



**WIN IN HIGH COURT CASE PAVES THE WAY FOR
SOLOMON ISLANDS'S FIRST NICKEL MINE**

**Australian Nickel Conference
2 October 2014**



THE EMERGING PACIFIC RIM MINER

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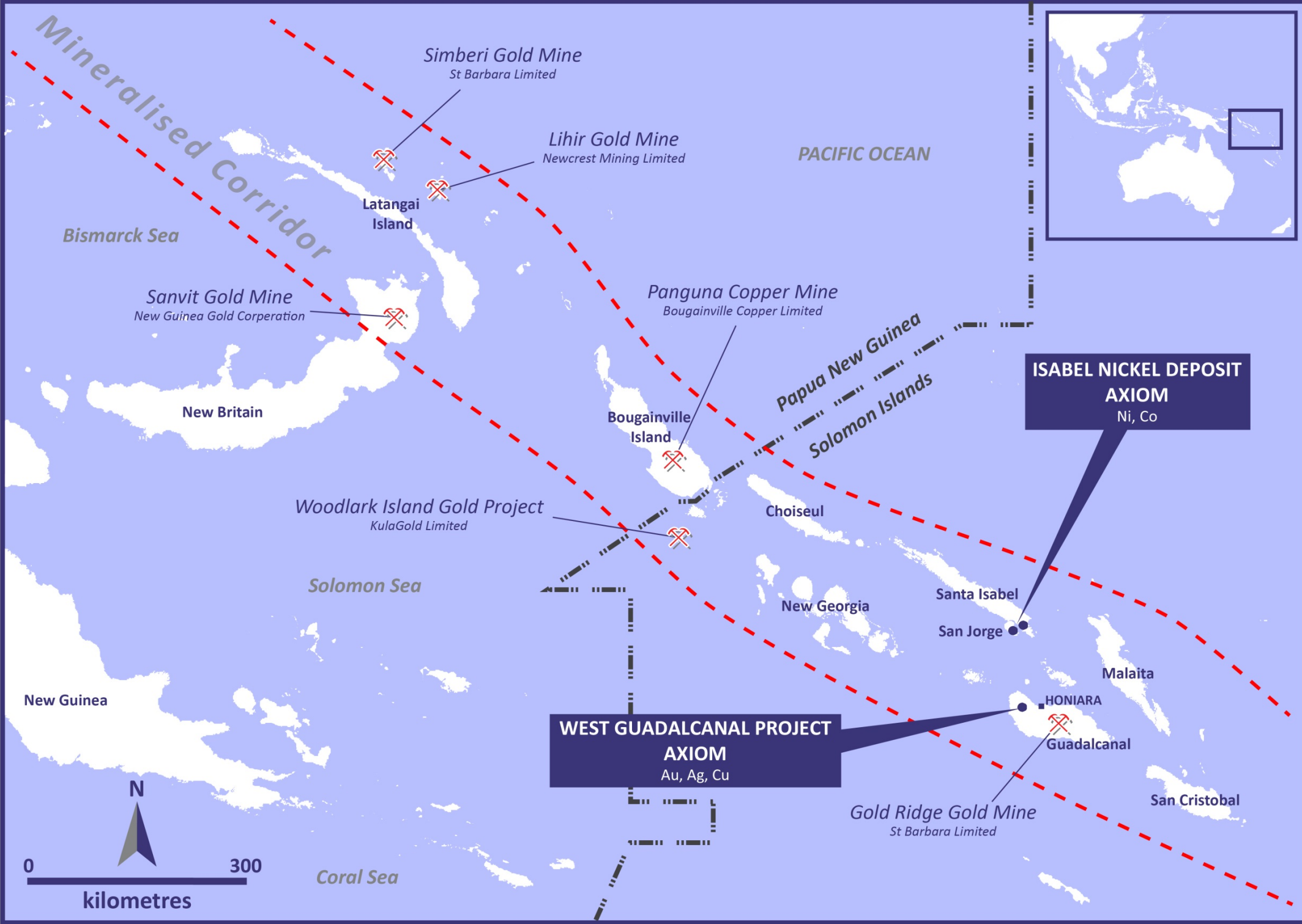
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Overview

