



AXIOM

Quarterly Activities Report

For the period ended 31 December 2015



Message from the CEO

The final quarter of 2015 has been a challenging time for nickel producers, and mine developers like Axiom have not been exempt from the turbulence.

However, I am pleased to say—even while waiting for the Court of Appeal decision on the Isabel Nickel Project and falling nickel prices—Axiom has continued to deliver.

On the corporate front, we achieved two key milestones—a strategic partnership with InCoR that provides funding of up to \$15 million and access to innovative ore beneficiation technology, and an off-take and agreement with global trading house Gunvor Singapore Pte Ltd (Gunvor) that provides up to AU\$5 million of ore pre-payment financing.

We successfully upgraded the project's JORC Mineral Resource estimate and defined the first five years of production. The high grade saprolite total Mineral Resource tonnage almost doubled to 3.9 million

tonnes at 1.7% Ni, demonstrating the potential of this world class asset.

This was achieved from the second phase of drilling across our Kolosori tenement on Santa Isabel Island, with plans to resume drilling there as well as commence on the south San Jorge tenement in the new year—to further upgrade our JORC Mineral Resource estimate.

In addition, project development works are underway to achieve our first shipment of ore by end of Q1, 2016. As previously announced, we have adjusted project timelines to ensure alignment with the requirements of our new commercial partner Gunvor and now in anticipation of the delivery of the final Court of Appeal ruling.

Whilst awaiting the Court of Appeal decision, we remain optimistic and continue to work towards positioning Axiom to meet demand now and when global market conditions improve. We will continue to maintain strong relationships with key stakeholders, including our landowner partners, to ensure we are prepared for the outcomes of the court decision.

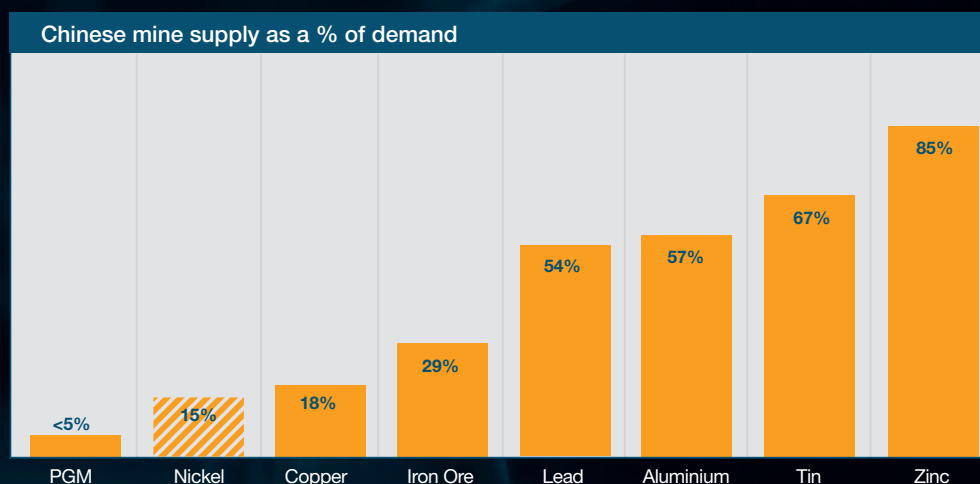
Ryan Mount
Axiom CEO

Axiom continues to work towards becoming a significant nickel producer in the Pacific region, to ensure we will be in the best position to meet demand when the market turns

Growing global demand

Despite current subdued market conditions, global demand has grown at an average of 6.3% since 2010 and China remains reliant on imports, with only 15% of their nickel consumption sourced domestically.

As such, China is increasingly leveraged to its growing appetite for nickel. Their current intensity of use is only 60% of fully industrialised countries. As their economy industrialises, demand is expected to move from basic materials like carbon steel into stainless steels and ultimately into specialty alloys that require a lot of nickel and will drive non-stainless nickel consumption, eg castings, electro-plating, batteries and chemicals.



