

Axiom Mining Limited
ARBN 119 698 770

Interim Financial Report
for the half-year ended 31 March 2019

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 September 2018 and any public announcements made by Axiom Mining Limited ('Axiom' or the 'Company') during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

All amounts in this interim financial report are in Australian dollars unless stated otherwise.

Axiom Mining Limited

Directors' report

Your directors submit the financial report of the consolidated group for the half-year ended 31 March 2019.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Ryan R Mount	Executive Director and Chief Executive Officer
Mr Jeremy R Gray	Non-Executive Director
Mr Jeffrey Markoff	Non-Executive Director
Mr Robert L Barraket	Non-Executive Director (Resigned 29 March 2019)

Review of operations

Solomon Islands

Isabel Nickel Project

San Jorge

Axiom Mining Limited, ('Axiom' or 'the Company'), was formally granted a Mining Lease (ML) by the Minister of Mines on behalf of the Solomon Islands Government as announced on 20 September 2018. The ML has been issued for 25 years for the extraction, export and sale of nickel ore and associated commodities and covers the whole of the 36km² of Axiom's Prospecting Licence (PL) on San Jorge – part of the Isabel Nickel Project.

For the first three months since grant of the ML, focus was on project development activities and includes an in-fill grade control drilling program over the initial targets identified for first shipments of nickel. Construction and development work carried out included; expansion and widening of the haul road from the initial mining areas to the port / ore loading site at the shore, completion of new on-site office facilities, employee accommodation and workshop.

Operations are now focused on mining and stockpiling with target first shipment around the end of July 2019. These initial targeted areas, currently being mined by Axiom, are located close to shore, providing the Company with efficiency benefits including short haul distances and associated savings such as fuel and maintenance costs.

The Company has also accepted a terms sheet for an off-take and financing facility of up to USD 10.5 million, and the Company is now working through the due diligence process to provide our proposed partner, Traxys, the information they require to finalise the loan funding arrangements.

Traxys remain committed to purchase the first shipment of nickel ore from San Jorge.

Kolosori

In December 2018, Axiom was given notice by the Solomon Islands Government's ('SIG') Ministry of Mines Energy and Rural Electrification that its prospecting license application over Kolosori was unsuccessful.

In the first quarter of 2019, Axiom became aware that one, or possibly two, prospecting licence/s had been issued to other companies over Kolosori.

The Company has been considering its legal position over its prospecting license application that was deemed unsuccessful. Axiom has now filed a claim for judicial review in the Solomon Islands High Court seeking amongst other things that our application for a prospecting license be reconsidered and a prospecting licence be issued to Axiom.

Axiom Mining Limited

Directors' report

Review of operations (continued)

West Guadalcanal Project

Prospecting Licence (PL 01/14) over the West Guadalcanal Project, 100% owned by Axiom, was successfully renewed by the Solomon Islands Government for a further 2 years on 9 May 2017. Situated in the north west of Guadalcanal Island in Solomon Islands the prospect is adjacent to known gold - silver (Au – Ag) deposits, including the Gold Ridge Mine and is considered highly prospective for copper-gold-silver (Cu-Au-Ag) porphyry mineralisation epithermal Au and porphyry Cu-Au style deposits.

Axiom initially commenced a work program to advance the West Guadalcanal deposit, combining reconnaissance and detailed surface exploration activities including rock chips and trench channel sampling.

The outcomes of this initial programme have been used to guide an exploration drilling program at West Guadalcanal which is now completed with close to 1100 metres drilled.

Corporate

During the period, the Company raised a total of \$4.54 million from private placements issuing a total of 45,395,000 fully paid ordinary shares.

On 12 December 2018, the company announced that it issued 731,600 Convertible Notes at USD\$1 per note and have a face value of US\$1.10 per note. The notes raised AUD\$1 million and has a maturity date of 12 months from the date of issue.

Axiom's Annual General Meeting (AGM) was held on 29 March 2019 and the Company announced that all resolutions put to the AGM of the Company were passed.

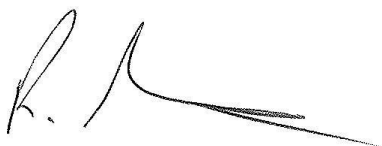
Rounding of amounts

The consolidated group has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars.