Solomon Islands consists of nine main island groups, situated in the Pacific Ocean

Population: 550,000

Official language: English

Commonwealth country, gained independence in 1978

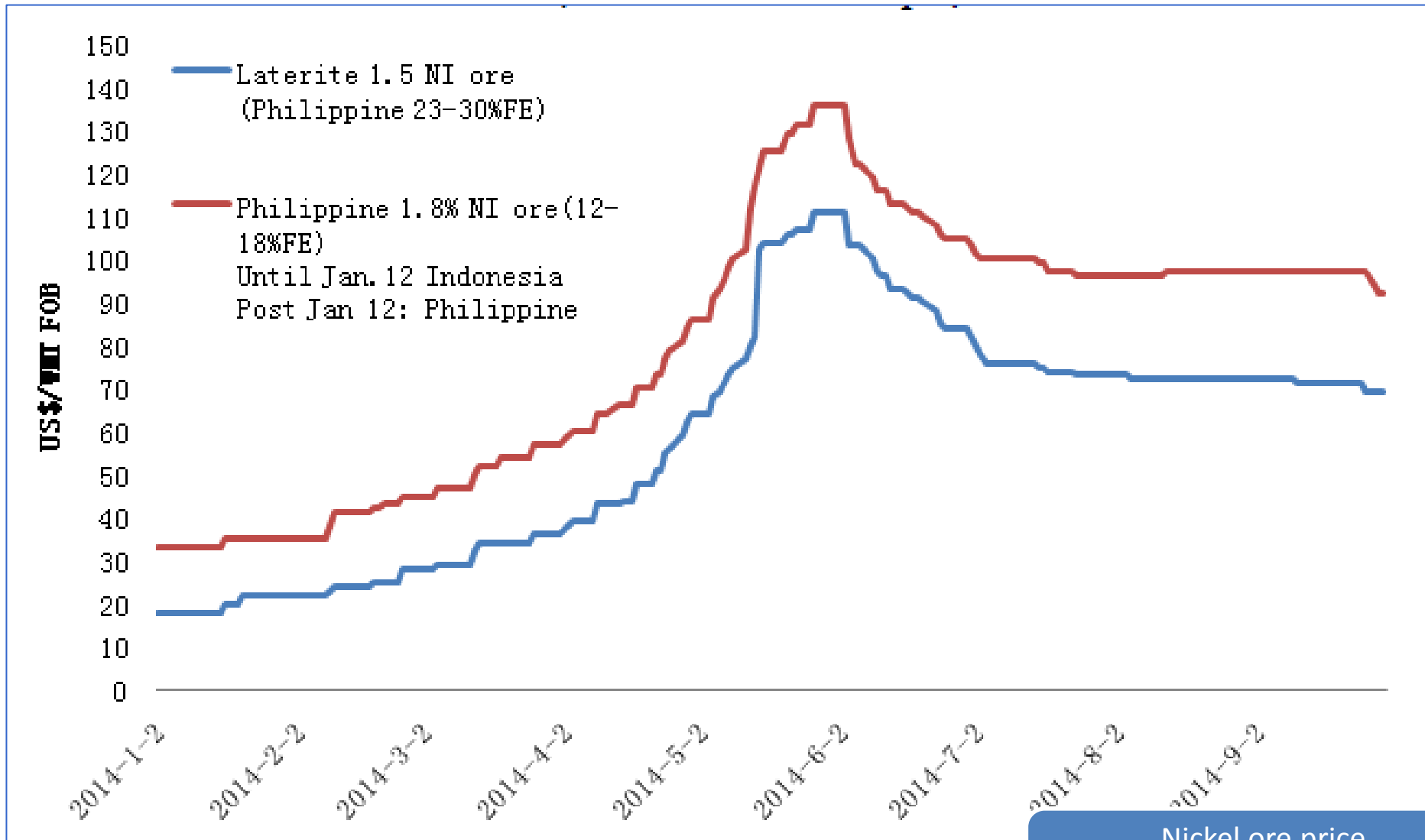
Head of Government: Prime Minister Gordon Darcy Lilo