Limited new supply

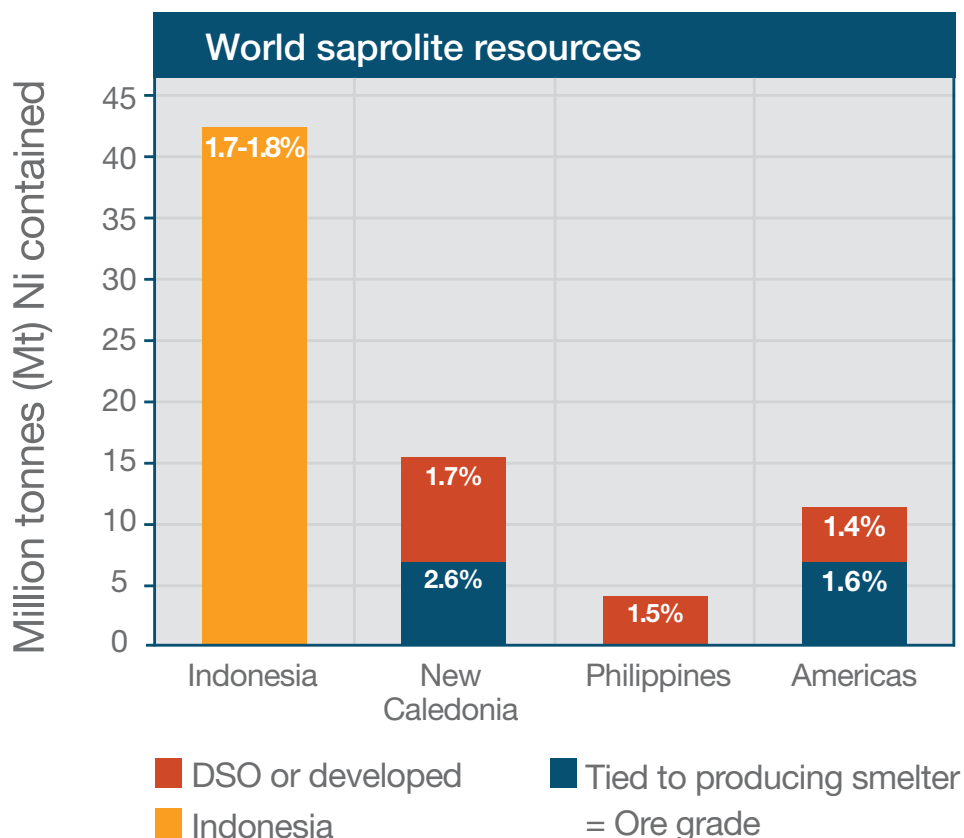
Large, low cost sulphide mines are not being replaced. The rate of nickel sulphide discoveries cannot keep pace with increasing global demand.

Sulphide production as share of global supply has fallen from 57% to 37% in the last 15 years with laterite ore filling the gap. The world's six largest sulphide mines have seen a 32% decrease in head grade over the last 20 years. Indonesia, the world's largest producer with the largest nickel deposits, introduced a ban on ore exports in 2014 that removed 25–30% of global supply.

There are few new discoveries or known world class deposits that are production-ready. Also, Indonesia's strategic plan to incubate a nickel metal processing industry is not eventuating to targeted timeframes and is unlikely to satisfy any increase in nickel demand.

Limited alternatives to replace high grade Indonesian laterite ore

The Philippines can only supply 5–10 million tonnes per annum (Mtpa) of high grade ore, which cannot replace the 50 Mtpa Indonesia supplied prior to the ban taking effect. It is also likely that the Philippines high grade deposits were depleted in 2015, leaving only medium to low grade ore remaining for export.



Industry consolidation and national interests underpin the value of available and independent world class nickel laterite deposits

Following a regional trend of consolidation, the final half of 2015 saw:

- Philippines' largest nickel company Nickel Asia Corporation acquire Geogen Corporation
- Philippines' second largest nickel company Global Ferronickel Holdings acquire the country's third largest nickel company Southern Palawan Nickel
- Independence Group complete their acquisition of WA's Sirius Resources.

