2010 ANNUAL REPORT

axiom
mining limited

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CHAIRMAN'S ADDRESS

I am delighted to have been appointed Chairman of your Company during the course of the year. I'm also pleased with the progress Axiom has made in 2010 towards advancing a range of exciting opportunities that create significant shareholder value.

Axiom recently completed the Queensland drilling program, which resulted in the company obtaining its first gold JORC[1] compliant resource as well as identifying other targets within the Company's tenement portfolio. Progress has also been made in obtaining exploration licences in Vietnam and the Solomon Islands.

Axiom was re-listed last year on the ASX Board and since then management has been restructured and processes have been reviewed and upgraded. This includes an increase in shareholder communications in preparation for the expected increase in future exploration and mining activities. Planning for these projects is ongoing and we are confident that by early 2011 the Company will be ready to move to the next operational stage.

These positive changes have been made possible through the financial support of shareholders – both old and new – which has primarily funded our restructure program and drilling activities. After completing several private placements, we were able to obtain an ASIC waiver to complete a successful Shareholder Purchase Plan that gave all shareholders the opportunity to participate.

Since becoming Chairman six months ago, I have reviewed the operations, the performance of the executive and the opportunities that lie ahead for Axiom. At times this has included travel to Vietnam and the Solomon Islands. I can now confidently say your company is in a great position to capitalise on its assets and opportunities and has the team in place to do it.

In the coming pages, our Chief Executive Officer Mr Ryan Mount will provide you with more specific details on the milestones we have already achieved and the various opportunities that are coming in the near future.

Stephen R. Williams
Chairman

[1] JORC is an abbreviation for the Joint Ore Reserves Committee code for reporting mineral resources and reserves.

The past year has seen a dramatic turnaround in Axiom's operations and capabilities with the Company having successfully emerged from the issues that have plagued it in recent years. A new board and management team were appointed and we opened new and improved offices in Sydney and Hanoi, Vietnam. An extensive drilling campaign was undertaken in North Queensland, licence applications were produced in Vietnam, and we signed a monumental agreement relating to the world class Isabel nickel deposits in the Solomon Islands.

CORPORATE

In April 2010 the Company acquired the 70% of its Australian tenement portfolio it didn't already own. This gave Axiom complete control over its Australian exploration assets – including a range of gold, silver, copper and zinc prospects lying in Exploration Permits (EPM) and Mining Leases (ML). This proved a timely and strategic move as precious and base metal prices have since rallied and the asset produced Axiom's first gold JORC resource along with identifying some other exciting targets.

June 2010 saw the completion of the restructure, resulting in the appointment of Mr Stephen Williams as Non Executive Chairman, Mr Jeff Carter as Chief Financial Officer and myself accepting the role of Chief Executive Officer.

The new board and management team hit the ground running, implementing:

- A review of all costs and expenditure
- The re-establishment of relations with our partners in Vietnam and Solomon Islands
- A fresh capital injection
- An extensive drilling program in North Queensland, Australia
- The completion of detailed licence applications in Vietnam
- New offices in Sydney and Hanoi
- A more efficient and effective management and reporting structure
- A platform for dialogue and negotiations with the customary land owners of the world class Isabel nickel deposits in the Solomon Islands.

In the past six months these strategies have delivered:

- One of the lowest cost to operate active exploration companies on the ASX
- A renewed and genuine commitment from our commercial partners in all regions
- Axiom's first gold JORC resource
- A new high grade gold and silver target at the Porphyry prospect in Queensland
- The commencement of the Company's first scoping study
- A submission of two Vietnamese licence applications
- Greater operational efficiencies
- A signed agreement with the customary land owners of a world class nickel deposit.

The achievements of the past year are also a result of bringing our highly experienced non executive directors into key elements of the business. For example, Neil Stuart took an active role in reviewing and advising in the field on the North Queensland drilling program and Steve Williams was on the ground in Honiara to structure Axiom's agreement with the customary land owners.

Funding is critical to any mineral exploration company, so in 2010 a progressive recapitalisation program began as part of Axiom's restructure. Several private placements were executed over the year with the issue of shares. In line with the new board's strategy of prioritising shareholder value, all funding programs were executed at a higher price than the previous share issue. In June, Axiom even issued stock at a premium to the market price, raising $1.5m at 2.5c a share.

Axiom was determined to enable all shareholders to participate in this recapitalisation program and sought an exemption from ASIC to be able to offer a Share Purchase Plan (SPP) to shareholders. (Because Axiom was suspended from trade on the ASX in 2009, restrictions were automatically applied limiting the ability to offer an SPP). After review by ASIC, Axiom was granted a waiver and the board immediately offered shareholders the SPP in October – raising $1.3m. Shareholders therefore had the opportunity to buy shares on the same terms as the private placement offered to professional investors just one week earlier, which also raised $1.5m. Excess demand from that placement was accepted with an extra $200,000 invested – after the total quota was first offered to shareholders through the SPP.

SOLOMON ISLANDS

In 2010 Axiom signed a monumental binding and exclusive agreement with the customary land owners of the Isabel nickel deposit. This is one of the largest undeveloped nickel laterite deposits in the world, with non-JORC historical resources of 159MT of nickel at an average of over 1% nickel and 0.079% cobalt.

The agreement provides the customary land owners with 20% of the project, subject to the granting of a prospecting licence. The remaining 80% is owned by Axiom and presents the Company with its greatest commercial opportunity to date.

Axiom is working together with major companies experienced in Pacific nickel laterites to ensure successful development of the project, assuming a prospecting licence is granted.

Since signing the agreement Axiom has been actively developing relationships with key stakeholders in the region. This includes hiring local personnel and plans to open a local office in February 2011. Axiom is dedicated to ensuring the local communities of the Solomon Islands benefit from the project. The Company is working with experienced environmental and community planning firms and organisations to establish local sustainability initiatives and programs.

The key milestone on the project is to obtain a prospecting licence. This will enable Axiom to begin a feasibility study and other mine development activities.

QUEENSLAND

With total ownership of the Australian exploration assets back with Axiom and the restructure complete, an extensive exploration and resource defining drill program was constructed. The objective of the program was to:

1. Deliver a JORC resource at the Mountain Maid gold prospect to move the project from exploration to mine development.
2. Drill test other nearby prospects to identify targets for potential co-development with the Mountain Maid project.

From late July to early November, Axiom drilled 66 RC drill holes at four prospects. The exploration drilling program was well managed by our team, which also oversaw various other exploration works being performed on the Company's EPMs. Drilling activities accelerated in October when a second drill rig was introduced. This ensured the program performed to schedule and was completed before the coming wet season.

The drilling did deliver a JORC resource at Mountain Maid and identified a new high grade gold and silver target at the Porphyry prospect. A scoping study is now underway for the Mountain Maid project to determine the economic characteristics of a heap leach mine at the site. Results of the scoping study are expected in March 2011. These results will form the basis of a plan to take the project through to a feasibility study along with further drilling to upgrade the resource.

Additional leach tests are now underway to expand on the excellent leach test results received earlier in the year. The current round of testing will allow Axiom to optimise the leaching process well in advance of any potential commercial activities.

The Porphyry high grade gold and silver project is also now in focus with exploration activity producing rock chip readings of up to 12 g/t (grams per tonne) of gold and assays from RC drilling delivering silver up to 312 g/t. Further drilling is planned for the Porphyry prospect, including diamond drilling to identify and define the epithermal system. This further drilling will be performed in tandem with the drilling at Mountain Maid.

Both the Mountain Maid and Porphyry projects lie well within the EPM boundaries and are only 10km apart. This provides great potential for co-development as the projects advance. Axiom has a huge tenement footprint in the Chillagoe region, North Queensland which includes many prospects. In 2011 the Company will test and advance some of these other prospects to further strengthen the economics of moving the area to mine development phase.

VIETNAM

Axiom's Vietnamese operations were relaunched this year. New offices were established in Hanoi together with an experienced and motivated local team – some of which previously worked for Axiom.

The main priority for the team is to secure the appropriate licences. This will allow the company to resume drilling on its two projects in the highly prospective Sepon region in central Vietnam.

Detailed exploration licence applications were produced together with local geologists. These applications have been submitted and we eagerly await their approval.

Once the licences are granted, work will begin on the Quang Binh project to fulfil the requirements for a mining licence and to deliver a resource compliant with JORC guidelines. Axiom has performed extensive exploration activities in Quang Binh in past years, including 57 diamond drill holes. Minimal work is now required to take the project to the next stage – mine development.

Just south in the Quang Tri Province, an extensive drill program has been prepared and will be executed in 2011 subject to licence approvals. The prime objective of this drill program is also to define an initial resource.

In anticipation of the granting of the licences, Axiom is reviewing a range of options for the Vietnamese activities to be funded locally within Vietnam.

SUMMARY

This past year has delivered a solid platform with an exciting portfolio of exploration and mining opportunities. Axiom is now in a strong strategic and commercial position and is poised to efficiently extract true value from its assets.

Every manager and employee has clear goals and objectives for 2011 and is motivated to deliver. This will ensure the momentum of the past six months will continue into the new year and beyond.

The year ahead will see Axiom move several projects from the exploration phase to mine development activities and will include innovative funding structures to ensure maximum value for shareholders.

I look forward to reporting more to you as the business plan is delivered.

Ryan Mount
Chief Executive Officer

BOARD OF DIRECTORS

STEPHEN WILLIAMS

Non-Executive Chairman and Director

Stephen was appointed to the position of Chairman in July this year and has been quick to lead the board in setting best corporate governance practices. He has also ensured the expertise of our board of directors is channelled to the appropriate areas of the business. Stephen is a Senior Partner at Kemp Strang lawyers and is a perfect fit to lead Axiom's board given his vast legal expertise. For the past 16 years, Stephen has also been Chairman of leading engineering and mining services company Coffey International Limited. He is also a Director of PrimeAg Limited.

RYAN MOUNT

Chief Executive Officer and Managing Director

Ryan was approached by shareholders after the company could not file its financial accounts and was suspended from trade on the stock exchange. He joined the board as a Director in April 2009 to lead the crucial restructure of the company which saw Axiom gain control of its assets, rid itself of all debt, establish new offices and acquire a clear strategic direction. This turnaround saw Axiom once again listed on the ASX, properly capitalised and its programs fully funded.