Australian Government involved in Solomon Islands development since 2003 with the Regional Assistance Mission to Solomon Islands (RAMSI)

Rich in minerals, but no operating mines – largely due to landowner and cultural issues

Key industries: timber, fisheries, agriculture





Source: Ferroalloy.net

Nickel ore price
January–September 2014



Geological characteristics

One of the **largest nickel-laterite deposits** in the Pacific

Laterised ophiolite (nickel source rock) on Isabel and San Jorge Islands

Well developed limonite and saprolite zones

Tropical or “wet” laterite has well understood metallurgy

Exceptional mining characteristics

Mineralised from surface

Near shore, deep water harbour

Sparse vegetation

Not inhabited



Limonite



Saprolite







Sparse vegetation over mineralisation, laterite stockpiles near shore



Road to natural deep water harbour



Local workforce



Machinery on-site

1956–1975

Exploration by INCO included more than 7000 drill holes and pits; detailed records showed feasibility studies and bulk sampling with an intent to proceed to mine development.

1978

Solomon Islands independence / self-rule, with a constitution granting exclusive land access rights to customary landowners

1991–1993

Kaiser Engineers conducted a feasibility study to confirm INCO data; included check assaying and metallurgical sampling, resource and reserve estimation, preliminary CAPEX and OPEX estimates, economic analysis and financial modelling.

