

Q&A

With Proactive Investors

Ryan Mount

Axiom Mining

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Axiom Mining (ASX:AVQ) is developing the world-class Isabel nickel project located in the Solomon Islands.

There is potential for the Solomon Islands to supply between 2%–5% of projected new nickel laterite supply between 2014–2030, with Axiom well placed to make a significant contribution.

Proactive Investors will be conducting a series of exclusive Q&A sessions with Axiom's managing director and CEO Ryan Mount.

This is the first instalment.

Proactive Investors: Welcome Ryan. The grant of the San Jorge prospecting licence almost doubles Axiom's exploration footprint in the southern Isabel province. What impact does this have on proposed direct shipping ore (DSO) operations?

Ryan Mount: *The addition of San Jorge to our current Kolosori tenement brings the Isabel Nickel Project's combined potential tonnage to about 160 million, based on previous explorers' advanced exploration.*

This sizable increase in tonnage will give us better economies of scale for our proposed DSO operation, initially focussed on a 2mtpa production rate.

Like Kolosori, the San Jorge tenement shows great mineability. There is no human habitation and only sparse vegetation over the mineralisation. We have easy access to a natural deep water harbour. This, coupled with the mineralisation occurring from surface and located at, or near, the shoreline, puts us in an enviable position to develop one of the most efficient mines in the region.

To further improve efficiencies and economies of scale, we are looking closely at opportunities to develop both tenements in tandem.

Drilling at Kolosori has already confirmed our model of deeper, higher grade saprolite zones at the Project. We anticipate we will find the same at San Jorge when we commence drilling there later this year.

This is encouraging given that nickel prices are forecast by traders and analysts to grow as China's stockpile of nickel ore falls.

Proactive Investors: Can you outline the ownership structure of Isabel along with the possible size and scale of the project?

Ryan Mount: *The Isabel Nickel Project is owned by Axiom KB Limited, of which Axiom holds 80%, with the two original landowning tribes holding the remaining 20% interest. Their stake is corporatised in a community company structure.*

Axiom has a registered leasehold and prospecting licence over the 49 square kilometres of the Kolosori tenement, and we have a prospecting licence for the San Jorge tenement, which is 36 square kilometres.

The historical exploration at Kolosori only tested to 5 metres in depth from the surface. Recent drilling has intersected high grade nickel of more than 2% to a depth of more than 20 metres. The potential upside for grade and tonnage is substantial.

We are continuing drilling at Kolosori—not only confirm the historical work but to test and quantify the extension of the higher grade mineralisation at depth.

In the next couple of months we will commence Resource definition drilling, targeting an initial JORC Resource of 4–7 million tonnes, which will supply the first 2–5 years of a DSO operation.

We will begin with a low cost dig-and-deliver mining operation, which will generate cashflow for a relatively low capital expenditure.

The significant cashflow generated from the first two years of mining will give us options for further expansion.

Proactive Investors: The International Nickel Study Group has forecast new laterite supply to increase by around a third in the next decade. How is Axiom positioned to contribute?

Ryan Mount: *Axiom has the potential to supply between 2% and 5% of the world's new laterite over the next 15 years, making the company a significant player in global laterite production.*

Chinese nickel ore stocks have dropped to their lowest levels over the past few years, and this coupled with the limited amount of high grade left in the Philippines means that the Isabel Nickel Project has become far more important in the region.

Our project has well understood tropical laterite geology and metallurgy, with ore to be mined from surface and a simple dig-haul-ship process. Our DSO operation will also have a relatively low capital expenditure of US\$25–35 million.

Additionally, we are pleased to have established good working relationships with the Solomon Islands community and Government whom we proudly call our partners.

Axiom is therefore well placed to meet some of the global demand for nickel.

Proactive Investors: Can you outline the proposed change in capital structure through a consolidation in shares

Ryan Mount: The proposed consolidation is 15:1, reducing shares on issue from approximately 3.6 billion to approximately 240 million, which is subject to shareholder approval at our AGM next week.

A consolidation would streamline the company's register by significantly reducing the amount of shares on issue.

We believe the consolidation is needed now. We are confident of achieving several milestones shortly and as such we need to have our share capital in order. The consolidation will broaden our appeal to institutional investors, whom we expect to become increasingly interested as we progress with our business plan this year.

We have also sought shareholder approval to increase our authorised share capital from 4 billion to 8 billion. Of course, if the consolidation is approved—this would equate to an increase from 267 million to 533 million shares.

This increase gives us the ability to raise working capital only if required, as we work towards advanced exploration goals and setting up our DSO operation by year's end.

Proactive Investors: Finally, can you please outline upcoming catalysts for investors?

Ryan Mount: *Key milestones for the Isabel Nickel Project this year include:*

- *Further orientation and twinning drilling results from Kolosori over the next couple of months, and from San Jorge in the second half of 2015*
- *Court of Appeal hearing in May, where we are confident of once again successfully defending our rights on the Kolosori tenement*
- *Results from resource definition drilling and defining a JORC resource on Kolosori in the second half of 2015*
- *Grant of a Mining Lease for Kolosori in mid-2015*
- *Starting direct shipping of ore in late 2015.*

Ends