axiom
Mining Limited

Annual Report 2014

axiom

With a resounding win in the Solomon Islands High Court over the rights to the world class Isabel nickel deposit, Axiom Mining has taken a big leap forward towards achieving our vision of becoming a significant, long-term and profitable mineral producer in the Asia Pacific region.

Contents

Axiom's innovative and inclusive approach to development of mineral resources in the Pacific Rim will continue to stand us in good stead as we work to establish Solomon Islands' first nickel mine.

This strategy is grounded in our values of Build Share Protect.

BUILD

profitable and sustainable operations through strong relationships with local communities and governments, and investment in skills development for our employees

SHARE

our knowledge, skills and economic rewards with our stakeholders

PROTECT

the health and wellbeing of our employees and local communities through safe and environmentally responsible mining

HIGHLIGHTS OF 2014

- Secured Prospecting Licence for West Guadalcanal Project, Solomon Islands
- Received courtroom win in Solomon Islands High Court over Isabel nickel deposit
- Appointed key managers including Chief Financial Officer
- Initial exploration success from dilling on the Isabel Nickel Project
- Finalised AU$5 million funding agreement and strategic partnership with Anitua

Chairman's Report

Stephen Williams

It has been my privilege as Chairman to help guide Axiom through a remarkable journey of transformation that has culminated in the validation of our rights to pursue the development of the world class Isabel nickel deposit in Solomon Islands.

Since my appointment to the Board as Chairman in 2010, Axiom has grown by diversifying its portfolio and maintaining exploration activities even though we have been locked in a protracted legal battle with a major multinational company.

In September 2014, the Solomon Islands High Court dismissed all of Sumitomo's claims and upheld the validity of Axiom's Prospecting Licence and 50-year lease. This was an excellent result for Axiom and our Isabel partners.

Whilst Sumitomo have appealed this judgment, we remain steadfast in defending our rights in the Court of Appeal and in delivering the value that loyal shareholders deserve for this world class asset.

With the High Court and Court of Appeal removing the injunctions that prevented Axiom from undertaking exploration activities on the deposit, Axiom moved quickly to re-establish operations that are now well underway.

Our progress with the project has included initial success with high grade nickel intercepts from the drilling program and cementing a strategic alliance with AU$5 million in funding from Anitua Ltd, which has now been converted to equity in the company.

With strong Asian demand, the ongoing Indonesian ban on the export of unprocessed minerals (including nickel ore) and recent calls in the Philippines' parliament to follow suit, Axiom is in prime position to be a major player in the regional nickel market.

The strength of our position is demonstrated by continued interest from potential customers and joint venture partners. Axiom remains in discussions regarding funding and equity at both the asset and group level which will be progressed following a successful outcome in the Court of Appeal.

For the past two years, Axiom has by necessity operated with a small but active Board to focus our efforts on winning the legal battle to secure the asset.

As we look to transform into a miner and a producer, it will be necessary to expand and diversify the Board to ensure that we acquire the appropriate skills and experience to maximise the growth and value of the company. We have been encouraged by the calibre of industry professionals expressing an interest in becoming part of your Board after judgment is delivered in the Court of Appeal.

As stakeholders in Solomon Islands and long-term shareholders will appreciate, Axiom takes a values-driven and relationship-focused approach to all our operations, which differentiates us from industry peers in the Asia Pacific region. Our practice of working closely with government and local

Axiom is continuing discussions regarding funding and equity at both the asset and group level, and we are working towards further positive announcements in 2015.

communities will be more important than ever, as we seek to establish sustainable mining development for Solomon Islands that will no doubt attract international attention.

Axiom's values of Build Share Protect offer the blueprint to that success. We believe our community engagement initiatives are second to none. In successfully leading the defence shoulder-to-shoulder with our co-defendants (the Solomon Islands Government and the Indigenous landowners of the Isabel nickel deposit) in the high profile High Court litigation against Sumitomo, we have laid the foundations of a long term presence in Solomon Islands.

Our innovative approach has not only de-risked the future development and commercialisation of the Pacific's largest nickel deposits but will also open up other opportunities in the region.

These interesting opportunities will be considered upon achievement of progress milestones of our flagship operation, the Isabel Nickel Project.

In conclusion, I would like to thank our shareholders and all other stakeholders for your support through this challenging but exciting period.

With the experience, drive and commitment of our team and our partners, I am confident that my next report to you will be chronicling further success of Axiom's activities in the year 2015.

Stephen Williams
Chairman

CEO's Report

Ryan Mount

> With our Prospecting Licence and 50-year registered lease over the Isabel nickel deposit upheld by the Solomon Islands High Court and exploration on the tenement yielding highly positive results of >2% nickel, Axiom is poised to make the transition from explorer to miner.

We have achieved significant progress on the Isabel Nickel Project and remain determined to achieve our target of establishing a direct shipping of ore (DSO) operation by the end of 2015.

We are also hard at work on the West Guadalcanal Gold Project, where results from trenching and an airborne magnetic survey have defined a highly prospective corridor. We are midway through a scout drilling program, which continues to reinforce the potential of the tenement.

The year 2014 has seen us concentrate our resources on Solomon Islands to maximise every opportunity for success, whilst at the same time maintaining our tenement portfolio in Queensland, Australia and our presence in Vietnam.

Operations

The World Class Isabel Nickel Project: Our strategy of establishing and maintaining strong relationships with government, landowners and local communities, driven by our values of Build Share Protect, continues to be a key focus as we expand our operations in Solomon Islands.

The strategic partnership and AU$5 million funding with Anitua Ltd, a successful Papua New Guinea mining services company, is reflective of the commercial success we aim to continue to achieve through identifying and leveraging synergies in the region.

Not only will this agreement provide the capital to kickstart the Isabel Nickel Project's journey towards production, we hope it will add value through providing capacity building opportunities for the Isabellan communities where we operate—upskilling our future workforce and brightening prospects for local businesses to flourish.

While we await the outcomes of Sumitomo's appeal against the definitive High Court decision, Axiom has continued to explore the Isabel Nickel Project – this is not just a reflection of the confidence we have in our prospects of success in the appeal but also the groundswell of support from all levels of government in Solomon Islands for Axiom to realise the value of this asset.

In 2014 we concentrated our resources in Solomon Islands – this proved a successful strategic decision; winning title to the world class Isabel nickel deposit and securing exploration rights to the highly prospective West Guadalcanal gold project.

Within three months of the High Court decision in September 2014, we mobilised to site, appointed key project staff and commenced a drill program that has produced grades higher than previously recorded by other explorers preceding Axiom.

Our current focus is the drilling and pitting of select mineralised zones to JORC standards, and undertaking environmental baseline studies in preparation for a Mining Lease Application.

I congratulate all my friends in Isabel for their fortitude, persistence and integrity the past three years whilst they defended their rights in the High Court and their subsequent victory. They were fittingly referenced a number of times in the final High Court judgment as 'the Young Turks' – Isabel should be proud.

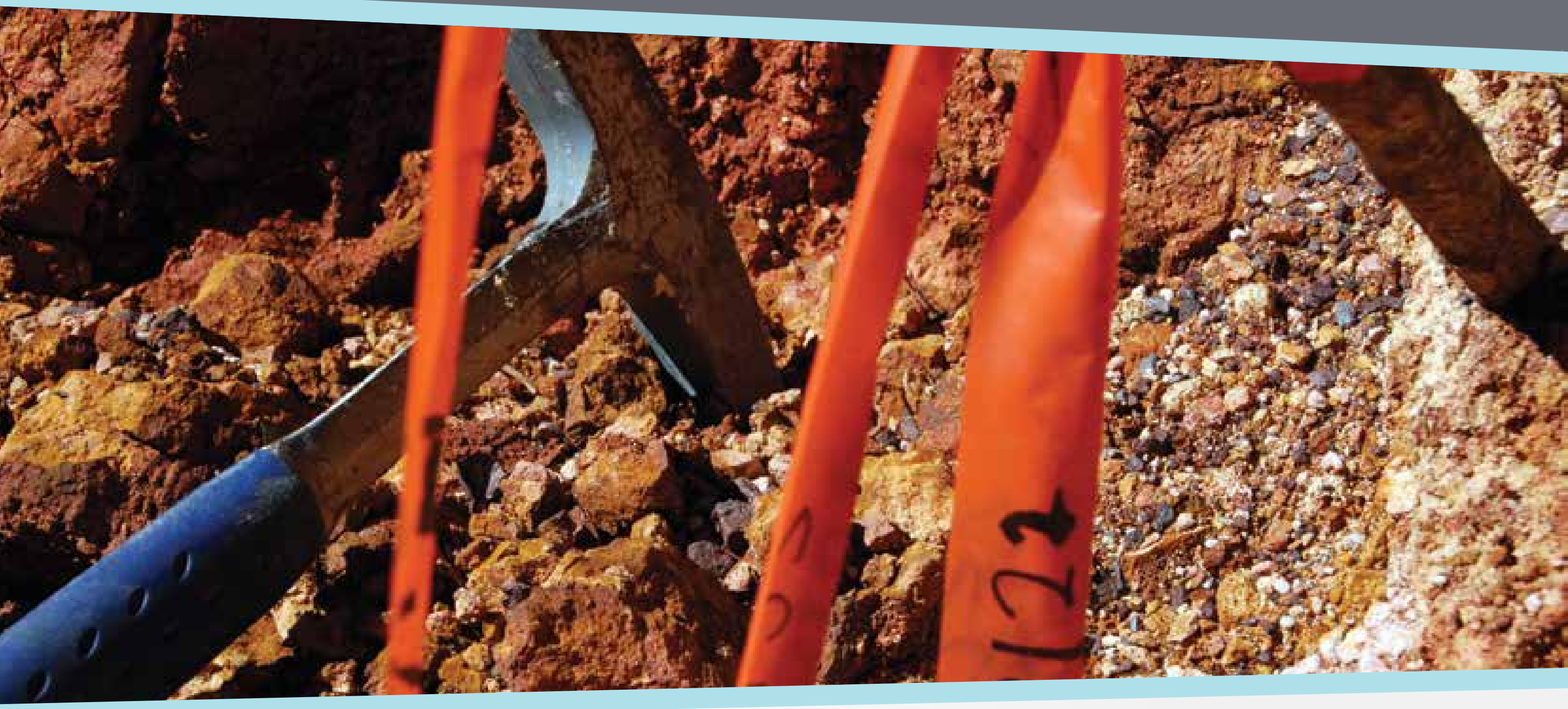
West Guadalcanal Project: We were granted a Prospecting Licence for the West Guadalcanal Gold Project in early 2014, and quickly identified three prospects within the tenement.

Drilling commenced and still continues now with initial results assisting in the interpretation of the mineralisation and has so far validated our exploration model.

A key focus of our project is ensuring positive community relations. Not only do we provide a large number of local jobs, we also enjoy ongoing, respectful dialogue with landowners and sponsor a number of local projects and initiatives.

Quang Tri province, Vietnam: Axiom is still awaiting clarity on Vietnam's mining legislation and consequently we have decided to transition our Vietnam operations to maintenance mode as our projects in Solomon Islands promised greater shareholder return.

Axiom still believes that Vietnam offers many opportunities, and we have maintained open communications with key stakeholders to enable our re-entry when opportunity presents.



Corporate

A key achievement has been the strategic partnership with Anitua Limited.

The partnership gives Axiom immediate access to funds to achieve project milestones, while Anitua has the opportunity to provide the Isabel Nickel Project with contract mining services at attractive rates while at the same time having a thorough understanding of the need for respectful engagement of local employees.

Through the past three years of litigation, it was necessary for Axiom to operate with a small team so to properly resource the High Court litigation. As we commenced developing the Isabel Nickel Project we have been appointing key staff and growing our capability to ensure we deliver on all technical, financial and commercial aspects.

The Year Ahead

2015 promises to be a transformational year for Axiom. We will take a phased approach to mine development on the Isabel Nickel Project, with an initial focus on establishing a direct shipping of ore (DSO) operation by the end of the year.

The cashflow generated from the early stages will provide Axiom with the capital needed to add value through expansion of operations.

Key activities for the year also include development of sales and mining specifications for customer and market requirements, export of bulk samples and assessment of simple on-site beneficiation processes.

At the corporate level, Axiom will continue to improve efficiencies through the development and implementation of further systems and policies to ensure our growth is managed in line with corporate governance principles. This includes additional resources at both the Board and Executive levels.

Your management and operations team at Axiom are focused on delivering you a mine in 2015.

Ryan Mount
Chief Executive Officer

Board of Directors

Mr Stephen Williams

Chairman, Independent Non-Executive Director

Mr Williams is a commercial lawyer with more than 35 years' experience in the areas of corporate, commercial and property transactions, with a particular expertise in IPOs and capital raisings. He retired as a partner of Kemp Strang Lawyers in 2012 and remains as a consultant to the firm.

He has strong negotiation skills and abilities in structuring, documenting and executing commercial transactions, applying high ethical and professional standards to isolate potential risks and issues to achieve positive commercial outcomes.

Mr Williams holds other non-executive Board appointments and has extensive experience in contributing to business growth strategies and establishment of corporate governance structure and compliance.

Mr Ryan Mount

Chief Executive Officer
and Managing Director

Mr Mount joined the Axiom Mining Board as a Director in April 2009. Following his appointment, he led the crucial restructure of the company – an exercise that saw Axiom Mining gain full control of our assets, define a clear strategic direction, appoint new Board and management team members and establish a new head office. This turnaround allowed Axiom to re-list on the ASX in December 2009 as a properly capitalised and fully operational company.

In mid-2010, Mr Mount accepted the Board's offer of the CEO position. Since his appointment, Ryan has been relentless in driving and refining Axiom's operations.

As a result, key components of the business plan have been achieved, such as gaining exploration and land rights over the world-class Isabel nickel deposit in the Solomon Islands. This achievement included the defeat of Sumitomo in a landmark High Court battle.

Mr Mount has an extensive background in Australian and international financial markets, as well as corporate advisory.

Top image:
Axiom Mining Limited Board
Chairman Stephen Williams and
Managing Director Ryan Mount

Community Report

> Axiom's ongoing commitment to community relations in Solomon Islands is grounded in our values of Build Share Protect. Our genuine approach has ensured the establishment of strong bonds with the local landowners and stakeholders.

Celebrating cultures and customs

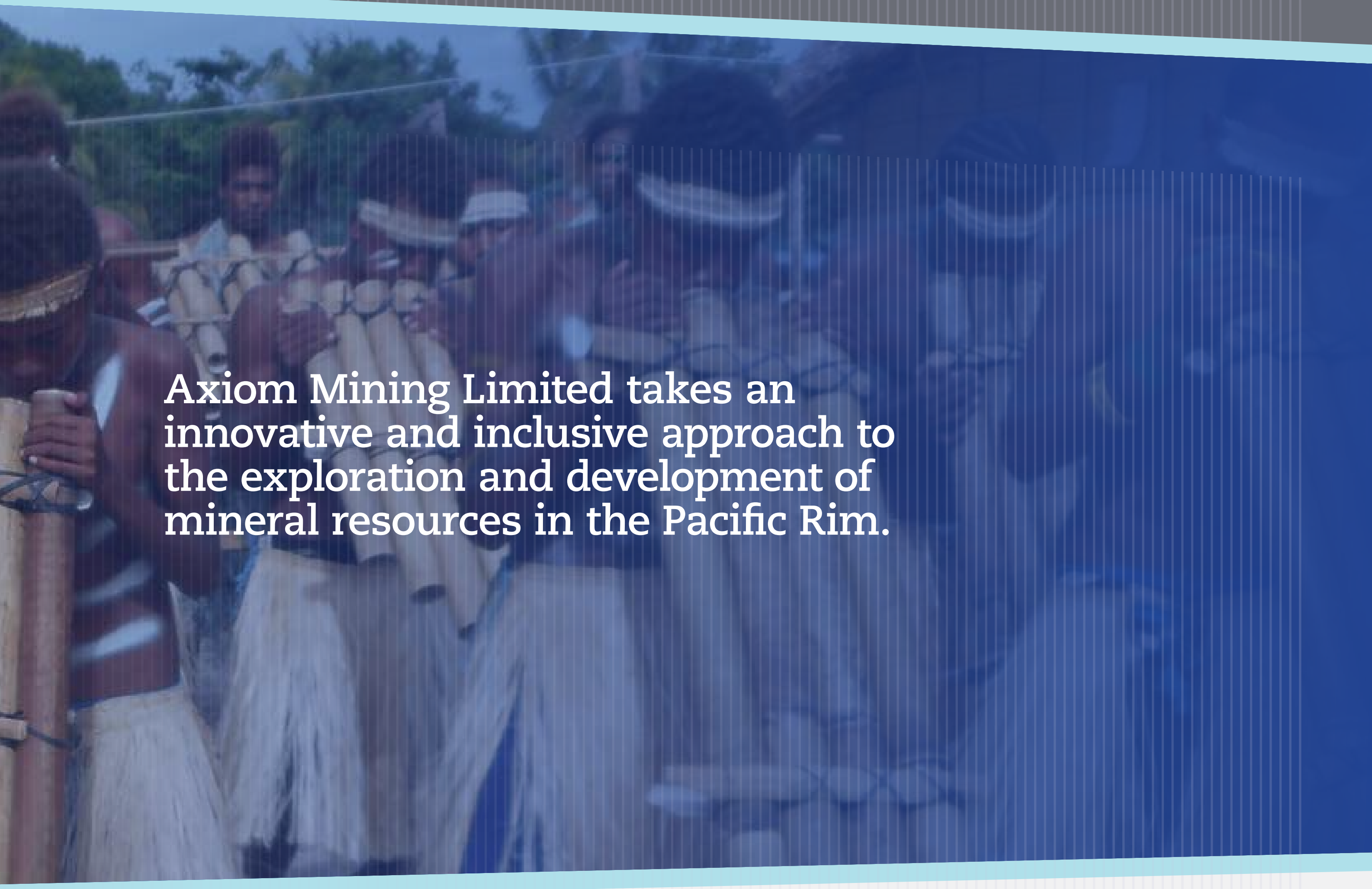
Axiom has a genuine interest in and respect for local customs and culture, and our team participates in these wherever possible and appropriate.

We thoroughly appreciate the local communities' inclusion of our employees in their celebrations. it is an enjoyable opportunity for us to strengthen relationships with local landowners and allows our staff to gain a full appreciation of local cultures.

Strengthening education in local communities

Axiom has always been a keen supporter of local schools, as we firmly believe that education is vital towards building a strong, prosperous community.

Among the schools Axiom has provided sponsorship for are the Kalenga Community School in Sepi Village in Isabel Province, and Lambi Community High School in Guadalcanal Province.



Axiom Mining Limited takes an innovative and inclusive approach to the exploration and development of mineral resources in the Pacific Rim.

Helping nurture sports development

We also believe sports is an excellent vehicle to promote community health, and Axiom is pleased to sponsor sports organisations in the local communities where we operate.

This year, Axiom was the proud sponsor of the Lambi Football Club, who emerged as champions at the Moses Garu Tournament.

Supporting cottage industries and local suppliers

We buy our supplies locally whenever and wherever possible. We know that this goes a long way in helping to bolster the local economy. For example, on the West Guadalcanal Project, we have been working with local communities to supply us with fresh provisions. We are establishing similar initiatives and more as the Isabel Nickel Project continues to ramp up.

The benefits of this are mutual – it is greatly appreciated by the local community and it also ensures that we have fresh ongoing supplies.

Solomon Islands Projects

After emerging victorious from a three-year litigation battle with mining giant Sumitomo Metal Mining Co over one of the Pacific's largest known nickel laterite deposits, Axiom Mining is now the largest holder of premium prospective tenements in Solomon Islands.

The Solomon Islands archipelago represents a double chain of islands that span 1300km in the western part of the Pacific Ocean. Both chains follow a north-west/south-east alignment and comprise nearly 1000 islands in total.

This archipelago forms part of an arc with a line of very specific volcanic rocks known as the 'Andesite Line.' This circumscribes the Pacific Ocean in a clockwise direction, from New Zealand to Chile[1], and is commonly known as the Pacific Rim of Fire.

Being bounded by these major tectonic plate boundaries has resulted in the presence of favourable geological structures as well as rock types that are conducive to hosting gold-copper massive sulphide systems and nickel-cobalt deposits.

As such, this area is considered fertile ground for large tonnage gold and copper deposits—for example Gold Ridge, Lihir and Bougainville.

Axiom Mining has two major projects located within the Solomon Islands archipelago:

1. Isabel Nickel Project
2. West Guadalcanal Project

Isabel Nickel Project, Santa Isabel and San Jorge Island

The prized Isabel nickel deposit at the centre of the litigation between Sumitomo and Axiom has been known to the industry since the 1950s but has never been mined.

In December 2010, Axiom formed a unique partnership with the Kolosori and Bungusule tribes, the customary landowners of the tenement areas with the Isabel nickel deposit. The joint venture company Axiom KB Limited was established, with the landowners holding 20% and Axiom 80%.

Success in the Solomon Islands High Court in September 2014 upheld Axiom's Prospecting Licence and 50-year registered lease over Kolosori land on Santa Isabel Island. Since then, Axiom KB has resumed exploration activities in order to progress the project towards production as soon as possible.

Extensive historical work carried out by INCO and Kaiser Engineers indicates a mineralised zone estimate of 159mt averaging 1.045% Ni and 0.06% Co over the two deposits, to a depth of less than six metres.