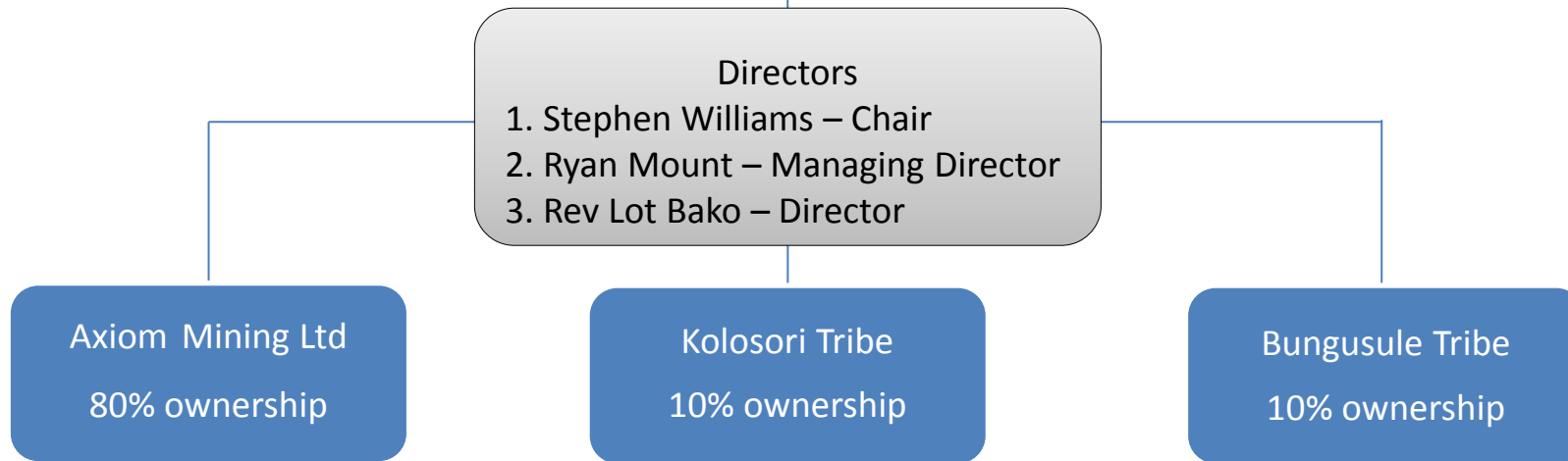
2010–2011

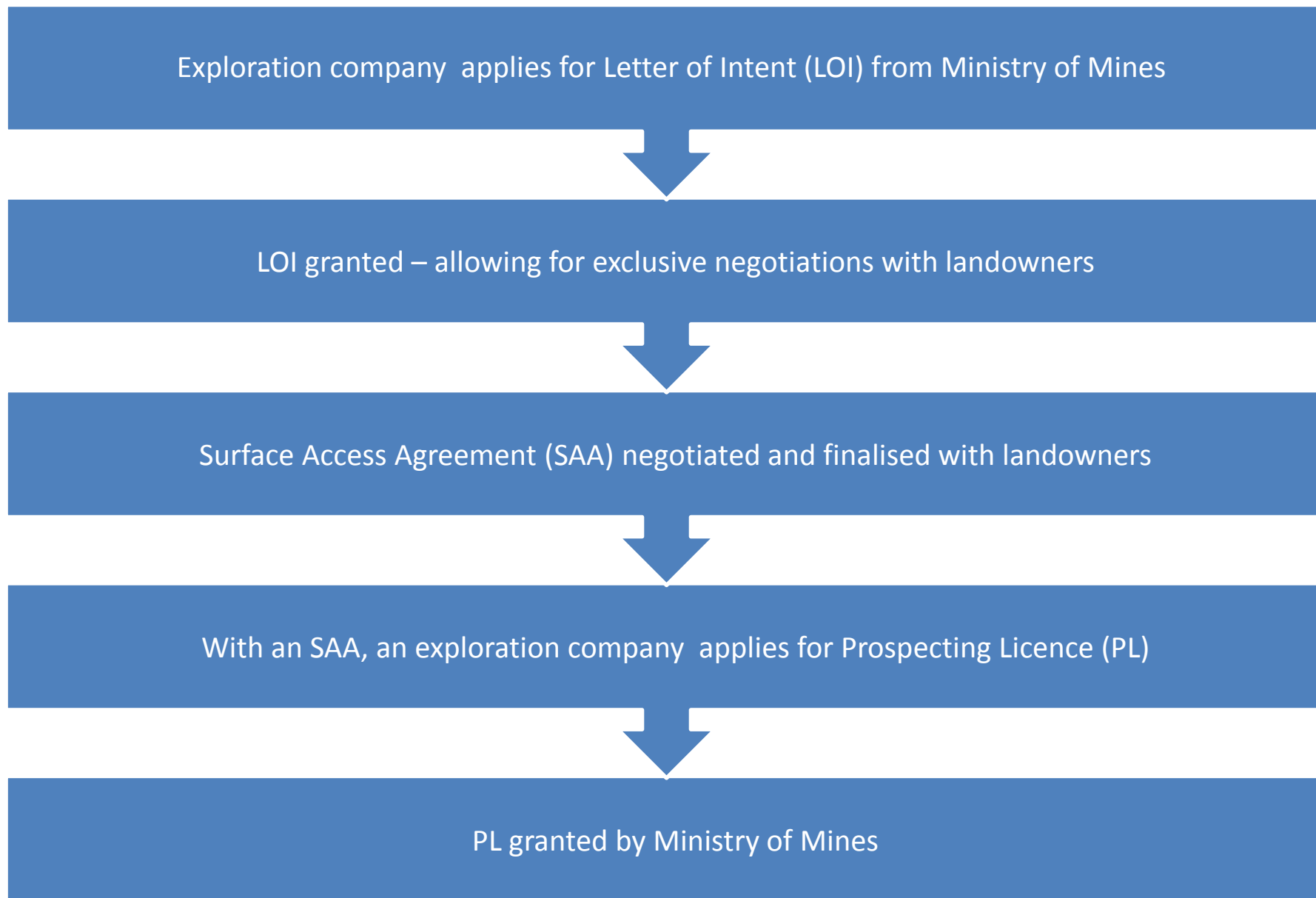
Axiom formed JV company, Axiom KB Limited, with Isabel landowners and secured 50-year leasehold. Axiom was granted a Prospecting Licence and commenced exploration.

