

31 July 2008

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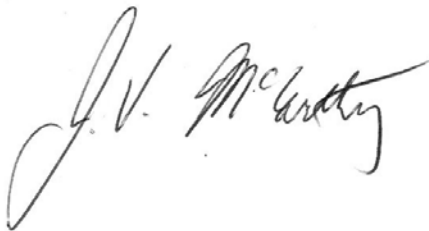
Dear Sir,

AXIOM MINING LIMITED (ASX CODE: AVQ)
ASX Announcement

Axiom June 2008 Quarterly Exploration Update
North Queensland and Vietnam

In accordance with Listing Rule 3.1, we attach the following.

Yours faithfully



John McCarthy
Director Geology
Sydney, NSW
Australia

June 2008 Quarterly Exploration Update Important Project Developments, North Queensland and Vietnam

North Queensland

■ Mountain Maid Gold Prospect - Cardross Project

Compilation and interpretation of historical drill hole assay and geological data has resulted in the recognition during the June quarter of a very large gold prospect at Mountain Maid (see Axiom ASX releases ([23 May](#) and [29 July 2008](#))). The prospect area is centrally located within the widely mineralised Nundah Granodiorite Batholith. Gold is associated with quartz veins in the host granodiorite and a late porphyritic intrusive phase.

The trace element geochemistry, quartz vein stockworks and sericite alteration at Mountain Maid are all characteristic of intrusive related gold systems (IRGS) such as the Fort Knox (>5M oz gold) in Alaska, USA and Dublin Gulch (≈2M oz gold) in the Yukon Territory, Canada.

Axiom has mapped the collar locations of 23 diamond and RC drill holes completed over the prospect by other companies between 1996 and 2003. Detailed assay records show that some of these holes were terminated in gold mineralisation and as a result, the full strike and depth extent of the gold system is yet to be defined.

The large surface footprint of the host intrusives evident in outcrop and the gold-in-soil geochemical anomalies when combined with downhole continuity of the gold zones are indicators that Mountain Maid has the potential to host a sizable, bulk tonnage gold deposit.

Historical reports contain results from preliminary cyanide leach testing that indicate the gold mineralisation is readily leached by cyanide solutions, but further metallurgical studies will be required to determine if the rock is suitable for simple open pit dump or heap leach treatment.

Geological, structural and alteration mapping is underway, and a modest first phase diamond drilling program of 1,500 metres will be completed to obtain new core samples for assay, metallurgical tests and initial resource estimation.

■ Digger Lode and Terrace Prospect - Nightflower Project

Following a dipole-dipole Induced Polarization survey in May over the Nightflower project, eight diamond drill holes were completed on the Digger Lode lead-silver-zinc-copper-gold deposit (see Axiom ASX announcements on the ([15 January](#), [12 June](#) and [1 July](#), 2008)).

All holes intersected the targeted Lode zone and an associated felsic intrusive dyke. Sulphide mineralised zones vary from a few metres up to 45 metres in downhole width represented by massive and/or vein-hosted sulphides. Assays from the first two holes are presented in the section titled, 'North Queensland Project Summaries' in Table 2, later in this update.

Vietnam

■ Quang Binh Gold Project

Two-stage 15,000 metre infill drill program to define JORC-compliant resources is designed for the Quang Binh porphyry style gold prospect to provide data for preparation of a mining licence application based on a simple open pit and dump leach mining operation. The drill program as planned will commence on the grant of a 12-month extension of the Mineral Exploration Licence (MEL), which is pending. A detailed report describing the program and its objectives will be released by Axiom shortly.

■ Quang Tri Mineral Exploration Licence Application

An assessment meeting was held with the Department of Geology and Mineral Resources (DGMV) in Hanoi on 11 July 2008 as the final formality before grant of the Quang Tri MEL. Minor changes to the application were recommended by DGMV at that meeting and will be completed within two weeks. Upon acceptance of these changes by the DGMV the MEL will be granted. Preliminary geological investigations of the Quang Tri application area have confirmed the presence of both sediment-hosted replacement and intrusive-related gold mineralisation similar to OZ Minerals Sepon gold deposits across the border in Laos.

