

Axiom Mining Limited
ARBN 81 119 698 770

Interim Financial Report
for the half-year ended 31 March 2016

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 2015 and any public announcements made by Axiom Mining Limited 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 2016.

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 Stephen R Williams	Non-Executive Director and Chairman (resigned 18 February 2016)
Mr Jeremy R Gray	Non-Executive Director
Mr Robert L Barraket	Non-Executive Director and Chairman (appointed 18 February 2016)

Review of operations

Solomon Islands

Isabel Nickel Project

On 29 December 2015, Axiom Mining Limited (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 followed 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.

Site infrastructure development was on track to achieve Axiom's first bulk shipment of ore in line with customer requirements, until work was ceased in March 2016 due to the Solomon Islands Court of Appeal decision (see below).

West Guadalcanal Project

A technical review of the West Guadalcanal Project in the north west of Guadalcanal Island in Solomon Islands was completed. Axiom is proceeding through the renewal process of the project's Prospecting Licence.

Litigation proceedings

The Solomon Islands Court of Appeal delivered judgment in relation to the Isabel Nickel Project on 21 March 2016, and ordered that the land where the Kolosori deposit is located remains customary land and that Axiom KB Limited's (Axiom KB) registered lease and Prospecting Licence be set aside.

The judgment also held that SMM Solomon Limited ought not to be awarded a letter of intent for 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 or its officers, and Axiom's partnership with landowners remains strong. The company has submitted its application for a Prospecting Licence for the Kolosori tenement, and is awaiting formal feedback on its application from the Solomon Islands Government.

Axiom Mining Limited

Directors' report

Corporate

In November 2015, Axiom entered into a convertible note facility agreement with InCoR Holdings Plc (InCoR) 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 (InCoR Technologies).

This was followed by an off-take and ore pre-payment agreement with global independent trading house Gunvor for production from the Isabel Nickel Project in December 2015.

In March 2016, InCoR converted \$5 million of its Convertible Note to equity, giving Axiom the flexibility over future project financing. InCoR is now a significant and strategic shareholder in Axiom. President of InCoR Technologies Professor David Dreisinger, co-inventor of the Starved Acid Leaching Technology, was appointed as Technical Advisor to Axiom.

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

On the 4 December 2015, an Extraordinary General Meeting was held with all resolutions passed.

Axiom's Annual General Meeting was held on 31 March 2016 in Hong Kong with all resolutions passed.

Rounding of amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 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 page 5 for the half-year ended 31 March 2016.

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

Director



Robert Barraket

Dated this 10th day of June 2016

**AXIOM MINING LIMITED
ABN 81 119 698 770
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
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I declare that, to the best of my knowledge and belief, during the half year ended 31 March 2016 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

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Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 10 June 2016

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Axiom Mining Limited

Interim consolidated statement of profit or loss and other comprehensive income As at 31 March 2016

	Note	Consolidated	
		Half-year ended	Half-year ended
		31 March 2016	31 March 2015
		\$000	\$000
Interest income		11	5
Other income		68	-
Employee benefits expense		(1,868)	(1,568)
Depreciation and amortisation expense		(147)	(133)
Finance costs		(320)	(285)
Exploration costs		(195)	(166)
Legal expenses	2(a)	(115)	(1,011)
Other expenses		(2,167)	(1,266)
Share based payments	2(a)	(2,503)	(113)
Impairment loss on mineral exploration expenditure	2(a)	(9,863)	-
Loss before income tax		(17,099)	(4,537)
Income tax expense	2(b)	-	-
Loss for the period	2(a)	(17,099)	(4,537)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		1,583	75
Other comprehensive income for the period		1,583	75
Total comprehensive loss for the period		(15,516)	(4,462)
Net loss attributable to:			
- members of the parent entity		(14,602)	(4,204)
- non-controlling interest		(2,497)	(333)
		(17,099)	(4,537)
Total comprehensive loss attributable to:			
- members of the parent entity		(13,019)	(4,129)
- non-controlling interest		(2,497)	(333)
		(15,516)	(4,462)
Loss per share			
From continuing operations:			
- basic loss per share (cents)		(5.46)	(1.85)
- diluted loss per share (cents)		(5.46)	(1.85)

The accompanying notes form part of these financial statements.