Auditor's independence declaration

The lead auditor's independence declaration under S 307C of the *Corporations Act 2001* is set out on the following page for the half-year ended 31 March 2019.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director

Ryan Mount

Dated this 14th day of June 2019

**AXIOM MINING LIMITED
ARBN 119 698 770
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AXIOM MINING LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 31 March 2019 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



Drew Townsend
Partner
Dated: 14 June 2019

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Axiom Mining Limited
**Interim consolidated statement of profit or loss and other comprehensive income
As at 31 March 2019**

	Note	Consolidated	
		Half-year ended 31 March 2019	Half-year ended 31 March 2018
		\$000	\$000
Interest income		1	4
Other income		38	40
Employee benefits expense		(709)	(1,442)
Depreciation and amortisation expense		(104)	(116)
Finance costs		(268)	(523)
Exploration costs		-	(42)
Legal expenses		(497)	(201)
Other expenses		(1,410)	(1,587)
Share based payments		(230)	(251)
Loss before income tax		(3,179)	(4,118)
Income tax expense		-	-
Loss for the period	2	(3,179)	(4,118)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions met:			
Exchange difference on translation of foreign operations		52	(138)
Other comprehensive income for the period		52	(138)
Total comprehensive loss for the period		(3,127)	(4,256)
Net loss attributable to:			
– members of the parent entity		(3,081)	(3,971)
– non-controlling interest		(98)	(147)
		(3,179)	(4,118)
Total comprehensive loss attributable to:			
– members of the parent entity		(3,029)	(4,109)
– non-controlling interest		(98)	(147)
		(3,127)	(4,256)
Loss per share			
From continuing operations:			
– basic loss per share (cents)		(0.70)	(1.08)
– diluted loss per share (cents)		(0.70)	(1.09)

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of financial position
As at 31 March 2019

		Consolidated	
		As at 31 March 2019 \$000	As at 30 September 2018 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		216	200
Trade and other receivables		545	297
Other assets		46	49
Ore Inventory		56	-
TOTAL CURRENT ASSETS		863	546
NON-CURRENT ASSETS			
Property, plant and equipment		467	517
Mineral exploration expenditure	5	5,657	8,710
Mine development asset	6	6,594	-
TOTAL NON-CURRENT ASSETS		12,718	9,227
TOTAL ASSETS		13,581	9,773
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		2,405	1,573
Other payables and accruals		2,195	1,676
Borrowings		2,194	2,335
Lease liabilities		8	10
Provisions		305	266
TOTAL CURRENT LIABILITIES		7,107	5,860
NON-CURRENT LIABILITIES			
Provisions		43	42
TOTAL NON-CURRENT LIABILITIES		43	42
TOTAL LIABILITIES		7,150	5,902
NET ASSETS		6,431	3,871
EQUITY			
Issued capital	7	126,930	121,247
Reserves		(438)	(494)
Retained losses		(114,395)	(111,314)
Equity attributable to owners of the company		12,097	9,439
Non-controlling interests		(5,666)	(5,568)
TOTAL EQUITY		6,431	3,871

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of changes in equity
For the half-year ended 31 March 2019

	Share capital	Foreign currency translation reserve	Share-based payment reserve	Accumulated losses	Subtotal	Non- controlling interests	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 October 2017	113,985	(848)	526	(104,817)	8,846	(5,437)	3,409
Loss for the half-year	-	-	-	(3,971)	(3,971)	(147)	(4,118)
Other comprehensive loss	-	(138)	-	-	(138)	-	(138)
Total comprehensive loss for the half-year	-	(138)	-	(3,971)	(4,109)	(147)	(4,256)
Transactions with owners in their capacity as owners							
Shares issued during the half-year	2,718	-	-	-	2,718	-	2,718
Transfer to retained earnings from share-based payment reserve for lapsed options	-	-	-	-	-	-	-
Total transactions with owners and other transfers	2,718	-	-	-	2,718	-	2,718
As at 31 March 2018	116,703	(986)	526	(108,788)	7,455	(5,584)	1,871
At 1 October 2018	121,247	(716)	222	(111,314)	9,439	(5,568)	3,871
Loss for the half-year	-	-	-	(3,081)	(3,081)	(98)	(3,179)
Other comprehensive loss	-	52	-	-	52	-	52
Total comprehensive loss for the half-year	-	52	-	(3,081)	(3,029)	(98)	(3,127)
Transactions with owners in their capacity as owners							
Shares issued during the half-year	5,683	-	-	-	5,683	-	5,683
Equity-settled share option arrangement	-	-	4	-	4	-	4
Total transactions with owners and other transfers	5,683	-	4	-	5,687	-	5,687
As at 31 March 2019	126,930	(664)	226	(114,395)	12,097	(5,666)	6,431