■ Project Development

Reconnaissance exploration by Axiom geologists has been completed over a number of prospects in Northern Vietnam at the invitation of Provincial Governments or Vietnamese companies that have mineral titles they wish to exploit. In several cases, assay data from outcrop, soils and bulk-leachable gold stream sediments have provided consistent and strongly anomalous gold results. Compilation and interpretation of this information will be used to select areas of highest priority for acquisition.

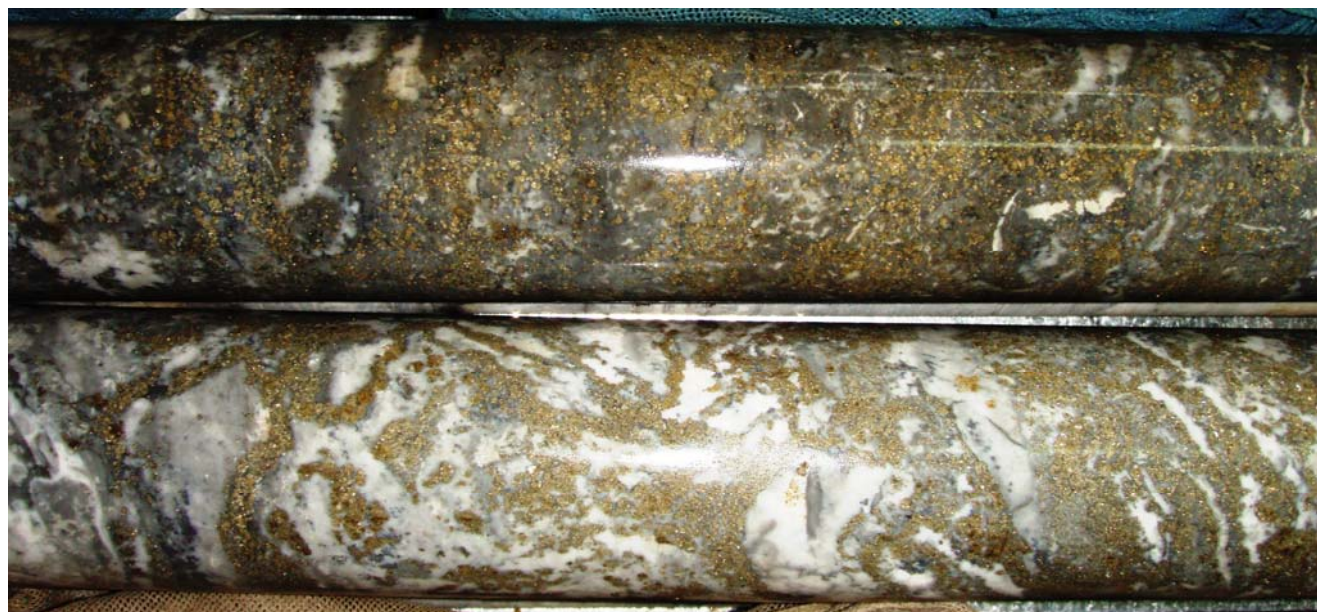


Plate 1 Sulphide (pyrite) mineralised drill core from hole XK29 located at the eastern end of the Xa Khia open pit from 78 to 80 m downhole. From a two-metre section that assayed 16.32 g/t Au and 874 g/t Ag as sediment-hosted replacement mineralisation.

Solomon Islands

■ Bugotu Nickel Laterite Project Status

The group representing the traditional landowners with the support of the Axiom Bugotu Nickel Limited syndicate continues to work through the legal process to open the way for processing of an application for a Prospect Permit over the laterite nickel-cobalt deposits on San Jorge and Santa Isabel islands. Axiom Mining Limited is in discussions with a number of large companies in the nickel business to establish relationships that will benefit the development of the project in preparation for the stage when its financial and technical obligations commence upon granting of the permit.

Near-Term Development Strategy

The June Quarter has involved further deterioration in the international credit system that has impacted negatively on the local and international stock and investment markets. Surging oil prices, which have accentuated fears of runaway inflation are exacerbating the situation. In these circumstances, and despite continuing strong metal price fundamentals, resource funding for exploration companies is becoming increasingly difficult. Market forecasters are predicting that this situation will continue to unsettle investors plans for some time yet.