2011–2014

Sumitomo lodged civil claim against Solomon Islands government, landowners and Axiom. **Judgment handed down in September 2014 in favour of Axiom.**







Key points of judgment

High Court upheld Axiom's Isabel nickel deposit land and exploration rights

High Court dismissed Sumitomo's claims, finding *"the proceedings have been shown to be an abuse of the court's process"*

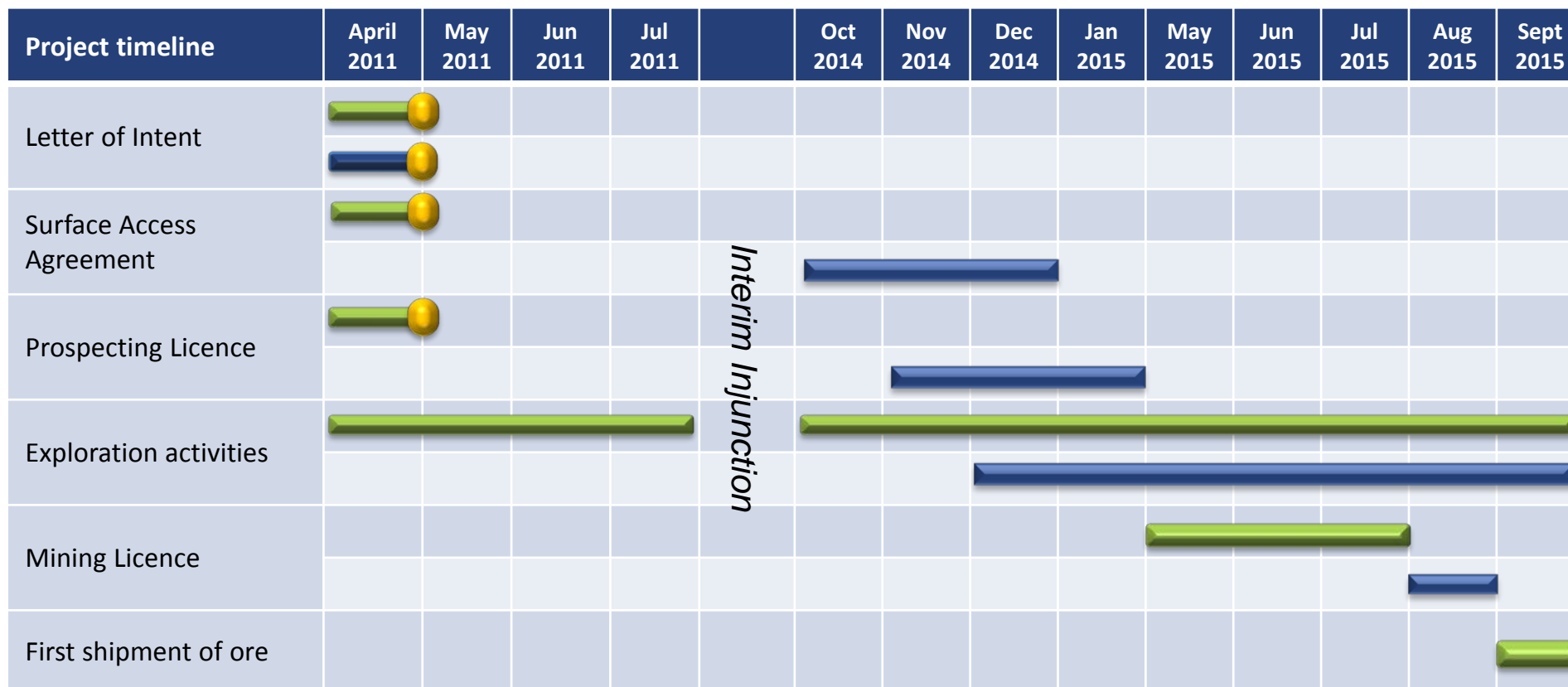
Discharge of injunction preventing Axiom's exploration or mining activities

Continuing permanent injunction restraining Sumitomo from interfering with Axiom's business activities in Solomon Islands

Axiom's claim for costs and damages to be determined.



