching Options issued under the Entitlement Offer	Thursday, 13 June 2019
Despatch of holding statements for new shares issued under the Entitlement Offer. Normal trading of new shares issued under the Entitlement Offer	Friday, 14 June 2019

The timetable is subject to change and the Company reserves the right to withdraw or vary the timetable for the Entitlement Offer without notice. In particular, the Company reserves the right to extend the closing date for the Entitlement Offer, to accept late applications whether generally or in particular cases or to withdraw the Entitlement Offer without prior notice.

### Attaching Options Offer

The Company reserves the right during the Offer Period and separately from the Entitlement Offer, to issue further Axiom Shares, to persons to whom no disclosure is required under applicable laws and to offer to those investors an entitlement to receive one Attaching Option for every one Axiom Share subscribed for. Accordingly, the prospectus also contains an offer to each such subscriber of Axiom Shares during the Offer Period, an entitlement without further consideration, to apply for the grant to it of one Attaching Option for every one Axiom Share subscribed for by the subscriber.

## Operations update

As at 16 May 2019, Axiom has extracted and stockpiled approximately 18,500 wmt of nickel ore and extraction is currently occurring at rate of approximately 1,600 wmt per day.

Additional mining fleet of approximately 4 to 6 trucks and 2 excavators will be introduced to the mine site in late May. This will increase the rate of production to approximately more than double the current rate.

A key step prior to first shipment is to assay the stockpile for grade for assurance to customers that the product meets contract specifications and to allow for efficient blend of stockpiles. The target grade is 1.6% nickel content.

For its exploration program Axiom has used external consultants in Australia to assay samples.

For the assay of product for sale and shipment however Axiom's plan was, in the initial stages of the operation, to adopt a low cost approach and assay on site using non-specialist equipment to prepare samples (including manually pulverising samples and drying samples) and then to assay the samples using hand held analysis equipment. This low cost approach was adopted based on the experience of Axiom's former General Manager (now consultant to Axiom) in nickel laterite operations in Indonesia.

Under the original plan, as the operation progressed, Axiom would consider upgrading its on-site assay capability to improve accuracy. This would involve acquiring and installing larger specialist equipment to prepare samples and a laboratory, and potentially outsourcing the assaying to external specialists who would use the facilities at the mine site.

As announced on 3 May 2019, a new mine management team was appointed.

Following a review of the mine plan which is ongoing and the recommendations of the new team, Axiom has decided to change its assay plan to bring forward the establishment of its on-site assay capability using specialist equipment and to use that capability to assay the ore designated for the first shipment.

This change of approach will involve sourcing industrial laboratory and sample preparation equipment and mobilising it to site. Equipment has been identified and will be mobilised to site and established within a few weeks of acquisition. Assays using the new on site equipment and facility can then either be conducted by external assay consultants or Axiom's own technical personnel.

The new mining team has also identified improvements that need to be made to the survey of the pits currently being used for extraction, to assist grade control. A training program for the local surveying team has been established to provide for more efficient technical reporting and execution of grade control programs.

The benefit from the change to the assay plan is that the new on site assay equipment and capability will provide a higher level of assurance that extracted ore will meet contract specifications.

Although the time required to put in place the specialist assay equipment and capability is not expected to interfere materially with extraction operations, it is expected to delay the first shipment as the product will need to be assayed using the new facilities, before delivery.

### Update - June quarter sources and uses of funds

As a result of the delay in first shipment, Axiom has revised its anticipated sources and uses of funds for the June quarter (excluding any amount to be raised under the new entitlement offer) as follows.

Sources (A\$)		
Cash on hand at 1 April 2019	\$212,000	
Undrawn facilities	\$172,000	
Completed placement (before costs)	\$776,000	
Placement to Managing Director – subject to shareholder approval	\$100,000	
<b>Total sources</b>	<b>\$1,260,000</b>	

Uses (A\$)		
	Minimum	Per March quarterly cashflow report (subject to funding)
Exploration and evaluation	\$150,000	\$200,000
Development – including additional costs of acquiring and establishing on site assay capability	\$460,000	\$1,000,000
Production	\$900,000	\$900,000
Staff costs	\$770,000	\$900,000
Administration and corporate costs	\$240,000	\$300,000
Title and permitting	\$125,000	\$125,000
<b>Total uses</b>	<b>\$2,645,000</b>	<b>\$3,425,000</b>
<b>Funding requirement in June quarter (excluding net proceeds from sale of first shipment due after June quarter)</b>	<b>\$1,385,000</b>	<b>\$2,165,000</b>

The material assumptions are:

- Shareholders approve the participation of the Managing Director in the Placement including his investment of \$100,000 cash and the grant of Attaching Options. If the Managing Director's participation is not approved by shareholders, any cash received by Axiom on account of the investment will need to be returned to the Managing Director.
- Short term loan<sup>2</sup> of \$344,000 is fully drawn (as at 31 March 2019, partly drawn to \$172,000) and due 31 July 2019 and not payable in June quarter.
- The Managing Director does not require repayment of a \$134,000 short-term loan provided by him and his related entities to Axiom, which is repayable on demand. Axiom has been advised by the Managing Director that it is his present intention not to require repayment until Axiom has the capacity to repay.
- Royalties in respect of extracted material are not payable until the September quarter.

<sup>2</sup> See item 8 of the March 2019 quarter cash flow report

Axiom plans to meet shortfall funding requirements for the June quarter from a combination of the proceeds of the new entitlement offer, support from trade creditors and further equity and debt raisings. Axiom considers there are reasonable prospects to raise the required funding, in part, because there is a reasonable basis for receiving cash from the net proceeds of the sale of the first shipment and notes that Axiom has demonstrated ability to secure funding for the San Jorge Project.

The expected net proceeds from the sale of the first shipment are expected to be in the range of \$1,600,000 – 1,900,000 based on the following assumptions:

<b>Grade</b>	1.6% nickel content to be achieved by targeting higher nickel grade saprolite which can be identified at the time of extraction by visual and technical means
<b>Nickel price</b>	US\$35 – US\$38 per wet metric tonne
<b>Quantity</b>	55,000 wet metric tonnes
<b>Exchange rate</b>	USD1:AUD0.70
<b>Marketing, freight and insurance costs</b>	\$1,079,000 - \$1,113,000

**For enquiries, please contact:**

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**ENDS**

#### 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. This includes a majority interest in part of the Isabel Nickel Project in the Solomon Islands and highly prospective gold, silver and copper tenements in Solomon Islands and North Queensland, Australia. Axiom Mining 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.