In response to this situation, Axiom's Board and management have determined that the Company should tightly focus its exploration efforts on projects that offer the strongest opportunity to deliver JORC-compliant resources in the short term. Projects that will receive maximum attention are Nightflower and Mountain Maid in North Queensland and the Quang Binh project in Vietnam.

To maintain exploration momentum on its other high quality mineral assets, Axiom is seeking joint venture partners for development of several of its projects and is currently entertaining offers from several mining and exploration groups.

Wise Owl Commences Coverage

Wise Owl, an independent equities analytical and stock recommendation group, commenced coverage of Axiom during the June quarter with a comprehensive report on the Company produced by analyst Sven Restel. A copy of his report is available on Axiom's web site by clicking on the following this link ([Wise Owl report](#)) or from www.wise-owl.com. Axiom welcomes having this new information source covering the Company and expects this will increase investor awareness and lead to a broader investor base, which improves market liquidity.

Queensland Project Summaries follow next page...

North Queensland Project Summaries

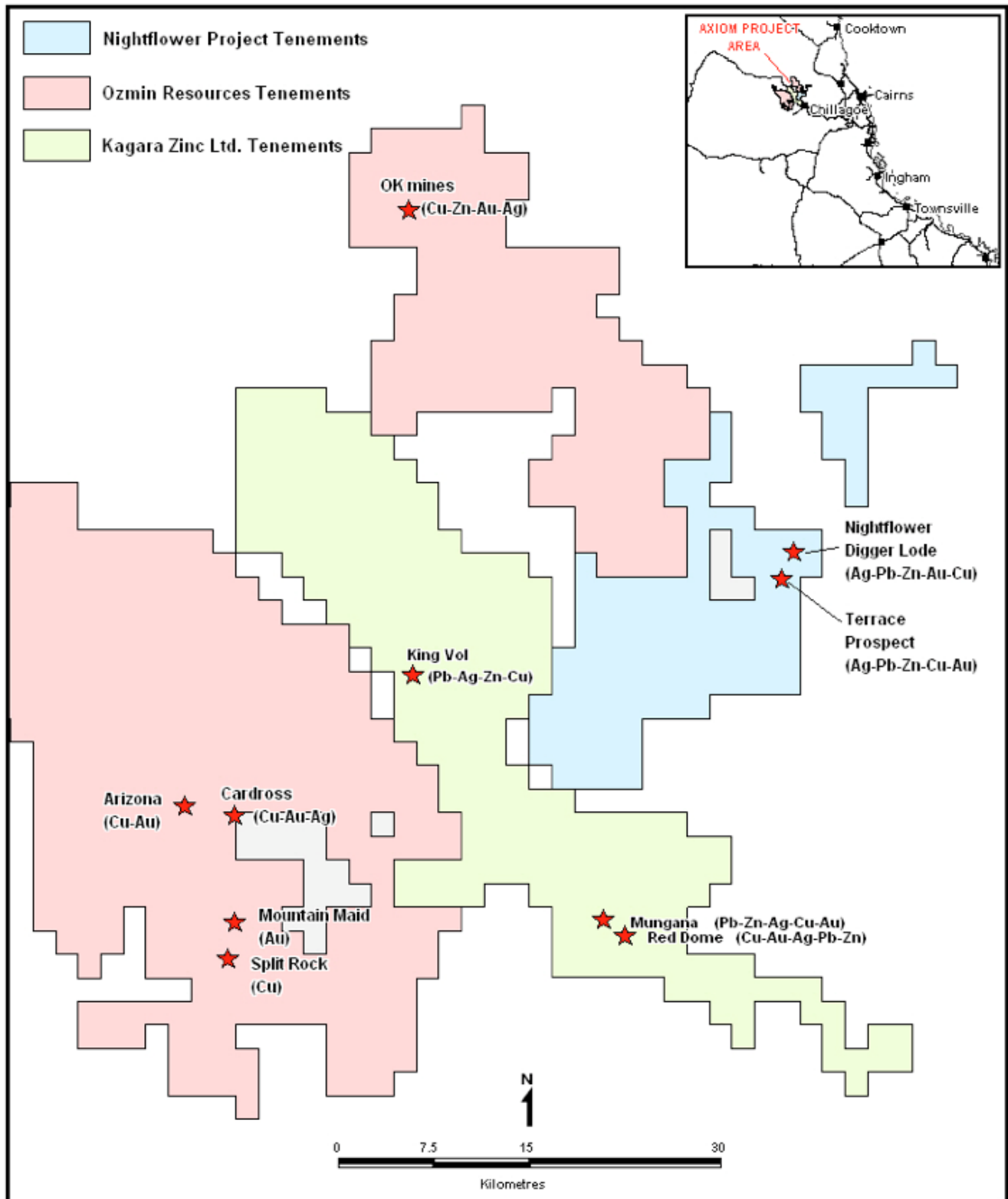


Figure 1 Map showing North Queensland (Chillagoe region) tenement holdings of Axiom and Kagara Zinc and main deposits or prospects

Queensland Project Summaries continue next page...

Greater Cardross Project Area

The Cardross project area, located centrally 45 km west of Chillagoe (Figure 1) has been one of Axiom's main areas of focus for exploration. The project area is primarily underlain by Proterozoic Dargalong Metamorphics and the widely mineralised Nundah Granodiorite Batholith. Mineralisation is closely linked to Permo-Carboniferous dykes and stocks that have intruded both of the main rock units over the project area. Permo-Carboniferous intrusions in North Queensland are linked to known world-class gold deposits (e.g. Kidston and Mt Leyshon) and closely linked to mineralisation at the Red Dome and Mungana base metal and gold deposits near Chillagoe. The greater Cardross Project area is highly prospective for copper and gold mineralisation and together with the Quang Binh project in Vietnam is one of three main areas of continued focus for exploration by Axiom.

Mountain Maid Prospect