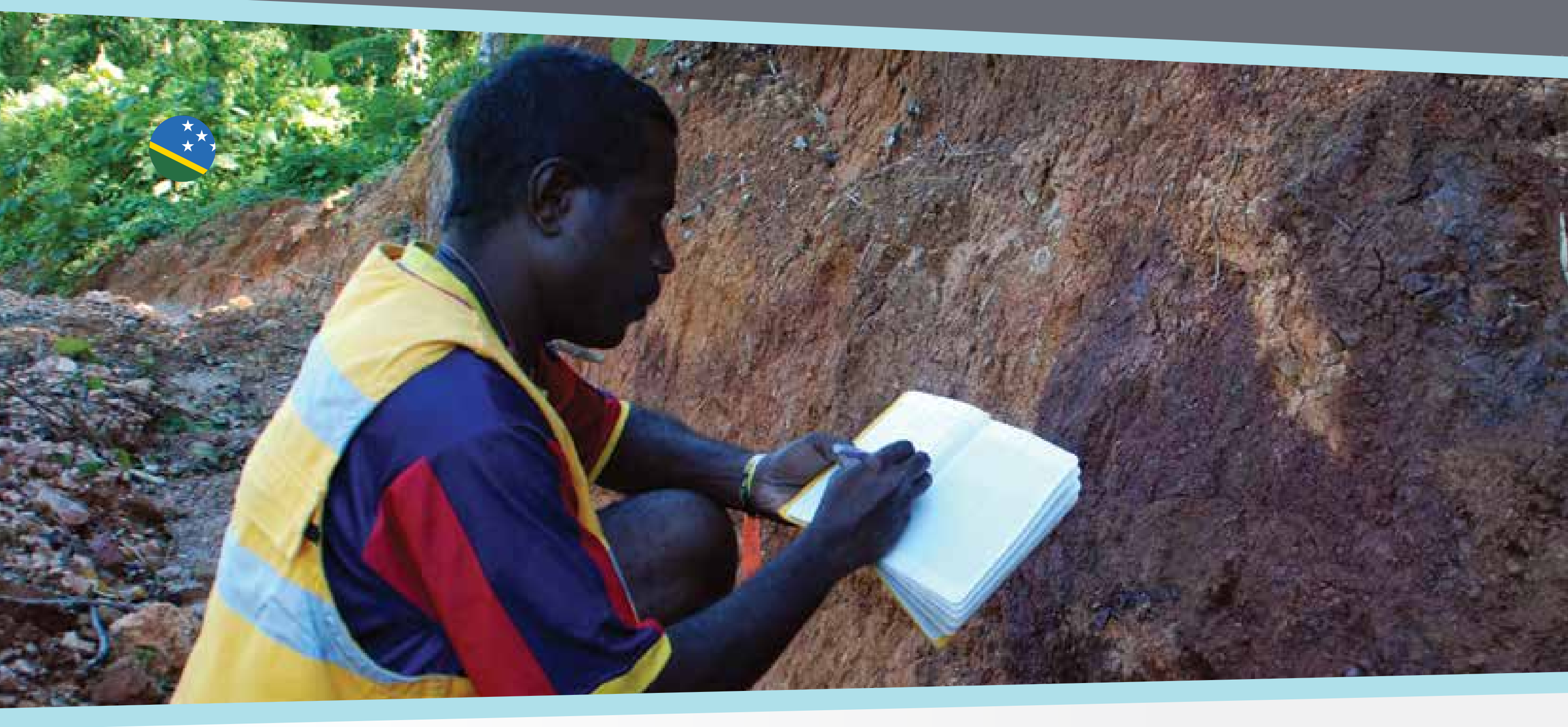
Axiom's early drilling results in late 2014 revealed grades and depths of mineralisation that far exceed that recorded by the previous explorers, including:

– 20.7m @1.74% Ni from surface
– 15.9m @ 1.94% Ni from 1.5m

Table 1. Kolosori Ridge assay results

Intersection
15.9m @ 1.94% Ni from 1.5m including 8.4m @ 2.59% Ni from 7.5m
20.7m @ 1.74% Ni from surface including 12.45m @ 2.28% Ni from 8.25m
6.1m @ 1.09% Ni from surface
5m @1.04% Ni from 1.2m

*Zone WGS84 UTN 57S



Additionally, the Isabel nickel deposit shows high mine-ability, which means a quick transition from ground to market. The main area of nickel-cobalt mineralisation occurs from the surface and is free from human habitation, and as such mining development will have minimal social impacts.

The deposit is also located close to the shore line, allowing easy seaborne access to regional processing hubs.

Sumitomo has filed a notice of appeal against the High Court ruling despite the judge dismissing all their claims and declaring "the proceedings have been shown to be an abuse of the court's process".

A hearing is expected in mid 2015 but this has not deterred potential partners. In December 2014, Axiom announced a AU$5 million strategic partnership with Anitua Limited for the Isabel Nickel Project.

Plans for 2015

Axiom will take a phased approach to mine development. The initial focus will be on establishing a 2mtpa direct shipping of ore operation on Santa Isabel Island by late 2015 for a relatively low capital expenditure.

The cashflow generated from the early stages will provide Axiom with the capital needed to consider the next phase of development to value add through the on-site processing of the ore.

In 2015, Axiom will also apply for a Prospecting Licence for the San Jorge nickel deposit on Bungusule land and Mining Leases for both tenements.

West Guadalcanal Project, Guadalcanal Island

The West Guadalcanal Project is wholly owned by Axiom Mining and comprises an area of about 485km^2 located in the west of Guadalcanal Island.

Axiom relinquished both Arosi and Itina gold projects in early 2014 in favour of the West Guadalcanal Project having higher prospectivity. The tenement is adjacent to known Au-Ag deposits, including the Gold Ridge Mine and boasts potential for epithermal Au and porphyry Cu-Au style deposits.

The exploration targets of Taho, Polo and Mt Tanjili lie within a 10km long carbonate basemetal gold epithermal corridor.

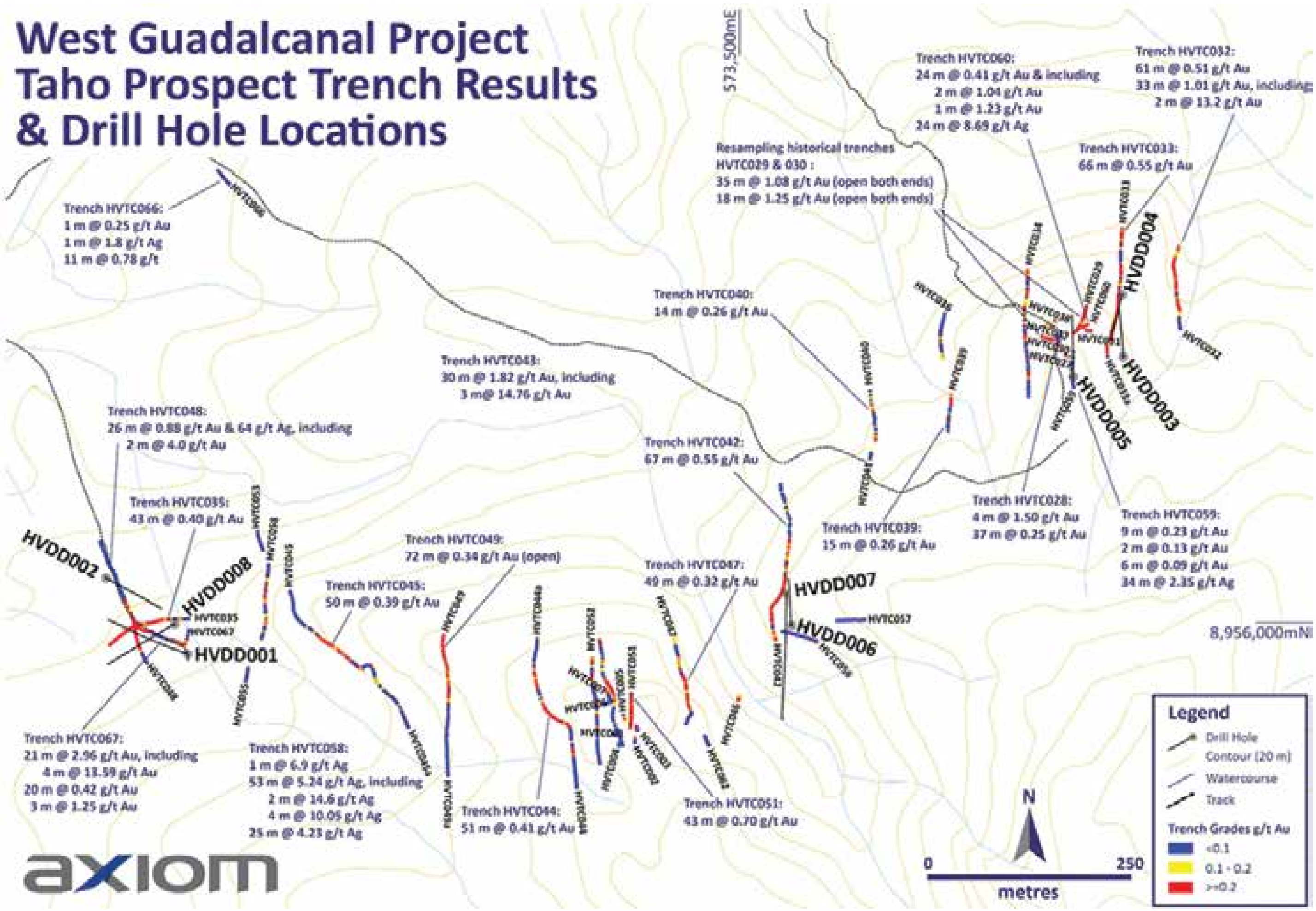
Since gaining a Prospecting Licence for the project in January 2014, Axiom has undertaken exploration that indicates the potential for higher grade zones.

In late 2014, Axiom commenced a 2500 initial drill program at Taho. Mineral assemblages indicate the deposit is part of a carbonate base metal low sulphidation epithermal system—these gold minerals include rhodochrosite, ankerite, siderite, pyrite, galena, sphalerite and various silver-based sulphides (similar to Porgera, PNG).

The initial drilling has assisted in building the three dimensional geological model and interpreting the orientation of the mineralised structures. A total of 1529m was drilled by the end of 2014, with nine holes completed.

References

1 Neall. V.E., Trewick.S.A. 2008. The age and origin of the Pacific islands: a geological overview, Philosophical Transactions of the Royal Society of Biological Sciences.



The assays contain some encouraging results, including 4.35m @ 0.91 g/t Au and 7.22 g/t Ag from 7.5m including 1.85m @ 1.52 g/t Au and 2.85m @ 9.70 g/t Ag in hole HVDD005.

Trenching results from the Taho prospect have upgraded and extended the surface mineralisation zone to 1.5km long.

In 2015, Axiom will commence drilling at the Polo prospect area as the further potential at Taho is assessed.

Australia

Holding seven Mining Leases and seven Exploration Permits for Minerals, Axiom continues to maintain a strategic tenement position in North Queensland. This aligns with our exploration strategy of building a portfolio of highly prospective tenements at various stages in the development pipeline.

In 2014, Axiom undertook a review of our North Queensland tenements and evaluated exploration priorities with regards to other assets in our portfolio.

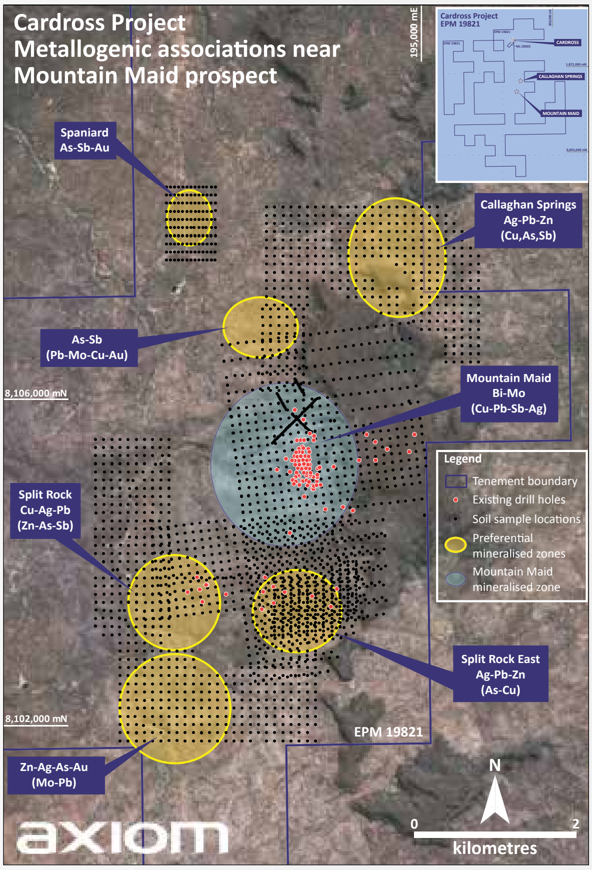
The Cardross Project

Axiom remains confident of the potential of the Cardross Project following a review and peer assessment of the Mountain Maid intrusive gold system undertaken in 2013.

The review highlighted significant under-explored areas that are interpreted to be the preferred zones for gold mineralisation. These areas include Callaghan Springs, Spaniard, Split Rock and Split Rock East prospects.

Millungera Oil Shale Project

The Queensland Department of Natural Resources and Mines granted three EPMs for Blackbull, Whitebull and Redbull areas. EPM 25252 has been granted for three years whilst the remaining two tenements EPMs 25256 and 25257 have been granted for five years.



Vietnam

Axiom holds a Mineral Exploration Licence (MEL) for the Quang Tri Project, a tenement area covering 23km^2 in the north-central region of Vietnam.

In early 2014, Axiom completed a review of the project following mapping of the entire tenement area and trenching of anomalous soil geochemistry.

With increasing confidence in the Solomon Islands projects and the delay in the implementation of Vietnam mining law, Axiom decided to focus our current exploration resources on the assets with the highest potential to add value for shareholder value.

In the second quarter of the year, Axiom transitioned our Vietnam operations to maintenance mode to enable us to shift our resources and efforts to the Solomon Islands.

Axiom still believes that Vietnam offers great potential for resource development and has taken steps to maintain avenues for re-commencing exploration in future when circumstances permit.

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.

Competent Person's Statement for Isabel Nickel Project

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Neil Jansen who is a member of AusIMM. Mr Jansen has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Jansen is a full time employee of Axiom Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement for West Guadalcanal Project

The information in this report that relates to Exploration Results is based on information compiled by Ms Barbara Pierna who is a Member of the Australasian Institute of Geoscientists. Ms Pierna has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Ms Pierna is a full time employee of Axiom Mining Limited and consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

Mining tenements held as at annual period ending 30 September 2014

Country	Name	Tenement	Location	Interest	Comments
AUSTRALIA, QLD	**Cardross Project**				
	Cardross	ML 20003	Chillagoe	100%	Granted
	Jessica	EPM 15593	Chillagoe	100%	Granted
	Cardross	EPM 19821	Chillagoe	100%	Granted
	Mount Molloy Project				
	Mt Molloy Copper Mines	ML 4831	Mareeba	100%	Granted
	Millungera Project				
	Blackbull	EPM 25252	Georgetown	100%	Granted
	Whitebull	EPM 25256	Georgetown	100%	Granted
	Redbull	EPM 25257	Georgetown	100%	Granted
	OK Mines Project				
	OK North	ML 4805	Chillagoe	100%	Granted
	OK South	ML 4806	Chillagoe	100%	Granted
	OK Extended	ML 4809	Chillagoe	100%	Granted
	OK Extended No.2	ML 4813	Chillagoe	100%	Granted
	OK	ML 5038	Chillagoe	100%	Granted
	Miscellaneous Projects				
	Minnamolka	EPM 25255	Mareeba	100%	Granted
	Edenvale	EPM 25119	Georgetown	100%	Granted
VIETNAM	**Miscellaneous Projects**				
	Quang Tri	MEL 1636/ GP-BTNMT	Quang Tri	72%	Granted
	Quang Binh	MEL 154	Quang Binh	63%	Application; subject to re-writing of Vietnam mineral law
	Pu Sam Cap	MEL 316	Lai Chau	8.4%	Free carried interest; subject to further negotiation
	Pu Sam Cap	MEL 317	Lai Chau	8.4%	Free carried interest; subject to further negotiation
SOLOMON ISLANDS	**Isabel Nickel Project**				
	Kolosori	PL 74/11	Isabel	80%	Granted
	Bungusule	LOI M6	Isabel	80%	Granted
	Miscellaneous Projects				
	West Guadalcanal	PL 01/14	Lambi	100%	Granted

Mining tenements acquired and disposed of up to 30 September 2014

State	Name	Tenement	Location	Interest	Comments
AUSTRALIA, QLD	Pinevale	ML 4775	Emerald	100%	Relinquished
	Ok Minerals	EPM 14534	Chillagoe	100%	Relinquished
	Blackbull	EPM 25252	Mareeba	100%	Granted
	Whitebull	EPM 25256	Mareeba	100%	Granted
	Redbull	EPM 25257	Mareeba	100%	Granted
	White Hills	EPM 14409	Charters Towers	100%	Relinquished
	Mt Molloy	EPM 12998	Mareeba	100%	Relinquished
	Edenvale	EPM 25119	Georgetown	100%	Granted
SOLOMON ISLANDS	West Guadalcanal	PL 01/14	Lambi	100%	Granted
	Arosi	PL 06/12	Makira	100%	Relinquished
	Itina	PL 78/11	Guadalcanal	93%	Relinquished

Abbreviations

EPM	Queensland	Exploration Permit for Minerals
ML	Queensland	Mining Lease
PL	Solomon Island	Prospecting Licence
LOI	Solomon Island	Letter of Intent (to obtain Prospecting Licence)
MEL	Vietnam	Mineral Exploration Licence

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	**ISABEL NICKEL PROJECT** HQ triple tube core delivered to laboratory in tray or bagged into the geological sample interval – Whole core samples were marked up and sampled in the laboratory. – Handheld XRF analyser was used in field for initial analysis on 25cm and 10cm intervals to assist in geological mapping. **WEST GUADALCANAL PROJECT** Drill core samples collected using half core from PQ and HQ triple tube drilling using an Atlas Copco CS-1000 drill rig. The core is sampled according to the geologist with samples no larger than 1.5m intervals. The core is halved using a diamond core saw on site and transported to the laboratory specified below. Trenches are hand or mechanically excavated to 1.5m depth or to C-horizon subcrop. Samples are taken at the base of trenches and benches in continuous cut channels with samples aggregated over measured 0.5m, 1.0m or 2.0m intervals. Trenching samples obtained from cut channels at 0.5m to 1.0m intervals weighing less than 2.0 kg were transported to Intertek Laboratories in Honiara for sample preparation prior to fire assay for Au and aqua-regia digest for ICP finish at Intertek Laboratories, Townsville; for the following elements and lower detection limit in ppm (Au (0.01), Ag (0.05)).
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	**ISABEL NICKEL PROJECT** Diamond drill core. All holes were drilled vertically through the limonite and saprolite zones into underlying basement. **WEST GUADALCANAL PROJECT** Diamond drill core. Drilling commenced using PQ triple tube and extended as far as possible (around 60m). Then the hole continued with HQ triple tube core to EOH. Core orientation is used where possible.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	**ISABEL NICKEL PROJECT** HQ diamond coring was by triple tube to maximise core recovery. Sample recovery exceeded 90% in all holes. In some cases cavities or core losses were in defined zones—these were marked by spacers within the trays and noted in drillers' logs. **WEST GUADALCANAL PROJECT** All core is recovered from the core barrel and placed in core trays on site, cleaned, and then transported to the local core yard for processing. Recovery has generally been close to 100% except in the top 15m. Recoveries are recorded.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate mineral resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	**ISABEL NICKEL PROJECT** All diamond core holes were: – marked up for recovery calculations – geology marked up and logged – photographed – weighed by tray one day after drilling (wet density less water added in drilling process) – selected core was weighed weekly and at laboratory for solar drying responses. Core was geotechnically logged for hardness, fractures, fracture orientation, recovery and mining characteristics. All laterite intersections were analysed by in field handheld XRF analyser to assist geological mapping, followed by standard laboratory techniques for both mine grade values and trace elements. Moisture readings one day after drilling and, in selected trays, weekly. **WEST GUADALCANAL PROJECT** Geology, alteration, structure and geotechnical aspects have been recorded in the core logs. All whole core has been wet and dry photographed. The entire length of hole has been logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	**ISABEL NICKEL PROJECT** All sample reduction protocols were by standard laboratory techniques. Whole HQ triple tube core was delivered to the sample prep laboratory and followed the sample reduction protocol. A range of OREAS nickel laterite standards were inserted into the suite of core samples every tenth sample submitted. Laboratory standards and blanks were inserted every 50 samples submitted plus repeats were completed every 50 samples. **WEST GUADALCANAL PROJECT** Half core sawn samples are taken on intervals decided on by the logging geologist. These are generally around 0.5m–1.5m long. Field duplicates comprising 4% of total batch taken for all trench and soil sampling. Additional field duplicates taken from zones of mineralisation in trenching that are identified through trench mapping. Samples are dried, crushed and pulverised to 75microns. No tests have been undertaken to determine the grain size of gold.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	**ISABEL NICKEL PROJECT** Intertek and ALS standard laboratory techniques were undertaken. All core trays and/or sample bags were dried at 60–90 degrees for 48 hours and then weighed to test for dry bulk density. Standard reduction techniques were: – jaw crusher – pulveriser – reducer – splitters to reduce sample to 200g. Ore grade analysis by XRF fusion method. Trace element analysis completed by 3 acid digest and ICP. **WEST GUADALCANAL PROJECT** Fire assay is appropriate for the nature of the gold mineralisation being assayed. Use of certified reference material (CRM) comprising about 8% of each sample batch is considered acceptable to assure levels of accuracy. Duplicate sampling comprising about 4% of each sample batch is acceptable to assure levels of assay precision. With drill samples, a certified reference material sample and blank sample are inserted randomly in every 25 samples. Certified reference material and blanks are vital to sampling quality assurance and quality control (QA-QC) by assisting in the assessment of the assay lab's bias, accuracy and precision.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	**ISABEL NICKEL PROJECT** Five core holes twinned existing INCO or Kaiser Engineers pits. One Axiom core hole was twinned by an additional NQ triple tube core hole 1m offset. An additional Axiom core hole was twinned by a PQ triple tube core hole 2m offset for metallurgical studies. **WEST GUADALCANAL PROJECT** Significant intersections are prepared by the company's Competent Person. No twinned holes. No verification of significant intervals reported from the trenching. No adjustment to assay data; except assays below lower level of detection (LLD) reported as half the value of the LLD.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	**ISABEL NICKEL PROJECT** Initial collar location was by handheld GPS reading to 5m accuracy. **WEST GUADALCANAL PROJECT** All drill hole collars are located using a Garmin handheld GPS unit with an accuracy to ±10m. They will eventually be located using a differential GPS. Downhole surveys are taken using a downhole Reflex survey tool and recorded on the drillers' log. Dip, magnetic declination and magnetic intensity are recorded. All surface sample locations surveyed using handheld Garmin GPS with accuracy ±10m. Trenches surveyed from handheld GPS start point using tape and compass. This level of accuracy is deemed sufficient in the early stages of the project.
Data spacing and distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	**ISABEL NICKEL PROJECT** Holes were designed along a single traverse based on: – INCO pitting and drilling – Kaiser Engineers pitting – INCO bulk test mining – INCO defined mineralised area. **WEST GUADALCANAL PROJECT** Trench sampling undertaken as continuous cut channels with samples aggregated overmeasured 0.5m, 1.0m or 2.0m intervals. All trenches and drill hole collar locations are surveyed in coordinate system UTM_WGS84_Zone 57S. Lower cut-off intervals derived from assay cut-off of 0.1 g/t Au and 1.0 g/t Ag, minimum width of 0.5m, maximum internal dilution of 1m. Upper cut-off intervals derived from assay cut-off of 1.0 g/t Au and 10.0 g/t Ag, minimum width of 0.5m, maximum internal dilution of 1m.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	**ISABEL NICKEL PROJECT** The nickel laterite is a weathered geomorphic surface drape over underlying ultramafic source units. All holes and pits were vertical and will be 100% true intersection. 3D logging in the walls of an excavator trench indicated dip of marker units varied from 0 to 5 degrees – and any dips related to terrain slope. **WEST GUADALCANAL PROJECT** Most long trenches are oriented north-south as mapping has shown that this is the optimal orientation for the overall mineralised trend. Some smaller east-west oriented trenches completed to specifically target smaller lower order structures having closer to north-south orientation. The lack of reliable core orientation data has meant that any bias has yet to be established. Drilling is planned to intersect the target as normal to the predicted orientation of the structure as possible.
Sample security	The measures taken to ensure sample security.	**ISABEL NICKEL PROJECT** All samples were escorted offsite to a secure locked facility at the site camp. Onsite security was provided for in transit samples. Chain of custody protocols were in place for transport from laboratories. **WEST GUADALCANAL PROJECT** A chain of custody procedure is implemented by the company from site to Intertek Honiara.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	**ISABEL NICKEL PROJECT** No audits have been undertaken. **WEST GUADALCANAL PROJECT** No audits have been undertaken.