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of cash flows
For the half-year ended 31 March 2019

	Consolidated	
	Half-year ended 31 March 2019	Half-year ended 31 March 2018
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,311)	(3,907)
Interest received	1	4
Finance costs	(5)	(2)
Net cash used in by operating activities	(1,315)	(3,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(54)	(317)
Payments for mineral exploration and development expenditure	(3,541)	(899)
Net cash used in investing activities	(3,595)	(1,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	1,566	-
Proceeds from borrowings	3,394	4,400
Repayment of borrowings	(88)	(11)
Net cash provided by financing activities	4,872	4,389
Net decrease in cash held	(38)	(732)
Cash and cash equivalents at beginning of period	200	1,954
Effects of exchange rate changes on cash and cash equivalents	54	7
Cash and cash equivalents at end of period	216	1,229

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 1: Summary of significant accounting policies

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 March 2019 has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Axiom Mining Limited (Axiom) and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the group for the year ended 30 September 2018, and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements.

These interim financial statements were authorised for issue on 14 June 2019.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The group has considered the implications of new or amended accounting standards and has determined that their application to the financial statements is either not relevant or not material.

Mineral exploration expenditure

Mineral exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written-off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area. Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Mine Development

Once technical feasibility and commercial viability of the extraction of mineral resources in a particular area of interest become demonstrable, all development costs is capitalised and carried at costs.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 1: Summary of significant accounting policies (continued)

Mine Development (continued)

Amortisation of capitalise mine development costs is provided on the unit of production method resulting in an amortisation charged proportional to the depletion of the mineral asset,

Going concern

The consolidated group has recorded a net loss of \$3.18 million for the half-year ended 31 March 2019, had net cash outflows from operations of \$1.32 million for the half-year ended 31 March 2019 and currently has no ongoing source of operating income. At 31 March 2019 the consolidated group had net assets of \$6.43 million and the working capital deficiency was \$6.24 million.

The financial report has been prepared on a going concern basis that assumes the realisation of assets and extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

The directors believe the going concern basis is appropriate for the following reasons:

- at 31 March 2019 the consolidated group had cash and cash equivalents of \$216,000
- an undrawn balance of \$173,000 relating to third party finance facility
- the ability to raise additional share capital by share placements, options, convertible notes, or rights issue if required
- the ability to farm out all or part of its exploration projects
- the ability to sell particular exploration projects
- Upon the granting of mineral rights in the Solomon Islands the Company is continuing to hold discussions with sophisticated and professional investors for potential working capital and development capital for the various nickel projects.

Accordingly, the directors are confident in the ability of the group and the company to successfully secure sufficient cash inflows to enable it to continue as a going concern and that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 2: Loss for the period

	Consolidated	
	Half-year ended 31 March 2019	Half-year ended 31 March 2018
	\$000	\$000
<hr/>		
a. Significant items		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Share based payments	(230)	(251)
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Note 3: Operating segments

The group's operations are predominately confined to mineral exploration and development within the Solomon Islands and Australia. The group retains a small presence in Vietnam.

The group has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and determining the allocation of resources. The operating segments are identified by management based on the manner in which the expenses are incurred and resources allocated. Discrete financial information about each of these operating segments is reported to the Board on a regular basis.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 3: Operating segments (Continued)

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10% of the total expenses for either the current and/or previous reporting period.

