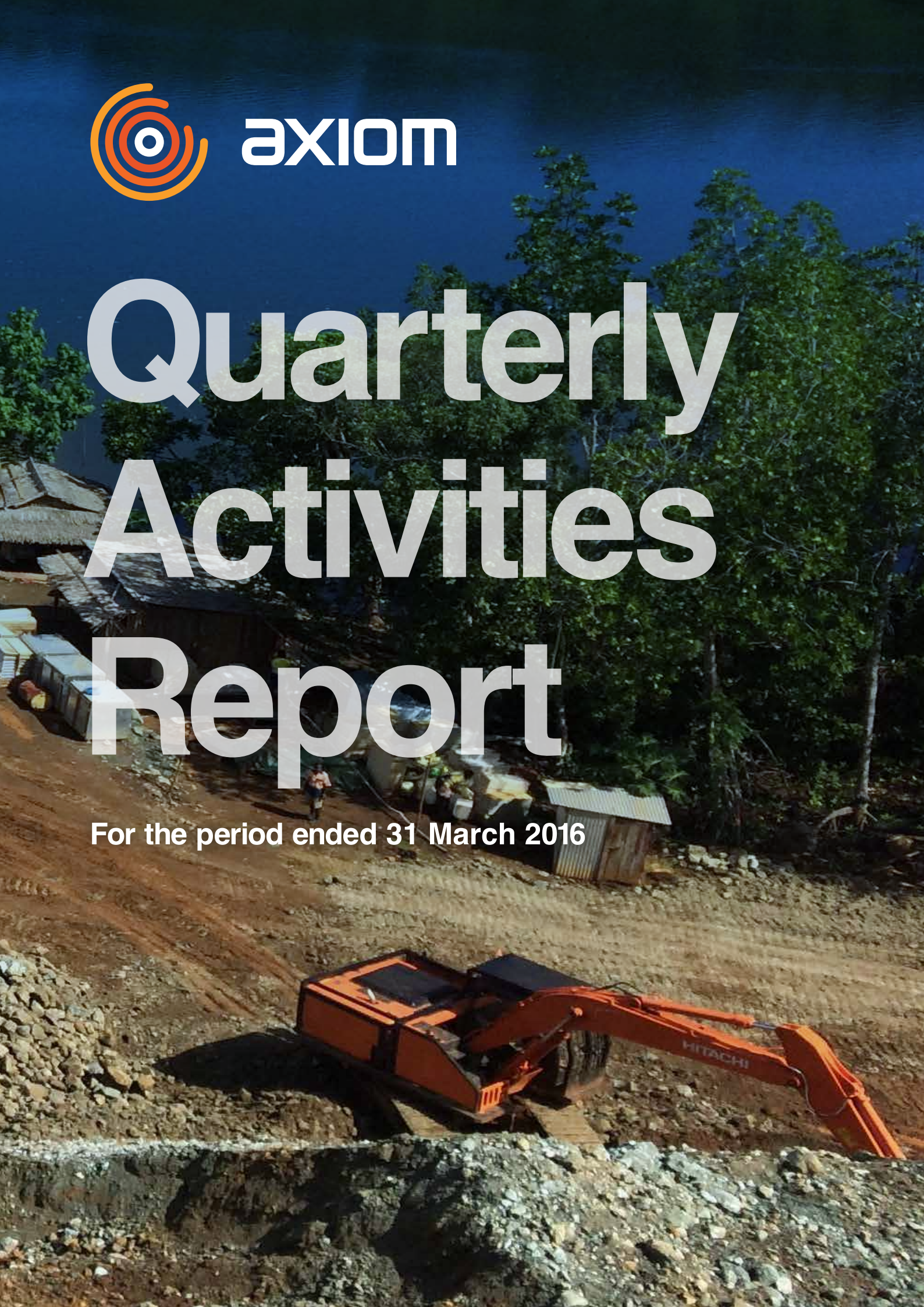




axiom

Quarterly Activities Report

For the period ended 31 March 2016





Message from the Chairman

Robert Barraket joined the Axiom Board of Directors on 19 February 2016 as Non-Executive Chairman.