Indicative project timeline



● Completed

■ Kolosori Tenement
Santa Isabel Island

■ Bungusule Tenement
San Jorge Island

Direct shipping of ore

Gives Axiom a fast track to mining operations and cashflow for a relatively low capital expenditure.

Includes direct shipping of laterite ore to nickel pig iron producers in China or other existing processing facility in the region.

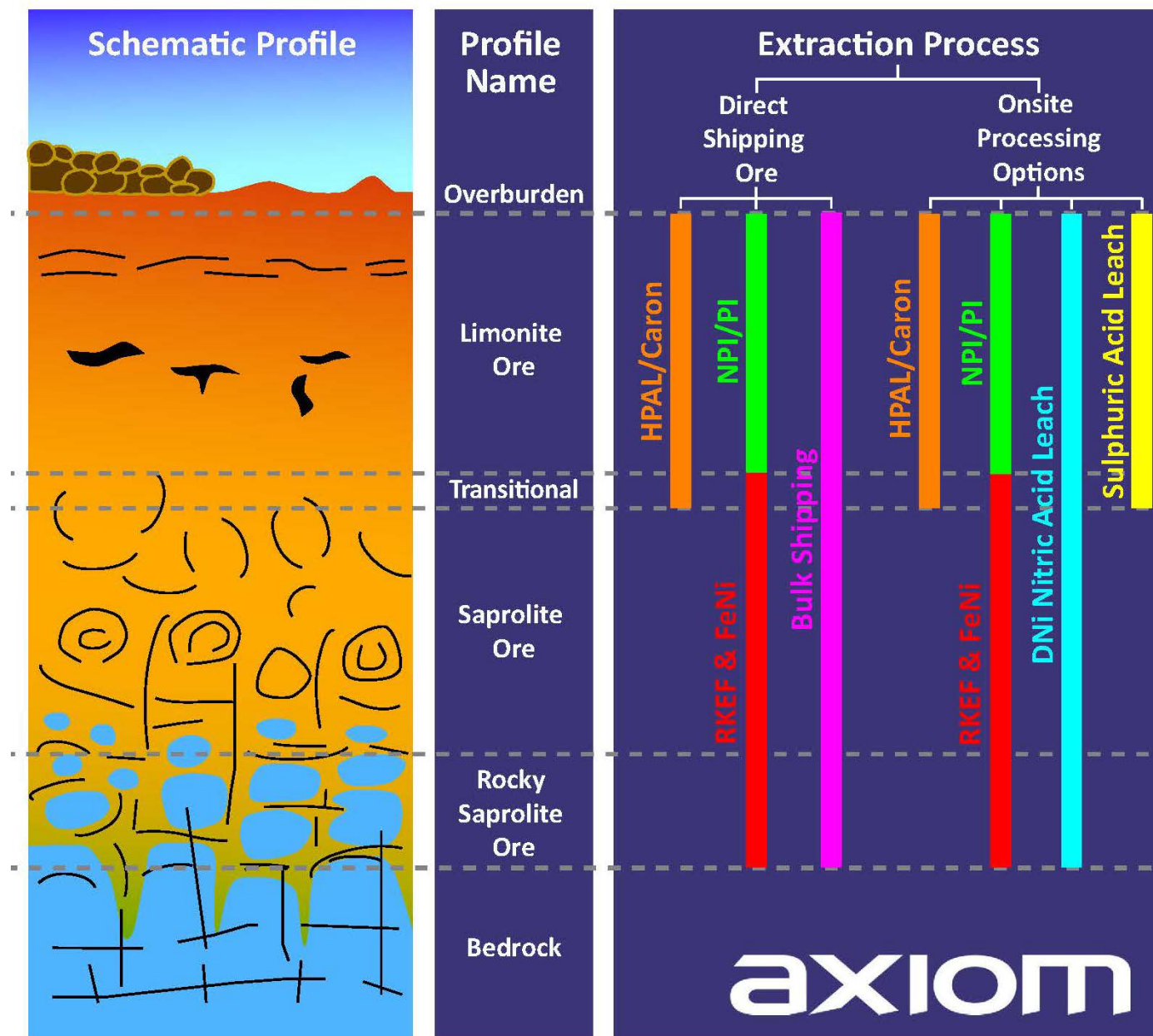


On-site processing

Cashflow generated by DSO will provide Axiom with the capital needed to consider on-site processing of the ore to increase value