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	**ISABEL NICKEL PROJECT** Prospecting Licence 74/11 80% held by Axiom. 50-year land lease – 80% owned by Axiom. The validity of both the prospecting licence and the leasehold was tested and confirmed in a recent Solomon Islands High Court judgment. The hearing for the appeal against this judgment is pending. **WEST GUADALCANAL PROJECT** Axiom Mining Limited wholly owns exploration licence PL-01/14 located in the west of Guadalcanal Island, Solomon Islands. No other agreements or material issues associated with the licence. No impediments to access. Axiom has full access to the tenement under a Surface Access Agreement sanctioned by the Ministry of Mines and Rural Electrification.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	**ISABEL NICKEL PROJECT** – INCO – Kaiser Engineers **WEST GUADALCANAL PROJECT** 1954: Solomon Islands Geological Survey notes sulphides in Hoilava catchment 1970: Carpentaria Exploration Company Pty Ltd (CEC). Six month stream sediment and mapping program discovers altered and mineralised outcrop and float in Hoilava catchment. 1986–1988: BHP Utah were the first company to target specifically epithermal mineralisation. Identified anomalous gold values and sporadic zones of siliceous, argillic and pyritic alteration in the headwaters of the Hoilava catchment. Loosely identified Polo, Taho and Mt Tanjili areas. Austpac Gold NL (and from 1998 in JV with Nuigini Mining through to 1990). Trenching at Polo Creek returned 130m @ 0.58 g/t Au, including 10m @ 3.44 g/t Au. 1994–1998: Gualer Resources completed 100m spaced airborne magnetics and radiometrics, which covers about half of the current project area. Soil and trench sampled at Hoilava, the best results reported as being 37.6m @ 1.03 g/t Au.

Criteria	JORC Code explanation	Commentary
Geology	Deposit type, geological setting and style of mineralisation.	**ISABEL NICKEL PROJECT** Wet tropical laterite. **WEST GUADALCANAL PROJECT** The regional tectonic and geological settings of the project is similar to that of major porphyry copper-gold and epithermal gold deposits elsewhere within the southwest Pacific Island Arc System including the Panguna porphyry copper and Gold Ridge epithermal gold deposits that lie within the same volcanic arc and in Gold Ridge's case, on the same island and are associated with similar aged igneous rocks. The Solomon Islands are part of the currently active Outer Melanesian Arc System, lying on a complex convergent boundary between the Indo-Australian and Pacific Plates. They are composed of a diverse assemblage of rocks of late Mesozoic to Cainozoic age that have formed and accreted within an intra-oceanic environment.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes: – easting and northing of the drill hole collar – elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar – dip and azimuth of the hole – down hole length and interception depth – hole length. If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	**ISABEL NICKEL PROJECT** Axiom completed diamond coring using HQ triple tube to maximise recoveries within the mineralised horizons. **WEST GUADALCANAL PROJECT** All available gold and silver assay results for all trenches since last ASX announcement (13 August 2014) are reported in the appropriate table above. All significant assay results (Au and Ag) for the drilling to date is reported in the appropriate tables above. Collar location is recorded including RL in metres. The dip in degrees and the azimuth in True North are also recorded. All sample lengths including from and to are recorded to the end of hole.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	**ISABEL NICKEL PROJECT** No weighting has been applied to reporting for the 2014 program. All assay intervals are based on geological intervals or a 2m length if the geological interval is greater than 2m. **WEST GUADALCANAL PROJECT** For drill sampling, length weighing calculations with a maximum 1m internal dilution have been applied. For trench sampling, length weighing calculations with a maximum 1m internal dilution have been applied. Two cut-off criteria are applied to derive the Lower Cut-off and the Upper Cut-off intervals of Tables 3, 4, 5 & 6. The gold grade cut-off of the Lower Cut-off weighted average intervals is 0.1 g/t Au and 1.0 g/t Ag; and for the Upper Cut-off weighted average intervals the cut-off is 1.0 g/t Au and 10.0 g/t Ag. No metal equivalent values reported.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	**ISABEL NICKEL PROJECT** Target only due to limited modern testing. **WEST GUADALCANAL PROJECT** The geometry of the mineralisation is still unknown. All widths and intercepts are all recorded as down hole lengths. There are no True Widths at this stage.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	**ISABEL NICKEL PROJECT** See figures 1 and 2 in ASX announcement 16 December 2014. **WEST GUADALCANAL PROJECT** See page 13.

Reporting of Exploration Results
continued

Criteria	JORC Code explanation	Commentary
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	**ISABEL NICKEL PROJECT** N/A **WEST GUADALCANAL PROJECT** All significant drilling results for gold and silver are reported in the appropriate table in ASX announcement 23 January 2015.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	**ISABEL NICKEL PROJECT** Both INCO and Kaiser Engineers undertook circa 6,000 drill holes and pits, feasibility studies and economic analysis. Most of these studies were conducted prior to the establishment of the JORC Code. **WEST GUADALCANAL PROJECT** Geological mapping by Axiom confirms significant zones of mineralisation and alteration associated with an epithermal system occurs in the target areas. All trench locations sampled for the project is shown in figure 3 above. Anomalous Au results are coloured.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	**ISABEL NICKEL PROJECT** Ongoing testing: – Concentrating on smaller portion of deposit to prove up a resource compliant with the JORC Code in anticipation of mining Longer term testing of the larger deposit for long-term development. **WEST GUADALCANAL PROJECT** Axiom is targeting the western Hoilava area Further systematic trenching and geological mapping are required to enable expansion of the current drill program.

The Board of Directors of Axiom Mining Limited ("the Company") is responsible for the corporate governance of the group. The Board guides and monitors the business and affairs of the Company on behalf of shareholders by whom it is elected and to whom it is accountable. Accordingly, the Board has adopted a Corporate Governance Charter, guided by the ASX Corporate Governance Council's Revised Corporate Governance Principle and Recommendations.

In accordance with the Council's recommendations, this section contains specific information, and reports on the Company's adoption of the Council's best practice recommendations on an exception basis. Disclosure is made of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured as follows:

Principle 1	Lay solid foundations for management oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of shareholders

The corporate governance practices of the Company are compliant with the Council's best practice recommendations to the extent that they are relevant to the Company's business activities and the stage of its development as a listed exploration and mining company. The Board will consider on an ongoing basis its corporate governance procedures and whether they are sufficient given the Company's operations and size.

The Board and its responsibilities

The Board is of a size that is satisfactory for its current stage of development and it schedules formal quarterly board meetings and other meetings as and when required having regard to the relevant business activities.

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at the Company's expense subject to having first advised the Chairman of the necessity to do so. The Directors stand for re-election by shareholders in accordance with the requirements of the Articles of Association on a three-year rotational basis.

Independence

Given the size and scope of the Company's operations, the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day to day operations perspective, and to achieve the objectives of the Company. Furthermore, mechanisms are in place to ensure the integrity of the financial accounts. The Board will continue to monitor the effectiveness of its structure and will make any changes that are deemed desirable as the Company continues to grow.

The Board notes that Mr Williams is not a current or past executive of the Company, is not a substantial shareholder and is therefore considered to be independent. With regard to the Company's need to engage legal services to protect its Prospecting Licence in the Solomon Islands, the Company did until July 2013 retain Kemp Strang Lawyers in Sydney. Mr Williams was a partner at Kemp Strang Lawyers until 31 December 2012 and is now a consultant to the firm. He did not, personally supervise or undertake the legal work associated with this litigation. The remaining Board members do not consider that Mr Williams' independence is affected by virtue of these matters.

Nomination and remuneration committee

The full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee at this stage of the development of the Company.

Audit, risk and compliance committee

The composition of the Board is not suitable for the formation of separate sub-committees and these responsibilities are undertaken by the whole Board. The Company has developed an audit review process whereby Directors meet with the external auditor bi-annually and with management responsible for the finance functions of the Company as required to ensure the highest possible degree of the integrity of the Company's financial operations to prepare the relevant Financial Statements for the Company.

The Board, acting in this role, has the primary responsibility to:

1. oversee the existence and maintenance of internal controls and accounting systems;
2. oversee the management of risk within the Company;
3. oversee the financial reporting process;
4. review the half year and full financial year Financial Statements and recommend them for approval by the Directors;
5. review the performance of the external auditors and existing audit arrangements;
6. ensure compliance with laws, regulations and other statutory or professional requirements and the Company's governance policies set out in the Corporate Governance Charter;
7. recognise and respect the rights of shareholders and its obligations to all legitimate stakeholders.

Review of Board performance

There is currently no formal process for performance evaluation of the Board, individual Directors or Chief Executive Officer. The Board has considered this aspect of governance over the past year and more recently, but considers that until the commencement of its mining operations was more imminent the matter would be deferred until the 2015 calendar year when the resolution of the Solomon Islands litigation is clearer and the timing of its mining operations more certain.

Diversity

The Company has reviewed the recommendations on diversity introduced by the ASX Corporate Governance Council on 30 June 2010. As far as practical, given the current size, scope and requirements of the Company's operations in the locations in which it operates, the Company is committed to putting these recommendations into practice.

Given the multinational scope of its operations, the Company will consider not only gender, but also ethnicity and cultural background in reporting its diversity performance.

Securities trading disclosure

The purpose of the Company's securities dealing policy is to create awareness of the legal prohibition on dealing in securities of the Company. The policy also aims to ensure that the Company's reputation and those of its employees and Directors is not adversely impacted by perceptions of dealing in the Company's securities at inappropriate times. It is the duty of each person to seek to avoid any such dealing at a time when persons are prohibited from dealing in the Company's securities and in any event each person is required to inform the Chairman before they intend dealing in the Company's securities and secure his consent to do so, unless it is proposed to do so in a period when it is otherwise permitted and the market is fully informed. A copy of the Trading Policy was released to the ASX on 24 December 2010 and is also available on the Company's website.

Continuous disclosure

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and Corporation Act, which requires it to disclose to the ASX any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board itself, through the Chief Executive Officer, is responsible for determining and approving all continuous disclosure matters.

Identification and management of business risk

The Board is responsible for identifying, monitoring and reducing the significant areas of potential business and legal risk of the Company. The Board continually reviews the risks associated with its exploration activities and also reviews and monitors the parameters under which such risks will be managed.

Ethical standards

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity especially in developing jurisdictions.

The Company officers and employees are required to act in accordance with the law and with the highest ethical standards and in compliance with Australian and the laws of each country in which it operates. In addition to the Trading Policy, on joining the Board, the Directors are required to sign a Director's disclosure statement. This sets out their obligations regarding disclosure of dealing in the Company's securities.

Each quarter at formal Board meetings or other meetings when convened Directors are required to make disclosures of any matters that may have altered or where any matter to be discussed by the Board might give rise to a conflict of interest. Where a conflict of interest may arise the relevant Director(s) may be asked to leave the meeting to ensure full and frank discussion of the matter(s) under consideration for determination.

Shareholder communication

The Board strives to ensure that shareholders are provided with sufficient information on a continual basis to assess the activities and performance of the Company and its Directors to enable shareholders to make well informed investment decisions. Information is communicated to shareholders through:

- quarterly, half-yearly and audited annual financial reports;
- annual and other general meetings convened for shareholder review and where necessary approval of Board proposals;
- continuous disclosure of material changes to the ASX for open access to the public, as set out in the Company's continuous disclosure policy; and
- the Company's website at www.axiom-mining.com where all ASX announcements, notices and financial reports are published as soon as possible after release to the ASX.

The auditor is invited to attend the Annual General Meeting of shareholders.

Risk factors

There are a number of risk factors that may affect the financial performance of the Company and the value of an investment in shares issued in the Company. While some of these risks can be minimised, some are outside the control of the Company. There are also specific risks associated with the Company's business and investment in the mineral exploration and mining industry and in the jurisdictions in which it operates including but not limited to sovereign risks.

Business risks

Exploration

The business of mineral exploration, project development and mining, by its nature, contains elements of significant risk with no guarantee of success. There is no assurance that exploration on any of the Company's projects described in this report, or on any other projects that may be acquired, will result in the discovery of a mineral deposit. If there is a discovery, it may not prove to be economically viable to exploit the discovery.

General mineral operation risks

The business of the Company may be disrupted by a variety of risks and hazards, which are beyond the control of the Company, including sovereign or political risks, environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, severe seismic activity, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions, customs and port delays. These risks and hazards could also result in damage to or destruction of mining facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability.

Development capital costs

Should the Company be successful with exploration, the capital cost of the Company's future mine development could vary with changes in a variety of factors, including exchange rates that affect imported capital equipment prices, geological and technical conditions encountered during drilling and mine development, and the construction of new production facilities. A substantial development cost overrun could have a material adverse effect on the Company. At the current stage of development of the Company's operations, mine development and production related risks are low but this is expected to change over the next one to two years.

Resource estimates

In this report and in future reporting by the Company, references to reserves and resources and their classifications, are in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves ("**JORC Code**"). Estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate.

Should the Company encounter mineralisation different from that predicted by past drilling, sampling and similar examination, resource estimates may have to be adjusted. This adjustment could affect development and mining plans, which could adversely impact the Company.

Title rights

There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted. Tenement applications may require the Company to commence negotiations with relevant government body, minister or official, landholder, and, in Australia, Vietnam and Solomon Islands, indigenous representative bodies to gain access to the underlying land. There is no guarantee that such negotiations will be successful or that having been successful the Company will not be challenged by third parties as it is currently in the Solomon Islands.

Also, due to its exploration activities in Queensland, the Company must observe its "duty of care" under Aboriginal Cultural Heritage Act 2003 (Qld) to ensure that its activities do not harm Aboriginal cultural heritage.

Price volatility

Most of the Company's revenues from any successful exploration and mine development will ultimately be derived from sale of metals. Consequently, the Company's expected earnings will be closely related to metal prices. Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand, forward selling by producers, and production cost levels in major metal-producing regions. Metal prices may also be affected by macro-economic factors such as expectations regarding inflation, interest rates, and global and regional demand for and supply of metals as well as global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activity as well as its ability to fund these activities. The Company will consider developing a suitable hedging strategy as and when appropriate.

Funding requirements

The Company's exploration and mining activities will require significant expenditure. The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds, either in the form of debt or equity. Any additional equity funding may dilute holdings of shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. Whilst the Board constantly reviews its capital requirements and expenditure there can be no assurance that the Company will be able to raise additional funding or that such funding will be on favourable terms. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures. This may have a material adverse effect on the Company's activities and the price of its shares.

Dependence on key personnel

The Company's success depends to a significant extent on key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of certain personnel could have an adverse effect on the Company and its operations. The Board has implemented a long-term incentive plan for senior management and Directors through a Performance Rights Plan that aligns the employee with the success of the Company and shareholder returns. Otherwise the Board is satisfied that the Company remunerates fairly and responsibly and where necessary independent remuneration advice is obtained.

Dependence on third party contractors

The Company will be contracting third parties to provide surface exploration services and equipment in relation to its exploration activities. Failure or termination of a contract with those third parties at any time may result in significant delays in the Company's exploration program that may have a material effect on the Company. The Company will mitigate these risks through the use of multiple suppliers where feasible and by actively managing its supplier relationships and procurement policies.

Environmental regulations

The Company's operations and projects are subject to the law and regulations of the jurisdictions in which it operates relating to environmental matters..

Although the Company endeavours to comply in all material respects with all applicable environmental laws and regulations, there are risks inherent in its activities, which could expose the Company to liability.

The Company may require, and has obtained or will obtain, approvals from all relevant authorities to undertake prescribed exploration or mining activities.

Failure to maintain such approvals may prevent the Company from undertaking such activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurance that the implementation of new environmental laws and regulations or stricter enforcement policies would not oblige the Company to incur expenses and investments which could have a material adverse effect on the Company's business, financial condition or operational results.

The cost and complexity of complying with applicable environmental laws and regulations in any relevant jurisdiction may prevent the Company from being able to develop mineral deposits.

Insurance

The Company intends to maintain adequate insurance over its operations within ranges of coverage that the Company understands to be consistent with industry practice and having regard to the nature of activities being conducted. However, insurance of all risks with mineral exploration, project development and production is not always possible. Accordingly, the Company may not be insured against all possible losses, either because of unavailability of cover or because the premiums may be excessive relative to benefits that would accrue.

The Company has recently affected Key Person Insurance to cover the Chief Executive Officer and Managing Director, who holds key relationships with government, landowner representatives and partners.

Sovereign risk and foreign operations

There are risks associated with operating internationally.

There can be no guarantee that the government regulations in Australia, Hong Kong, Vietnam or Solomon Islands, in particular in relation to foreign investment, repatriation of foreign currency, taxation and the regulation of the mineral exploration and mining industry, will not be amended in the future to the detriment of the Company's business. Costs of compliance with laws and regulations in Australia, Hong Kong, Vietnam and Solomon Islands may vary from current estimates.

The Company undertakes its activities in Vietnam and in Solomon Islands in conjunction with other local partners. There can be no guarantee that the Company will be able to enter into commercially satisfactory arrangements with other local partners for any future operations in Vietnam and/or Solomon Islands.

The Company is incorporated in Hong Kong; changes in Hong Kong laws may have an adverse effect on non-Hong Kong holders of shares. Reporting requirements of the Company in Hong Kong may impose onerous obligations on the Company.

The Company also currently operates in Vietnam in maintenance mode. As the Company awaits clarity in Vietnam mining legislation, exploration activities have been wound down. The Company currently maintains a small office with minimal staff.

The Solomon Islands economy and political environment remains fragile. The Company is currently involved in litigation in respect of the Prospecting Licence and Registered Lease it was granted on Isabel Island and whilst the Company is confident that its rights will be upheld, this cannot be guaranteed.

Currency and exchange rate risk

Movements in currency exchange rates can be volatile.

The Company's expenditure obligations in Vietnam are incurred predominantly in US dollars (USD) and Vietnamese dong (VND), in the Solomon Islands in Solomon Bolona dollars (SBD) and in Australia in Australian dollars (AUD). Currency risk may result in an exchange rate loss or gain to the Company, depending on the value movement between currencies.

The Company has prepared its accounts denominated in AUD. For ASX reporting purposes, quarterly statements and accounts are provided in AUD.