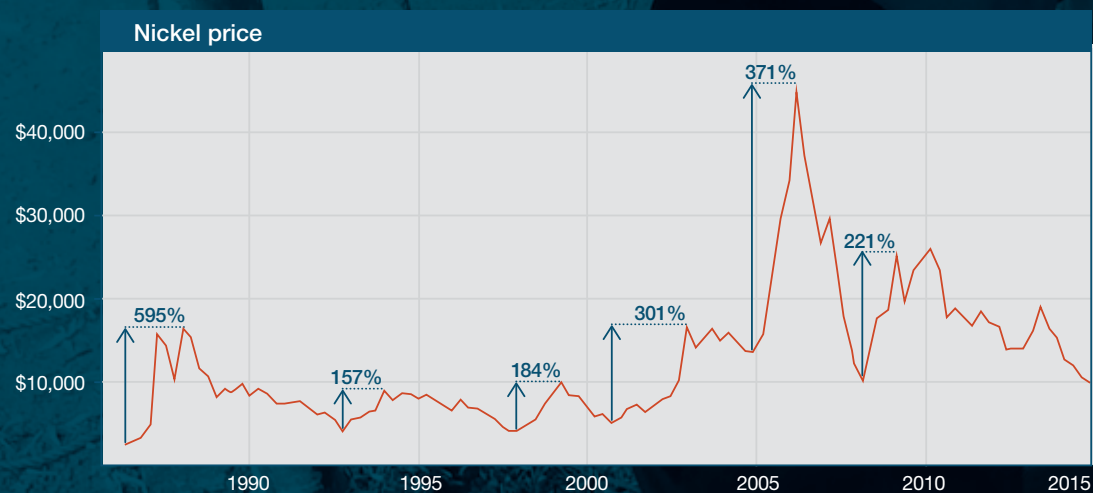
Another major regional producer, New Caledonia, only supplies to their traditional markets of Japan, Korea and Australia (with a recent government declaration not to supply China, the biggest consumer of nickel and nickel ore).

Indonesia continues to hold steadfast to their ban on the export of ores as they continue to develop their processing capabilities.

The nickel price can recover very quickly

Previous nickel price peaks have occurred as quickly as three months after LME stocks peaked with price increases of 150%–300%.

When the nickel price corrects to the upside—it does so very quickly. While it is not possible to state definitively when this correction will occur, Axiom is working hard to ensure we will be well-positioned to leverage the upswing.



Solomon Islands

Isabel Nickel Project

Tenements	Ownership	Location	Area
Kolosori (PL 74/11)	80% Axiom KB Limited Mining	Santa Isabel Island (Kolosori tenement)	42 km ² (Kolosori)
San Jorge (PL01/15)	20% interest held by the two original landowning tribes	San Jorge Island (San Jorge tenement)	36 km ² (San Jorge)

JORC Mineral Resource upgrade

On 29 December 2015, Axiom announced an update to the independent JORC Mineral Resource estimate for Prospecting Licence 74/11 area (Kolosori tenement).

This JORC Mineral Resource estimate upgrade follows the addition of 527 drill holes from the second phase of drilling completed since the maiden JORC Mineral Resource estimate announced on 30 September 2015.

The estimate is based on 1069 Axiom drill holes with 12,719 m of core samples and 14,014 assayed intervals.

The total saprolite (magnesium silicate) Mineral Resource at a:

- 1.0% Ni cut-off is:
 - *Measured*
1.0 Mt @ 1.7% Ni, 0.03% Co
 - *Indicated*
3.4 Mt @ 1.5% Ni, 0.03% Co
 - *Inferred*
3.3 Mt @ 1.4% Ni, 0.03% Co
 - *Total*
7.7 Mt @ 1.5% Ni, 0.03% Co

- 1.4% Ni cut-off is:
 - *Measured*
0.8 Mt @ 1.8% Ni, 0.03% Co
 - *Indicated*
1.8 Mt @ 1.7% Ni, 0.03% Co
 - *Inferred*
1.3 Mt @ 1.6% Ni, 0.03% Co
 - *Total*
3.9 Mt @ 1.7% Ni, 0.03% Co