In mid 2010 Ryan accepted the board's offer of the CEO position. Since then he has continued to refine Axiom's operations, with the business becoming efficient and far more effective. As a result there has been a huge reduction in overheads and the establishment of operational targets to create shareholder value. Before joining Axiom, Ryan worked in the Australian and international financial markets and in corporate advisory. This experience enables him to ensure Axiom remains sufficiently capitalised and soundly managed.

NEIL STUART

Non-Executive Director

Neil joined the board as a director in March 2009. Since then he has provided the company with exceptional technical advice and plays an active role in developing Axiom's prospects. Neil has a reputation as one of Australia's best exploration geologists and played a leading role in the discovery of two world class mineral deposits. This includes one of the largest ever lithium deposits for Orocobre Limited, of which he was the founding Executive Chairman and remains a Director. He also acquired the Cerro Negro epithermal gold project that formed Andean Resources (this deposit was central to a recent $3.8 billion takeover bid from Gold Corp). Neil is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is also Chairman of Bowen Energy Limited and Director of Elementos Limited.

JACK MCCARTHY

Executive Director - Chief Geologist

Jack has been pivotal in the discovery of a large number of Axiom's projects. His many years in Vietnam have given him a very good understanding of the country's geology and mineralogy. He has also led exploration teams in Canada, Africa, Vietnam and Australia and is highly experienced with gold recovery processes. Jack is a key part of Axiom's new management team and spends lot of his time leading the company's exploration teams in the field in North Queensland and Vietnam. In 2010 he discovered the high grade gold and silver target of the Porphyry prospect. Jack is a member of the Australasian Institute of Mining and Metallurgy.

JEFF CARTER

Chief Financial Officer

Jeff was invited to join Axiom's new executive team in June 2010 after the business recognised the need to focus on the safe management of finances as it moves from the exploration phase to mine development. He is a chartered accountant with a Masters degree in Applied Finance and a Bachelor of Financial Administration.

Jeff has spent the past 10 years as CFO of a number of ASX listed companies and has built up his experience as a senior finance executive at Coca-Cola Amatil and Santos Limited. His vast financial experience and resources background are a great asset to Axiom, enabling the business to continue to enhance its exploration, mine development and subsequent commercialisation programs.

Jeff Carter (Chief Financial Officer), Neil Stuart (Non-Executive Director), Jack McCarthy (Chief Geologist and Director), Ryan Mount (Chief Executive Officer and Managing Director) and Stephen Williams (Chairman and Non- Executive Director).

REVIEW OF PROJECTS

PRINCIPAL PROJECT **SOLOMON ISLANDS**

• Isabel nickel deposits

PRINCIPAL PROJECTS **AUSTRALIA**

• Mountain Maid gold
• Porphyry gold
• Split Rock copper
• Cardross-Arizona copper-gold-silver
• OK Mines copper-zinc - (gold-silver)

PRINCIPAL PROJECTS **VIETNAM**

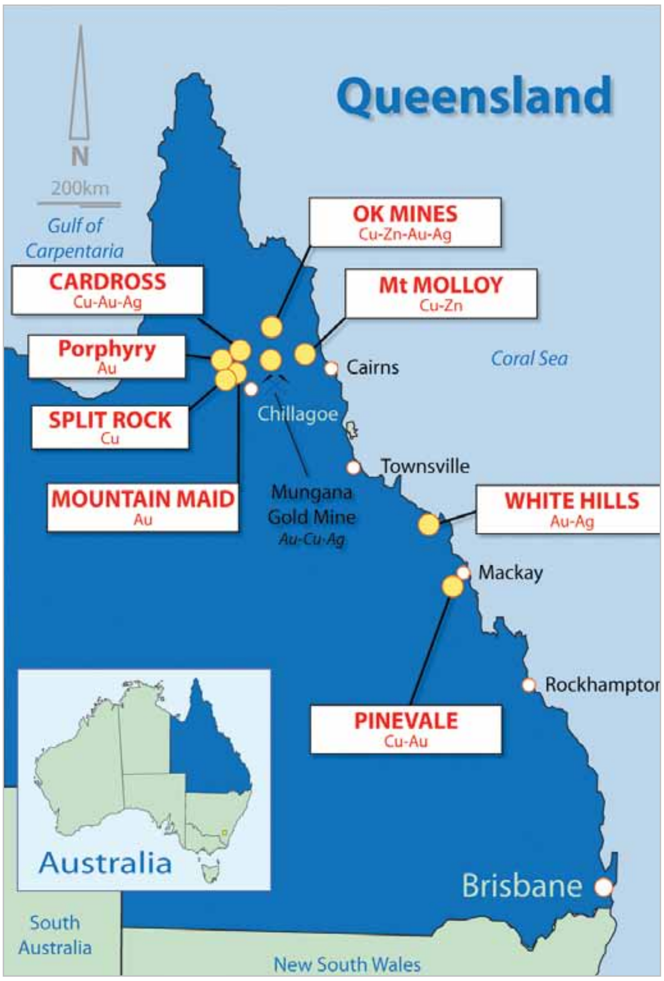
• Quang Binh gold-silver
• Quang Tri gold-silver

OTHER PROJECTS **AUSTRALIA**

• Mt Molloy copper-zinc
• White Hills gold-silver
• Pinevale copper-gold - (molybdenum)

OTHER PROJECTS **VIETNAM**

• Khanh Hoa gold-silver
• Pu Sam Cap copper-gold (carried interest)



The Isabel laterite nickel deposits are located on Santa Isabel and San Jorge Islands in the Solomon Islands. These typical tropical nickel and cobalt laterite deposits were first explored and defined by International Nickel Company Limited (INCO) from 1957 until 1975.

INCO outlined two deposits, reporting conservative reserves with less than 30% Iron (Fe) of 13.5 Mt with weighted average grades of 1.39% nickel (Ni), 0.058% Cobalt (Co) and 27.3% Fe.

CEO Ryan Mount and Chairman Steve Williams with customary landowners Francis Selo (Trustee of Kolosori) and Rev. Fr Lot Bako (Trustee of Bungusule) standing on the laterite on San Jorge Island, Solomon Islands.

The extensive work performed by INCO included grid based sample as follows:

Pitting	4409
Gemco power auger	1484
Hand auger	394
Banks drill	121
Wankie diamond core	43

In addition to this work, detailed INCO archival records show feasibility studies and bulk sampling was also undertaken with an intention to proceed to mine development. Mining did not proceed as customary landowner access and title matters could not be successfully resolved.

Between 1993 and 1995 Kaiser Engineering (now Hatch Limited) undertook a validation program, excavating 34 pits to compare analytical results with 43 INCO pits. Kaiser classified the laterite deposits into high Fe Limonite and low Fe Saprolite separated by a narrow transition zone up to a metre thick. They also reported that less than 10% of the deposits had any overburden cover at Ni equivalent grades of 0.9% nickel equivalent (NiE) and that a reduction of NiE from 1.4% to 1.25% increased resources threefold. **In conclusion, the deposits had a combined resource of approximately 159 Mt containing 1.045% Ni, 0.088% Co and +40% Fe** as per 1995 AusIMM reserve/resource guidelines.

This resource calculation was considered conservative as the total thickness of the Saprolite zone of the deposit had not been sampled due to limitations of the equipment used and large areas of Limonite were not sampled at all as access was not possible for either INCO or Kaiser. Kaiser pits averaged 5.2 m in depth and they commented "most of the pits failed to penetrate the entire laterite profile…" and "any future work will require a larger excavator and other equipment". It is important that the full thickness of the Saprolite is tested as this zone contains the highest concentrations of Ni in tropical laterite deposits.

As well as the site work Kaiser also undertook metallurgical studies and mine and financial modelling. It concluded that "…economic analysis, the operation breaks-even at nickel and cobalt prices of $1.50 and $6.00 per pound, respectively." The scoping study was based on pressure leaching of the laterite on site. Although there have been appreciable cost and metal price changes since 1995 the project today looks very robust economically (nickel is $11.98/lb and cobalt is presently about $17.80/lb and of course iron now has value).

The principal reason Isabel has not proceeded to mine development so far is due to a failure to have the support of the customary landowners. All past development attempts were based on an erroneous assumption that the central Government would force landowner cooperation. Solomon Islands law and rights lean heavily in favour of the landowners.

Isabel laterite nickel

The Axiom approach has been to first gain 100% approval of the customary landowners by providing them with a direct 20% equity interest. Axiom accepted that a “deposit likely to be economically exploitable” has already been partly defined thus future exploration is more of a feasibility-mine development process that carries far less exploration risk than is otherwise the case.

The project has very attractive development characteristics with the area free from human habitat, mineralisation at surface, close to shore and adjacent to a deep water harbour. A preliminary mine development plan that involves physical upgrade and direct ore shipment will provide a rapid means of generating significant project cash flow.

Solomon Islands Ni-Co

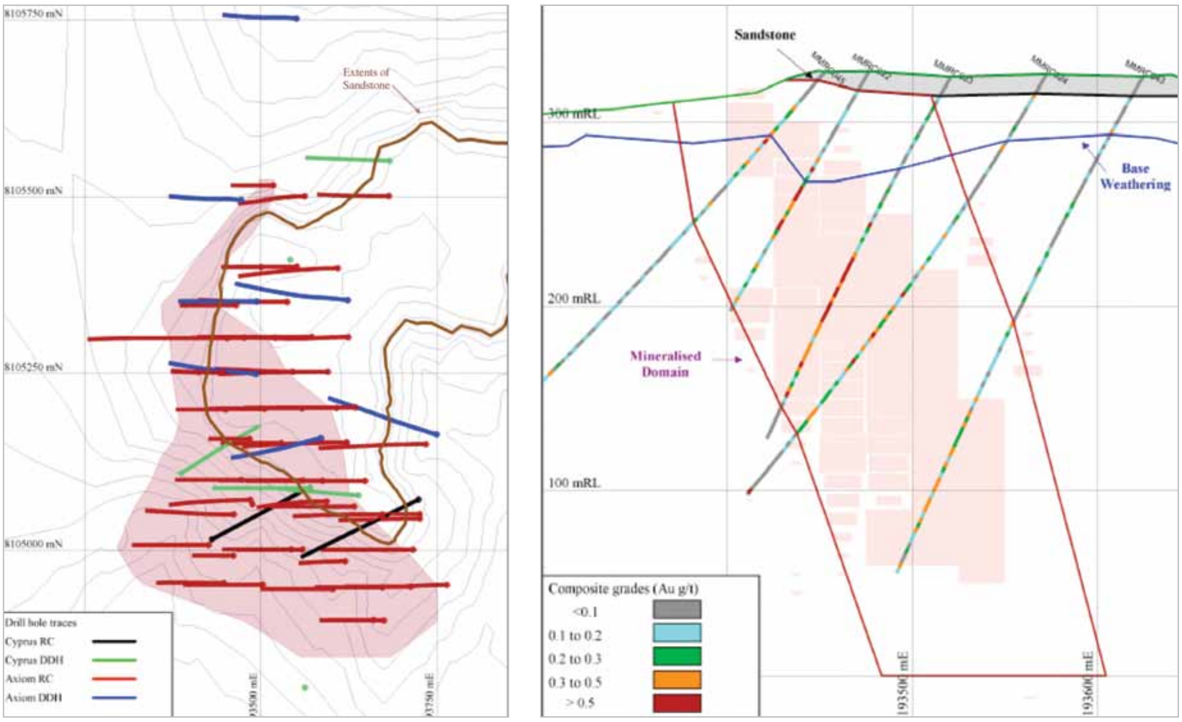
The Mountain Maid Intrusive Related Gold System (IRGS) is situated centrally within the Nundah Batholith and is one of several gold and/or copper prospects in a large area of anomalous precious and base metal mineralisation. Its plutonic setting, geochemical signature (anomalous silver, bismuth and tungsten), quartz feldspar porphyry (QFPP) intrusive origin and scarcity of sulphide minerals are typical features of IRGS.