The return on equity and any dividends for Australian Shareholders may be exposed to fluctuations and volatility of the exchange rates among USD, AUD, SBD, and VND.

General risks

Economic conditions

General economic conditions may affect interest rates, inflation rates and other economic variables. Movements in these factors may benefit or adversely affect the Company. Movement in general economic conditions may also affect companies with which the Company conducts its business, which may also affect the Company's earnings.

Changes to laws and regulations

The introduction of new policies, legislation or amendments to existing policies or legislation by governments or the interpretation of those laws as noted above could impact adversely on the assets, operations and ultimately financial performance of the Company.

Group Financial Report

Directors' Report

Your directors present their report on the consolidated entity (referred to herein as the "Group") consisting of Axiom Mining Limited ("The Company" or "Axiom") and its controlled entities for the financial year ended 30 September 2014.

Directors

The following persons were Directors of the Company during the year and to the date of this report:

Stephen Ray Williams

(LLB, Solicitor of the Supreme court of NSW and High Court of Australia, and Member of the Australian Institute of Company Directors)

Chairman and Non-Executive Director (Aged 61)

Stephen is a corporate lawyer by profession and is an experienced director and chairman of public companies from Initial Public Offering through to maturity.

Since his appointment, Stephen has overseen the implementation of best practice in corporate governance and has also ensured that the expertise of the Board has been channelled to the appropriate areas of the business. He has played an integral role overseeing recent business development in the Solomon Islands.

Other current directorships:

- Australian Careers Network Limited – (Chairman and Non-Executive Director)
- Sydney Church of England Grammar (Shore School Sydney) – (Chairman)

Former directorships:

- Prime Ag Australia Limited (Non-Executive Director)
- Coffey International Limited (Non-Executive Director and Chairman)

Ryan Richard Mount

Executive Director and Chief Executive Officer (Aged 35)

Ryan Mount joined the Axiom Mining Board as a Director in April 2009. Following his appointment, he led the crucial restructure of the company – an exercise that saw Axiom gain full control of the company's assets, define a clear strategic direction, appoint a new Board and management team and a listing on the Australian Securities Exchange ("ASX") by December 2009.

In mid-2010, Ryan accepted the Board's offer of the CEO position. Since his appointment, he has been relentless in driving and refining Axiom's operations, and as a result, key components of the business plan have been achieved.

Ryan led the pursuit of the world-class Isabel nickel deposit in the Solomon Islands, which included securing title to the deposit in Axiom's favour after a three year High Court battle.

He has an extensive background in Australian and international financial markets, as well as corporate advisory. Ryan is also a member of the Australian Institute of Company Directors.

Other directorships:

- Nil

The following person was a Director of the Company from the beginning of the year but resigned during the year:

- Mr Anthony Faillace—resigned in February 2014

Directors' Shareholdings

The following table sets out each director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share rights Number
Stephen Ray Williams	2,500,000	12,500,000
Ryan Richard Mount	16,914,950	100,000,000

Except as disclosed in Note 20 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Contracts

Except as disclosed in Note 20 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party, and in which Directors of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Directors' Meetings

During the year the Company held two meetings of Directors. The attendances of Directors at meetings of the Board of Directors were:

	Directors' meetings	
Directors	A	B
Stephen Ray Williams	2	2
Ryan Richard Mount	2	2
Anthony Faillace	–	–

Notes:
A – Number of meetings attended.
B – Number of meetings held during the time the Director held office during the year.

Directors' Report
continued

Company Secretary

As the Company is incorporated in Hong Kong it is a requirement under the Hong Kong Companies Ordinance to have a resident Company Secretary and Boacoh Secretarial Limited of Hong Kong acts as Company Secretary for the Company. Boacoh Secretarial Limited is a Company owned by the partners of Boase Cohen & Collins Solicitors.

Accountant and Local Agent

As Axiom is registered in Australia it is required to appoint a Local Agent for receipt of notices from both the Australia Securities Exchange Limited and the Australian Securities and Investment Commission. Mr Ryan Richard Mount is the Local Agent and Chief Executive Officer.

Principal Activities

The principal activities of the Company and the Group during the year were mineral exploration and assessment of potential mining acquisition opportunities in Australia, Solomon Islands and Vietnam. This included protracted litigation in the Solomon Islands High Court where Axiom successfully defended its rights to the Isabel nickel deposit.

During the year, the Company transitioned its Vietnam operations to maintenance mode to enable it to focus its efforts on the Solomon Islands. The Company still believes that Vietnam offers potential for resource development and has taken steps to maintain avenues for re-commencing exploration in future when circumstances permit.

Operating and Financial Review

Results of operations

The consolidated loss from ordinary activities of the Company and its controlled entities for the year ended 30 September 2014 after income tax was $15,880,000 (2013: $13,650,000).

Review of operations

The highlight of Axiom's year has been its resounding win in the Solomon High Court trial over the Isabel nickel deposit.

On 24 September 2014, Commissioner Brown handed down a ruling that upheld Axiom's exploration and land rights over the deposit, and dismissed all of Sumitomo's claims.

This decisive victory has enabled Axiom to re-commence exploration on the tenement, including a drilling program that commenced on 24 November 2014.

In February 2014 the Company secured a Prospecting Licence for the West Guadalcanal Project and commenced exploration for gold, silver and copper type mineralisation.

Share Capital

During the year the Company issued 954,485,305 (2013: 614,494,546) ordinary shares via placements, on exercise of performance rights, conversion of convertible shares, exercise of options and as payment for services.

Details of the movements in share capital of the Company during the year are set out in Note 16(a) to the consolidated financial statements.

Changes in the State of Affairs

No significant changes to the state of affairs of the Group have occurred during the financial year.

Dividends

The Board of Directors does not recommend the payment of any dividend for the year (2013: nil).

Events Subsequent to Period End

On 24 September 2014 the High Court of the Solomon Islands dismissed all of SMM Solomon Limited's claims and enabled Axiom to recommence exploration activities on the Isabel nickel deposit. Included in this judgement was the continuation of the undertaking in form of a court order from Sumitomo as to costs and damages in the proceedings.

On 30 September 2014 the Chief Justice of the Court of Appeal of the Solomon Islands granted an interim injunction, at the application of Sumitomo, preventing Axiom's exploration activities on Isabel Island.

On 8 October 2014 the Solomon Islands Court of Appeal ruled in favour of Axiom and set aside the interim injunction granted on 30 September 2014 and awarded costs to Axiom in relation to the hearing on 8 October 2014.

On 27 October 2014 Sumitomo filed a notice of appeal to the Solomon Islands Court of Appeal in response to the High Court trial judgement delivered in favour of Axiom. It is expected that the appeal will be heard in early 2015.

On 29 October 2014 Axiom filed submissions and supporting evidence to recover costs from Sumitomo related to the Solomon Islands Court Case 258/2011 of SBD $41,025,000 (~$6,500,000).

On 20 November 2014 Axiom's drilling program for the Isabel Nickel Project commenced.

On 24 November 2014 Axiom announced that the Company was in negotiations with third parties regarding potential involvement in the Isabel Nickel Project.

Negotiations are occurring with nickel industry participants and mining services providers over mine development and operation, processing of ore and off-take agreements.

On 16 December 2014 Axiom announced initial results from the drilling program on the Isabel Nickel Project. Drilling has produced excellent results that identify significant grade and extension of mineralisation to depths that had not been evaluated by previous studies or exploration.

Apart from the matters mentioned above, no other matters or circumstances have arisen since 30 September 2014 that significantly affected or could significantly affect the operations of the Consolidated Group in future years.

Proceedings on behalf of Company

Apart from the matters discussed under Note 23 *Subsequent Events* to the financial statements, no person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of such proceedings.

Remuneration report

The Remuneration Report sets out information relating to the remuneration of the Company's non-executive Directors and key management personnel. Key management personnel include the CEO as Executive Director, the Chief Financial Officer ("CFO"), General Manager Exploration, General Manager Project Development and Human Resources Manager.

a. Details of specified Directors and specified executives

i. Specified Directors

Mr Stephen Ray Williams	Non-Executive Director and Chairman
Mr Ryan Richard Mount	Executive Director and Chief Executive Officer

ii. Specified Executives

Mr Sailesh Solanki	Chief Financial Officer (appointed 8 September 2014)
Mr John Donald Macansh	Exploration Manager (appointed 8 August 2014)
Mr Hans Vulker	Human Resources Manager (appointed 4 August 2014)
Mr Neil Jensen	General Manager Project Development (appointed 13 October 2014)

iii. Former Directors and Specified Executives

Mr Anthony Faillace	Non-Executive Director (resigned 21 February 2014)
Mr Jess Timothy Oram	General Manager Exploration (until 22 July 2014)
Mr Eamonn Dare	Chief Geologist (until 15 December 2013)
Ms Valerie Valdez	Chief Financial Officer (until 28 November 2012)

b. Remuneration of specified Directors and specified executives

The constitution of the Company provides that non-executive Directors may collectively be paid as remuneration for their services, a fixed sum not exceeding the aggregate maximum sum per annum as from time to time determined by the Company at a general meeting, which is currently set at US$300,000. The chairman's fees are determined independently of the fees of the non-executive Directors based on comparative roles in the market place.

The Chairman's fees have been set at $50,000 per annum (2013 – $50,000) and Non-Executive Directors are remunerated at $35,000 per annum (2013 – $35,000). Directors may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise perform services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred in carrying out their duties as a Director.

c. Performance rights plan

Director, Executive and Employee Performance Rights Plan

The establishment of the Axiom Director and Executive Performance Right Plan was approved by shareholders at the 30 July 2010 Extraordinary General meeting and refreshed at the Annual General Meeting held on 22 April 2013. The Director and Executive Performance Right Plan provides appropriate incentives for the Board and management:

- to align the economic interests of the Board and management with shareholders;
- to keep the Board and management focused on the long term growth of the Company; and
- to increase shareholder value by achieving certain milestones.

Under the plan, participants are granted rights which vest if certain performance conditions are met. Participation in the plan is at the Board's discretion. Certain employees of the Company have been granted share rights as set out in their service agreement with the Company. Apart from these, no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

When exercisable, each right is convertible into one ordinary share.

At the AGM on 22 April 2013, shareholders approved the issue of:

- 100,000,000 performance rights to Ryan Richard Mount;
- 10,000,000 performance rights to Stephen Ray Williams; and
- 2,000,000 performance rights to Neil Francis Stuart.

The performance rights are subject to Volume Weighted Average Price ("VWAP") hurdle's and will vest only after the 30 day VWAP has exceeded the relevant hurdles.

Details of the unexpired rights as at 30 September 2014 are as follows:

	Number of rights granted	Grant date	Expiry date	Fair value per share at grant approval date cents	VWAP hurdle cents	Number Vested
Directors						
Stephen Williams	2,500,000	30/07/11	*	–	7.0	–
	2,000,000	22/04/13	21/04/16	1.33	5.0	–
	2,000,000	22/04/13	21/04/16	1.20	7.5	–
	6,000,000	22/04/13	21/04/16	1.06	10.0	–
	12,500,000					
Ryan Mount	5,000,000	22/04/13	21/04/16	1.33	5.0	–
	10,000,000	22/04/13	21/04/16	1.20	7.5	–
	10,000,000	22/04/13	21/04/16	1.06	10.0	–
	10,000,000	22/04/13	21/04/16	0.98	12.5	–
	10,000,000	22/04/13	21/04/16	0.89	15.0	–
	10,000,000	22/04/13	21/04/16	0.77	20.0	–
	10,000,000	22/04/13	21/04/16	0.67	25.0	–
	15,000,000	22/04/13	21/04/16	0.60	30.0	–
	10,000,000	22/04/13	21/04/16	0.54	35.0	–
	10,000,000	22/04/13	21/04/16	0.50	40.0	–
	100,000,000					

*No expiry date. Performance condition and service-based vesting conditions applies.

The shares to be issued on exercise of the performance rights must be issued within three years from approval by the shareholders. Therefore the VWAP conditions are required to be met within two and a half years of the grant date.

A further six months must elapse after satisfaction of the VWAP performance condition before the performance rights can be exercised. The performance rights may be exercised no later than 12 months after the satisfaction of the VWAP performance condition.

A service-based vesting condition also applies. That is, Mr Mount and Mr Williams must remain in the service of the Company at the time the performance rights are exercised.

Performance rights that do not vest will lapse.

The performance rights are issued for nil consideration and have a nil exercise price.

Directors' Report
continued

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights. No performance rights were granted during the year. Details relating to fair value calculations for performance rights issued in the prior year were included in September 2013 Annual Financial report.

d. Service agreements

The Group has service agreements with the CEO, CFO and other key management personnel ("KMP"). The CEO's agreement contains provisions for payment of a cash bonus, other benefits including accommodation and living expenses in Honiara, and participation in the Senior Executive Performance Rights Plan. Key management personnel agreements contain provisions for participation where eligible in the Company's Performance Rights Plan.

Ryan Richard Mount, Chief Executive Officer and Executive Director

- Terms of agreement – Appointed as CEO and Executive Director for three years commencing 1 March 2013.
- Total Remuneration Package of $400,000 plus superannuation per annum to be reviewed annually by the remuneration committee.
- Mr Mount is required to be frequently based in the Solomon Islands and accommodation and living expenses in Honiara are met by the Company.
- Non cash benefits include health insurance cover in the Solomon Islands and a company vehicle.
- No provision for Short Term Incentive was made in respect of 2014.
- As a Long Term Incentive Mr Mount has been granted Rights pursuant to the Director and Senior Executive Performance Rights Plan.
- Mr Mount is also entitled to an additional bonus which may from time to time be approved at the discretion of the Board. No additional bonus has been granted for the 2014 year.
- Notice period six months.

Sailesh Solanki, Chief Financial Officer

- Terms of agreement – Appointed as CFO with no fixed term commencing 8 September 2014.
- Total Remuneration Package of $185,000 plus superannuation per annum.
- Non-cash benefits represent car parking near the corporate office.
- Bonus scheme at the Board's discretion includes invitation to participate in the Employee Performance Rights Scheme.
- No bonus was issued in 2014.
- Notice period three months.

John Donald Macansh, Manager Exploration – Oceania

- Terms of agreement – Appointed as Manager Exploration, Oceania with no fixed term commencing 8 August 2014.
- Total Remuneration Package of $205,000 plus superannuation per annum.
- Bonus scheme at the Board's discretion includes invitation to participate in the Employee Performance Rights Scheme.
- No bonus was issued in 2014.
- Notice period three months.

Hans Vulker, Human Resources Manager

- Terms of agreement – Appointed with no fixed term commencing 4 August 2014.
- Total Remuneration Package of $150,000 plus superannuation per annum.
- Bonus scheme at the Board's discretion includes invitation to participate in the Employee Performance Rights Scheme.
- No bonus was issued in 2014.
- Notice period of one month.

Neil Jensen, General Manager Project Development - Isabel Nickel Project (appointed 13 October 2014)

- Terms of agreement – Fixed term six months to 12 April 2015.
- Total Remuneration Package is $125,000 plus superannuation for the six month term of service.
- Notice period of one month.

Key management personnel employed during the current financial year but not at the date of this report:

Jess Timothy Oram, General Manager – Exploration (until 22 July 2014)

- Mr Oram was General Manager, Exploration with no fixed term commencing 29 April 2013.
- Total Remuneration Package paid for the period from 1 October 2013 until 22 July 2014 was $172,270 plus superannuation.

Directors' Report
continued

e. Remuneration of specified Directors and specified executives

	Short-term benefits		Post-employment benefits		Share-based Payment			
Twelve months to 30 September	**Directors' Fees $**	**Non-monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Performance* Rights $**	**Total $**	**S300A(1) (e)(i) Proportion of remuneration performance related %**	**S300A(1) (e)(vi) Value of share rights as proportion of remuneration %**
Non-executive directors:								
Stephen Ray Williams								
2014	50,000	–	4,656	–	39,205	93,861	–	42%
2013	50,000	–	4,531	–	–	54,531	–	–
Neil Francis Stuart								
2014	–	–	–	–	–	–	–	–
2013	8,750	–	–	–	–	8,750	–	–
Anthony Faillace								
2014	–	–	–	–	–	–	–	–
2013	–	–	–	–	–	–	–	–
Total Remuneration								
2014	**50,000**	**–**	**4,656**	**–**	**39,205**	**93,861**		42%
2013	**58,750**	**–**	**4,531**	**–**	**–**	**63,281**		

* Performance rights were granted in April 2013 following approval by shareholders at the Annual General Meeting held on 22 April 2013. The performance rights are charged to expense over the life of the rights. The expense in relation to the performance rights is calculated as fair value using the Black-Scholes model. For further disclosure in respect of the share-based payment see part (c) Performance Rights Plan of the remuneration report.

Performance rights issued will automatically vest into fully paid ordinary shares upon specific conditions being achieved. The performance condition is a market hurdle as disclosed in part (c) Performance Rights Plan of the remuneration report. The amounts that appear are amounts required under Australian Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these performance rights are received will depend on achieving appropriate vesting conditions as discussed above. No performance rights were exercised during the year.

Directors' Report
continued

Twelve months to 30 September	Short-term benefits		Post-employment benefits		Share-based Payment		S300A(1) (e)(i)	S300A(1) (e)(vi)
	Primary Salary and fees $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Performance* Rights $	Total $	Proportion of remuneration performance related %	Value of share rights as proportion of remuneration %
Executive directors:								
Ryan Richard Mount Chief Executive Officer and Managing Director								
2014	433,300	–	32,900	–	280,641	746,841	–	38%
2013	477,415	–	28,970	–	–	506,385	–	–
Other Key management personnel								
Sailesh Solanki Chief Financial Officer								
2014	12,865	538	1,132	–	–	14,535	–	–
2013	–	–	–	–	–	–	–	–
John Donald Macansh Exploration Manager								
2014	34,669	–	2,711	–	–	37,380	–	–
2013	–	–	–	–	–	–	–	–
Hans Vulker Human Resources Manager								
2014	26,461	–	2,318	–	–	28,779	–	–
2013	–	–	–	–	–	–	–	–
Former key management personnel								
Jess Timothy Oram General Manager Exploration								
2014	172,270	–	16,000	–	–	188,270	–	–
2013	49,735	–	4,516	–	–	54,251	–	–
Eamonn Dare Chief Geologist								
2014	–	–	–	–	–	–	–	–
2013	79,396	–	6,123	–	–	85,519	–	–
Valerie Valdez Chief Financial officer								
2014	–	–	–	–	–	–	–	–
2013	37,798	–	2,810	–		40,608	–	–
Total Remuneration								
2014	**679,565**	**538**	**55,061**	**–**	**280,641**	**1,015,805**		
2013	**644,344**	**–**	**42,419**	**–**	**–**	**686,763**		

*For an explanation of performance rights refer to the footnote below the non-executive directors' remuneration table on the previous page.

Directors' Report
continued

Share Options and Performance Rights

Under the Directors and Executives Performance Rights Plan (approved by shareholders on 22 April 2013);

- No performance rights were issued to Directors (2013: 110 million);
- No performance rights were issued to employees (2013: 4.6 million);
- 4.2 million performance rights lapsed during the year (2013: 33 million); and
- No performance rights were exercised by Directors and employees during the year (2013: 1 million).

Details of the movements during the year are as follows:

	No. of rights outstanding as at 1 October 2013	Granted during the year	Exercised during the year	Lapsed during the year	No. of rights outstanding as at 30 September 2014
Stephen Ray Williams	12,500,000	–	–	–	12,500,000
Ryan Richard Mount	100,000,000	–	–	–	100,000,000
Neil Francis Stuart	2,000,000	–	–	2,000,000	–
Other employees	2,200,000	–	–	2,200,000	–
	116,700,000	–	–	4,200,000	112,500,000

During the year, 561, 405, 602 (2013: 338,443,086) options to acquire ordinary shares in the Company were issued and 74,025,901 (2013: 239,839,564) options expired.

Options over ordinary shares of the Company as at 30 September 2014 were as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
02/04/12	02/10/14	$0.0300	10,000,000
24/09/12	20/12/15	$0.0200	2,000,000
25/10/12	30/10/14	$0.0300	8,333,333
30/10/12	30/10/14	$0.0300	6,500,000
04/03/13	15/02/16	$0.0200	50,000,000
10/02/14	10/02/17	$0.0187	13,250,000
11/02/14	30/11/14	$0.0170	16,000,000
10/04/14	31/03/15	$0.0200	392,042,873
08/09/14	30/11/14	$0.0200	89,053,839
			587,180,045

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of options are:

Number of shares issued	Class of shares	Amount paid for shares $000	Amount unpaid on shares $000
77,513,759	Ordinary	1,295	–

ASIC Class Order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Directors' Report
continued

Likely developments and expected results

In the opinion of the Directors it may prejudice the interests of the Company to provide additional information in relation to the future developments and business strategies of the operations of the Company and the expected results of those operations in subsequent financial years.

Environmental regulation

The Group is subject to significant environmental regulation with respect to its exploration activities. The Group aims to ensure that the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

Auditors

The Group's financial statements have been audited by Hall Chadwick Chartered Accountants and Business Advisors.

Other transactions with KMP and their related parties

Apart from the transactions disclosed in the remuneration report above and in Note 20 to the consolidated financial statements, there were no other transactions conducted between the Group and KMP or their related parties, relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

Indemnification of officers and auditors

During the financial year, the Company paid an insurance premium in respect of a contract insuring Directors and officers against liability arising from claims brought against them individually or jointly while performing services for the Company, and against expenses relating thereto, in accordance with the Company's constitution. In accordance with commercial practice, the insurance policy prohibits disclosure of the amount of the premium and the nature and the amount of the liability covered.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Audit fees and fees for non-audit services are disclosed in Note 19 to the consolidated financial statements.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 September 2014 has been received and can be found on page 42 of the financial report.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the Board of Directors.