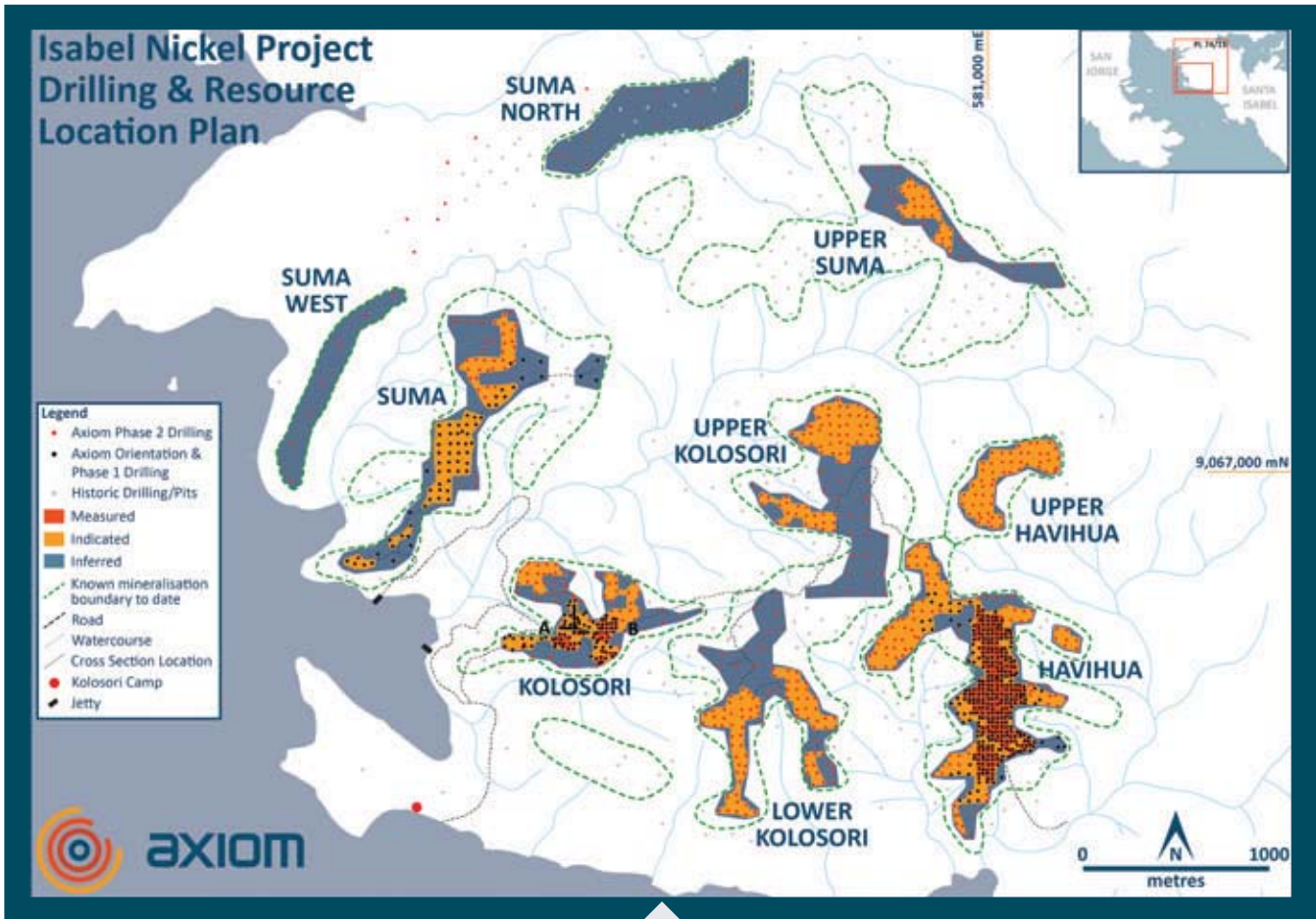
The total limonite (iron oxide) Mineral Resource at a 0.7% Ni cut-off is:

- *Measured*
0.9 Mt @ 1.1% Ni, 0.11% Co
- *Indicated*
3.5 Mt @ 1.1% Ni, 0.10% Co
- *Inferred*
3.9 Mt @ 1.0% Ni, 0.11% Co
- *Total*
8.4 Mt @ 1.0% Ni, 0.11% Co

Axiom has successfully defined a minimum of the first five years of production, and will progressively drill and upgrade the Mineral Resource estimate when drilling recommences in early 2016.