The Mountain Maid gold prospect is located 10 km south of the Cardross mining lease (Figure 1). The prospect is situated centrally in the Cardross project area and forms part of a large mineralisation system. In the immediate prospect area, the host Nundah Granodiorite has been intruded by a series of younger Permo-Carboniferous intermediate to felsic porphyritic dykes and stocks. Part of the prospect area is covered by a 5-to-10 m thick mesa cap of Jurassic sandstone and conglomerate, which obscures much of the known mineralisation.

A recent review of historical data held by Axiom shows previous exploration, dating back to 1995, included BLEG stream sediment, grid-based soil, and rock chip sampling as well as geological mapping, and diamond core and RC drilling. Drilling intersected a very large-tonnage, low-to-moderate-grade gold system associated with an extensive quartz vein stockwork and a monzonite porphyry intrusion. Numerous drill holes intersected significant zones of higher grade gold within wider low-grade halos (see Axiom ASX release [29 July 2008](#)).

The geochemical and alteration signature associated with gold mineralisation at Mountain Maid has characteristics comparable to intrusion-related gold systems (IRGS), and shows marked similarities to two of the best known examples of IRGS, namely Fort Knox in Alaska (>5M oz gold deposit) and Dublin Gulch in Yukon (~2M oz gold deposit). The spatial link to an interpreted Permo-Carboniferous monzonite porphyry stock is also important as similar-aged intrusions elsewhere in North Queensland are strongly linked to gold mineralisation.

Recent mapping by Axiom geologists demonstrates potential for extensions to mineralisation along strike in both directions and a review of the drilling data shows the system continues to host gold below the depth of drilling. Furthermore, a large gold soil anomaly is evident to the southwest of the main mineralised area previously drilled, which may represent a new zone of mineralisation that as yet remains untested by drilling.

Split Rock Prospect

Split Rock prospect is located 12 km south of the Cardross mining lease (Figure 1) and only 1.5 km northeast of the Mountain Maid prospect. Previous exploration has defined a widespread low-to-moderate-grade copper mineralised system associated with extensive stockwork quartz veining and quartz-sericite alteration. Mineralisation appears related to felsic porphyry dykes that have intruded a granitoid host. Reprocessing of the historical geophysical IP/resistivity data indicates localised zones of increased IP response in the vicinity of previous drilling. Additionally, a large moderate-strength IP anomaly is evident in the southeast of the prospect area, which is largely untested by drilling (see Axiom ASX release [23 May 2008](#)).