Stephen Ray Williams
Chairman

Dated at Brisbane 29 December 2014

Auditor's Independence Declaration

to the Directors of Axiom Mining Limited

HALL CHADWICK (NSW)

Chartered Accountants and Business Advisers

AXIOM MINING LIMITED AND CONTROLLED ENTITIES
ABN 119 698 770

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AXIOM MINING LIMITED
AND CONTROLLED ENTITIES

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2014 there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
PARTNER

Date: 29 December 2014

Consolidated Statement of Profit or Loss

for the year ended 30 September 2014

	Notes	2014 $000	2013 $000
Revenue			
Interest income		3	9
Sundry income		92	4
Total revenue		**95**	**13**
Depreciation and amortisation	10	(206)	(288)
Employee benefits expense		(2,833)	(2,776)
Superannuation		(145)	(132)
ASX fees		(108)	(46)
Audit fees		(164)	(95)
Impairment loss on mineral exploration expenditure		(1,560)	(5,543)
Exploration costs		(1,425)	(676)
Foreign exchange gain		49	702
Administration and other expenses	4	(9,019)	(4,026)
Rent and occupancy costs		(277)	(348)
Finance costs		(287)	(435)
Loss before income tax		**(15,880)**	**(13,650)**
Income tax benefit/(expense)	5	–	–
Loss for the year		**(15,880)**	**(13,650)**
Loss for the year after tax attributable to members of the Company:			
Owners of the Company		(15,692)	(13,168)
Non-controlling interests		(188)	(482)
		(15,880)	**(13,650)**

Loss per share		**Cents**	**Cents**
Basic and diluted	6	(0.57)	(0.61)

The notes on pages 48 to 76 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2014

	2014 $000	2013 $000
Loss for the year	(15,880)	(13,650)
Other comprehensive income/(loss) for the year		
Item that will not be reclassified to profit or loss:		
Deficit on valuation of mineral exploration expenditure	–	(15,030)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign controlled entities	(90)	(146)
Total comprehensive loss for the year	**(15,970)**	**(28,826)**
Total comprehensive loss for the year attributable to:		
Owners of the Company	(15,782)	(28,344)
Non-controlling interests	(188)	(482)
	(15,970)	**(28,826)**

The notes on pages 48 to 76 form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 September 2014

	Notes	2014 $000	2013 $000
Assets			
Current assets			
Cash and cash equivalents	7	2,304	691
Other receivables	8	1,091	319
Total current assets		**3,395**	**1,010**
Non-current assets			
Property, plant and equipment	10	2,059	2,199
Mineral exploration expenditure	11	2,472	2,796
Total non-current assets		**4,531**	**4,995**
Total assets		**7,926**	**6,005**
Liabilities			
Current liabilities			
Trade and other payables	12	1,768	1,049
Borrowings	13	686	20
Lease liabilities	14	377	714
Provisions	15	153	93
Total current liabilities		**2,984**	**1,876**
Non-current liabilities			
Lease liabilities	14	1,958	1,147
Total non-current liabilities		**1,958**	**1,147**
Total liabilities		**4,942**	**3,023**
NET ASSETS		**2,984**	**2,982**
Equity			
Issued capital	16(a)	77,902	62,633
Reserves	16(b)	(95)	(708)
Retained losses		(73,395)	(57,703)
Equity attributable to owners of the Company		4,412	4,222
Non-controlling interests		(1,428)	(1,240)
TOTAL EQUITY		**2,984**	**2,982**

The notes on pages 48 to 76 form part of these financial statements..

Consolidated Statement of Changes in Equity

for the year ended 30 September 2014

	Share capital $000	Foreign currency translation reserve $000	Share-based payment reserve $000	Asset revaluation reserve $000	Accumulated losses $000	Subtotal $000	Non-controlling interests $000	Total Equity $000
At 1 October 2012	52,712	(979)	388	15,114	(44,619)	22,616	(758)	21,858
Loss for the year	–	–	–	–	(13,168)	(13,168)	(482)	(13,650)
Other comprehensive loss	–	(146)	–	(15,030)	–	(15,176)	–	(15,176)
Total comprehensive loss for the year	**–**	**(146)**	**–**	**(15,030)**	**(13,168)**	**(28,344)**	**(482)**	**(28,826)**
Transactions with owners in their capacity as owners								
Shares issued during the year	9,921	–	–	–	–	9,921	–	9,921
Equity-settled share-based settlement	–	–	29	–	–	29	–	29
Total transactions with owners and other transfers	**9,921**	**–**	**29**	**–**	**–**	**9,950**	**–**	**9,950**
Other								
Transfer to accumulated losses	–	–	–	(84)	84	–	–	–
Total other	**–**	**–**	**–**	**(84)**	**84**	**–**	**–**	**–**
As at 30 September 2013	**62,633**	**(1,125)**	**417**	**–**	**(57,703)**	**4,222**	**(1,240)**	**2,982**
At 1 October 2013	62,633	(1,125)	417	–	(57,703)	4,222	(1,240)	2,982
Loss for the year	–	–	–	–	(15,692)	(15,692)	(188)	(15,880)
Other comprehensive loss	–	(90)	–	–	–	(90)	–	(90)
Total comprehensive loss for the year	**–**	**(90)**	**–**	**–**	**(15,692)**	**(15,782)**	**(188)**	**(15,970)**
Transactions with owners in their capacity as owners								
Shares issued during the year	15,093	–	–	–	–	15,093	–	15,093
Prepayment for exercise of options	176	–	–	–	–	176	–	176
Share performance rights expense	–	–	336	–	–	336	–	336
Share option expense	–	–	367	–	–	367	–	367
Total transactions with owners and other transfers	**15,269**	**–**	**703**	–	–	**15,972**	**–**	**15,972**
As at 30 September 2014	**77,902**	**(1,215)**	**1,120**	**–**	**(73,395)**	**4,412**	**(1,428)**	**2,984**

The notes on pages 48 to 76 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2014

	Note	2014 $000	2013 $000
Cash flows from operating activities			
Payments to suppliers and employees		(12,480)	(7,995)
Interest received		3	9
Sundry income		91	3
Interest paid		(11)	(353)
Net cash outflow from operating activities	17	**(12,397)**	**(8,336)**
Cash outflows from investing activities			
Purchase of property, plant and equipment		(195)	(613)
Mineral exploration expenditure		(960)	(914)
Net cash outflow from investing activities		**(1,155)**	**(1,527)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		14,527	9,921
Proceeds from borrowings		650	–
Repayment of borrowings		(13)	(127)
Net cash inflow from financing activities		**15,164**	**9,794**
Net increase/(decrease) in cash and cash equivalents		1,612	(69)
Cash and cash equivalents at beginning of financial year		691	809
Effect of exchange rate changes		1	(49)
Cash and cash equivalents at end of financial year		**2,304**	**691**

The notes on pages 48 to 76 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2014

1. Company information

Axiom Mining Limited (the "Company") is a Company incorporated in Hong Kong.

Registered office: 2303-7 Dominion Centre, 43-59 Queen's Road East, Hong Kong.

Principal place of business: Unit 6, 76 Doggett Street Newstead QLD 4006, Australia.

The Company's shares are listed on the Australian Securities Exchange.

The Company and its subsidiaries (the "Group") are principally engaged in mineral exploration in Australia, Solomon Islands and Vietnam.

2. Significant accounting policies

a. Statement of compliance

The consolidated financial statements and notes represent those of Axiom Mining Limited and the Controlled Entities (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Axiom Mining Limited, have not been prepared within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 29 December 2014.

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The AASB has issued certain new and revised AASB Standards ("AASBs") that are first effective or available for early adoption for the current accounting period of the Group and of the Company. Note 2(x) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b. Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost basis except that property, plant and equipment are stated at their revalued amount, being the fair value at the date of revaluation as explained in the accounting policy set out in Note 2(e). The financial statements are presented in Australian dollars ("AUD") which is also the functional currency of the Company.

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in Note 24.

Going concern

The Group has recorded a net loss of $15,880K (2013: $13,650K), had net cash outflows from operations of $12,397K (2013: $8,336K) for the year and has no ongoing source of income. At 30 September 2014, the Group had net assets of $2,984K (2013: $2,982K).

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 30 September 2014, the Group had cash and cash equivalents of $2,304K;
- the ability to raise additional share capital by share placements, options, convertible notes, or rights issue;

Notes to the Financial Statements

for the year ended 30 September 2014

2. Significant accounting policies

- the ability to farm out all or part of its exploration projects; and
- the ability to sell particular exploration projects.

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.

c. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Axiom Mining Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 9.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

d. Business combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

e. Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

2. Significant accounting policies (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

f. Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost or revaluation less accumulated depreciation and impairment losses. Leasehold land is stated at its fair value, which has been determined considering future lease payments, term of the lease and implied interest.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not exceed their recoverable amount at balance sheet date.

Changes arising on the revaluation of property, plant and equipment are generally dealt with in other comprehensive income and are accumulated separately in equity in the asset revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss in the period in which they arise. Any related revaluation surplus is transferred from the revaluation reserve to accumulated losses.

Depreciation is calculated to write off the cost or revaluation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Leasehold land	over the lease term
Leasehold improvements	over the lease term
Plant and equipment	20% – 33%

Both the useful life of an asset and its residual value, if any, are reviewed annually, and adjusted if appropriate, at the end of each reporting period.

g. 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.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

h. Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement regardless of whether the arrangement takes the legal form of a lease.

Notes to the Financial Statements

for the year ended 30 September 2014

2. Significant accounting policies (continued)

Assets that are held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception: land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates that write-off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(f). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

i. Impairment of assets

i. Impairment of investments in equity securities and other receivables

Investments in other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group regarding one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- for unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- for trade and other current receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets that are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. Significant accounting policies (continued)

Impairment losses are written-off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written-off against other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written-off directly are recognised in profit or loss.

ii. Impairment of mineral exploration expenditure

The carrying amount of the mineral exploration expenditure is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the mineral exploration expenditure is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

iii. Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investments in subsidiaries in the Parent company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversal of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

j. Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Notes to the Financial Statements
for the year ended 30 September 2014

2. Significant accounting policies (continued)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

k. Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see Note 2(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

l. Other payables

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

n. Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is defined and the effect would be material, these amounts are stated at their present values. Superannuation is paid in accordance with applicable local government legislation.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

2. Significant accounting policies (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

o. Share-based payments

The fair value of share options granted to employees and others is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value of shares granted to service providers is recognised as an expense and classified by nature. The fair value is measured at grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

p. Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expenses. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

q. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r. Revenue recognition

Provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- interest income is recognised as it accrues using the effective interest method
- sundry income is recognised at the fair value of the consideration received or receivable.

s. Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 September 2014

2. Significant accounting policies (continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Australian dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Australian dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

t. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to owners and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

u. Segmental reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

v. Convertible notes

Convertible notes that do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments (see Note 2(w)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently re-measured in accordance with Note 2(w). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

w. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

x. Applications of new and revised AASBs

The AASB has issued a number of amendments to AASBs that are first effective for the current accounting period of the Group. Of these, the following were relevant to the Group's financial statements:

2. Significant accounting policies (continued)

Improvements to IFRSs	Annual improvements to IFRSs 2009-2011 cycle
AASB 10	Consolidated financial statements
AASB 11	Joint arrangements
AASB 12	Disclosure of interests in other entities
AASB 13	Fair value measurement
AASB 127	Separate financial statements
AASB – Int 20	Stripping costs in the production phase of a surface mine
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures – Offsetting financial assets and financial liabilities (AASB 7 & AASB 132)

Whilst some of these amendments have resulted in changes to the disclosures in the financial statements, there has been no impact on the results from operation of the Group or its financial position.

Up to the date of issue of the consolidated financial statements, the AASB has issued a number of amendments, new standards and interpretations that are not yet effective for the year ended 30 September 2014 and have not been adopted in the consolidated financial statements. Of these developments, the following relates to matters that may be relevant to the Group's operations and consolidated financial statements:

AASB 1031	Materiality (2013)[1]
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting financial assets and financial Liabilities[1]
AASB 2013-3	Amendments to AASB 136 *Recoverable amount disclosures for non-financial assets*[1]
AASB 2013-4	Amendments to Australian Accounting Standards - Novation of derivatives and continuation of hedge accounting[1]
AASB 2013 -5	Amendments to Australian Accounting Standards - Investment entities[1]
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual framework, materiality and financial instruments[1]
INT 21	Levies[1]
	Amendments to Australian Accounting Standards –
	Part A: Annual improvements 2010-2012 and 2011-2013 cycles[2]
	Part B: Defined benefit plans: employee contributions (amendments to AASB 119)[2]
	Part C: Materiality[2]
	Part D: Consequential amendments arising from AASB 14[4]
AASB 2014-1	Part E: Financial instruments[3]
AASB 14	Regulatory deferral accounts
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for acquisitions of interests in joint operations[4]
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of acceptable methods of depreciation and amortisation[4]
AASB 9	Financial instruments[6]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 January 2017.
6 Effective for annual periods beginning on or after 1 January 2018.

The Group is in the process of making an assessment of the potential impact of these amendments and new standards in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Group's results of operations or financial position.

Notes to the Financial Statements
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3. Segment information

The Group's operations are predominantly 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 in 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.

	Australia		Solomon		Vietnam		Consolidated	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Segment revenue	11	10	84	2	–	1	95	13
Segment result (loss)	(10,550)	(10,091)	(4,320)	(3,360)	(1,010)	(199)	(15,880)	(13,650)
Segment assets	2,976	1,565	4,923	3,529	27	911	7,926	6,005
Segment liabilities	1,584	961	3,355	2,007	3	55	4,942	3,023

4. Loss for the year

	2014 $000	2013 $000
Loss before income tax includes the following specific expenses:		
Administration and legal comprises:		
Legal	5,500	1,218
Consultants	1,564	579
Travel	882	485
Other	1,073	1,744
	9,019	4,026
Minimum lease payments on operating leases	217	287

5. Tax expense

	2014 $000	2013 $000
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	(4,764)	(4,095)
Add:		
Tax effect of:		
Non-allowable items		
– share options expensed during year	211	9
– overseas exploration and other expenditure	1,741	215
Less:		
– difference in overseas tax rate	82	16
– tax losses and deferred tax not recognised	2,730	3,855
Income tax attributable to entity	–	–

6. Loss per share

a. Basic loss per share

The calculation of basic loss per share of 0.57 of a cent per share (2013: 0.61 of a cent per share) is based on the loss attributable to owners of the Company of $15,692,000 (2013: $13,168,000) and the weighted average number of 2,743,020,471 ordinary shares (2013: 2,142,701,270 shares) in issue during the year, calculated as follows:

b. Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the exercise of the share option and the conversion of convertible notes would result in a decrease in loss per share.

	Consolidated Group	
	2014 $000	**2013 $000**
(i) Reconciliation of earnings to profit or loss:		
Loss for the year	(15,880)	(13,650)
Loss attributable to non-controlling equity interest	(188)	(482)
Loss used to calculate basic EPS	(15,692)	(13,168)
Loss used in the calculation of dilutive EPS	(15,692)	(13,168)

Weighted average number of *ordinary shares*

	2014 No. of shares	**2013 No. of shares**
Issued ordinary shares at 1 October (Note 16(a))	2,335,067,445	1,720,572,899
Effect of placement of shares	112,415,955	240,288,677
Effect of shares issued as payment for services	13,689,102	1,292,739
Effect of issue of shares to employees	586,667	882,877
Effect of issues under exercise of options	6,844,548	–
Effect of issues under share purchase plan and conversion of convertible notes	106,783,568	179,323,804
Effect of exercise of performance rights	–	340,274
Effect of issue under agreement *	43,680,887	–
Effect of commencement fee funding *	5,035,264	–
Effect of Convertible note security *	9,493,151	–
Effect of Rights issue	109,423,884	–
Weighted average number of ordinary shares at 30 September 2014	**2,743,020,471**	**2,142,701,270**

* as announced 10 February 2014

Notes to the Financial Statements
for the year ended 30 September 2014

7. Cash and cash equivalents

	2014 $000	2013 $000
Cash at bank and on hand	2,170	410
Short-term bank deposits	13	12
Funds held in trusts	121	269
	2,304	691

The effective interest rate on short-term bank deposits was 3.54% (2013: 2.57%). These deposits have an average maturity of 90 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2014 $000	2013 $000
Cash and cash equivalents	2,304	691

8. Other receivables

	2014 $000	2013 $000
Prepayments	70	73
Other receivables	1,021	246
	1,091	319

Terms and conditions

Other receivables comprise sundry debtors.

Sundry debtors are non-interest bearing and have repayment terms between 30 to 90 days.

9. Investments in subsidiaries

Details of the subsidiaries are as follows:

		Ownership interest held by the Group		Proportion of Non-controlling interests	
Name of subsidiaries	**Place of incorporation**	**2014 %**	**2013 %**	**2014 %**	**2013 %**
Axiom Vietnam JSC*	Vietnam	90	90	–	–
Axiom Nickel Pty Ltd	Australia	100	100	–	–
Axiom Nickel (SI) Ltd	Solomon Islands	100	100	–	–
Axiom KB Ltd	Solomon Islands	80	80	20	20
Azzu Mining Ltd	British Virgin Islands	100	100	–	–
Guadalcanal Resources Limited*	Solomon Islands	93	93	–	–
Laos Resources Ltd	British Virgin Islands	100	100	–	–
Ozmin Resources Pty Ltd	Australia	100	100	–	–
South Pacific Minerals Limited	Solomon Islands	100	100	–	–
Vietnam Resources Corporation Pty Ltd	Australia	100	100	–	–
Vietnam Resources Corporation (QB) Pty Ltd	Australia	100	100	–	–
VRC Quangtri Pty Ltd	Australia	100	100	–	–
Millungera Energy Pty Ltd	Australia	100	100	–	–
Vietnam Resources Corporation (VN Holdings) Pty Ltd	Australia	100	100	–	–

The companies shown above are audited by firms other than Hall Chadwick Sydney.

* The non-controlling interests of Axiom Vietnam JCS and Guadalcanal Resources Limited are not material to the Group.

Notes to the Financial Statements

for the year ended 30 September 2014

10. Property, plant and equipment

	Leasehold Land[1] $000	Leasehold improvements $000	Plant & Equipment $000	Total $000
At 1 October 2012				
Cost	1,502	152	345	1,999
Accumulated depreciation and amortisation	(48)	–	(78)	(126)
	1,454	152	267	1,873
Cost				
At 1 October 2012	1,502	152	345	1,999
Additions	–	17	420	437
Disposals	–	–	(4)	(4)
Exchange realignment	157	10	32	199
At 30 September 2013	1,659	179	793	2,631
Accumulated depreciation and amortisation				
At 1 October 2012	(48)	–	(78)	(126)
Disposals	–	–	2	2
Depreciation and amortisation charged	(32)	(131)	(125)	(288)
Exchange realignment	(5)	(4)	(11)	(20)
At 30 September 2013	(85)	(135)	(212)	(432)
Net carrying amount at 30 September 2013	1,574	44	581	2,199
Cost				
At 1 October 2013	1,659	179	793	2,631
Additions	–	–	195	195
Disposals	–	–	(2)	(2)
Exchange realignment	(157)	11	4	(142)
At 30 September 2013	1,502	190	990	2,682
Accumulated depreciation and amortisation				
At 1 October 2012	(85)	(135)	(212)	(432)
Disposals	–	–	–	–
Depreciation and amortisation charged	(23)	(4)	(179)	(206)
Exchange realignment	–	(9)	24	15
At 30 September 2013	(108)	(148)	(367)	(623)
Net carrying amount at 30 September 2014	**1,394**	**42**	**623**	**2,059**
At 30 September 2014				
Cost	1,502	190	990	2,682
Accumulated depreciation and amortisation	(108)	(148)	(367)	(623)
Net carrying amount at 30 September 2014	**1,394**	**42**	**623**	**2,059**

[1] Leasehold land includes a long-term lease over land on Santa Isabel Island in the Solomon Islands (refer Note 14)

11. Mineral exploration expenditure

Exploration, evaluation and development costs carried forward in respect of mining areas of interest:

	2014 $000	2013 $000
Carrying amount at 1 October	2,796	23,046
Deficit on valuation of mineral exploration expenditure	–	(15,030)
Exploration costs	2,385	914
Less: Exploration costs expensed	(1,425)	(676)
Exchange alignment	276	85
Impairment loss on mineral exploration expenditure	(1,560)	(5,543)
Carrying amount at 30 September	**2,472**	**2,796**

Determining the recoverability of mineral exploration expenditure capitalised in accordance with the Group's accounting policy (see Note 2 (g)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective exploration right will be achieved. During the period, an impairment charge was made to capitalised exploration expenditure in accordance with the Group's accounting policy (see Note 2(g)) to its recoverable amount.

Mineral exploration projects

Axiom KB Limited has a prospecting licence (Kolosori project) granted on 15 April 2011 on Isabel Island in the Solomon Islands to explore for nickel, cobalt and other minerals. Exploration activities have commenced subsequent to the court setting aside an interim injunction (refer Note 23(a)).

South Pacific Minerals Limited acquired the West Guadalcanal Project in January 2014. Historical results support the possibility for this geological system hosting economic grades of gold mineralisation. Since securing the Prospecting Licence for the West Guadalcanal Project earlier this year, Axiom has undertaken systematic soil sampling and geological mapping across the three prospect areas of Mt Tanjili, Taho and Polo.