Phase 2 of the resource definition drilling program was completed this quarter at the Kolosori tenement to enable Axiom to deliver the upgrade of the Mineral Resource estimate. The drilling was predominantly 50 m and 100 m regional drilling extending the existing Mineral Resources areas at Suma, Kolosori and Havihua and also defining additional Mineral Resources at upper Havihua, Lower Kolosori, Upper Kolosori, Upper Suma and new prospects at Suma West and Suma North.

Our exploration continues to validate historical data and highlights high grade extension of saprolite. Site infrastructure development is progressing and sets Axiom on track to meet customer requirements for first shipment of ore by the end of Q1, 2016.



Drilling and resource classification areas



Baseline studies are underway

Solomon Islands

Corporate update

Project development funding

During the quarter, Axiom Mining Limited entered into a convertible note facility agreement with InCoR Holdings for an amount up to AU\$15 million to fund the initial phase of mine development at the Isabel Nickel Project. Axiom also entered into a strategic partnership with InCoR and its 70% owned subsidiary InCoR Technologies Limited (InTech).

The strategic partnership with InTech will provide Axiom with access to leading nickel metallurgy and mining expertise, provide significant funding for initial mine development, and allow the assessment of the implementation of InTech's proprietary nickel processing technology, the Starved Acid Leaching Technology (SALT) at the Isabel Nickel Project. SALT is designed to economically beneficiate nickel laterite ores that might otherwise be of low commercial value.

Off-take agreement

Axiom executed an off-take and ore pre-payment agreement with global independent trading house Gunvor for production from the Isabel Nickel Project. The off-take agreement is for up to one year of production, and pre-payment financing will provide Axiom with up to AU\$5 million of funding. Discussions with Gunvor are ongoing for a longer term off-take agreement in exchange for a significant financing package.

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	
	Jessica	EPM 15593	100%		
	Cardross	EPM 19821	100%		
	Mount Molloy Project, Mareeba, Qld				
	Mt Molloy copper mines	ML 4831	100%	Granted	
	Millungera Project, Georgetown, Qld				
	Blackbull	EPM 25252	100%	Granted	
	Whitebull	EPM 25256	100%	Granted	
	Redbull	EPM 25257	100%	Granted	
	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		
Vietnam	Miscellaneous project, Quang Tri				
	Quang Tri	MEL 1636/GP BTNMT	72%	Granted	
	Miscellaneous project, Quang Binh				
	Quang Binh	MEL 154	63%	Application; subject to rewriting of Vietnam mineral law	
	Miscellaneous projects, Lai Chau				
	Pu Sam Cap	MEL 316	8.40%	Free carried interest; subject to further negotiation	
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Solomon Islands	Isabel Nickel Project , Santa Isabel Island and San Jorge Island				
	Kolosori	PL 74/11	80%	Granted	
	San Jorge	PL01/15	80%	Granted	
	West Guadalcanal Project				
West Guadalcanal	PL 01/14	100%	Application for renewal		
Tenements acquired and disposed of during the quarter and their location					
Country	Name and location	Tenement number	Interest held	Status	
Australia	Miscellaneous Project, Mareeba, Qld				
	Minnamolka	EPM 25255	100%	Relinquished	
	Miscellaneous Project, Georgetown, Qld				
Edenvale	EPM 25119	100%	Relinquished		
Schedule of tenements abbreviations					
EPM	Queensland	Exploration Permit for Minerals	PL	Solomon Islands	Prospecting Licence
ML	Queensland	Mining Lease	MEL	Vietnam	Mineral Exploration Licence

Contacts and notes

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Competent Person's Statement

Axiom's JORC Mineral Resource estimate upgrade is based upon and accurately reflects data compiled or supervised 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 style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Horton consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

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 the Isabel nickel deposits in the Solomon Islands. 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 risks 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.

The information in this quarterly activities report that relates to the exploration results for the Isabel Nickel Project was extracted from the release to the ASX on 29 December 2015.

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