Assays from 13 diamond core and 55 RC holes were used by Hellman & Schofield to produce an initial Inferred resource of up to 532,000 ounces of gold to a depth of 200m vertical (see resource table below). Gold zones are present in all holes drilled to date and expansion of the initial resource to depth and along strike is likely. Higher grades of gold mineralisation (>0.75g/t Au) are hosted by and associated with late stage QFPP intrusive and wall rocks cut by quartz veins and these locations will be the focus of future drilling.

Based on the initial Inferred resource calculations, independent experts have been engaged to undertake preliminary economic scoping studies for a heap leach mining and processing operation at Mountain Maid. The outcome of this study will be used to guide drilling and development programs.

Cut off Au g/t	Tonnes (Million)	Grade Au g/t	Ounces (Thousand)
0.10	72	0.23	532
0.15	51	0.27	443
0.20	34	0.32	350
0.25	21	0.38	257
0.30	14	0.44	198
0.40	6	0.56	108
0.50	3	0.67	65

Table 1: Estimated Mountain Maid resources to 200 metres depth



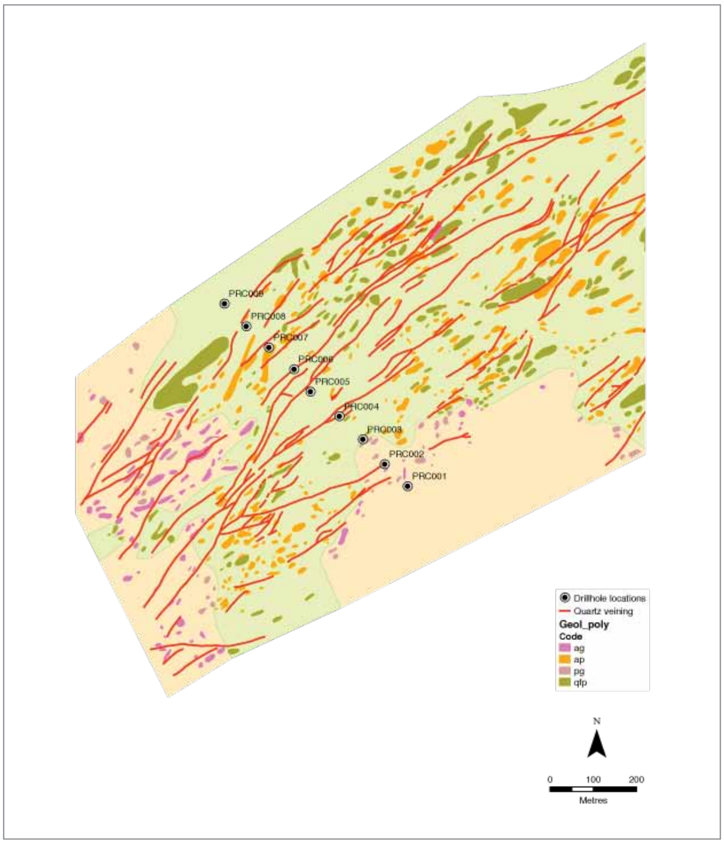
Map of mineralised domain (pink area), topography and drill hole traces on left and Section 8105300N showing drill traces and outline of the easterly dipping gold deposit on right, both from Hellman & Schofield report December 2010.

Porphyry Epithermal gold

The Porphyry epithermal gold prospect covers an area of 800 x 1800m containing hydrothermally altered granite intruded by later porphyry and multiple epithermal quartz breccia veins. The veins range from approximately 1 to 3m in width and are continuous for over 1000m. Grab samples of the veins confirm elevated gold(Au), silver(Ag) and arsenic(As) values ranging from 0.16 to 12.45g/t Au, 0.6 to 15.5g/t Ag and 486 to 8940 ppm As.

Axiom has completed an initial program of 9 RC exploration holes across a central section of Porphyry. The holes were drilled approximately 75m apart and an angle of -60° toward the southeast to intersect west dipping quartz breccia veins and altered host rocks. All holes produced multiple intercepts highly anomalous in gold, silver and arsenic with the best result in hole PRC002 at between 97-99m depth, which assayed 3.67g/t Au, 161g/t Ag and 5135ppm As. Arsenic concentration was shown to be a strong indicator of precious metals with arsenic values above 1000ppmm always associated with anomalous gold (up to 0.78g/t) and silver (up to 5.3g/t).

The drilling tested only a small section of the target to a relatively shallow depth (approximately 120m vertical). Alteration varies from principally silicification in the southeast to sericite in the northwestern half with chlorite becoming more prominent in the two most northwesterly holes (PRC008 and PRC009). Further drilling is now planned. Several deeper diamond holes will target strike-dip continuity of Au-Ag-As anomalies already intersected as well as holes that will seek high-grade precious metal enrichments in parts of the mineral system to the northeast and southwest (see map below).

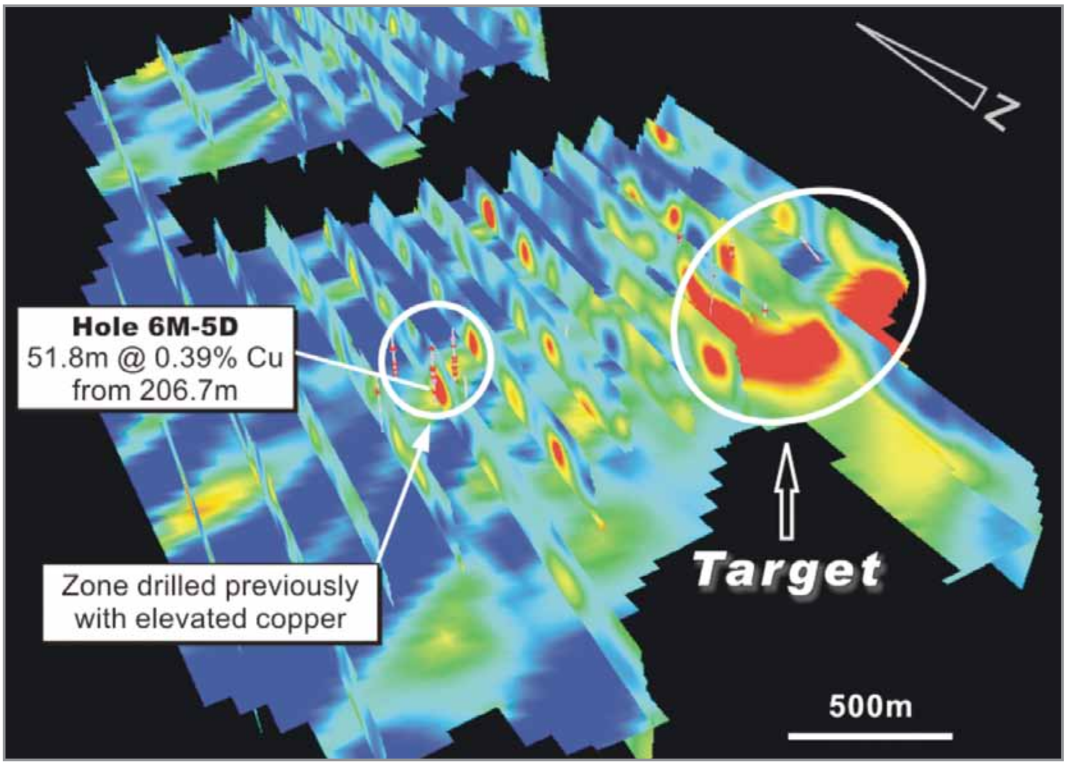


Codes on the above map: "ag" = altered granite; "ap" = altered porphyry; "pg" = porphyritic granite; "qfp" = quartz feldspar porphyry

The Split Rock porphyry copper prospect is located approximately 1.5 km southwest of the Mountain Maid IRGS gold project. Previous exploration included soil sampling and scout drilling that defined a widespread low-to-moderate-grade copper mineralised surface area associated with extensive stockwork quartz veining and quartz-sericite alteration. Exploration drilling determined that the mineralisation is related to felsic porphyry dykes that intrude the Nundah Pluton.

Computer reprocessing and enhancement of historical geophysical IP/resistivity data showed localised zones of increased IP response in the vicinity of past drilling, particularly hole 6M-5D that intersected a strong copper zone at depth coincident with a small IP anomaly (see figure below). This mineralisation was classified as porphyry copper. A large moderate-strength IP anomaly located to the southeast near the edge of the surveyed area as yet remains largely untested by drilling.

Exploration to investigate the copper potential of Split Rock will involve dipole-dipole IP survey lines crossing the historic anomalies to produce sectional anomaly maps of disseminated sulphides to assist with targeting an initial exploration drilling program by Axiom.