Recently, additional soil sampling was conducted west, south and northeast of Split Rock to close off the previous soil Cu and Zn-Pb anomalies. The soil survey west of Split Rock closed off the Cu anomaly. The soil survey to the northeast closed off the Cu anomaly. However, a new zone of strongly anomalous Au (+40ppb) was defined. Field checks of this new Au anomaly are yet to be conducted. Assays from the soil survey to the south of Split Rock, meant to close off the Zn-Pb anomaly, are yet to be received.

Cardross Mining Lease

A complete set of assay data have been received for Phase 2 of the diamond drilling at the Cardross mining lease. Mineralisation is typically manifest as narrow zones of moderate grade Cu-Au-Ag, most commonly developed in single veins with only weakly mineralised halos. The best drill intersection is from drill hole CA08DD20, comprising 28 m @ 0.7% Cu, 0.23g/t Au and 13g/t Ag, which includes several higher-grade intervals over 1 to 2 metres (refer to Table 1 below).

A full review of all drilling completed on the Cardross mining lease will be undertaken during the next few months with the view of developing a 3D geological model to assist with future drill targeting at depth and to assess if there is sufficient data to conduct an initial JORC-compliant resource estimate.

Table 1 Cardross Prospect Phase 2 drill program assay intercepts (>0.5% Cu shown)

Hole No.	From (m)	To (m)	Down-Hole Interval (m)	Copper (%)	Gold (g/t)	Silver (g/t)
CA08DD15	165	166	1	2.1	0.11	30.1
CA08DD16	134	135	1	2.2	0.38	32.6
	150	154	4	0.62	0.06	11.5
CA08DD17	122	123	1	1.73	0.05	25.4
CA08DD18	140	143	3		1.1	
CA08DD19	NSA					
CA08DD20	97	125	28	0.7	0.23	13
including	100	101	1	2.67	1.63	36.9
including	113	115	2	3.3	0.87	57.5
including	120	121	1	2.74	1.63	67.6
including	124	125	1	2.49	0.15	55.2
CA08DD21	67	68	1	1.55	0.78	34.5
CA08DD22	56	57	1	1.55	0.52	23.7
	85	87	2	1.85	0.13	21.7
	168	169	1	1.33	0.13	27.7
	185	186	1	1.82	1.12	20.3
CA08DD23	Hole abandoned					
CA08DD24	78	79	1	0.76	0.83	22.7
	175	176	1	0.90	0.97	13.7

*NSA = no significant assay.

Cardross Shear Zone

An IP/resistivity survey was conducted over 2 km of strike of the Cardross Shear immediately southwest of the Cardross mining lease. A moderate-strength chargeability anomaly has been defined within the shear zone over a length of approximately 400 m and at an interpreted depth of approximately 100 m. The strength of the chargeability anomaly is similar to that associated with mineralisation intersected in drill hole CA08DD20 (28 m @ 0.7% Cu, 0.23g/t Au, 13g/t Ag) and provides a new drill target (the Nisha target).

Soil sampling surveys have been conducted along the Cardross shear to the southwest and northeast of the Cardross mining lease. Both areas have limited outcrop and the soil sampling is aimed at defining further mineralisation within the shear zone. Assays have been returned for the area to the southwest, with a weakly anomalous Cu-Au response in the vicinity of the Nisha chargeability target. Assays are pending for the area sampled to the northeast.

Arizona Shear Zone

Reconnaissance mapping and rock chip sampling has been conducted north and northwest of the Cardross mining lease in the Arizona area (Figure 1). A number of discrete mineralised shear zones are present, which show strong similarities in mineralisation style to that present at the Cardross mining lease. Rock chip results returned strongly anomalous Cu-Au-Ag +/-Bi and provide considerable encouragement.

Spaniard Prospect

Soil sampling has been conducted at the Spaniard prospect located approximately 2 km northwest of the Mountain Maid prospect where an historical narrow trench returned strongly anomalous Cu-Au assays. Mineralisation is developed within a shear zone similar to that developed at the Cardross mining lease. Soil sampling was aimed at determining if the shear continues along strike where outcrop is limited. Results of the soil sampling show subdued Cu and Au response at the interpreted strike extension position. Spotty, but strongly elevated Au values are present in soils, which don't relate to the shear zone. These are yet to be field-checked to determine the source of the anomalism.