On 21 March 2016, the much-awaited judgment by the Solomon Islands High Court of Appeal regarding the Isabel Nickel Project was delivered. The Court held that the land where the Kolosori deposit is located remains customary land, and as a result Axiom KB's registered lease and Prospecting Licence were set aside.

While this is not the judgment Axiom had hoped for, it provides us with an opportunity to move forward litigation-free and continue to invest in the mineral-rich Solomon Islands. Axiom is in discussions with key stakeholders and the Solomon Islands Government in reapplying for the Prospecting Licence for the Kolosori tenement and are optimistic about regaining it.

We are pleased to report our strategic partners remain committed to the Company and

their investment in the Isabel Nickel Project. Gunvor confirmed its commitment to its off-take and pre-payment agreement with Axiom, InCoR Holdings Plc converted \$5 million of its Convertible Note to equity, allowing Axiom to retain flexibility over future project financing, and South Pacific mining services leader and major shareholder Anitua Limited is continuing its collaboration with Axiom.

Despite being involved in complex litigation during a global downturn in the resources industry, Axiom has been able to maintain strong landowner and community relations in Solomon Islands. The company has developed the necessary remote site infrastructure and logistical support, employed 150 Solomon Islanders and delivered a maiden JORC resource, which defined the

first five years of production.

I would like to take this opportunity to thank our shareholders and other key stakeholders for your continued support during this time.

I realise you will no doubt have questions about Axiom's strategy for moving forward. As such, I invite you to attend our shareholder information sessions, which will be held on 30 and 31 May in Sydney and Brisbane respectively. Further details will be advised closer to the date.

A handwritten signature in black ink, appearing to read 'R Barraket', with a large, stylized flourish at the end.

Robert Barraket
Chairman

Q&A with the CEO

Q: The Court of Appeal in Solomon Islands has held that the Kolosori tenement of the Isabel Nickel Project is customary land, and as a result Axiom's registered lease and Prospecting Licence were set aside. Where does this leave Axiom?

A: Essentially, the Court of Appeal decision has re-set the clock on the Prospecting Licence for Kolosori. Axiom is now free of litigation, and free to re-apply for the licence. Our landowner partners, who were once the registered landowners, are now customary landowners once again. Their support for Axiom remains firm, which has been uplifting for us. We admire and have been inspired by their resilience in these circumstances.

Q: Has the Solomon Islands Government given any indication on how long the re-application process may take?

A: The Solomon Islands Government has not formally advised Axiom on timing of the application, however we have been in ongoing discussions with the relevant Ministries regarding our application.

Q: Do the customary landowners of the Kolosori tenement have to become registered landowners again before the Letter of Intent can be issued?

A: No, they do not. I'd like to point out that the south San Jorge landowners are customary landowners, and we have a surface access agreement with them to support our Prospecting Licence for San Jorge. The majority of prospecting licences issued to other companies in Solomon Islands are subject to customary land regulations.

Q: When will Axiom commence exploration on San Jorge?

A: Ideally, we would like to bring Kolosori into production in the first instance as it is very close to *mine ready*. Revenue generated from this tenement would be able to more efficiently fund development of other tenements. However, as we know, we are waiting for confirmation on the timing of the re-application process. Axiom has already

been working for some months on the San Jorge tenement in a limited capacity, including preliminary exploration and environmental studies. Depending on the timing of the re-application process for Kolosori, Axiom will consider further active development of San Jorge in the coming months.

Q: Does Axiom have enough cash reserves to last until the end of the re-application process?

A: Since the Court of Appeal decision was handed down, Axiom undertook several cost efficiency measures to minimise expenditure and will continue to carefully manage our cash reserves.

Axiom also raised \$5 million of new capital and significantly reduced our debt position by more than 85%. Axiom has strong ties to the capital markets and is confident of securing capital efficiently when required, eg when a decision to develop San Jorge (or Kolosori, subject to permitting) is made.