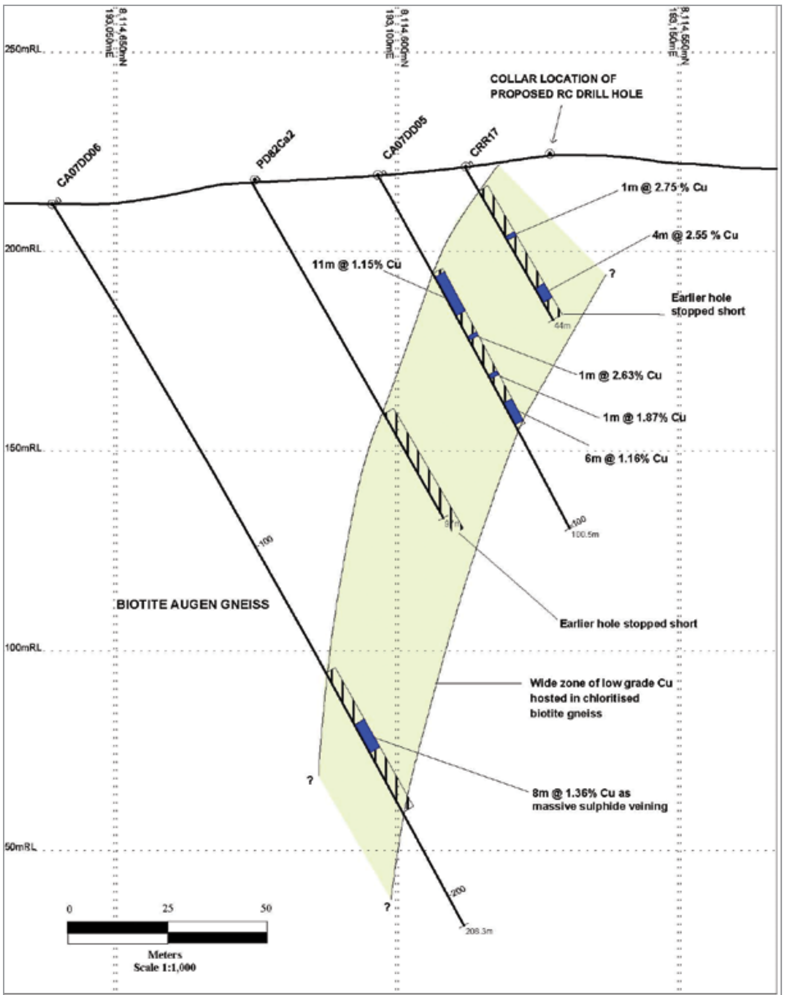
Reprocessed historic Split Rock IP data showing a large gradient array anomaly that will be drill tested.

Cardross-Arizona copper-gold-silver

Two scout drill programs totalling 3,231m of drilling on the Cardross Mining Lease 20003 (ML) have produced promising results with 23 of 24 holes intersecting copper. A broad zone of copper enrichment (see figure below) has been discovered with copper concentrations averaging as high as 0.7% over wide intervals up to 28m – as in hole CA07DD20. The zone extends for more than1600m and incorporates numerous historical shafts, including the Chieftan copper mine, which was the largest producer in the field.

Within the copper zone, multiple drill intercepts containing massive chalcopyrite veining were intercepted in drill holes that are much higher in metal concentration – for example 6m @ 4.8% Cu, 3g/t Au and 90g/t Ag in hole CA08DD02 and 4m @ 7.55g/t Au, 47g/t Ag and 2.95% Cu as in hole CA07DD10.

Axiom considers the Cardross - Arizona areas to be one large project with excellent potential for a substantial inventory of shear hosted copper-gold-silver- (±zinc) mineralisation. There are many historical workings northwest of the Cardross ML that have not been subject to modern exploration. Work on the Cardross ML has demonstrated that IP is an effective tool to detect the mineralising centres in preparation for drilling. Given the recent strong rise in copper price this prospect will be subject to increased exploration activity in the coming year.



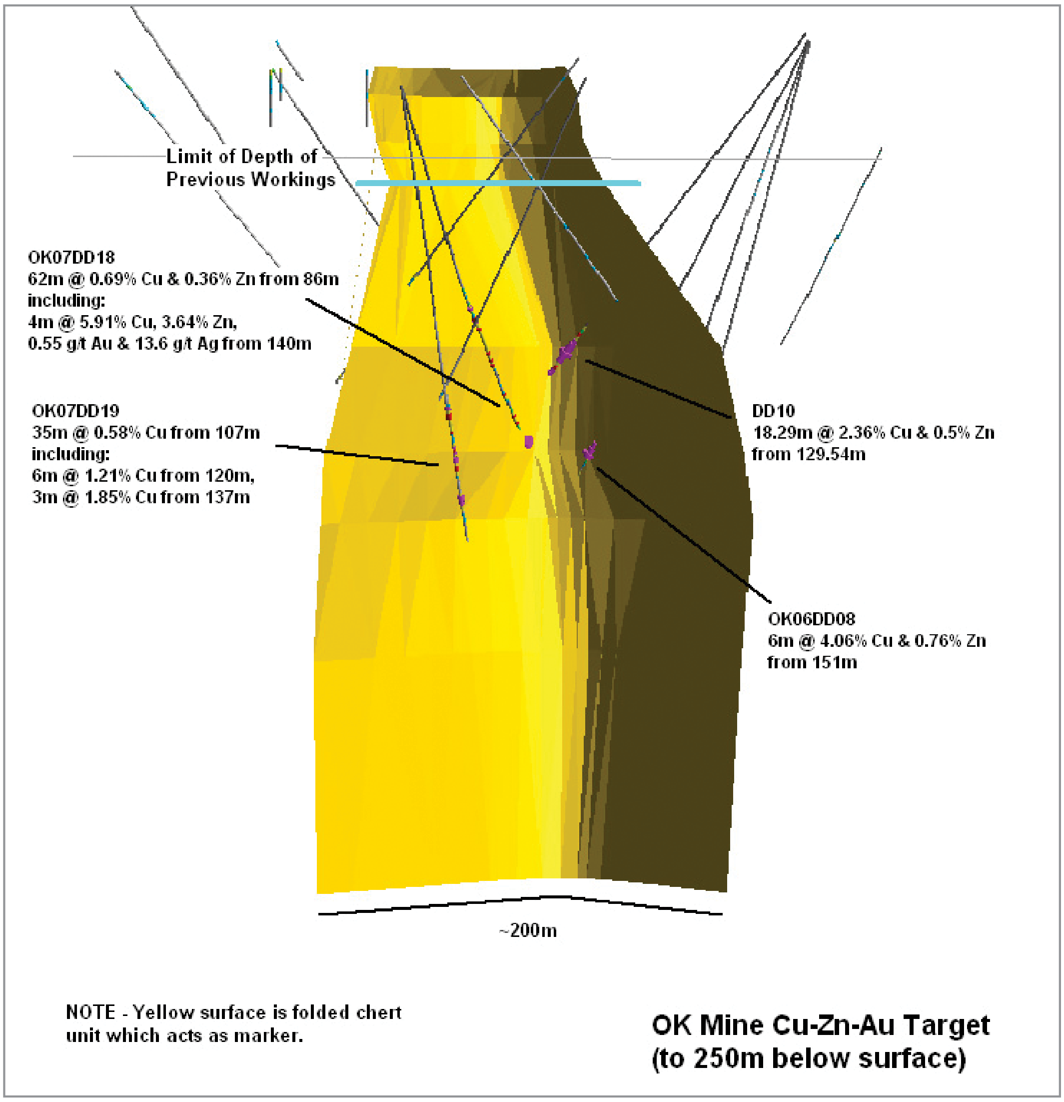
CARDROSS 2007 DRILL PROGRAM CROSS SECTION SHOWING SIGNIFICANT COPPER INTERSECTIONS AND LOW GRADE COPPER ZONE

Above is a drill section on the Cardross ML20003 showing higher-grade copper zones within the broad mineralised envelope. This zone has been drilled at approximately 200m intervals on the ML. Closer hole spacing will produce a resource calculation.

OK Mines copper-zinc (gold-silver)

A total of 5,372m of diamond and RC drilling has been completed by Axiom on the OK Mines property. Drilling intersected zones of economically significant massive sulphide (pyrite-chalcopyrite-sphalerite) with intervals of moderate to high-grade copper-zinc typical of volcanogenic massive sulphide (VMS) deposits. Best results were obtained from the area close to the OK Mines historic mine workings.

A 3D model of the VMS deposit has been prepared by detailed logging of altered chert horizons in drill core in conjunction with surface mapping and geophysical data. This model provides an exciting target for future drilling.



Above is a three-dimensional subsurface projection of the OK Mines Cu-Zn mineralisation. Axiom's and historic drill hole traces are displayed with pink circles indicating >1% Cu. The "bronze surface" is the interpreted footwall to mineralisation marked by the mapped trace of a folded chert marker unit.

Quang Binh gold

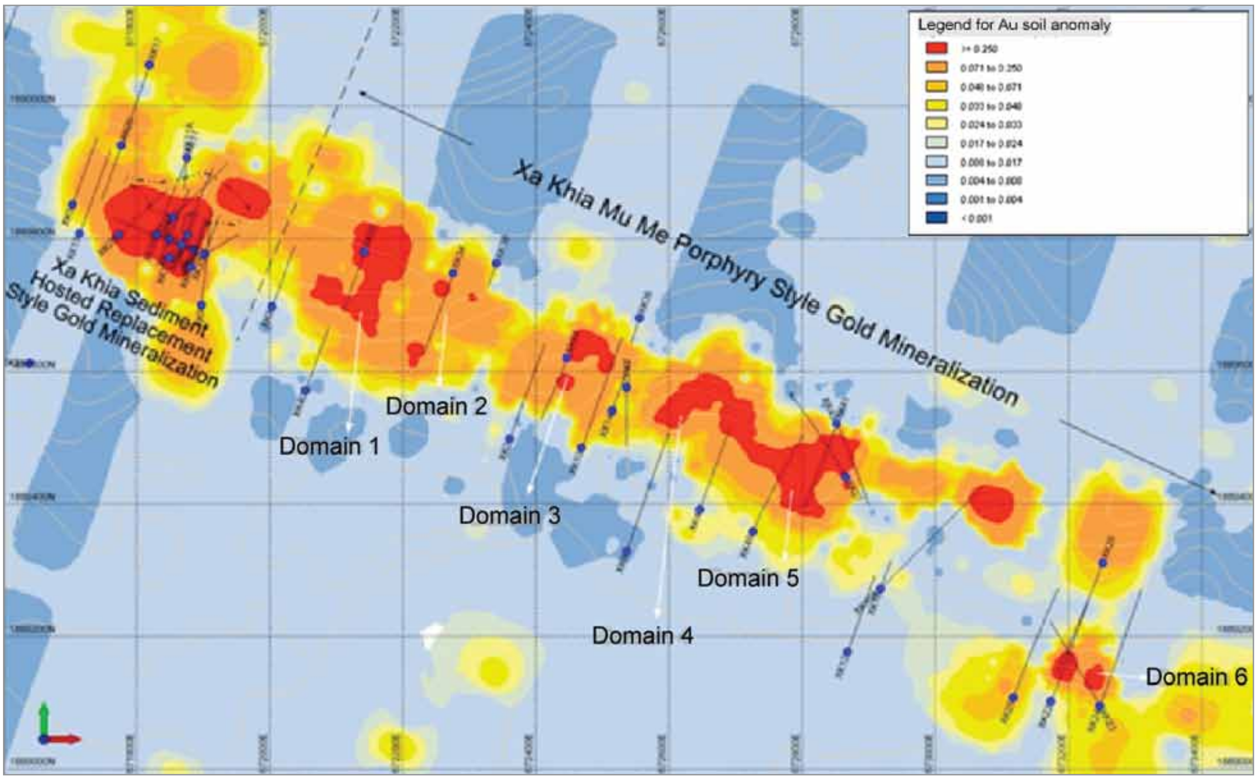
The Quang Binh project area is located approximately 35 km east of the world class Sepon gold and copper mines in Laos, within the same geological and structural basin. Detailed plans for ongoing exploration to define resources are ready to be implemented as soon as a Licence extension from the Vietnamese authorities is received. This work will obtain the technical data required for a formal application for a Mining Licence.