Nightflower Project

The Nightflower project is located 35 km north of Chillagoe (Figure 1). The tenements are primarily underlain by the Featherbed Volcanic Group, including the Nightflower Dacite and sedimentary units of the Hodgkinson Formation. Exploration over the past three months has focused on the Nightflower Fault, host of the historic Digger Lode lead-zinc-silver deposit. Mineralisation along the Nightflower Fault is interpreted to be linked to felsic intrusions at depth and shows similarities to base-metal mineralisation developed at the Mungana deposit near Chillagoe. Exploration included an IP/resistivity geophysical survey and diamond drilling. The Nightflower Fault is considered highly prospective for further mineralisation and will continue to be one of the main areas of exploration focus by Axiom for the remainder of the year.

Digger Lode Drilling

A total of 2,057 m of diamond drilling in eight holes was completed on the Digger Lode (refer to Axiom ASX releases of [15 January](#), [12 June](#) and [1 July](#) 2008). The lode channel and massive sulphide (lead-zinc-copper) mineralisation were intersected in all holes. Five of the holes, comprising 838 m in total were drilled as infill holes on the Digger Lode shoot. Assays are available for two holes and are listed in Table 2 below. Assays are awaited for two additional holes while the remaining holes are being processed through the Company's core shed.

Table 2 Significant assays from Digger Lode drill holes NF08DD17 and 18

Hole No.	From (m)	To (m)	Down-Hole Interval (m)	Lead (%)	Zinc (%)	Silver (g/t)	Copper (%)	Gold (g/t)
NF08DD17	131	132	1	1.7	1.73	52		
	135	136	1	1.9	2.1	57		
	143	144	1	1.22	1.47	44.4		
	152.3	154.2	1.9	3.32	0.86	164.4	0.56	0.18
	154.2	154.9	0.7					1.41
NF08DD18	147	148	1	1.52	0.52	82.8	0.18	
	151	153	2	2.79	1.15	158.7	0.33	0.34
	154	156.3	2.3					1.58

The three deeper holes (totaling 1,219 m) drilled under the Queensland Governments' Smart State CDI Funding Initiative, intersected the Digger Lode at depth, but did not penetrate the postulated basement contact or reveal conclusive signs of a deeper intrusive porphyry source. However, these holes did establish that the Lode, which has a surface strike length of at least 800 m, continues to a depth of over 400 m below surface.

Digger Lode and Terrace IP Anomalies

The Company completed a 19 line-kilometre IP/resistivity (IP) survey over a 2.2 km strike length of the 4 km long polymetallic Nightflower Fault Corridor. The survey covered both the Digger Lode and Terrace Prospect areas. The inverted IP modeled data defined two strong chargeability anomalies – the Digger Lode IP Anomaly and the Terrace IP Anomaly (Figure 2).

Both the Digger Lode and Terrace IP anomalies extend to depths of at least 400 m below surface. Drilling now proves the direct relationship of the sulphidic Digger Lode with the Digger Lode IP Anomaly, and this knowledge can be applied to the Terrace Prospect. The Terrace IP Anomaly represents a second drill target similar to the Digger Lode. Historic surface sampling and shallow percussion drilling indicate that copper and gold are a significant component of the mineralisation at the Terrace Prospect, particularly toward its southern extension. Should economic mineralisation extend to the depths indicated by the IP, resource potential is greatly enhanced, and more drilling will be warranted.