Q: Finally, what is the current state of the nickel market and how is Axiom positioned—can it be profitable with the nickel price still at close to 13-year lows?

A: While not at the levels of the period immediately after Indonesia implemented its ore export ban, nickel demand still grows. China remains reliant on nickel imports and new global supply is limited.

Having undertaken extensive exploration and studies, which included a JORC Mineral Resource estimate, coupled with our strong landowner relations to minimise social risk, we strongly believe Axiom remains very competitive for the Asia Pacific nickel ore trade.

Corporate summary

Strategic partners confirm continued support

Following the Court of Appeal judgment, Axiom's strategic partners confirmed their ongoing commitment to the long-term development of the Isabel Nickel Project:

- Gunvor confirmed off-take and ore prepayment agreement in place.
- InCoR Holdings converted \$5 million of its Convertible Note to equity, giving Axiom the flexibility over future project financing. InCoR is now a long-term significant and strategic shareholder in Axiom. President of InCoR Technologies Professor David Dreisinger, co-inventor of Starved Acid Leaching Technology, was appointed as Technical Advisor to Axiom (announced to ASX on 31 March 2016)
- Anitua Limited is continuing its collaboration with Axiom on the development of the San Jorge tenement.

Project development funding

On 1 April, Axiom announced that it had raised \$5 million of funding through a private placement of ordinary shares, which provides the company with a significant new source of funding to undertake the next phase of the development of the Isabel Nickel Project.

New Board appointment

Axiom appointed Mr Robert Barraket to the Board of Directors as the company's new Non-Executive Chairman, effective 19 February 2016. Mr Barraket has almost 50 years' experience in legal practice including the establishment of two successful legal firms. He has been the legal advisor to numerous international and Australian mining and mineral exploration companies with interests in Australia and abroad. He is currently the Chairman and Partner of Barraket Stanton Lawyers in Sydney.



Solomon Islands summary

Isabel Nickel Project

Tenement	Ownership	Location	Area
San Jorge (PL 01/15)	80% Axiom Mining Limited 20% interest held by landowning tribes	San Jorge Island, Isabel Province	36 km ² (San Jorge)

Solomon Islands Court of Appeal judgment

The Solomon Islands Court of Appeal delivered judgment on 21 March 2016, and held that the land where the Kolosori deposit is located remains customary land, and as a result Axiom KB's registered lease and Prospecting Licence were set aside.

The judgment also held that Sumitomo was not entitled to a Prospecting Licence for the tenement as it had breached Solomon Islands' land banking provisions by holding too many Prospecting Licences.

No adverse findings were made about the conduct of Axiom KB Limited or its officers, and Axiom Mining's partnership with landowners remains strong. On 1 April 2016, Axiom announced it was in discussions with key stakeholders in Solomon Islands to re-apply for the Prospecting Licence for the Kolosori tenement, and that landowner partners have committed to continue their partnership with Axiom. The company is also in discussions with the Solomon Islands Government, and is awaiting advice on the timing and procedures of the re-application process.



Aerial view of the San Jorge (left) and Kolosori (right) tenements

Schedule of tenements

As at 31 March 2016

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%	Granted	
	Cardross	EPM 19821	100%	Granted	
	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	
Pu Sam Cap	MEL 317	8.40%	Free carried interest; subject to further negotiation		
Solomon Islands	Isabel Nickel Project, Santa Isabel Island and San Jorge Island				
	Kolosori		80%	Deemed invalid by Court of Appeal. Under reapplication	
	San Jorge	PL 01/15	80%	Granted	
	West Guadalcanal Project				
West Guadalcanal	PL 01/14	100%	Application for renewal		
Schedule of tenements abbreviations					
EPM	Queensland	Exploration Permit for Minerals	PL	Solomon Islands	Prospecting Licence
MEL	Vietnam	Mineral Exploration Licence			

Contacts and notes

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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. 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. 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.

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