Axiom Mining Limited
Interim consolidated statement of financial position
As at 31 March 2016

		Consolidated	
		As at 31 March 2016 \$000	As at 30 September 2015 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		269	1,306
Trade and other receivables		160	1,129
Other assets		59	-
TOTAL CURRENT ASSETS		488	2,435
NON-CURRENT ASSETS			
Other receivables		59	-
Property, plant and equipment		666	2,011
Mineral exploration expenditure	5	3,090	9,158
TOTAL NON-CURRENT ASSETS		3,815	11,169
TOTAL ASSETS		4,303	13,604
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		4,253	3,937
Borrowings	8	1,273	1,132
Lease liabilities		34	516
Provisions		333	340
TOTAL CURRENT LIABILITIES		5,893	5,925
NON-CURRENT LIABILITIES			
Lease liabilities		24	2,332
Provisions		10	5
TOTAL NON-CURRENT LIABILITIES		34	2,337
TOTAL LIABILITIES		5,927	8,262
NET ASSETS		(1,624)	5,342
EQUITY			
Issued capital	6	97,480	91,433
Reserves		5,277	1,192
Retained losses		(99,655)	(85,054)
Equity attributable to owners of the company		3,102	7,571
Non-controlling interests		(4,726)	(2,229)
TOTAL EQUITY		(1,624)	5,342

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 2016

	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 2014	77,902	(1,215)	1,120	(73,395)	4,412	(1,428)	2,984
Loss for the half-year	-	-	-	(4,204)	(4,204)	(333)	(4,537)
Other comprehensive loss	-	75	-	-	75	-	75
Total comprehensive loss for the half-year	-	75	-	(4204)	(4,129)	(333)	(4,462)
Transactions with owners in their capacity as owners							
Shares issued during the half-year							
Pre-paid share capital	5,697	-	-	-	5,697	-	5,697
Equity-settled share-based settlement	-	-	113	-	113	-	113
Total transactions with owners and other transfers	5,697	-	113	-	5,810	-	5,810
As at 31 March 2015	83,599	(1,140)	1,233	(77,599)	6,093	(1,761)	4,332
At 1 October 2015	91,433	(830)	2,022	(85,054)	7,571	(2,229)	5,342
Loss for the half-year	-	-	-	(14,602)	(14,602)	(2,497)	(17,099)
Other comprehensive loss	-	1,583	-	-	1,583	-	1,583
Total comprehensive loss for the half-year	-	1,583	-	(14,602)	(13,019)	(2,497)	(15,516)
Transactions with owners in their capacity as owners							
Shares issued during the half-year							
Equity-settled share-based settlement	6,047	-	-	-	6,047	-	6,047
Equity-settled share-based settlement	-	-	2,503	-	2,503	-	2,503
Total transactions with owners and other transfers	6,047	-	2,503	-	8,550	-	8,550
As at 31 March 2016	97,480	753	4,525	(99,656)	3,102	(4,726)	(1,624)

Axiom Mining Limited
Interim consolidated statement of cash flows
For the half-year ended 31 March 2016

	Consolidated	
	Half-year ended 31 March 2016	Half-year ended 31 March 2015
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,371)	(4,053)
Interest received	11	5
Finance costs	(150)	(3)
Net cash used in by operating activities	(2,510)	(4,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(183)	(93)
Payments for mineral exploration expenditure	(3,711)	(2,220)
Net cash used in investing activities	(3,894)	(2,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	300	91
Proceeds from Convertible Bond	4,853	
Proceeds from borrowings	243	5,080
Repayment of borrowings	(26)	(55)
Finance lease payments	-	(45)
Net cash provided by financing activities	5,370	5,071
Net decrease in cash held	(1,034)	(1,293)
Cash and cash equivalents at beginning of period	1,306	2,304
Effects of exchange rate changes on cash and cash equivalents	(3)	11
Cash and cash equivalents at end of period	269	1,022

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 2016

Note 1: Summary of significant accounting policies

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 March 2016 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 2015, 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 the 9 June 2016.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Significant accounting policies

(i) New and amended standards adopted by the group

A number of new or amended statements became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 September 2016 annual report as a consequence of these amendments.

(ii) Impact of standards issued but not yet applied by the group

AASB 9: Financial Instruments

Revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, hedge accounting and impairment. The standard is not applicable until 1 January 2018 and is not expected to materially impact the group’s accounting policies.

AASB 15: Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard is not applicable until 1 January 2018 and is not expected to materially impact the group’s accounting policies.

The group does not anticipate the early adoption of the above Australian Accounting Standards.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2016

Note 1: Summary of significant accounting policies (continued)

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.

Going concern

The consolidated group has recorded a net loss of \$17.1 million for the half-year ended 31 March 2016 (2015: \$4.5 million), had net cash outflows from operations of \$2.5 million for the half-year ended 31 March 2016 and currently has no ongoing source of operating income. At 31 March 2016 the consolidated group had net liabilities of \$1.6 million and the working capital deficiency was \$5.4 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 2016 the consolidated group had cash and cash equivalents of \$269,000
- the ability to raise additional share capital by share placements, options, convertible notes, or rights issue
- the ability to farm out all or part of its exploration projects
- the ability to sell particular exploration projects
- the group successfully raised \$5 million in the half-year ended 31 March 2016 in the form of convertible notes
- subsequent to the period end on 23 May 2016, Axiom announced it had raised \$5 million through the private placement to sophisticated and professional investors.