Ozmin Resources Pty Ltd and Millungera Energy Pty Ltd hold seven exploration permits, and seven mining leases to explore for gold, silver, copper and other minerals in Australia.

During the year, the Company transitioned its Vietnam operations to maintenance mode to enable it to focus its efforts on the Solomon Islands. The Company still believes that Vietnam offers great potential for resource development and has taken steps to maintain avenues for re-commencing exploration in future when circumstances permit.

12. Trade and other payables

	2014 $000	2013 $000
Trade payables	854	373
Other payables and accruals	914	676
	1,768	**1,049**

All of the other payables are expected to be settled or recognised as an expense within one year or are repayable on demand.

Notes to the Financial Statements

for the year ended 30 September 2014

13. Borrowings

	2014 $000	2013 $000
Convertible note	678	–
Other borrowings	8	20
	686	**20**

Convertible notes

On 7 February 2014, the Company arranged a two year partly secured convertible note facility of $650,000 with a face value of $700,000 interest bearing at 10%.

The notes convert into ordinary shares at the election of the note holder:

a. On the expiry date; or
b. At any time prior to the expiry date, by service on the issuer of a written notice of conversion of the note given by the note holder; or
c. On redemption of the note if the convertible note facility is cancelled by the issuer in accordance with the convertible note facility agreement.

The issue price is 7 tenths of a cent per share with an anti-dilution provision. The issue included a commencement fee of $112,500 settled by way of issuance of 7,956,153 ordinary shares to the investor and partially secured by issue of 15,000,000 shares held as collateral security. The Company also issued 13,250,000 options to the note holder.

14. Capitalised lease liabilities

On 22 February 2011 the Group through its subsidiary Axiom KB Limited entered into a long term lease agreement (50 years) over land on Santa Isabel Island in the Solomon Islands. As at 30 September 2014, the Group had obligations under the finance lease as follows:

	2014		2013	
	Present value of the minimum lease payments $000	**Total minimum lease payments $000**	**Present value of the minimum lease payments $000**	**Total minimum lease payments $000**
Within one year	377	436	714	956
After one year but within five years	363	698	375	1,293
After five years	1,595	7,194	772	5,460
	1,958	7,892	1,147	6,753
	2,335	8,328	1,861	7,709
Less: total interest expenses	–	(5,993)	–	(5,848)
	2,335	**2,335**	**1,861**	**1,861**

15. Provisions

	2014 $000	2013 $000
Employee benefits payable	153	93

The employee benefits relate to leave provisions and is presented as current as it is expected to be settled within 12 months.

16. Capital and reserves

a. Authorised and issued share capital

	2014 $000	2013 $000
Issued and fully paid		
3,289,552,750 (2013: 2,335,067,445) ordinary shares	77,902	62,633

	2014		2013	
	Number of shares	$000	Number of shares	$000
Movements in issued shares:				
Balance at 1 October	2,335,067,445	62,633	1,720,572,899	52,712
Issue of new shares				
Share placement issue	332,383,597	5,390	392,399,267	7,800
Shares issued as payment for services	22,966,727	361	2,050,000	–
Shares issued to employees	2,133,334	30	2,650,000	–
Exercise of options	64,208,203	1,119	216,095,279	2,121
Exercise of performance rights	–	–	1,300,000	–
Shares issued under agreement*	144,134,202	1,900	–	–
Shares issued on conversion of convertible notes	224,000,014	3,136	–	–
Shares used for commencement fee for funding facility*	7,956,153	113	–	–
Shares used for Convertible notes*	15,000,000	210	–	–
Rights issue	141,703,075	2,834	–	–
	3,289,552,750	77,726	2,335,067,445	62,633
Options exercised during the year and paid but shares not allotted until after 30 September 2014	–	176	–	–
Balance at 30 September	**3,289,552,750**	**77,902**	**2,335,067,445**	**62,633**

*as announced 10 February 2014

16. Capital and reserves (continued)

On 14 October 2013 54,582,000 ordinary shares of $0.02 each were issued and allotted for cash via private placement.

On 14 October 2013 585,727 ordinary shares of $0.02 each were issued and allotted for services rendered.

On 2 December 2013 51,552,296 ordinary shares of $0.02 each were issued and allotted for cash via rights issue.

On 12 December 2013 53,827,250 ordinary shares of $0.02 each were issued and allotted for cash via private placement.

On 16 December 2013 8,823,529 ordinary shares of $0.02 each were issued and allotted for cash via rights issue.

On 7 January 2014 15,000,000 ordinary shares of $0.02 each were issued and allotted for cash via rights issue.

On 3 February 2014 12,700,000 ordinary shares of $0.014 each were issued and allotted for services rendered.

On 3 February 2014 5,000,000 ordinary shares of $0.02 each were issued and allotted for services rendered.

On 3 February 2014 12,500,000 ordinary shares of $0.02 each were issued and allotted for cash via rights issue.

On 11 February 2014 15,000,000 ordinary shares of $0.014 each were issued and allotted for Convertible Note Security as announced 10 February 2014.

On 11 February 2014 7,956,153 ordinary shares of $0.014 each were issued and allotted for a commencement fee for a funding facility as announced 10 February 2014.

On 13 February 2014 800,000 ordinary shares of $0.013 each were issued and allotted for employee benefits.

On 13 February 2014 50,257,144 ordinary shares of $0.014 each were issued and allotted for cash via private placement.

On 13 March 2014 15,737,418 ordinary shares of $0.011 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014 2,444,400 ordinary shares of $0.011 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014 7,142,858 ordinary shares of $0.014 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014 82,142,863 ordinary shares of $0.014 each were issued and allotted for cash for conversion of Convertible Notes.

On 10 April 2014 141,857,151 ordinary shares of $0.014 each were issued and allotted for cash for conversion of Convertible Notes.

On 10 April 2014 1,000,000 ordinary shares of $0.014 each were issued and allotted for services rendered.

On 10 April 2014 7,142,858 ordinary shares of $0.014 each were issued and allotted under the agreement as announced 10 February 2014.

On 17 April 2014 16,666,667 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 21 May 2014 16,666,667 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 23 June 2014 60,877,779 ordinary shares of $0.018 each were issued and allotted for cash via private placement.

On 23 June 2014 26,666,667 ordinary shares of $0.015 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 30 June 2014 15,000,000 ordinary shares of $0.014 each were issued and allotted for cash on exercise of options.

On 8 July 2014 3,000,000 ordinary shares of $0.015 each were issued and allotted for cash on exercise of options.

On 21 July 2014 12,000,000 ordinary shares of $0.015 each were issued and allotted and for cash on exercise of options.

On 29 July 2014 550,000 ordinary shares of $0.018 each were issued and allotted for services rendered.

On 30 July 2014 26,666,667 ordinary shares of $0.015 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 27 August 2014 13,333,334 ordinary shares of $0.015 each were issued and allotted for cash via private placement.

On 5 September 2014 25,000,000 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 8 September 2014 3,131,000 ordinary shares of $0.015 were issued and allotted for services rendered.

On 8 September 2014 1,333,334 ordinary shares of $0.015 were issued and allotted for employee benefits.

On 8 September 2014 132,644,969 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 10 September 2014 8,000,002 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 12 September 2014 9,355,035 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 17 September 2014 3,333,334 ordinary shares of $0.015 were issued and allotted for cash via private placement.

16. Capital and reserves (continued)

On 26 September 2014 3,565,000 ordinary shares of $0.02 each were issued and allotted for cash on exercise of options.

On 30 September 2014 30,643,203 ordinary shares of $0.02 were issued and allotted for cash on exercise of options.

b. Reserves

	2014 $000	2013 $000
Exchange reserve	(1,215)	(1,125)
Share-based payment reserve	1,120	417
	(95)	**(708)**

Nature and purpose of reserves

i. Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 2(s).

ii. Share-based payments reserve

The share-based payments reserve is used to recognise:

- The grant date fair value of performance rights issued to employees and directors.
- The grant date fair value of shares issued to employees.
- The grant date fair value of options issued to consultants.

c. Distributability of reserves

At 30 September 2014, the aggregate amount of reserves available for distribution to shareholders of the Company was nil (2013: nil).

Notes to the Financial Statements

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16. Capital and reserves (continued)

d. Options

Details of the movements in options are as follows:

	Grant Date	Expiry Date	No. of options outstanding as at 1/10/2013	Exercise Price	Granted during the year	Exercised during the period	Expired during the year	No. of options outstanding as at 30/09/2014
Bergen agreement	02/04/12	02/10/14	10,000,000	0.0300				10,000,000
Consultants	16/04/12	20/12/13	9,000,000	0.0300			(9,000,000)	–
Consultants	24/09/12	20/12/15	2,000,000	0.0200				2,000,000
Consultants	19/10/12	30/09/14	19,230,769	0.0200		(19,229,869)	(900)	–
Option to private placement	25/10/12	30/09/14	5,583,334	0.0300			(5,583,334)	–
Option to private placement	25/10/12	30/10/14	8,333,333	0.0300				8,333,333
Option to private placement	30/10/12	30/10/14	666,667	0.0300			(666,667)	–
Consultants	30/10/12	30/10/14	6,500,000	0.0300				6,500,000
Option to private placement	04/03/13	15/02/16	25,000,000	0.0200				25,000,000
Consultants	04/03/13	15/02/16	10,000,000	0.0200				10,000,000
Consultants	04/03/13	15/02/16	15,000,000	0.0200				15,000,000
Consultants	04/03/13	20/12/13	1,000,000	0.0200			(1,000,000)	–
Option to private placement	06/08/13	20/12/13	30,000,000	0.0300			(30,000,000)	–
Option to private placement	19/08/13	20/12/13	20,000,000	0.0300			(20,000,000)	–
Consultants	23/08/13	15/07/14	15,000,000	0.0150		(15,000,000)		–
Consultants	10/02/14	10/02/17		0.0187	13,250,000			13,250,000
Consultants	11/02/14	30/11/14		0.0170	16,000,000			16,000,000
Option to private placement	10/04/14	31/03/15		0.0200	377,542,873			377,542,873
Consultants	10/04/14	30/06/14		0.0140	15,000,000	(15,000,000)		–
Consultants	10/04/14	31/03/15		0.0200	10,000,000			10,000,000
Consultants	10/04/14	31/03/15		0.0200	4,500,000			4,500,000
Option to private placement	26/06/14	30/09/14		0.0200	30,713,890	(22,938,890)	(7,775,000)	–
Option to private placement	08/09/14	30/11/14		0.0200	83,333,339	(5,345,000)		77,988,339
Option to private Placement	08/09/14	30/11/14		0.0200	11,065,500			11,065,500
			177,314,103		**561,405,602**	**(77,513,759)**	**(74,025,901)**	**587,180,045**

The fair value of options granted is measured using Black-Scholes option pricing model based on various assumptions on volatility, option life, dividend yield and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair values of the share options at date of grant.

16. Capital and reserves (continued)

Key inputs used in the calculation of the value of options granted during the year ended 30 September 2014 are:

Grant date	Expiry date	Spot price $	Volatility %	Risk free rate %
01-Oct-13	30-Nov-14	0.021	120	2.4
06-Feb-14	10-Feb-17	0.015	120	3.0
10-Apr-14	31-Mar-15	0.014	120	2.7
26-Jun-14	30-Sep-14	0.017	120	2.7
08-Sep-14	30-Nov-14	0.016	120	2.7

Expected volatility was determined based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. All options granted during the year vested on grant date. None of the options issued have vesting conditions attached.

e. Performance rights

Details of the movements in rights granted are as follows:

	No of rights outstanding as at 1 October 2013	Granted during the year	Exercised during the year	Lapsed during the year	No. of rights outstanding as at 30 September 2014
Stephen Ray Williams	12,500,000	–	–	–	12,500,000
Ryan Richard Mount	100,000,000	–	–	–	100,000,000
Neil Francis Stuart	2,000,000	–	–	2,000,000	–
Other employees	2,200,000	–	–	2,200,000	–
	116,700,000	**–**	**–**	**4,200,000**	**112,500,000**

f. Capital management

The Group’s primary objectives when managing capital is to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

for the year ended 30 September 2014

17. Note to statement of cash flows

Reconciliation of loss from operations to net cash outflow from operating activities:

	2014 $000	2013 $000
Loss for the period	(15,880)	(13,650)
Non-cash items		
Depreciation and amortisation	206	288
Expense recognised in respect of shares issued in exchange for consulting services	714	–
Interest on lease liability	277	435
Impairment loss on mineral exploration expenditure	1,560	6,218
Share-based payments expense	703	32
Net foreign exchange loss	16	–
Changes in operating assets and liabilities		
– (Increase)/decrease in other receivables	(772)	50
– Increase/(decrease) in other payables	719	(1,655)
– Increase/(decrease) in provisions	60	(54)
Net cash flows used from operations	**(12,397)**	**(8,336)**

18. Commitments

a. Expenditure commitments

Estimated capital expenditure required to maintain tenements by the balance sheet date, but not provided for, are payable as follows:

	2014 $000	2013 $000
Within one year	704	1,123
After one year but within five years	1,742	3,257
	2,446	**4,380**

These commitments may be achieved by seeking exemptions, relinquishment or by joint venture arrangements.

b. Operating lease commitments

	2014 $000	2013 $000
Within one year	128	39
After one year but within five years	10	51
	138	**90**

Notes to the Financial Statements

for the year ended 30 September 2014

19. Auditor's remuneration

	2014 $000	2013 $000
Amount received or due and received by auditors for: Hall Chadwick		
Audit and review of financial reports and other audit work under the Corporations Act 2001	80	–
Baker Tilly		
Audit and review of financial reports and other audit work under the Corporations Act 2001	–	30
Audit services by firms other than Baker Tilly or Hall Chadwick	10	65
	90	**95**

20. Related parties

a. Balances with related parties

During the year a debt of $28,093 was established to a related party at market rates. This liability has been discharged and assumed by Ryan Richard Mount since 30 September 2014.

During the year an advance of $34,801 was provided to Ryan Richard Mount at market rates. Of this, $6,708 has been repaid subsequent to 30 September 2014 and the $28,093 liability assumed from related party remains outstanding.

b. Transactions with related parties

During the year 32,077,498 shares were issued and allotted to a related party of Director Mr Ryan Mount via rights issues, conversion of Convertible Notes, and via Share Placements all at market rates and on the same terms as others who participated in the offers.

During the year 25,198,414 options were granted to the related party attaching to these share offers. Of these 5,555,555 expired and 19,642,858 remain as at 30 September 2014.

The ASX has notified the Company that those shares taken up by the related party in the share offers did not have shareholder approval breaching of listing rule 10.11 and that they must be sold and any profit donated to a registered charity and any loss incurred to be borne by the related party.

Stephen Ray Williams is a consultant to Kemp Strang Lawyers. Mr Williams is not a partner of Kemp Strang Lawyers. During the year $97,829 (exclusive of GST) was paid to Kemp Strang Lawyers for legal services on normal commercial terms.

Stephen Ray Williams provided consultancy Services to the Company through Burrawong Holdings Pty Ltd. During the year $8,000 (exclusive of GST) in consultancy fees were charged by Burrawong Holdings Pty Ltd to the Company.

20. Related parties (continued)

c. KMP and executive director remuneration summary

	2014 $000	2013 $000
Short term employee benefits		
Salaries	679	644
Non-cash benefits	1	–
Total short-term benefits	**680**	644
Post-employment benefits		
Superannuation	55	43
Other benefits		
Share-based payments – performance rights*	281	–
Total remuneration	**1,016**	**687**

* Performance rights were granted in April 2013 following approval by shareholders at the Annual General Meeting held on 22 April 2013. The performance rights are charged to expense over the life of the rights. The expense in relation to the performance rights is calculated as fair value using the Black-Scholes model. For further disclosure in respect of the share-based payment see part (c) Performance Rights Plan of the remuneration report in the Directors' report.

Performance rights issued will automatically vest into fully paid ordinary shares upon specific conditions being achieved. The performance condition is a market hurdle as disclosed in part (c) Performance Rights Plan of the remuneration report. The amounts that appear are amounts required under Australian Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these performance rights are received will depend on achieving appropriate vesting conditions as discussed above. No performance rights were exercised during the year.

21. Financial risk management and fair values

Exposure to credit, liquidity, interest rates and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group are described below and are limited by the Group's financial management policies and practices described below.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value that can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

21. Financial risk management and fair values (continued)

The Group manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions. At year end the Company has one material exposure of $2,145K (2013: $376K) to the Australia and New Zealand Banking Group Limited relating to funds on deposit and cash at bank.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

c. Interest rate risk

The Group's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance sheet date, are as follows:

Financial instruments	Interest bearing		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 %	2013 %
(i) Financial assets								
Cash[1]	2,304	691	–	–	2,304	691	3.5	2.2
Other receivables	–	–	1,091	319	1,091	319	–	–
Total financial assets	**2,304**	**691**	**1,091**	**319**	**3,395**	**1,010**		
(ii) Financial liabilities								
Other payables	–	–	1,768	1,049	1,768	1,049	–	–
Borrowings – Convertible notes[2]	678	–	–	–	678	–	14.5	–
Borrowings – Other[1]	8	20			8	20	14.4	14.4
Capitalised lease liabilities[2]	2,335	1,861	–	–	2,335	1,861	10.0	10.0
Provisions	–	–	153	93	153	93	–	–
Total financial liabilities	**3,021**	**1,881**	**1,921**	**1,142**	**4,942**	**3,023**		

[1] At floating interest rates
[2] At fixed interest rates

The Group is not exposed to significant risk from interest rate sensitivity.

Notes to the Financial Statements

for the year ended 30 September 2014

21. Financial risk management and fair values (continued)

d. Currency risk

Functional currency of entity	AUD $000	SBD $000	VND $000	Total AUD $000
2014				
Australian Dollar	1,031	–	–	**1,031**
Solomon Islander Dollar	–	(2,595)	–	**(2,595)**
Vietnamese Dong	–	–	17	**17**
Statement of financial position exposure	1,031	(2,595)	17	**(1,547)**
2013				
Australian Dollar	(146)	–	–	**(146)**
Solomon Islander Dollar	–	(1,919)	–	**(1,919)**
Vietnamese Dong	–	–	52	**52**
Statement of financial position exposure	(146)	(1,919)	52	**(2,013)**

If the Solomon Islander Dollar and the Vietnamese Dong were to firm against the Australian dollar by 5% the Group loss would increase by $249K. If Solomon Islander Dollar and the Vietnamese Dong were to weaken against the Australian dollar by 5% the Group loss would reduce by $226K.

e. Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 September 2014 and 2013.

22. Contingent liabilities

Contingent liabilities of the Group for which no amount has been provided in the financial statements include:

	2014 $000	2013 $000
Funds held in trust relating to Solomon Islands court proceedings	121	269
Rental bond deposits paid for office lease	10	–
	131	**269**

23. Subsequent events

a. Solomon Islands High Court case 258/11 between SMM Solomon Limited ("Sumitomo") and others v Axiom KB Limited ("Axiom"), Solomon Islands Government and others.

On 24 September 2014 the High Court of the Solomon Islands dismissed all of SMM Solomon Limited's claims and enabled Axiom to recommence exploration activities on the Isabel nickel deposit. Included in this judgement was the continuation of the undertaking in form of a court order from Sumitomo as to costs and damages in the proceedings.

On 30 September 2014 the Chief Justice of the Court of Appeal of the Solomon Islands granted an interim injunction, at the application of Sumitomo preventing Axiom's exploration activities on Isabel Island.

On 8 October 2014 the Solomon Islands Court of Appeal ruled in favour of Axiom and set aside the interim injunction granted on 30 September 2014 and awarded costs to Axiom in relation to the hearing on 8 October 2014.

On 27 October 2014 Sumitomo filed a notice of appeal to the Solomon Islands Court of Appeal in response to the High Court trial judgement delivered in favour of Axiom. It is expected that the appeal will be heard in early 2015.

On 29 October 2014 Axiom filed submissions and supporting evidence to recover costs from Sumitomo related to the Solomon Islands Court Case 258/2011 of SBD $41,025,000 (~$6,500,000).

On 20 November 2014 Axiom's drilling program for the Isabel Nickel Project commenced.

On 24 November 2014 Axiom announced that the Company was in negotiations with third parties regarding potential involvement in the Isabel Nickel Project. Negotiations are occurring with nickel industry participants and mining services providers over mine development and operation, processing of ore and off-take agreements.

On 16 December 2014 Axiom announced initial results from the drilling program on the Isabel Nickel Project. Drilling has produced excellent results that identify significant grade and extension of mineralisation to depths that had not been evaluated by previous studies or exploration.

b. Other matters

Apart from the aforementioned matters, no other matters or circumstances have arisen since 30 September 2014 that significantly affected or could significantly affect the operations of the Consolidated Group in future years.

24. Significant accounting estimates and judgments

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

a. Impairment of non-financial assets

The Group tests at least annually whether other assets that have indefinite useful lives have suffered any impairment.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset of a cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates.

The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal values at the end of the five-year period. There are a number of assumptions and estimates involved in the presentation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenue and operating margin, effective tax rates, growth rates and selection of discount rates, to reflect the risks involved and the earnings multiple that can be realised for the estimated terminal value.

Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

24. Significant accounting estimates and judgments (continued)

b. Useful lives of property, plant and equipment

The Directors determine the estimated useful lives and residual values for its property, plant and equipment. The Directors revise the depreciation charge when useful lives are different from previous estimates. Obsolete or non-strategic assets, which have been abandoned or sold, shall be written-off or written-down.

c. Income tax

The Group is subject to income tax in a number of jurisdictions. Significant judgement is required in determining the provision for income tax for each entity in the Group. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

25. Parent entity financial information

The accounting policies of the parent entity that have been applied in determining the financial information shown below are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2014 $000	2013 $000
Financial position		
Current assets	2,586	792
Total assets	2,736	990
Current liabilities	1,578	959
Total liabilities	1,578	959
Shareholders' equity		
Issued capital	77,902	62,633
Reserves		
– Exchange reserve	(933)	(933)
– Share-based payment reserve	1,120	417
Accumulated losses	(76,931)	(62,086)
	1,158	**31**
Financial performance		
Loss for the year	(14,845)	(9,051)
Total comprehensive loss for the year	**(14,845)**	**(9,051)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The Company issued convertible notes during the year partially secured by the issue of 15,000,000 shares held as collateral security (2013: nil).

Contingent liabilities of the parent entity

Contingent liabilities of the parent entity for which no amount has been provided in the financial statements include:

	2014 $000	2013 $000
Funds held in trust relating to Solomon Islands court proceedings	121	269
Rental bond deposits paid for office & accommodation	10	–

Commitments for the acquisition of property, plant and equipment by the parent entity

Nil (2013: nil)

Directors' declaration

The Directors of the Company declare that the audited financial statements and notes and the additional disclosures included in the Directors' Report designated of the Company and of the consolidated entity have been prepared in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the year ended on that date; and

ii. complying with applicable accounting standards; and

iii. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Board of Directors.

Stephen Ray Williams
Chairman

Dated at Brisbane 29 December 2014

Independent Audit Report

to the members of Axiom Mining Limited

HALL CHADWICK (NSW)

Chartered Accountants and Business Advisers

AXIOM MINING LIMITED AND CONTROLLED ENTITIES
ABN 119 698 770

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Financial Report

We have audited the accompanying financial report of Axiom Mining Limited which comprises the consolidated statement of financial position as at 30 September 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirement of the Corporation Act 2001.

Independent Audit Report

continued

HALL CHADWICK (NSW)

AXIOM MINING LIMITEDAND CONTROLLED ENTITIES
ABN 119 698 770

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIOM MINING LIMITEDAND CONTROLLED ENTITIES

Auditor's Opinion

In our opinion:

a. the financial report of Axiom Mining Limited is in accordance with the Corporations Act 2001 including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $15,880,000 and incurred net cash outflows from operations of $12,397,000 and had no ongoing source of operating income for the year ended 30 September 2014. 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.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 9 of the directors' report for the year ended 30 September 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Axiom Mining Limited for the year ended 30 September 2014 complies with Section 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
PARTNER

Date: 29 December 2014

Pages 5–9 in the directors' report as stated above correspond with pages 35–40 in this Annual Report

axiom

(Incorporated in Hong Kong)

Company Financial Report

Directors' Report

The directors present their audited financial statements for the Company consisting of Axiom Mining Limited ("The Company" or "Axiom") for the year ended 30 September 2014.

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in Note 11 to the financial statements.

During the year, the Company and its subsidiaries (collectively, the "Group") transitioned its Vietnam operations to maintenance mode to enable it to focus its efforts on the Solomon Islands. The Company still believes that Vietnam offers great potential for resource development and has taken steps to maintain avenues for re-commencing exploration in future when circumstances permit.

Results and dividends

The Company's loss for the year ended 30 September 2014 and the state of affairs of the Company are set out in the financial statements on pages 84 to 87.

The directors do not recommend the payment of any dividend for the year ended 30 September 2014 (2013: nil).

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company during the year are set out in Note 12 to the financial statements.

Share capital and share options

Details of share capital and share options of the Company for the year ended 30 September 2014 are set out in the Notes 16(a) and 16(b) to the financial statements. Other details of share options and performance rights are set out in the annual financial report of the Group for the year ended 30 September 2014.

Link: http://www.asx.com.au/asxpdf/20141230/pdf/42vsd2n37my0yj.pdf

Reserves

Details of movements in the reserves of the Company during the year are set out in the statement of changes in equity.

Directors

The directors during the year and up to the date of this report were:

- Stephen Ray Williams (Chairman and Non-Executive Director)
- Ryan Richard Mount (Executive Director and Chief Executive Officer)
- Anthony Faillace (Non-Executive Director and resigned on 20 February 2014)

In accordance with articles 114 and 115 of the Company's articles of association, Mr Stephen Ray Williams and Mr Ryan Richard Mount were re-elected at the last annual general meeting. The non-executive directors and executive directors are appointed for a period of three years.

Directors' and senior management's biographies

Biographies details of the directors and senior management of the Company are set out in the annual financial report of the Group for the year ended 30 September 2014.

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

Except as disclosed in Note 19 and 23 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Directors' Report
continued

Corporate governance
The Company is committed to maintaining a high level of corporate governance practices. Corporate governance practices adopted by the Company are set out in the annual financial report of the Group for the year ended 30 September 2014.

Events after the reporting period
Details of the significant events after the reporting period of the Company are set out in the annual financial report of the Group for the year ended 30 September 2014.

Auditors
The Company's financial statements have been audited by Zenith CPA Limited.

ON BEHALF OF THE BOARD

Stephen Ray Williams
Chairman

Brisbane, Australia
17 February 2015

Independent Auditor's Report

to the shareholders of Axiom Mining Limited

诚丰 Zenith

ZENITH CPA LIMITED
诚丰会计师事务所有限公司
10/F, China Hong Kong Tower,
8-12 Hennessy Road,
Wanchai, Hong Kong

香港湾仔轩尼诗道8-12号
中港大厦10楼

Independent Auditor's Report to the shareholder of Axiom Mining Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Axiom Mining Limited (the "Company") set out on pages 5 to 35, which comprise the statement of financial position as at 30 September 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Pages 5 to 35 as stated above correspond with pages 84 to 110 in this Annual Report

Independent Auditor's Report

to the shareholders of Axiom Mining Limited

诚丰 Zenith

ZENITH CPA LIMITED
诚丰会计师事务所有限公司
10/F, China Hong Kong Tower,
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Independent Auditor's Report to the shareholder of Axiom Mining Limited (continued)

(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2014, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicate that the Company incurred a net loss of $14,845,000 during the year ended 30 September 2014 and incurred net cash outflow from operations of $8,754,000 and had no ongoing source of operating income from the year ended 30 September 2014. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore, the 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 statements.

Zenith

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong
17 February 2015

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 September 2014

	Notes	2014 $000	2013 $000
Revenue			
Interest income		3	8
Sundry income		8	2
Total revenue from ordinary activities		**11**	**10**
Depreciation and amortisation		(57)	(33)
Employee benefits expense		(1,554)	(1,892)
Superannuation		(82)	(124)
ASX fees		(108)	(46)
Audit fees		(143)	(79)
Impairment of amounts due from subsidiaries		(4,837)	–
Impairment loss on mineral exploration expenditure		–	(4,631)
Exploration costs		(96)	(568)
Foreign exchange (loss)/gain		(7)	1
Administration and legal	6	(7,879)	(1,614)
Rent and occupancy costs		(55)	(63)
Finance costs	6	(38)	(12)
Loss before income tax		**(14,845)**	**(9,051)**
Income tax	7	**–**	**–**
Loss for the year and total comprehensive loss for the year		**(14,845)**	**(9,051)**

Statement of Financial Position

as at 30 September 2014

	Notes	2014 $000	2013 $000
Assets			
Current assets			
Cash and cash equivalents	8	2,207	639
Other receivables	9	379	153
Inter-company receivables	10	–	–
Total current assets		**2,586**	**792**
Non-current assets			
Investments in subsidiaries	11	–	–
Property, plant and equipment	12	150	199
Total non-current assets		**150**	**199**
Total assets		**2,736**	**991**
Liabilities			
Current liabilities			
Trade and other payables	13	753	857
Borrowings	14	686	20
Provisions	15	139	83
Total current liabilities		**1,578**	**960**
Total liabilities		**1,578**	**960**
NET ASSETS		**1,158**	**31**
Equity			
Issued capital	16(a)	77,902	62,633
Reserves		187	(516)
Accumulated losses		(76,931)	(62,086)
TOTAL EQUITY		**1,158**	**31**

Stephen Ray Williams
Director

Ryan Mount
Director

Statements of Changes in Equity

for the year ended 30 September 2014

	Share capital $000	Foreign currency translation reserve $000	Share based payment reserve $000	Asset revaluation reserve $000	Accumulated losses $000	Total equity $000
At 1 October 2012	52,712	(933)	388	84	(53,119)	(868)
Loss for the year and total comprehensive loss	–	–	–	–	(9,051)	(9,051)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(9,051)**	**(9,051)**
Transactions with owners in their capacity as owners						
Shares issued during the year	9,921	–	–	–	–	9,921
Equity-settled share-based settlement	–	–	29	–	–	29
Total transactions with owners and other transfers	**9,921**	**–**	**29**	**–**	**–**	**9,950**
Other						
Transfer to accumulated losses	–	–	–	(84)	84	–
Total other	**–**	**–**	**–**	**(84)**	**84**	**–**
As at 30 September 2013	**62,633**	**(933)**	**417**	**–**	**(62,086)**	**31**
At 1 October 2013	62,633	(933)	417	–	(62,086)	31
Loss for the year and total comprehensive loss	–	–	–	–	(14,845)	(14,845)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(14,845)**	**(14,845)**
Transactions with owners in their capacity as owners						
Shares issued during the year	15,093	–	–	–	–	15,093
Prepayment for exercise of options	176	–	–	–	–	176
Share performance rights expense	–	–	336	–	–	336
Share option expense	–	–	367	–	–	367
Total transactions with owners and other transfers	**15,269**	**–**	**703**	–	–	**15,972**
As at 30 September 2014	**77,902**	**(933)**	**1,120**	**–**	**(76,931)**	**1,158**

Statement of Cash Flows

for the year ended 30 September 2014

	Note	2014 $000	2013 $000
Net cash flows used from operations			
Payments to suppliers and employees		(8,754)	(5,036)
Interest received		3	8
Sundry income		7	1
Interest paid		(10)	(12)
Net cash outflow from operating activities	17	**(8,754)**	**(5,039)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7)	(228)
Advances to subsidiaries		(4,837)	(4,631)
Net cash outflow from investing activities		**(4,844)**	**(4,859)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		14,529	9,921
Proceeds from borrowings		650	–
Repayment of borrowings		(13)	(127)
Net cash inflow from financing activities		**15,166**	**9,794**
Net increase/(decrease) in cash and cash equivalents		1,568	(104)
Cash and cash equivalents at beginning of financial year		639	743
Cash and cash equivalents at end of financial year		**2,207**	**639**

Notes to the Financial Statements

for the year ended 30 September 2014

1. Corporate information

Axiom Mining Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 2303-7 Dominion Centre, 43-59 Queen's Road East, Hong Kong, and the principal place of business is located at Unit 6, 76 Doggett Street, Newstead QLD 4006, Australia.

The Company's shares are listed on the Australian Securities Exchange.

The Group is engaged in mineral exploration in Australia, Solomon Islands and Vietnam.

2. Basis of presentation

The Company has recorded a net loss of $14,845,000, had net cash outflows from operations of $8,754,000 for the year and has no ongoing source of income. At 30 September 2014, the Company had net assets of $1,158,000.

The financial statements have been prepared on a going concern basis which 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 30 September 2014, the Company had cash and cash equivalents of $2,207,000;
- the ability to raise additional share capital by share placements, options or a rights issue;
- the ability to farm out all or part of its exploration projects; and
- the ability to sell particular exploration projects.

Accordingly, the directors are confident in the ability of the Company 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 that basis of accounting in the preparation of the financial statements.

3.1 Basis of preparation

The financial statements and notes represent those of Axiom Mining Limited (the "Company" or "Axiom").

Consolidated financial statements of Axiom Mining Limited and its subsidiaries (collectively, the "Group") can be found at http://www.axiom-mining.com/irm/content/annual-reports.aspx, which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention and presented in Australian dollars and all values are rounded to the nearest thousand except where otherwise indicated.

Notes to the Financial Statements
for the year ended 30 September 2014

2. Basis of presentation (continued)

3.2 Changes in accounting policies and disclosures

The Company has adopted the following new and revised standards and interpretation for the first time for the current year's financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the amendments to HKFRSs in the current year has had no material effect on the Company's financial performance and positions for the current years.

3.3 Issued but not yet effective HKFRSs

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting period ended 30 September 2014, in these financial statements.

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 October 2015. The Company is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the financial statements.

4. Summary of significant accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangements; and
c. the Company's voting rights and potential voting rights.

4. Summary of significant accounting policies (continued)

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost or revaluation less accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not exceed their recoverable amount at balance sheet date.

Changes arising on the revaluation of property, plant and equipment are generally dealt with in other comprehensive income and are accumulated separately in equity in the asset revaluation reserve. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
– when a surplus arises on revaluation, it will be credited to profit/loss to the extent that a deficit in respect of that same asset had previously been charged to profit/loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss in the period in which they arise. Any related revaluation surplus is transferred from the revaluation reserve to accumulated losses.

Depreciation is calculated to write off the cost or revaluation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Leasehold improvements	over the lease term
Plant and equipment	20% – 33%

Both the useful life of an asset and its residual value, if any, are reviewed annually, and adjusted if appropriate, at the end of each reporting period.

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.

4. Summary of significant accounting policies (continued)

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.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Company under leases that transfer to the Company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases that do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases, with the following exception: land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Company, or taken over from the previous lessee.

Where the Company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates that write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company will obtain ownership of the asset, the life of the asset, as set out in Note 4. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

4. Summary of significant accounting policies (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– for unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
– for trade and other current receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Impairment of mineral exploration expenditure

The carrying amount of the mineral exploration expenditure is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable:

– the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
– substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
– exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
– sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the mineral exploration expenditure is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and
– investments in subsidiaries in the company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Notes to the Financial Statements

for the year ended 30 September 2014

4. Summary of significant accounting policies (continued)

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (or Group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversal of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Other payables

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Notes to the Financial Statements

for the year ended 30 September 2014

4. Summary of significant accounting policies (continued)

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is defined and the effect would be material, these amounts are stated at their present values. Superannuation is paid in accordance with applicable local government legislation.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value of shares granted to service providers is recognised as an expense. The fair value is measured at grant date using the binomial lattice model, taking into accounts the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when released to accumulated losses).

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expenses. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the Financial Statements

for the year ended 30 September 2014

4. Summary of significant accounting policies (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

Revenue recognition

Provided that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- interest income is recognised as it accrues using the effective interest method.
- sundry income is recognised at the fair value of the consideration received or receivable.

Translation of foreign currencies

These financial statements are presented in the Australian dollar, which is the Company's functional and presentation currency. Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Australian dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Australian dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

Convertible notes

Convertible notes that do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

At the end of each reporting period the derivative component is re-measured. The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

Borrowing costs

Borrowing costs are expensed in profit or loss in the year in which they are incurred.

5. Significant accounting estimates and assumptions

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Useful lives of property, plant and equipment

The Directors determine the estimated useful lives and residual values for its property, plant and equipment. The Directors revise the depreciation charge when useful lives are different from previous estimates. Obsolete or non-strategic assets that have been abandoned or sold, shall be written off or written down.

Income tax

The Company is subject to income tax in a number of jurisdictions. Significant judgement is required in determining the provision for income tax for each entity in the Group. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

6. Loss before tax

	2014 $000	2013 $000
Loss before tax is arrived at after charging:		
Administration and legal comprises:		
Legal	5,374	380
Consultants	1,391	190
Travel	470	411
Other	644	633
	7,879	1,614
Finance costs comprise:		
Interest on convertible notes	36	–
Interest on bank borrowings	2	12
	38	12
Minimum lease payments under operating leases of office premises	45	59

7. Income tax

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

	2014 $000	2013 $000
Prima facie tax payable on loss before tax at the statutory tax rate of 30% in Australia (2013: 30%)	(4,453)	(2,715)
Add tax effect of:		
Non-allowable items		
– share options expensed during year	211	9
– impairment of inter-company loan	1,451	1,384
– overseas exploration and other expenditure	1,705	(28)
Less:		
– tax losses and deferred tax not recognised	1,086	1,350
Income tax attributable to entity	–	–

8. Cash and cash equivalents

	2014 $000	2013 $000
Cash at bank and on hand	2,075	359
Non-pledged time deposits with original maturity of less than 3 months	11	11
Funds held in trusts	121	269
	2,207	**639**

The effective interest rate on short-term bank deposits was 3.54% (2013: 2.57%); these deposits have an average maturity of 90 days.

9. Other receivables

	2014 $000	2013 $000
Prepayments	43	65
Other receivables	336	88
	379	**153**

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default and are repayable between 30 to 90 days.

10. Inter-company receivables

	2014 $000	2013 $000
Amounts receivable from subsidiaries	19,759	14,922
Provision for impairment of receivables from subsidiaries	(19,759)	(14,922)
	–	–

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

11. Investment in subsidiaries

	2014 $000	2013 $000
Investment in subsidiaries – at cost	4,980	4,980
Provision for impairment of investment in subsidiaries	(4,980)	(4,980)
	–	–

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation/ principal place of business	Percentage of equity attributable to the Company 2014 %	2013 %
Axiom Vietnam JSC *	Exploration	Vietnam	90	90
Axiom Nickel Pty Ltd	Investment	Australia	100	100
Axiom Nickel (SI) Ltd	Exploration	Solomon Islands	100	100
Axiom KB Ltd *	Exploration	Solomon Islands	80	80
Azzu Mining Ltd	Investment	British Virgin Islands	100	100
Guadalcanal Resources Limited *	Exploration	Solomon Islands	93	93
Laos Resources Ltd	Dormant	British Virgin Islands	100	100
Ozmin Resources Pty Ltd	Exploration	Australia	100	100
South Pacific Minerals Limited	Exploration	Solomon Islands	100	100
Vietnam Resources Corporation Pty Ltd	Investment	Australia	100	100
Vietnam Resources Corporation (VN Holdings) Pty Ltd	Investment	Australia	100	100
Vietnam Resources Corporation (QB) Pty Ltd	Investment	Australia	100	100
VRC Quangtri Pty Ltd	Investment	Australia	100	100

The companies shown above are not audited by Zenith CPA Limited.

* Indirectly held by the Company.

Notes to the Financial Statements

for the year ended 30 September 2014

12. Property, plant and equipment

	Leasehold improvements $000	Plant and equipment $000	Total $000
At 1 October 2012			
Cost	–	5	5
Accumulated depreciation and amortisation	–	(1)	(1)
	–	4	4
Cost			
At 1 October 2012	–	5	5
Additions	5	223	228
At 30 September 2013	5	228	233
Accumulated depreciation and amortisation			
At 1 October 2012	–	(1)	(1)
Depreciation and amortisation charged	(1)	(32)	(33)
At 30 September 2013	(1)	(33)	(34)
Net carrying amount at 30 September 2013	4	195	199
Cost			
At 1 October 2013	5	228	233
Additions	–	8	8
At 30 September 2013	5	236	241
Accumulated depreciation and amortisation			
At 1 October 2012	(1)	(33)	(34)
Depreciation and amortisation charged	(1)	(56)	(57)
At 30 September 2013	(2)	(89)	(91)
Net carrying amount at 30 September 2014	**3**	**147**	**150**
At 30 September 2014			
Cost	5	236	241
Accumulated depreciation and amortisation	(2)	(89)	(91)
Net carrying amount at 30 September 2014	**3**	**147**	**150**

13. Trade and other payables

	2014 $000	2013 $000
Trade payables	420	322
Other payables and accruals	333	535
	753	**857**

All of the other payables are expected to be settled or recognised as an expense within one year or are repayable on demand.

The trade payables are non-interest bearing and are normally settled on 45 day terms.

14. Borrowings

	2014 $000	2013 $000
Convertible note (Note a)	678	–
Other borrowings	8	20
	686	**20**

Notes:

a. Convertible notes

On 7 February 2014, the Company arranged a partly secured convertible note facility of $650,000 with a face value of $700,000 interest bearing at 10%. The facility was able to be drawn down in tranches.

The notes convert into ordinary shares at the election of the note holder:

a. on the expiry date; or
b. at any time prior to the expiry date, by service on the issuer of a written notice of conversion of the note given by the note holder; or
c. on redemption of the note if the convertible note facility is cancelled by the issuer in accordance with the convertible note facility agreement.

The issue price is 7 tenths of a cent per share with an anti-dilution provision. The issue included a commencement fee of $112,500 settled by way of issuance of 7,956,153 ordinary shares to the investor and partially secured by issue of 15,000,000 ordinary shares held as collateral security. The Company also issued 13,250,000 options to the note holder.

The facility was fully converted to shares on 23 December 2014.

b. Other borrowings

On 28 February 2014 an unsecured loan of $38,000 at 5.1664% interest was entered into over a period of 10 months. At 30 September 2014 the balance of repayments remaining was $8,000.

Notes to the Financial Statements

for the year ended 30 September 2014

15. Provisions

	2014 $000	2013 $000
Employee benefits payable	139	83

The employee benefits payable relates to leave provisions and is presented as current as it is expected to be settled within 12 months.