This may be undertaken by Axiom solely, or through a partnership or joint venture with an established nickel producer

Having stayed independent through the early stages of the project, Axiom will be in a strong position to negotiate with potential development partners



Potential economics for an initial aspirational target of 2mtpa operation

Estimated capital cost for 2mtpa operation: US\$25m

	DSO	On-site processing**
Annual revenue*	US\$170m	US\$170m
Mining and loading cost	US\$15/t	US\$15/t
Overheads	US\$3/t	US\$3/t
Shipping to China (CIF)	US\$25/t	N/A
TOTAL OPEX	US\$43/t	US\$18/t
Gross cashflow generated:	US\$42/t	US\$67/t
Potential annual gross cashflow	US\$84m	US\$134m

**Based on recent nickel ore price quote for bulk shipment to China - 1.5% Ni DSO ore CIF China US\$85/t.*

***Based on a third party owning and operating the processing facility. These numbers do not include the potential for Axiom to share in the revenue/margin of the processing facility.*

Mr Stephen Williams – Chairman & Independent Director

- Corporate lawyer for 35 years and a Senior Partner at Kemp Strang Lawyers
- Strong corporate governance and experienced in international corporate transactions
- Non-executive Director of PrimeAg Aust. Ltd
- Former Chairman of Coffey International Limited for 16 years

Mr Ryan Mount – CEO & Managing Director

- Director since April 2009, appointed CEO in June 2010
- Led the restructure of the company in 2009 and 2010
- Previously 10 years' experience in Australian and international financial markets and corporate advisory
- Instrumental to the Company's development in the Solomon Islands

Mr Sailesh Solanki – Chief Financial Officer

- Experienced executive with a history of financial leadership with Australian mining companies operating in Asia and Pacific Islands
- Former Group Finance Manager of Allied Gold Limited, where he was instrumental in establishing and managing the finance functions during the development and the commissioning of Solomon Islands's Gold Ridge Mine
- Former manager at Emperor Mines Limited and Intrepid Mines Limited, based in Australia while establishing and managing the finance operations in Fiji, PNG and Indonesia
- Former auditor, a CPA and holds a Bachelor of Business (Accounting)

Mr Donald Macansh – Exploration Manager

- Highly accomplished geologist with more than 30 years' experience, largely in mineral exploration in Australia and Melaneasian Pacific Islands
- Recently led exploration at Newcrest's Wafi-Golpu gold deposit in Papua New Guinea (PNG), where he was in charge of 11 drill rigs and managed a camp of over 300 personnel
- Part of the team that was responsible for the expansion of Placer Dome's world class Porgera Gold Mine in PNG, and was a senior manager at Emperor Gold's Vatukoula gold deposit in Fiji
- Fellow of the Australian Institute of Mining and Metallurgy (AusIMM), Australian Institute of Geoscientists (AIG) and Society of Economic Geologists (SEG)