Axiom has drilled 58 diamond drill holes since 2006 that confirm there are predominantly two types of precious metal mineralisation present in the Quang Binh project area: high-grade sediment-hosted replacement style gold-silver and bulk tonnage porphyry-style gold zones. Both styles of mineralisation have been drilled at the Xa Khia-Mu Me ("XK-MM") prospect and are amenable to open pit mining.

As exploration progressed Axiom introduced drill core orientation equipment. This improved structural interpretation and along with a better understanding of the mineralisation controls, later holes in the program were increasingly more successful. Wide intercepts of gold with significant silver credits were found to be present along the entire length of the XK-MM prospect in a north dipping zone up to 40m in width.

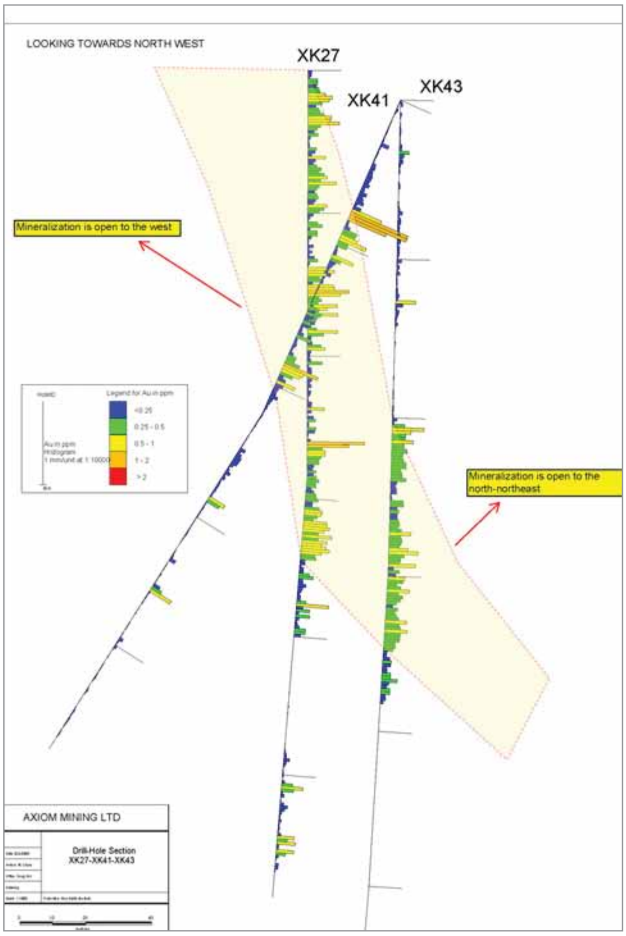
High-grade or bonanza grade precious metal bodies occur within the broader porphyry style mineralisation. Examples of this type of deposit were produced in drill hole XK15 with a 10m intercept containing 6.1g/t Au and 130.8g/t Ag or XK29 with 3m of 10.98g/t Au and 584.1g/t Ag.

Typically, the more widespread porphyry style is represented by long intercepts such as in XK41 with 19m averaging 0.71g/t Au and 1.3g/t Ag or XK45 with 24m averaging 0.68g/t Au and 0.2g/t Ag. The geological target along the1500m of strike where exploration drilling has taken place to date is estimated at up to 1.8 million ounces of gold.



The map above shows the relative locations of the two types of mineralisation discovered on the XK-MM prospect to date and exploration hole locations on a plan of the contoured gold in soil geochemistry. Domains 1 through 6 are locations to be pattern drilled to define bulk tonnage mineral resources with potential for open pit mining.

Below is a cross section through Domain 5 showing distribution of the gold within the north dipping porphyry-style quartz-sericite-gold zone.



Should as anticipated the infill drill programs at Quang Binh define substantial resources at similar grades then establishment and operating costs for Quang Binh will benefit from Vietnam's relatively low labour costs. Further advantages are being proximal to the national power grid, a major cement factory and land, sea and air transportation infrastructure.

Large-tonnage, low-grade gold deposits similar to XK-MM have recently commenced production nearby in China at the million-ounce Beyinhar deposit (50MT at a grade of 0.62 g/t Au) and at the multi-million ounce CSH 217 deposit (171MT at a grade of 0.71 g/t Au), both applying open pit mining and heap leach gold-silver recovery processes. Profitable exploitation of modest grade bulk tonnage gold deposits is possible since open pit mining and dump or heap leach operations require less front-end capital and have substantially lower per tonne treatment costs than conventional slurry processing mines where higher capital, energy and labour inputs are required.

Quang Tri gold

The Quang Tri Mineral Exploration Licence application covers an area of approximately 23 square kilometres located 35 km east of the Sepon gold and copper mines, within the same geological and structural basin. The area has been subjected to geological studies by the Geological Survey of Vietnam (DGMV) and has been the location of small, unlicensed artisanal gold mining operations for a number of years.

In March 2010 under its new board and management, Axiom engaged consultants from the Institute of Geology and Minerals, Hanoi to redraft and resubmit the Quang Tri application to overcome problems with the authorities over the original application. As part of this process the consulting geologists undertook new geological studies and determined there were four potential “ore bodies” present:

1) **Xa Loi** from 800 to 1000m in length and varying in width from 28.9 to 35.5 m with gold values in rock chips from 1 to 15.2 g/t and silver from 20 to 60 g/t.

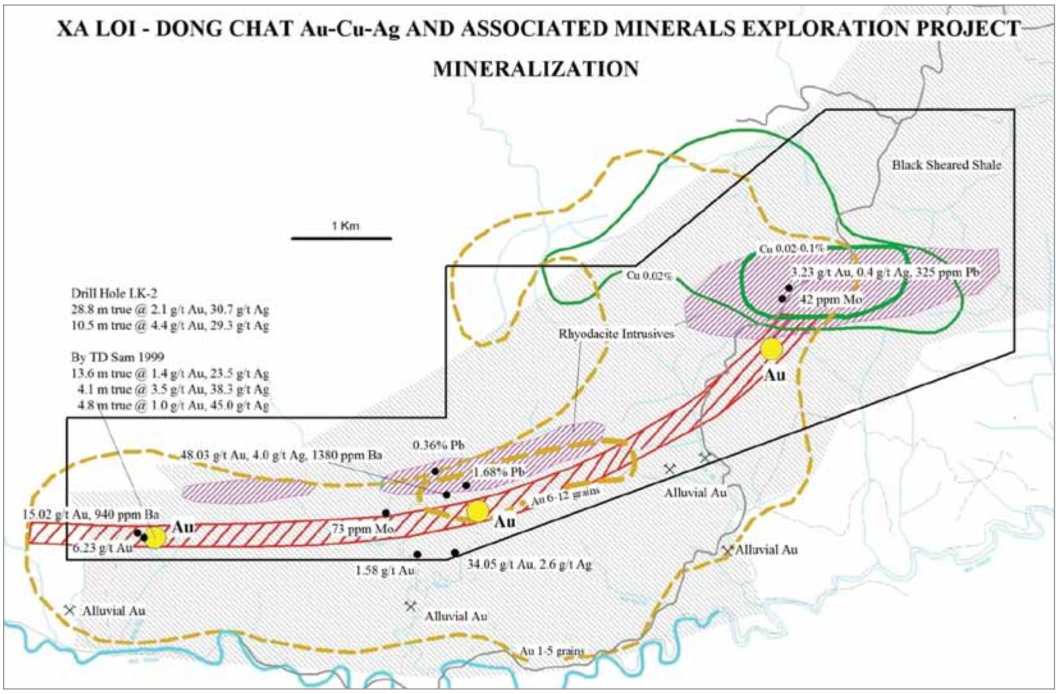
2) **Me Xi** consisting of at least two zones of at least 750m in length and up to 8m in width with gold values between 0.4 and 50.32 g/t in rock chips. Silver values were not reported.

3) **Khe Fia** is a 2 to 3m wide zone over an exposed distance of 400m containing between 0.2 and 4 g/t. Silver values were not reported in Government geological documents.

4) **Dong Chat** is the eastern-most zone and is similar to Khe Fia with up to 3.2 g/t gold.

Unlicensed local mining activities and DGMV exploration has identified multiple gold (silver) zones hosted within faulted calcareous sediments along a strike length of over 8km within which are the four surface gold mineralised areas listed above. The gold ‘zones’ are spatially related to rhyodacite porphyry intrusive and gold is hosted within altered calcareous sediments and in quartz veins. Unlicensed local miners concentrate on mining thicker quartz veins near the surface.

Once the Mineral Exploration Licence (MEL) is granted, exploration will focus on the known targets and expand from these locations. It is anticipated that a significant JORC compliant gold-silver resource will be defined. Below is a map of the MEL with Axiom sample points and assay data.



Mt Molloy copper-zinc

During a previous campaign, operated by Axiom, geological mapping, soil sampling and five diamond drill holes were completed on the Mt Molloy ML and surrounding EPM 12998. The program of 1,025m of drilling was designed to test for proximal extension of high-grade VMS copper-zinc mineralisation down-plunge from the historic mine workings. The best result was obtained in drill hole MM07DD03 with a wide intercept of 43 m @ 0.4% Cu and 0.23% Zn from 30m, which included 6m @ 1.1% Cu and 0.22% Zn from 64m. Holes MM07DD04 and MM07DD05 also had several zones up to 6m wide of similar low tenor copper and/or zinc that appear to represent the same mineralised horizon. Drill holes MM07DD01 and 02 failed to intersect significant mineralisation.