16. Share capital

a. Authorised and issued share capital

	2014 $000	2013 $000
Issued and fully paid		
3,289,552,750 (2013: 2,335,067,445) ordinary shares	77, 902	62,633

	2014		2013	
	Number of shares	$000	Number of shares	$000
Movements in issued shares:				
Balance at 1 October	2,335,067,445	62,633	1,720,572,899	52,712
Issue of new shares				
Share placement issue	332,383,597	5,390	392,399,267	7,800
Shares issued as payment for services	22,966,727	361	2,050,000	–
Shares issued to employees	2,133,334	30	2,650,000	–
Exercise of options	64,208,203	1,119	216,095,279	2,121
Exercise of performance rights	–	–	1,300,000	–
Shares issued under agreement*	144,134,202	1,900	–	–
Shares issued on conversion of convertible notes	224,000,014	3,136	–	–
Shares used for commencement fee for funding facility*	7,956,153	113	–	–
Shares used for Convertible notes*	15,000,000	210	–	–
Rights issue	141,703,075	2,834	–	–
	3,289,552,750	77,726	2,335,067,445	62,633
Options exercised during the year and paid but shares not allotted until after 30 September 2014	–	176	–	–
Balance at 30 September	**3,289,552,750**	**77,902**	**2,335,067,445**	**62,633**

*as announced 10 February 2014

16. Share capital (continued)

On 14 Oct 2013, 54,582,000 ordinary shares of $0.02 each were issued and allotted for cash via private placement.

On 14 October 2013, 585,727 ordinary shares of $0.02 each were issued and allotted for services rendered.

On 2 December 2013, 51,552,296 ordinary shares of $0.02 each were issued and allotted for cash via rights issue.

On 13 December 2013, 50,257,144 ordinary shares of $0.014 each were issued and allotted for cash via rights issue.

On 16 December 2013, 8,823,529 ordinary shares of $0.02 each were issued an allotted for cash via rights issue.

On 7 January 2014, 15,000,000 ordinary shares of $0.02 each were issued an allotted for cash via rights issue.

On 3 February 2014, 12,700,000 ordinary shares of $0.014 each were issued and allotted for services rendered.

On 3 February 2014, 5,000,000 ordinary shares of $0.02 each were issued and allotted for services rendered.

On 3 February 2014, 12,500,000 ordinary shares of $0.02 each were issued an allotted for cash via rights issue.

On 11 February 2014, 800,000 ordinary shares of $0.013 each were issued and allotted for employee benefits.

On 11 February 2014, 15,000,000 ordinary shares of $0.014 each were issued and allotted for Convertible Note Security as announced 10 February 2014.

On 11 February 2014, 7,956,153 ordinary shares of $0.014 each were issued and allotted for a commencement fee for a funding facility as announced 10 February 2014.

On 13 March 2014, 15,737,418 ordinary shares of $0.011 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014, 2,444,400 ordinary shares of $0.011 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014, 7,142,858 ordinary shares of $0.014 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 9 April 2014, 82,142,863 ordinary shares of $0.014 each were issued and allotted for cash for conversion of Convertible Notes.

On 10 April 2014, 141,857,151 ordinary shares of $0.014 each were issued and allotted for cash for conversion of Convertible Notes.

On 10 April 2014, 1,000,000 ordinary shares of $0.014 each were issued and allotted for services rendered.

On 10 April 2014, 7,142,858 ordinary shares of $0.014 each were issued and allotted under the agreement as announced 10 February 2014.

On 17 April 2014, 16,666,667 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 21 May 2014, 16,666,667 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 23 June 2014, 60,877,779 ordinary shares of $0.018 each were issued and allotted for cash via private placement.

On 23 June 2014, 26,666,667 ordinary shares of $0.015 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 30 June 2014, 15,000,000 ordinary shares of $0.014 each were issued and allotted for cash on exercise of options.

On 8 July 2014, 3,000,000 ordinary shares of $0.015 each were issued and allotted for cash on exercise of options.

On 21 July 2014, 12,000,000 ordinary shares of $0.015 each were issued and allotted and for cash on exercise of options.

On 29 July 2014, 550,000 ordinary shares of $0.018 each were issued and allotted for services rendered.

On 30 July 2014, 26,666,667 ordinary shares of $0.015 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 27 August 2014, 13,333,334 ordinary shares of $0.015 each were issued and allotted for cash via private placement.

On 5 September 2014, 25,000,000 ordinary shares of $0.012 each were issued and allotted for cash under the agreement as announced 10 February 2014.

On 8 September 2014, 3,131,000 ordinary shares of $0.015 were issued and allotted for services rendered.

On 8 September 2014, 1,333,334 ordinary shares of $0.015 were issued and allotted for employee benefits.

On 8 September 2014, 132,644,969 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 10 September 2014, 8,000,002 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 12 September 2014, 9,355,035 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 17 September 2014, 3,333,334 ordinary shares of $0.015 were issued and allotted for cash via private placement.

On 26 September 2014, 3,565,000 ordinary shares of $0.02 each were issued and allotted for cash on exercise of options.

On 30 September 2014, 30.643,203 ordinary shares of $0.02 were issued and allotted for cash on exercise of options.

Notes to the Financial Statements

for the year ended 30 September 2014

16. Share capital (continued)

b. Options

Details of the movements in options are as follows:

	Grant Date	Expiry Date	No. of options outstanding as at 1/10/2013	Exercise Price	Granted during the year	Exercised during the period	Expired during the year	No. of options outstanding as at 30/09/2014
Bergen agreement	02/04/12	02/10/14	10,000,000	0.0300				10,000,000
Consultants	16/04/12	20/12/13	9,000,000	0.0300			(9,000,000)	–
Consultants	24/09/12	20/12/15	2,000,000	0.0200				2,000,000
Consultants	19/10/12	30/09/14	19,230,769	0.0200		(19,229,869)	(900)	–
Option to private placement	25/10/12	30/09/14	5,583,334	0.0300			(5,583,334)	–
Option to private placement	25/10/12	30/10/14	8,333,333	0.0300				8,333,333
Option to private placement	30/10/12	30/10/14	666,667	0.0300			(666,667)	–
Consultants	30/10/12	30/10/14	6,500,000	0.0300				6,500,000
Option to private placement	04/03/13	15/02/16	25,000,000	0.0200				25,000,000
Consultants	04/03/13	15/02/16	10,000,000	0.0200				10,000,000
Consultants	04/03/13	15/02/16	15,000,000	0.0200				15,000,000
Consultants	04/03/13	20/12/13	1,000,000	0.0200			(1,000,000)	–
Option to private placement	06/08/13	20/12/13	30,000,000	0.0300			(30,000,000)	–
Option to private placement	19/08/13	20/12/13	20,000,000	0.0300			(20,000,000)	–
Consultants	23/08/13	15/07/14	15,000,000	0.0150		(15,000,000)		–
Consultants	10/02/14	10/02/17		0.0187	13,250,000			13,250,000
Consultants	11/02/14	30/11/14		0.0170	16,000,000			16,000,000
Option to private placement	10/04/14	31/03/15		0.0200	377,542,873			377,542,873
Consultants	10/04/14	30/06/14		0.0140	15,000,000	(15,000,000)		–
Consultants	10/04/14	31/03/15		0.0200	10,000,000			10,000,000
Consultants	10/04/14	31/03/15		0.0200	4,500,000			4,500,000
Option to Private placement	26/06/14	30/09/14		0.0200	30,713,890	(22,938,890)	(7,775,000)	–
Option to Private placement	08/09/14	30/11/14		0.0200	83,333,339	(5,345,000)		77,988,339
Option to Private Placement	08/09/14	30/11/14		0.0200	11,065,500			11,065,500
			177,314,103		**561,405,602**	**(77,513,759)**	**(74,025,901)**	**587,180,045**

The fair value of option granted is measured using Black-Scholes option pricing model based on various assumptions on volatility, option life, dividend yield and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair values of the share options at date of grant.

16. Share capital (continued)

Key inputs used in the calculation of the value of options granted during the year ended 30 September 2014 are:

Grant date	Expiry date	Spot price $	Volatility %	Risk free rate %
01-Oct-13	30-Nov-14	0.021	120	2.4
06-Feb-14	10-Feb-17	0.015	120	3.0
10-Apr-14	31-Mar-15	0.014	120	2.7
26-Jun-14	30-Sep-14	0.017	120	2.7
08-Sep-14	30-Nov-14	0.016	120	2.7

Expected volatility was determined based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. All options granted during the year vested on grant date. None of the options issued have vesting conditions attached.

c. Performance rights

Details of the movements in rights granted are as follows:

	No of rights outstanding as at 1 October 2013	Granted during the year	Exercised during the year	Lapsed during the year	No. of rights outstanding as at 30 September 2014
Stephen Ray Williams	12,500,000	–	–	–	12,500,000
Ryan Richard Mount	100,000,000	–	–	–	100,000,000
Neil Francis Stuart	2,000,000	–	–	2,000,000	–
Other employees	2,200,000	–	–	2,200,000	–
	116,700,000	**–**	**–**	**4,200,000**	**112,500,000**

d. Capital management

The Company's primary objectives when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

for the year ended 30 September 2014

17. Note to statement of cash flows

Reconciliation of loss from operations to net cash outflow from operating activities

	2014 $000	2013 $000
Loss for the period	(14,845)	(9,051)
Non-cash items		
Depreciation and amortisation	57	33
Interest expense	28	–
Share based payments expense	1,417	29
Impairment of inter-company loans	4,837	4,631
Impairment of mineral exploration expenditure	–	568
Changes in operating assets and liabilities		
– Increase in other receivables	(199)	(59)
– Decrease in other payables	(104)	(1,126)
– Decrease in provisions	55	(64)
Net cash flows used from operations	**(8,754)**	**(5,039)**

18. Commitments

Operating lease commitments

	2014 $000	2013 $000
Within 1 year	41	39
After 1 year but within 5 years	10	51
	51	**90**

19. Related parties

a. Balances with related parties

During the year a loan of $28,093 was provided to Neil Gardyne Investments Pty Ltd (NGI), a related party to Director Ryan Mount, at market rates. The liability of NGI has been discharged since 30 September 2014.

During the year an advance of $6,708 was provided to Ryan Richard Mount (a director of the Company) at market rates. The advance has been repaid subsequent to 30 September 2014.

b. Transactions with related parties

During the year 32,077,498 shares were issued and allotted to NGI via rights issues, conversion of convertible notes, and via share placements issued (Note 16(a)) all at market rates.

During the year 25,198,414 options were granted to NGI attaching to a private placement. Of these 5,555,555 expired and 19,642,858 remained under option at 30 September 2014. The 19,642,858 options were cancelled on 30 December 2014.

Stephen Ray Williams (non-executive Chairman of the Company) was a consultant to Kemp Strang Lawyers. During the year $97,829 (inclusive of GST) was paid to Kemp Strang Lawyers for legal services on normal commercial terms.

Stephen Ray Williams was a consultant to Burrawong Holdings Pty Ltd. During the year $8,000 (exclusive of GST) in consultancy fees was incurred to Burrawong Holdings Pty Ltd.

20. Financial risk management and fair values

Exposure to credit, liquidity, interest rates and currency risks arises in the normal course of the Company's business.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company are described below and are limited by the Company's financial management policies and practices described below.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The Company manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions. At year end the Company has one material exposure of $2,084,000 (2013: $369,000) to the Australia and New Zealand Banking Group Limited relating to funds on deposit and cash at bank.

b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

20. Financial risk management and fair values (continued)

c. Interest rate risk

The Company's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance sheet date, are as follows:

Financial instruments	Interest bearing		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 %	2013 %
(i) Financial assets								
Cash[1]	2,207	639	–	–	2,207	639	3.5	2.2
Other receivables	–	–	379	153	379	153	–	–
Total financial assets	**2,207**	**639**	**379**	**153**	**2,586**	**792**		
(ii) Financial liabilities								
Other payables	–	–	753	857	753	857	–	–
Borrowings – Convertible notes[2]	678	–	–	–	678	–	14.5	–
Borrowings – Other[1]	8	20			8	20	14.4	14.4
Provisions	–	–	139	83	139	83	–	–
Total financial liabilities	**686**	**20**	**892**	**940**	**1,578**	**960**		

[1] At floating interest rates
[2] At fixed interest rates

The Company is not exposed to significant risk from interest rate sensitivity.

d. Currency risk

The Company is not exposed to significant foreign currency risk as the majority of the Company's income and expenditure is denominated in Australian dollars.

e. Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 September 2014 and 2013.

21. Contingent asset and contingent liabilities

Contingent liabilities

Contingent liabilities of the Group for which no amount has been provided in the financial statements include:

	2014 $000	2013 $000
Funds held in trust relating to Solomon Islands court proceedings	121	269
Rental bond deposits paid for office accommodation	10	–
	131	**269**

22. Subsequent events

a. Solomon Islands High Court case 258/11 between SMM Solomon Limited ("Sumitomo") and others v Axiom KB Limited ("Axiom"), Solomon Islands Government and others.

On 24 September 2014 the High Court of the Solomon Islands dismissed all of Sumitomo's claims and enabled Axiom to recommence exploration activities on the Isabel nickel deposit. Included in this judgement was the existence of Sumitomo's undertaking as to damages in respect of any damages claimed by Axiom, as well as the statement that arguments on costs were to be determined.

On 30 September 2014 the Chief Justice of the Court of Appeal of the Solomon Islands granted an interim injunction to halt drilling and exploration activities on Isabel Island.

On 8 October 2014, the Solomon Islands Court of Appeal ruled in favour of Axiom and set aside the interim injunction granted on 30 September 2014 and awarded costs to Axiom both in relation to the hearing on 30 September 2014 and the hearing on 8 October 2014.

On 27 October 2014 Sumitomo filed a notice of appeal to the Solomon Islands Court of Appeal in response to the judgement delivered in favour of Axiom. It is expected the appeal will be heard in mid-2015.

On 29 October 2014 Axiom filed submissions and supporting evidence to recover costs from Sumitomo related to the Solomon Islands Court Case 258/2011 (proceeding) of Solomon Island Dollars 41,025,000 (approximately $6,500,000).

On 20 November 2014 Axiom's drilling program for the Isobel Nickel Project commenced.

On 24 November 2014 Axiom announced the company was in negotiations with third parties regarding potential involvement in the Isabel Nickel Project. Negotiations were occurring with nickel industry participants and mining services providers over mine development and operation, processing of ore and offtake agreements.

On 30 December 2014 Axiom announced that it had entered into a strategic partnership with Anitua Limited, an exploration and mining services provider, for the Isabel Nickel Project. Anitua has provided Axiom with an unsecured loan of $5 million, to be repaid no later than 7 July 2015.

On 16 January 2015 Sumitomo provided the High Court of the Solomon Islands with two bank guarantees totalling approximately $5 million for Axiom's costs relating to the High Court case. Axiom will be entitled to recover these costs upon obtaining a favourable judgement in the appeal.

On 6 February 2015 the Chief Justice of the Solomon Islands Court of Appeal indicated that the appeal could potentially be listed for hearing commencing 26 May 2015. This date was later confirmed by the Court of Appeal.

Notes to the Financial Statements

for the year ended 30 September 2014

23. Directors remuneration

a. Summary of Directors fees and emoluments

The remuneration of the Company's Directors pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014 $000	2013 $000
Directors fees	50	59
Other emoluments		
– Salaries	433	477
– Superannuation	38	34
– Share-based payment – performance rights *	320	–
	841	**570**

* Performance rights were granted in April 2013 following approval by shareholders at the Annual General Meeting held on 22 April 2013. The performance rights are charged to expense over the life of the rights. The expense in relation to the performance rights is calculated as fair value using the Black-Scholes model.

Performance rights issued will automatically vest into fully paid ordinary shares upon specific conditions being achieved. The performance condition is a market hurdle as disclosed in part (c) Performance rights plan of the remuneration report. The amounts that appear are amounts required under Australian Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these performance rights are received will depend on achieving appropriate vesting conditions as discussed above. No performance rights were exercised during the year.

b. Performance rights plan

Director, Executive and Employee Performance Rights Plan

The establishment of the Axiom Mining Limited Director and Executive Performance Right Plan was approved by shareholders at the 30 July 2010 Extraordinary General meeting and refreshed at 22 April 2013 Annual General Meeting. The Director and Executive Performance Right Plan provides:

- appropriate incentives for the Board and management;
- to align the economic interests of the Board and management with shareholders;
- to keep the Board and management focused on the long term growth of the Company; and
- to increase shareholder value by achieving certain milestones.

Under the plan, participants are granted rights that vest if certain performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

When exercisable, each right is convertible into one ordinary share for no consideration.

At the AGM on 22 April 2013, shareholders approved the issue of: 100,000,000 performance rights to Mr Ryan Mount; 10,000,000 performance rights to Mr Stephen Williams; and 2,000,000 to Mr Neil Stuart. The performance rights are subject to Volume Weighted Average Price ("VWAP") hurdles and will vest only after the 30 day VWAP has exceeded the relevant hurdles.

23. Directors remuneration (continued)

Details of the unexpired rights as at 30 September 2014 are as follows:

	Number of rights granted	Grant date	Expiry date	Fair value per share at grant approval date cents	VWAP hurdle cents	Number Vested
Directors						
Stephen Williams	2,500,000	30/07/11	*	–	7.0	–
	2,000,000	22/04/13	21/04/16	1.33	5.0	–
	2,000,000	22/04/13	21/04/16	1.20	7.5	–
	6,000,000	22/04/13	21/04/16	1.06	10.0	–
	12,500,000					
Ryan Mount	5,000,000	22/04/13	21/04/16	1.33	5.0	–
	10,000,000	22/04/13	21/04/16	1.20	7.5	–
	10,000,000	22/04/13	21/04/16	1.06	10.0	–
	10,000,000	22/04/13	21/04/16	0.98	12.5	–
	10,000,000	22/04/13	21/04/16	0.89	15.0	–
	10,000,000	22/04/13	21/04/16	0.77	20.0	–
	10,000,000	22/04/13	21/04/16	0.67	25.0	–
	15,000,000	22/04/13	21/04/16	0.60	30.0	–
	10,000,000	22/04/13	21/04/16	0.54	35.0	–
	10,000,000	22/04/13	21/04/16	0.50	40.0	–
	100,000,000					

*No expiry date. Performance condition and service-based vesting conditions applies.

The shares to be issued on exercise of the performance rights must be issued within three years from the approval by the shareholders. Therefore the VWAP conditions are required to be met within two and a half years of the date grant date.

A further six months must elapse after satisfaction of the VWAP performance condition before the performance rights can be exercised. The performance rights may be exercised no later than 12 months after the satisfaction of the VWAP performance condition.

A service-based vesting condition also applies. That is, Mr Mount and Mr Williams must remain in the service of the Company at the time the performance rights are exercised.

Performance rights that do not vest will lapse.

The performance rights are issued for nil consideration and have a nil exercise price.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the rights. No performance rights were granted during the year. Details relating to fair value calculations for performance rights issued in prior year were included in September 2013 Annual Financial report.

24. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 17 February 2015.

Top 20 Holdings as at 02 February 2015

Holder Name	Balance at 02-02-2015	%
NATIONAL NOMINEES LIMITED	269,270,514	8.032
CITICORP NOMINEES PTY LIMITED	90,570,147	2.702
UBS NOMINEES PTY LTD	78,472,095	2.341
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	54,716,700	1.632
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,223,354	1.588
BANTRY HOLDINGS PTY LTD <BANTRY FAMILY A/C>	46,016,700	1.373
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	45,000,000	1.342
MR DAVID JAMES AZAR	40,147,293	1.198
TPC PTY LTD <ADAM FREIER FAMILY A/C>	38,091,813	1.136
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	36,331,445	1.084
MR BRADLEY GAVIN DOWNES	35,331,999	1.054
ADRISA BUILDERS PTY LTD <AKF FAMILY A/C>	32,000,000	0.955
NEIL GARDYNE INVESTMENTS PTY LTD	30,763,243	0.918
MR SHANE VICTOR HARDY	18,215,000	0.543
VLADORA PTY LIMITED <18 GRAFTON STREET S/F A/C>	18,000,000	0.537
MR BRIAN ANTHONY SIEMSEN	15,458,652	0.461
MR FREDDY JAJA	15,406,000	0.460
NESMEIS INVESTMENT PTY LTD	15,166,667	0.452
ADMARK INVESTMENTS PTY LTD <THE PINTO FAMILY A/C>	15,000,000	0.447
J & BA MCCARTHY SUPERANNUATION PTY LTD <MCCARTHY SUPER FUND A/C>	14,953,882	0.446
Total	**962,135,504**	**28.699**
Issued Capital	**3,352,455,086**	

Axiom Mining Limited is incorporated in Hong Kong and is governed by Hong Kong Companies Ordinance with respect to its shareholdings. Accordingly, there are no limitations on the number of securities that may be held by a shareholder, nor are there any equivalent provisions to the takeovers provisions in Chapter 6 of the Australian Corporate Act 2001 (Cth).

Analysis of Equity Security Holders

Sector	Number of shareholders	Number of Shares	
Holdings Ranges	Holders	Total Units	%
1-1,000	128	10,789	0.000
1,001-5,000	77	268,591	0.008
5,001-10,000	132	1,112,188	0.033
10,001-100,000	1,881	97,308,673	2.903
100,001-99,999,999,999	2,525	3,253,754,845	97.056
Totals	**4,743**	**3,352,455,086**	**100.000**

Distribution of Marketable Parcels

Holdings Ranges	Holders	Total Units	%
Unmarketable (1-38,463)	1,070	19,593,814	0.584
Marketable (>38,463)	3,673	3,332,861,272	99.416
Holdings Ranges	**4,743**	**3,352,455,086**	**100.000**

Performance Rights

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	0	0	0.000
100,001-99,999,999,999	2	112,500,000	100.000
Totals	**2**	**112,500,000**	**100.000**

Unlisted Options

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	0	0	0.000
100,001-99,999,999,999	70	437,650,015	100.000
Totals	**70**	**437,650,015**	**100.000**

Corporate Directory

Directors

Mr Stephen Williams: Non-Executive Director – Chairman
Mr Ryan Mount: Executive Director – Chief Executive Officer

Company Secretary

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