Mr Hans Vulker – Human Resources Manager

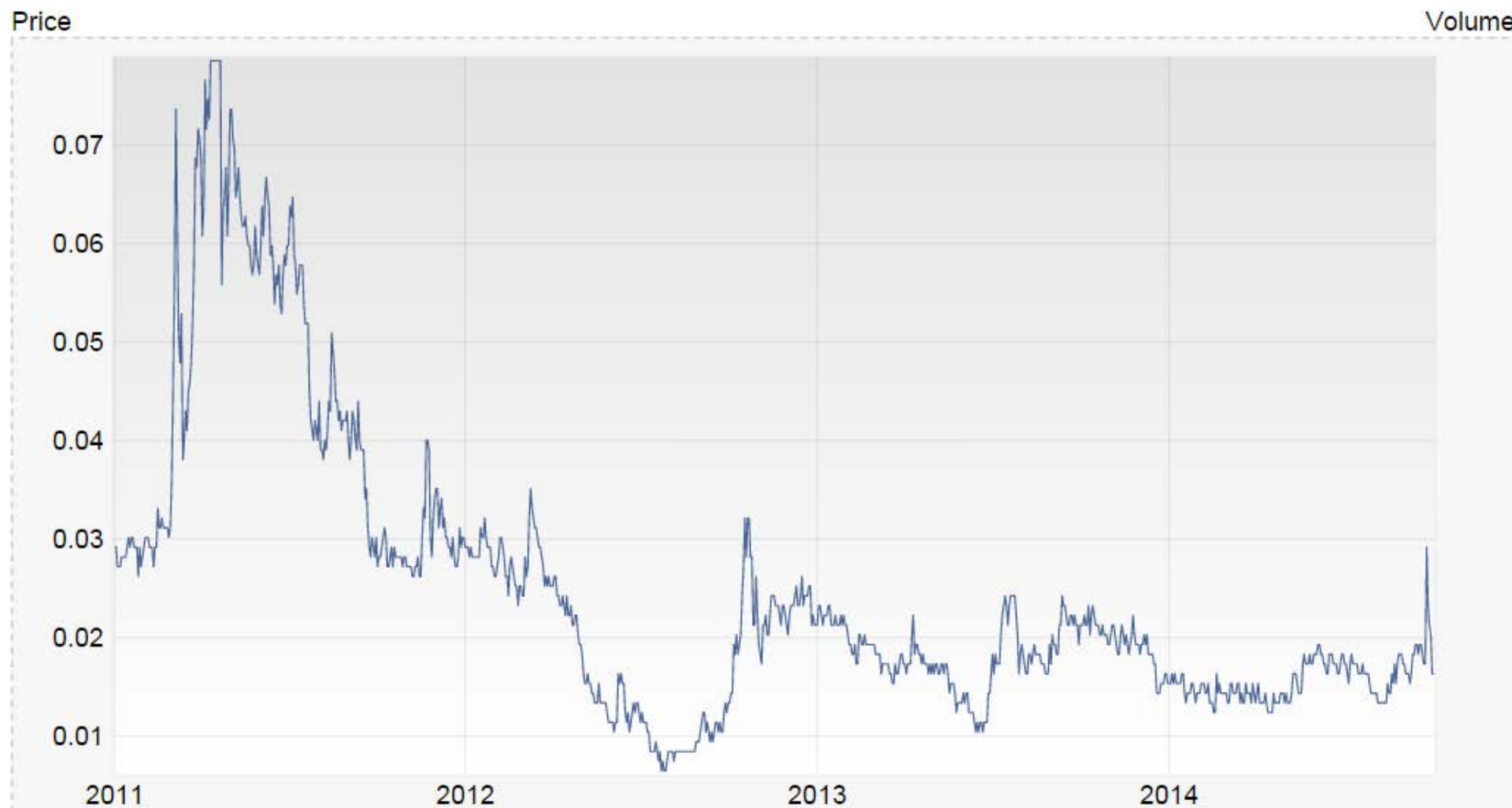
- Spent the past 30 years in human resources and training for mining operations located off-shore and in the Pacific
- Worked for major operations including Rio Tinto in Indonesia, Bougainville Copper Mine and Lihir Gold in Papua New Guinea as well as Gold Ridge Mine, Solomon Islands
- Speaks fluent Melanesian Pijin and experienced in working across culture and building local skills capacities



Capital structure

ASX Code	AVQ
Cash/funding	\$2m
Debt (Unsecured Convertible Notes)	\$700k
Shares on issue	3.3bn
Options on issue	0.6bn
Top 20 shareholders	1,163,222,280 (35.48%)
Market capitalisation	\$40m

Share price



4 Jan 2011 to 2 Oct 2014