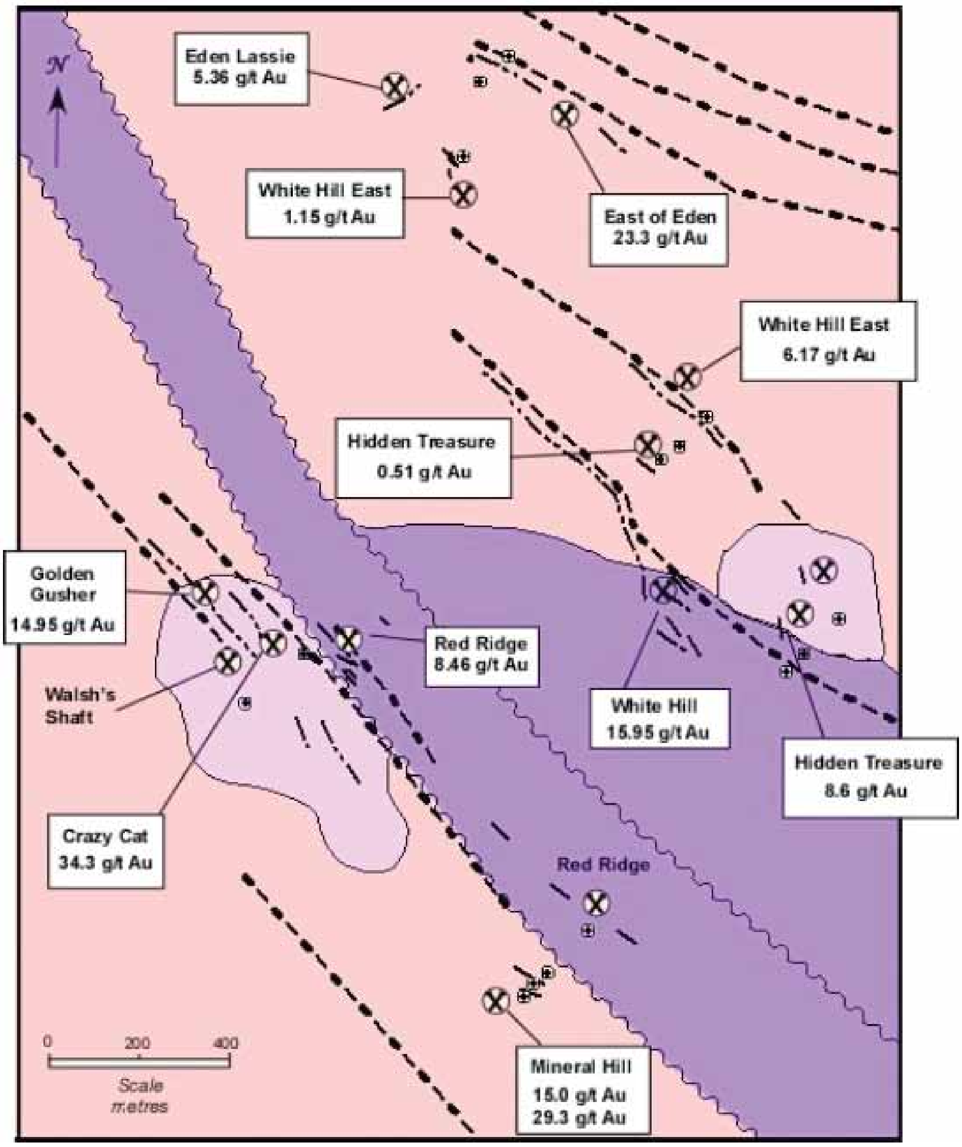
It is now believed that the lode is displaced down and to the west by faulting at the north end and MM07DD01 did not drill far enough to reach it. It is also believed that MM07DD02, the deepest hole, either drilled under the plunge of the lode or was also limited by faulting.

Soil sampling shows strongly anomalous levels of copper and zinc extending from the historic Mt Molloy mine workings for over 200m to the northwest. The anomaly remains open and when fully closed off provides a new drilling target. A discrete gold-in-soil and rock chip anomaly also was found to occur 100m to the south-southeast of the mine workings presenting another drilling target.

Mt Molloy historical mine workings.

White Hills gold

Historically, mining took place at White Hills on a series of sub-parallel northwest trending auriferous quartz veins within altered granitic rocks and roof pendants along the eastern and western sheared margins of a diorite intrusive. Exploration by Axiom located and geologically mapped all old workings. Ground magnetometer and soil sampling surveys were also completed that helped focus on specific targets for drilling. Several prospects have been identified containing shallow to steeply dipping mesothermal gold bearing vein systems and associated alteration zones that are ready for drilling. The principal workings with average rock chip assays are presented on the map below.

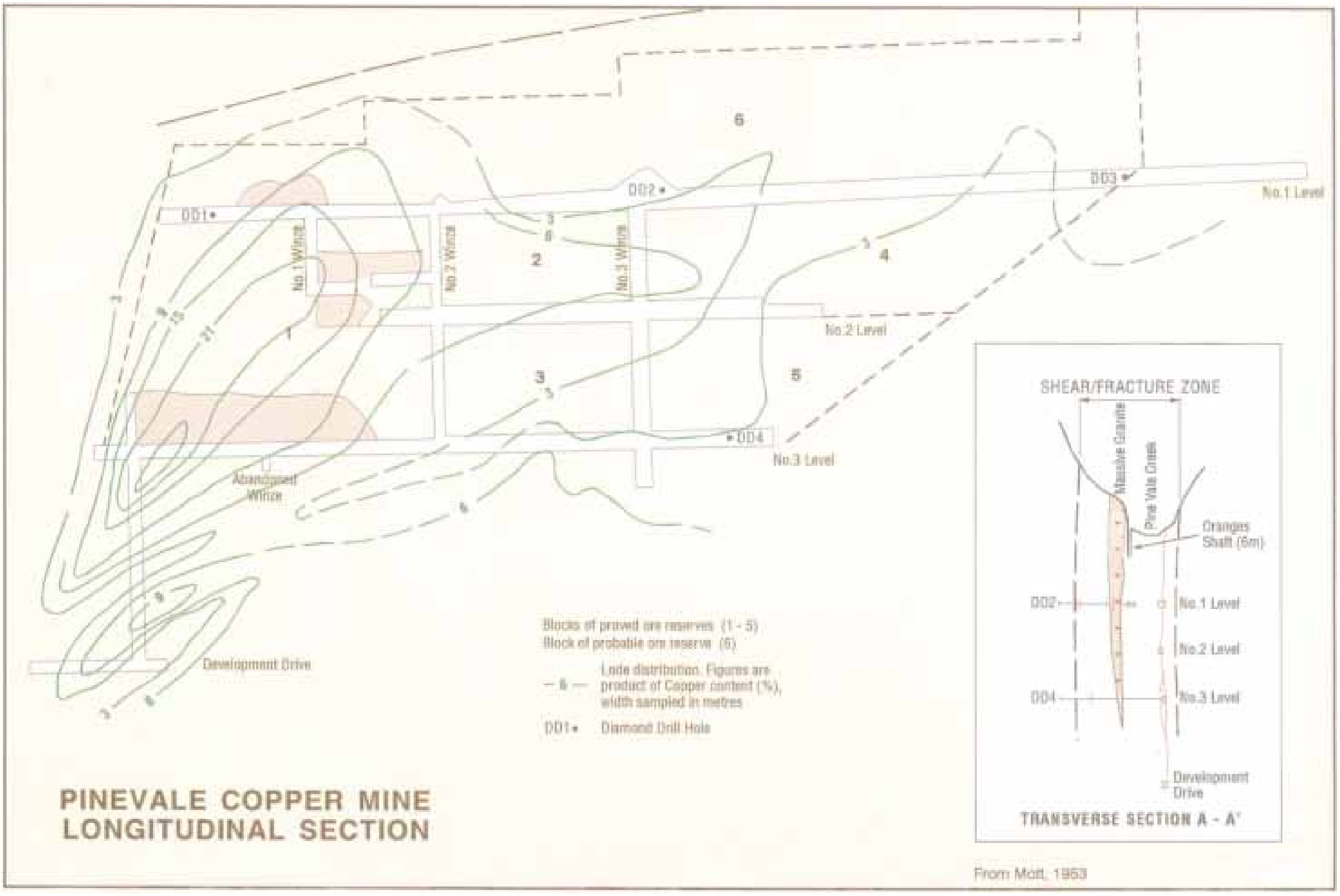


Gold Assays at White Hills.

Pinevale copper-gold

The Pinevale Project consists of ML 4775. The Mining Lease is highly prospective for shear-hosted low tonnage high-grade copper-gold mineralisation (Gympie style deposits) in quartz monzonite of the Ben Mohr Igneous complex. Porphyry style copper-molybdenum mineralisation is also a prime target.

Mineralisation is exposed along the shear zone at surface and in underground workings for 700m and over a width of 50m. A deposit was estimated in 1953 at 26,700t of 6.8% Cu, 117g/t Ag and 0.6g/t Au from sampling historic workings that requires new drilling and sampling to qualify for JORC reporting. Below is a plan of historic mine workings. The green contours show copper (%) x width and the pink areas where mining had taken place when mining ceased in 1953.



Khanh Hoa gold

The Khanh Hoa MEL application area is located near the coast in Khanh Hoa Province, southern Vietnam. The application covers 25.28 sq km, within which is an epithermally altered and mineralised zone and associated quartz veining that was mined on an artisanal level for gold in the 1990s (see photograph below).

The epithermal gold-silver system is an immediate drill target. It has a mapped strike of approximately 2.5km and is up to 500m in width. Past work includes the sampling of 10 vertical pits to a depth of 15m in an area within this zone of 500 x 120m and reportedly indicates a near surface potential for approximately 300,000 ounces of gold. (This is an historic estimate only and has not been confirmed by Axiom nor is it to be confused with a JORC resource calculation.)

Axiom's exploration program is designed to confirm these past results by drilling and to undertake sampling to greater depth and over a larger part of the zone.