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 2016

Note 2: Loss for the period

	Consolidated	
	Half-year ended 31 March 2016	Half-year ended 31 March 2015
	\$000	\$000
a. Significant items		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Share based payments	(2,503)	(113)
Impairment loss on assets / other receivables	(730)	-
Write-off of capitalised exploration expenditure on areas of interest abandoned during the period	(9,132)	-
Solomon Islands related litigation costs (included in legal expenses)	-	(903)

b. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 30 September 2015 is 0%. The group had losses as at 31 March 2016. As a result, no income tax was provided.

Note 3: Operating segments

The group's operations are predominately confined to mineral exploration within Australia, Solomon Islands and 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.

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.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2016

Note 3: Operating segments (continued)

	Australia		Solomon Islands		Vietnam		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Segment revenue	-	-	-	-	-	-	-	-
Segment result (loss)	(130)	(303)	(2,142)	(2,580)	(90)	(15)	(2,362)	(2,898)
Reconciliation of Segment result to group net loss before tax:								
Amounts not included in segment result but reviewed by the board:								
Depreciation/Amortisation	(36)	(31)	(109)	(100)	(2)	(2)	(147)	(133)
Impairment loss on mineral exploration	-	-	(9,863)	-	-	-	(9,863)	-
Unallocated items:								
Corporate Charges	(4,201)	(953)	(204)	(268)	(3)	-	(4,408)	(1,221)
Finance Costs	(309)	(153)	(11)	(132)	-	-	(320)	(285)
Net loss before tax from Continuing operations	(4,676)	(1,440)	(12,329)	(3,080)	(95)	(17)	(17,099)	(4,537)
Segment assets	800	1,423	3,494	7,709	9	17	4,303	9,149
Segment liabilities	2,828	922	3,088	3,895	11	-	5,927	4,817

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2016

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 judgement by the Solomon Islands Court of Appeal on the 21 March 2016 where Axiom KB Limited was ordered to pay the legal costs of the land appellants that appealed the decision of the High Court of Solomon Island creating a contingent liability of \$300,000.

Note 5: Exploration and evaluation expenditure

	Consolidated	
	Half-year ended 31 March 2016 \$000	As at 30 September 2015 \$000
Opening balance	9,158	2,472
Exploration costs	4,094	7,044
Less: exploration costs expensed	(195)	(471)
Exchange alignment	(104)	130
Impairment loss on mineral exploration	(9,863)	(17)
Closing balance	3,090	9,158

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2016

Note 6: Contributed equity

	Consolidated	
	Half-year ended 31 March 2016 \$000	As at 30 September 2015 \$000
Issued and fully paid 284,093,386 (2015: 264,676,635*) ordinary shares	97,480	91,433

	31 March 2016		30 September 2015	
	Number of shares	\$000	Number of shares	\$000
Movements in issued shares:				
Balance at 1 October	264,676,635	91,433	3,289,552,750	77,902
Issue of new shares				
Effect of share consolidation*	-	-	(3,070,251,090)	-
Share placement issue	675,676	250	21,299,632	7,176
Shares issued as payment for services and interest	2,733,032	878	357,643	70
Shares issued to employees	113,889	29	-	-
Exercise of options	166,667	50	3,526,558	882
Shares issued on conversion of convertible notes	15,656,059	4,853	20,191,142	5,650
	284,021,958	97,493	264,676,635	91,680
Less: Transaction costs arising from share issues	-	(13)	-	(268)
Options exercised during the year and paid but shares not allotted until after 30 September 2015	71,428	-	-	21
Balance at 31 March 2016	284,093,386	97,480	264,676,635	91,433

*A share consolidation of Axiom's capital, on the basis of one share for every fifteen shares was completed on 14 April 2015.

Note 7: Events after the end of the interim period

Since the end of the interim period and until the date of this report the company raised a total of \$5 million through the private placement of ordinary shares to sophisticated and professional investors as announced on 1 April 2016.

On 29 April 2016, a total of 28,402,530 bonus options were issued as prescribed within the prospectus sent to eligible shareholders on 27 April 2016.

Other than the above, the directors are not aware of any other significant events since the end of the interim period.

Axiom Mining Limited
Notes to the interim consolidated financial statements
For the half-year ended 31 March 2016

Note 8: Fair Value

The group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Embedded derivative liability (at fair value)

The group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

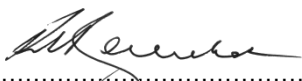
The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

	Consolidated	
	Half-year ended 31 March 2016	As at 30 September 2015
	\$000	\$000
Financial liabilities		
- Embedded derivative liability (fair value)	513	581
	513	581

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 10 to 15, 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 2016 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 

Robert Barraket

Dated this 10th day of June 2016

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

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

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Axiom Mining Limited, which comprises the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the 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 Standards on Review Engagements ASRE 2410: Review of an Interim and other Financial Reports 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 2016 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 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.

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

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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

- a. giving a true and fair view of Axiom Mining Limited's financial position as at 31 March 2016 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$17.1 million; incurred net cash outflows from operations of \$2.5 million and had a working capital deficiency of \$5.4 million as at 31 March 2016. Further the consolidated entity had no ongoing source of operating income for the half year ended 31 March 2016. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 10 June 2016