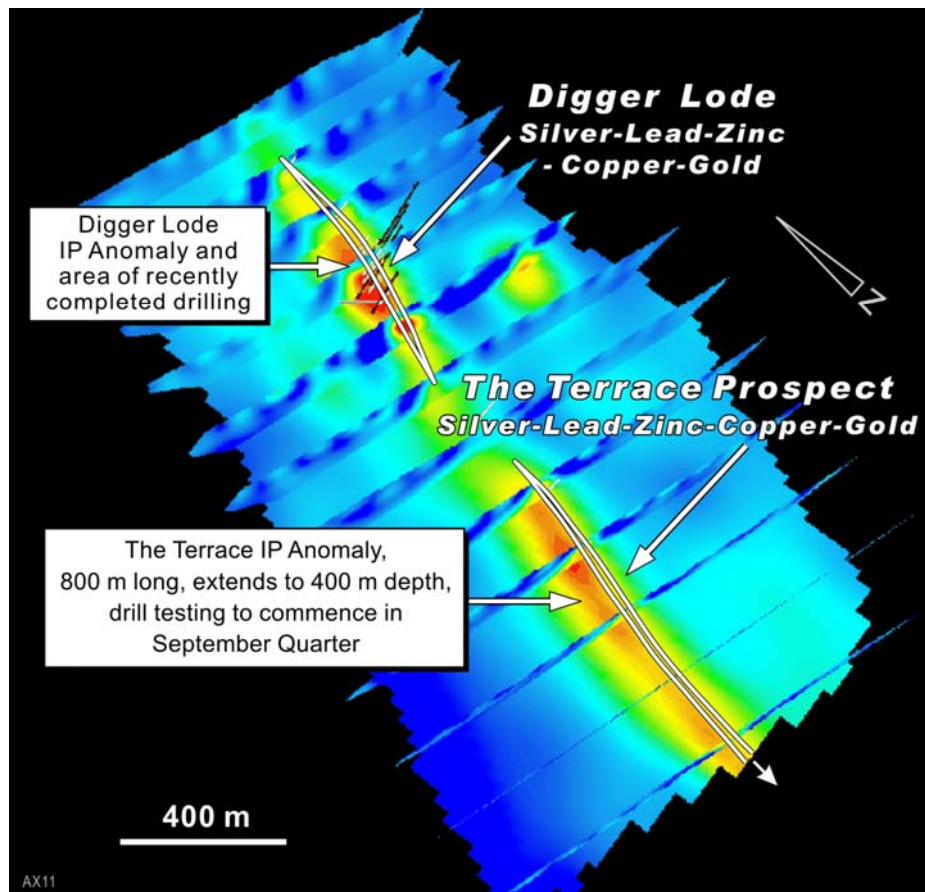


Figure 2 3D model of the Digger Lode (showing recent drill holes) and Terrace Prospect IP Anomalies

White Hills Project

Soil sampling over the White Hills project was completed during the quarter. An initial 100 x 100 m spaced soil program defined two coherent zones of +10ppb Au, with both anomalies corresponding to areas of known gold mineralisation from mapping and rock chip results. Follow-up soil sampling on 50 x 50 m spacing over both areas has recently been completed, which confirmed the previous sampling. The latest phase of mapping suggests that the Golden Gusher prospect has the best potential to host bedrock gold, which is supported by the soil geochemistry and previous rock chip assays.

OK Project

Reconnaissance mapping, stream sediment and rock chip sampling south of the OK prospects commenced during the quarter. Work focused on the Ticklehim Creek Dyke Swarm to target gold and base metal mineralisation. Assay results are pending.

September Quarter Exploration Program

Assays for the recently completed drilling campaign of the Digger Lode on the Nightflower project are expected during the quarter. A full assessment of the drill results will then be conducted. A Downhole Electromagnetic (DHEM) survey is planned for drill hole NF08DD23, where the recent drilling is thought to have passed under the main high-grade shoot within the Digger Lode – surveying is planned for late August.

Mapping of the Nightflower Fault is also to be conducted along a 2 km segment of the fault in the same area as that previously surveyed by IP where strong coherent chargeability responses are present. The mapping will assist with planning of a RC drilling program expected to commence late in the quarter.

Detailed mapping of the Mountain Maid gold prospect will commence in early August in preparation for drilling. Diamond drilling is planned to test along strike from, and at depth to previous drilling and will commence as soon as a drill rig is available.

Reconnaissance mapping will continue over areas of the Cardross project that show promise for copper and gold mineralisation similar in style to that developed at Split Rock and Mountain Maid. A large soil-sampling program is planned for the area north and northeast of Mountain Maid where previous rock chip sampling show areas of strongly elevated Cu-Au-Ag-Sb-Sn.

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Geological information presented in this report is based on exploration results compiled by Mr Glen Little in respect of the Queensland tenements and Mr John McCarthy for the Group. Mr Little and Mr McCarthy are Members of the Australasian Institute of Mining and Metallurgy and they have sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity, which they are undertaking to qualify as competent persons in accordance with Clause 8 of the JORC Code. Mr Little and Mr McCarthy are full-time employees of the Company and consent to inclusion in this report of the matters based on their information in the form and context in which it appears.

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 the 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.