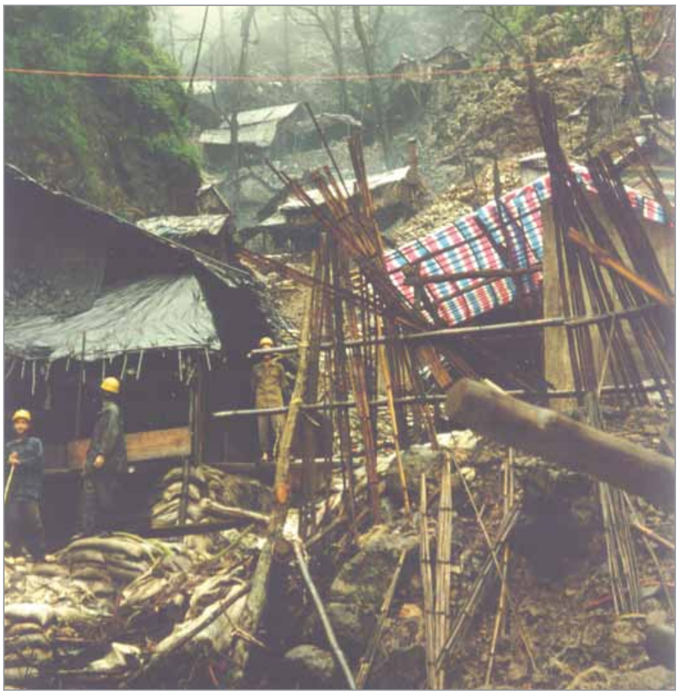
Artisanal gold workings, Khanh Hoa MEL application.

Pu Sam Cap gold-copper

Pu Sam Cap previously consisted of two MELs. On 7 December 2010 the operator, Triple Plate Junction Plc, announced the approval of a new 27 square kilometre MEL for issue for a two-year period. Axiom's interest of 8.47% is free carried until a decision to establish a mine is made.

The Pu Sam Cap area is prospective for high-grade epithermal precious metal veins as well as copper-gold porphyry deposits.

A report released by Triple Plate states that up to US$3.5 million may be expended on exploration over the two-year period of the MEL. During the program the principal focus will be delineation of resources in high-grade gold-silver epithermal vein prospects. The consultant has also recommended further exploration to discover a copper-gold porphyry.



Local unlicensed gold miners, Area 5, Pu Sam Cap.

COMPETENT PERSONS STATEMENT

Geological information presented in this announcement is based on exploration results compiled by Mr John McCarthy. Mr McCarthy is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activity, which he is undertaking to qualify as Competent Person in accordance with Clause 8 of the JORC Code. Mr McCarthy is a full-time employee of the Company and consents to inclusion in this report of the matters based on their information in the form and context in which it appears.

Statements in this document that are forward-looking and involve numerous risks and uncertainties that could cause actual results to differ materially from expected results are based on the Company's current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or there 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.

AXIOM TENEMENT SCHEDULE

Project/Tenement	Area	Holder	Axiom Interest	Expiry Date	Statutory/Rent per annum	Notes
QUEENSLAND						
Cardross						
ML 20003	67.2 ha	Ozmin	100%	31/7/17	892.04	
EPM 15078	32.8 sq km	Ozmin	100%	4/12/12	364.50	
EPM 15243	3.29 sq km	Ozmin	100%	26/9/11	22.14	
EPM 15449	75.72 sq km	Ozmin	100%	4/12/12	1756.88	
EPM 15641	13.17 sq km	Ozmin	100%	22/8/12	291.60	
EPM 16402	164.6 sq km	Ozmin	100%	14/4/15	2500.00	
Jessica						
EPM 15593	92.18 sq km	Ozmin	100%	4/12/12	2093.28	
OK Mines						
ML 4805	18 ha	Ozmin	100%	28/2/11	249.25	Renewal Appl.
ML 4806	18 ha	Ozmin	100%	28/2/11	249.25	Renewal Appl.
ML 4809	8 ha	Ozmin	100%	28/2/11	118.07	Renewal Appl.
ML 4813	127 ha	Ozmin	100%	30/9/11	1666.01	
ML 5038	0.9 ha	Ozmin	100%	31/7/11	39.35	
EPM 14534	39.5 sq km	Ozmin	100%	11/3/12	2500.00	Renewal Appl.
Mt Molloy						
ML 4831	8.1 ha	Ozmin	100%	31/10/17	118.07	
EPM 12998	9.88 sq km	Ozmin	100%	23/5/11	1373.34	
White Hills						
EPM 14409	16.46 sq km	Ozmin	100%	2/8/12	373.80	Renewal Appl.
Pinevale						
ML 4775	12.5 ha	Ozmin	100%	31/3/11	170.54	Renewal Appl.
VIETNAM						
Quang Binh						
MEL 154	35 sq km	VRC (QB)	70%	15/2/08*	n/a	*Extension appl.
Pu Sam Cap						
MEL 316	70 sq km	Triple Plate	8.47%	7/12/11	n/a	Free carried
MEL 317	84 sq km	Triple Plate	8.47%	7/12/11	n/a	Free carried
Quang Tri						
MELA	23.5 sq km	VRC (Quangtri)	80%	n/a	n/a	Application
Khanh Hoa						
MELA	25.28 sq km	AZZU	100%	n/a	n/a	Application

Notes:

"Ozmin" means Ozmin Resources Pty Limited, 100% owned by Axiom Mining Limited

"VRC (QB)" means Vietnam Resources Corporation (QB) Pty Ltd, a wholly owned subsidiary of Axiom Mining Limited

"VRC (Quangtri)" is VRC (Quangtri) Pty Ltd a wholly owned subsidiary of Axiom Mining Limited

"ML" means Mining Lease, Queensland

"EPM" means Exploration Permit Mining, Queensland

"MEL" means Mineral Exploration Licence, Vietnam

"MELA" means Mineral Exploration Licence application for an MEL, Vietnam

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 they are elected and to whom they are accountable. The Board has adopted a Corporate Governance Charter.

The format of this section is guided by the ASX Corporate Governance Council's best practice recommendations. In accordance with the Council's recommendations, this section contains specific information, and also 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	Remunerate fairly and responsibly

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 at this stage of its development. 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 usually schedules monthly meetings and other meetings as and when required. For the purposes of the proper performance of their duties, directors are entitled to seek independent professional advice at the Company's expense. 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 as are deemed desirable as the Company continues to grow.

The Board notes neither Mr Williams nor Mr Stuart are an executive of the Company and are considered to be independent.

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 a separate audit sub-committee; however, 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.

THE COMMITTEE'S PRIMARY RESPONSIBILITIES ARE 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 annual and financial year financial reports and recommend them for approval by the Board of Directors;
5. review the performance of the external auditors and existing audit arrangements; and
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.

REVIEW OF BOARD PERFORMANCE

There is currently no formal process for performance evaluation of the Board, individual directors or chief executive officer. The Board intends to review this aspect of governance over the coming year.

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 at inappropriate times. It is the duty of the designated person to seek to avoid any such dealing at a time when the designated person is prohibited from dealing. 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 has nominated itself as responsible for all disclosure matters.

IDENTIFICATION AND MANAGEMENT OF BUSINESS RISK

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk is the responsibility of the Board. The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed at subsequent Board meetings. Budgets are prepared and compared against actual results.

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. The Company officers and employees are required to act in accordance with the law and with the highest ethical standards. 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 month at Board meetings directors are required to make disclosures of any matters which 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 to assess the performance of the Company and its directors and for the shareholders to make well informed investment decisions. Information is communicated to shareholders through:

– quarterly, bi-annual and audited annual financial reports;

- annual and other general meetings convened for shareholder review and 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 maintains a 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. The Chairman will permit shareholders to ask questions of the auditor about the conduct of the audit and the preparation and content of the audit report.

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.

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 which 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.

Resource estimates

In this report and in the future operations of the Company, references to reserves and resources and their classifications, are in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The 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 negotiations will be successful.

Also, carrying out mining and exploration 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.

Funding requirements

The Company's 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. 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 of 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.

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.

Environmental regulations

The Company's operations and projects are subject to the law and regulations of the jurisdictions it operates in regarding environmental matters, including discharge of hazardous waste and materials. Although the Company endeavours to comply in all material respects with all applicable environmental laws and regulations, there are risks inherent in its activities, such as spills, leakages or other unforeseen circumstances, which could expose the Company to liability.

The Company is required, and has obtained, approval from all relevant authorities to undertake prescribed activities. Failure to maintain such approvals may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which 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 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 product is not always possible. Accordingly, the Company will not be insured against all possible losses, whether because of unavailability of cover or because the premiums may be excessive relative to benefits that would accrue.

Sovereign risk and foreign operations

There are risks associated with operating in foreign countries. 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, including exploration and mining rights, will not be amended in the future to the detriment of the Company's business. 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. Costs of compliance with laws and regulations in Australia, Hong Kong, Vietnam and Solomon Islands may vary from current estimates.

Vietnam's economy is undergoing a transition from a planned to a more market-oriented economy. Although in recent years the Vietnamese government has implemented economic reforms and reduced state ownership, a substantial portion of productive assets in Vietnam are still owned by the government. In addition, the Vietnamese government continues to exercise significant control over Vietnam's economic growth through allocation of resources, control of foreign currency denominated obligations, setting of monetary policy and providing preferential treatment to particular industries or companies. The Company's future earnings could be affected if the Vietnamese government was to reverse recent trends and impose restrictions on the Company's business. The Solomon Islands economy and political environment is also subject to change and development.

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.

Currency and exchange rate risk

Movements in currency exchange rates can be volatile. The Company's expenditure obligations for exploration in Vietnam are incurred predominantly in US$, in the Solomon Islands are Solomon Bolona dollars (SBD) and in Australia in A$. 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 A$. For ASX reporting purposes, quarterly statements and accounts are provided in A$.

The return on equity and any dividends for Australian Shareholders may be exposed to fluctuations and volatility of the exchange rates among US$, A$, SBD, Vietnamese Dong.

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. Movements 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 could impact adversely on the assets, operations and ultimately financial performance of the Company.

FINANCIALS

Axiom Mining Limited

Audited consolidated financial statements for the year ended 30 September 2010

an independent member of
BAKER TILLY
INTERNATIONAL

BAKER TILLY
HONG KONG
www.bakertillyhk.com

BAKER TILLY
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Independent auditor's report to the shareholders of Axiom Mining Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Axiom Mining Limited (the "company") set out on pages 35 to 71, which comprise the consolidated and company balance sheets as at 30 September 2010, and the consolidated and company income statements, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity, and the consolidated and company cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 and true and fair presentation of the financial statements 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.