	Australia		Solomon Islands		Consolidated	
	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000
Segment revenue	39	43	-	-	39	44
Segment result (loss)	(1,579)	(2,333)	(1,266)	(1,190)	(2,845)	(3,523)
Reconciliation of Segment result to group net loss before tax:						
Amounts not included in segment result but reviewed by the board:						
Depreciation/amortisation	(4)	(17)	(100)	(99)	(104)	(116)
Unallocated items:						
Finance costs	(268)	(523)	-	-	(268)	(523)
Net loss before tax from Continuing operations	(1,812)	(2,829)	(1,366)	(1,289)	(3,178)	(4,118)
Segment assets	842	1,734	12,739	6,094	13,581	7,828
Segment liabilities	4,094	4,823	3,056	1,134	7,150	5,957

Note 4: Contingent assets and contingent liabilities

Contingent assets

As at the date of this report there are no contingent assets.

Contingent liabilities

Following the judgment of the Solomon Islands Court of Appeal on 21 March 2016, Axiom KB Limited was ordered to pay the legal costs of the land appellants. After the period ended, Axiom settled the costs claim with the representative of the land appellants on confidential terms. Axiom has no outstanding liability in respect of the order that Axiom pay the land appellants' costs.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 5: Exploration and evaluation expenditure

	Consolidated	
	Half-year ended 31 March 2019	As at 30 September 2018
	\$000	\$000
Opening balance	8,710	4,747
Exploration costs	547	3,992
Transfer to Mine development asset	(3,671)	-
Exchange alignment	71	(22)
Impairment loss on mineral exploration	-	(7)
Closing balance	5,657	8,710

Note 6: Mine development asset

	Consolidated	
	Half-year ended 31 March 2019	As at 30 September 2018
	\$000	\$000
Opening balance	-	-
Development costs	2,890	-
Transfer from Exploration and evaluation expenditure	3,671	-
Exchange alignment	33	-
Closing balance	6,594	-

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2019

Note 7: Contributed equity

	Consolidated	
	Half-year ended 31 March 2019 \$000	As at 30 September 2018 \$000
Issued and fully paid		
502,099,054 (2018:439,100,262) ordinary shares	126,930	121,247

	31 March 2019		30 September 2018	
	Number of shares	\$000	Number of shares	\$000
Movements in issued shares:				
Balance at 1 October	439,100,262	121,247	376,854,966	113,985
Issue of new shares				
Share placement issue	45,395,000	4,540	8,333,335	1,000
Shares issued as payment for services and interest	2,457,955	222	1,364,285	189
Shares issued to employees	-	-	700,000	94
Shares issued on conversion of convertible notes	15,136,351	961	51,847,676	5,995
Exercise of Options	9,486	4	-	-
	502,099,054	126,974	439,100,262	121,263
Less: Transaction costs arising from share issues	-	(44)	-	(16)
Balance	502,099,054	126,930	439,100,262	121,247

Note 8: Events after the end of the interim period

On 30 April 2019, the Company announced a private placement of up to 32.99 Million shares at an issue price of \$0.04 per Share with an entitlement offer to receive 1 for 1 free attached options exercisable at \$0.10 expiring on 30 April 2021.

The Company also announced on 14 June 2019 that it was extending the closing date for acceptance of applications for a 1 for 5 pro rata shareholder entitlement offer announced on 17 May 2019.

In addition, the Company is seeking to raise separately from the Entitlement Offer a further private placement as announced on 31 May 2019 and 14 June 2019. Final amount, price, structure and outcome of this capital raising remained incomplete at the date of this report.

Axiom Mining Limited
Directors' declaration

In accordance with a resolution of the directors of Axiom Mining Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 March 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director

Ryan Mount

Dated this 14th day of June 2019

**AXIOM MINING LIMITED
ARBN 119 698 770
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AXIOM MINING LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Axiom Mining Limited, which comprises the consolidated condensed statement of financial position as at 31 March 2019, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Axiom Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Axiom Mining Limited's financial position as at 31 March 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Axiom Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Axiom Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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**AXIOM MINING LIMITED
ARBN 81 119 698 770
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AXIOM MINING LIMITED**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Axiom Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Axiom Mining Limited's financial position as at 31 March 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty related to Going concern

We draw attention to Note 1 in the financial report which indicates that the consolidated Group had incurred a net loss of \$3,179,000 during the half-year ended 31 March 2019 and, as of that date, the current liabilities exceeded its current assets by \$6,244,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



Drew Townsend
Partner
Dated: 14 June 2019