Independent auditor's report to the shareholders of Axiom Mining Limited (continued)

(Incorporated in Hong Kong with limited liability)

Audit opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 2010 and of the company's and the group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2(b) to the financial statements which indicates that if the group is unable to raise additional equity or is unable to farm out or dispose of its exploration assets, there is significant uncertainty as to whether the group can continue as a going concern.

BTHK

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 23 December 2010
Andrew David Ross
Practising certificate number P01183

INCOME STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in Australian dollars)

		Group		Company	
		2010	2009	2010	2009
	Note	A$	A$	A$	A$
Revenue					
Interest income		11,314	1,873	11,314	1,873
Sundry income		55,179	-	55,179	-
Write-back of other payables and accruals		61,560	95,782	61,560	95,782
Total revenue from ordinary activities		128,053	97,655	128,053	97,655
Depreciation and amortisation		(9,913)	(13,470)	(9,913)	(13,470)
Salaries, directors and employee benefits expense		(387,747)	(86,297)	(387,747)	(86,297)
Interest		-	-	-	-
ASX fees		(80,846)	(16,389)	(80,846)	(16,389)
Audit fees		(80,286)	(30,003)	(80,286)	(30,003)
Provision for non-recovery of intercompany receivables	7	-	-	(71,393)	-
Impairment loss on exploration expenditure	10	-	-	-	-
Exploration costs		(1,676,729)	(123,450)	-	(123,450)
Foreign exchange loss		(1,010)	-	(1,010)	-
Administration, accounting, secretarial and other costs		(438,110)	(140,910)	(437,816)	(140,910)
Rent and occupancy costs		(42,525)	(22,420)	(42,525)	(22,420)
Write-off of assets		-	(119,347)	-	(119,347)
Loss on deconsolidation of a subsidiary and write-off of subsidiaries' assets and liabilities	13(b)	-	(1,236,295)	-	-
Loss before income tax		(2,589,113)	(1,690,925)	(983,483)	(454,630)
Income tax	4	-	-	-	-
Net loss attributable to shareholders		(2,589,113)	(1,690,925)	(983,483)	(454,630)
Loss per share (A cents)					
Basic	5(a)	(0.43)	(0.73)		
Diluted	5(b)	N/A	N/A		

The notes on pages 41 to 71 form part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in Australian dollars)

		Group		Company	
		2010	2009	2010	2009
	Note	A$	A$	A$	A$
Net loss attributable to shareholders		(2,589,113)	(1,690,925)	(983,483)	(454,630)
Other comprehensive income for the year					
Exchange differences on translation of financial statements of overseas subsidiaries		763,784	-	701,978	2,715
Surplus on revaluation of mineral exploration expenditure		15,030,391	-	-	-
		15,794,175	-	701,978	2,715
Total comprehensive income/(loss) for the year attributable to shareholders		13,205,062	(1,690,925)	(281,505)	(451,915)

The notes on pages 41 to 71 form part of these financial statements.

BALANCE SHEETS
AS AT 30 SEPTEMBER 2010
(Expressed in Australian dollars)

	Note	Group 2010 A$	Group 2009 A$	Company 2010 A$	Company 2009 A$
Current assets					
Cash and cash equivalents		624,809	67,423	601,861	67,423
Trade and other receivables	6	95,632	30,852	95,632	30,852
Total current assets		720,441	98,275	697,493	98,275
Non-current assets					
Intercompany receivables	7	-	-	1,561,888	-
Investments in subsidiaries	7	-	-	4,974,493	-
Other investments	8	-	-	-	-
Property, plant and equipment	9	4,528	11,572	4,528	11,572
Mineral exploration expenditure	10	20,568,182	568,182	568,182	568,182
Total non-current assets		20,572,710	579,754	7,109,091	579,754
Total assets		21,293,151	678,029	7,806,584	678,029
Current liabilities					
Trade and other payables	11	623,420	586,752	623,420	586,752
Provisions	12	194,956	43,279	194,956	43,279
Total current liabilities		818,376	630,031	818,376	630,031
NET ASSETS		20,474,775	47,998	6,988,208	47,998
CAPITAL AND RESERVES	15				
Share capital		9,185,045	2,636,252	9,185,045	2,636,252
Reserves		42,931,099	29,326,310	27,838,902	29,326,310
Accumulated losses		(31,641,369)	(31,914,564)	(30,035,739)	(31,914,564)
TOTAL EQUITY		20,474,775	47,998	6,988,208	47,998

Approved and authorised for issue by the board of directors on 23 December 2010.

Director

Director

The notes on pages 41 to 71 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in Australian dollars)

Group

	Share capital A$	Share premium A$	Exchange reserve A$	Asset revaluation reserve A$	Accumulated losses A$	Total A$
At 1 October 2008	2,636,252	30,896,461	(818,223)	92,161	(31,067,728)	1,738,923
Deconsolidation of a subsidiary (note 13)	-	-	(844,089)	-	844,089	-
Total comprehensive loss for the year	-	-	-	-	(1,690,925)	(1,690,925)
At 30 September 2009	2,636,252	30,896,461	(1,662,312)	92,161	(31,914,564)	47,998
At 1 October 2009	2,636,252	30,896,461	(1,662,312)	92,161	(31,914,564)	47,998
Shares issued during the year	6,408,133	813,582	-	-	-	7,221,715
Total comprehensive income for the year	140,660	(2,838,987)	608,070	15,022,124	273,195	13,205,062
At 30 September 2010	9,185,045	28,871,056	(1,054,242)	15,114,285	(31,641,369)	20,474,775

The notes on pages 41 to 71 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CONTINUED)
(Expressed in Australian dollars)

Company

	Share capital A$	Share premium A$	Exchange reserve A$	Asset revaluation reserve A$	Accumulated losses A$	Total A$
At 1 October 2008	2,636,252	30,896,461	(1,665,027)	92,161	(31,459,934)	499,913
Total comprehensive loss for the year	-	-	2,715	-	(454,630)	(451,915)
At 30 September 2009	2,636,252	30,896,461	(1,662,312)	92,161	(31,914,564)	47,998
At 1 October 2009	2,636,252	30,896,461	(1,662,312)	92,161	(31,914,564)	47,998
Shares issued during the year	6,408,133	813,582	-	-	-	7,221,715
Total comprehensive loss for the year	140,660	(2,838,987)	546,264	(8,267)	1,878,825	(281,505)
At 30 September 2010	9,185,045	28,871,056	(1,116,048)	83,894	(30,035,739)	6,988,208

The notes on pages 41 to 71 form part of these financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010
(Expressed in Australian dollars)

	Note	Group 2010 A$	Group 2009 A$	Company 2010 A$	Company 2009 A$
Cash flows from operating activities					
Payments to suppliers and employees		(2,522,128)	(828,945)	(2,478,386)	(486,357)
Sundry income		55,179	-	55,179	-
Interest paid		-	-	-	-
Interest received		11,314	1,873	11,314	1,873
Net cash used in operating activities	16	(2,455,635)	(827,072)	(2,411,893)	(484,484)
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,869)	-	(2,869)	-
Proceeds from disposal of a subsidiary	13(a)	-	2	-	2
Net cash inflow on acquisition of a subsidiary	14	4,820	-	-	-
Net cash generated from/(used in) investing activities		1,951	2	(2,869)	2
Cash flows from financing activities					
Proceeds from issue of ordinary shares		3,077,028	-	3,077,028	-
Proceeds from non-interest bearing borrowings		-	392,792	-	392,792
Net cash generated from financing activities		3,077,028	392,792	3,077,028	392,792
Net increase/(decrease) in cash and cash equivalents		623,344	(434,278)	662,266	(91,690)
Cash and cash equivalents at 1 October		67,423	234,766	67,423	220,792
Effect of exchange rate changes		(65,958)	266,935	(127,880)	(61,679)
Cash and cash equivalents at 30 September		624,809	67,423	601,809	67,423

The notes on pages 41 to 71 form part of these financial statements.

1 COMPANY INFORMATION

Axiom Mining Limited is incorporated in Hong Kong and has its registered office and principal place of business at 2303-7 Dominion Centre, 43-59 Queen's Road East, Hong Kong and Chifley Square, Sydney, Australia respectively. The company's shares are listed on the Australian Securities Exchange.

The group is principally engaged in mineral exploration in Australia and Vietnam.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements constitute a general-purpose financial report, which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Hong Kong Companies Ordinance. The financial statements also comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB"). A summary of the significant accounting policies adopted by the group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the group and of the company. There have been no significant changes to the accounting policies applied in these financial statements as a result of these developments, except for IAS 1 (Revised), Presentation of financial statements.

As a result of the adoption of IAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised statement of changes in equity. All other items of income and expenses, if any, are presented in the statements of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

The group has not applied any new standard or implementation that is not yet effective for the current amounting period (see note 26).

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2010 comprise the company and its subsidiaries (the "group").

The financial statements have been prepared under the historical cost basis except that the property, plant and equipment are stated at their fair value as explained in the accounting policy set out in note 2(e).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

The group has historically presented its consolidated financial statements in United States dollars. However, since a significant portion of the group's operations are carried out in Australia, during the year ended 30 September 2010, the directors have decided it is appropriate to change the group's presentation currency to Australian dollars ("A$").

The preparation of financial statements in conformity with IFRSs 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.

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 IFRSs 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 25.

In preparing the financial statements, the directors consider that the going concern basis for preparation of the financial statements for the group is appropriate and recognise that additional funding is required to ensure that the group can continue its operations for the next twelve months.

This basis has been determined after consideration of the following factors:

- the ability to raise additional share capital by share placements or a rights issue;

- the option of farming out all or part of the group's exploration projects; and

- the ability, if required to dispose of interests in exploration assets.

Accordingly, the directors believe that the group will obtain 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 30 September each year.

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's balance sheet, an investment in a subsidiary are stated at cost less any impairment losses (see note 2(h)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Other investments

Investments in equity securities are initially stated at fair value, which is their transaction price. Cost includes attributable transaction costs. These investments are subsequently measured at cost less impairment losses (see note 2(h)(i)).

(e) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost or valuation less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

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 on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives at 33% per annum.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Mineral exploration expenditure

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at the balance sheet date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Any revaluation on the costs carried forward is taken to asset revaluation reserve.

Costs arising from exploration, evaluation and development activities are recognised in profit or loss until it is highly probable that there is an economic resources available.

(g) Leased assets

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 Ae 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 and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the group under leases which 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets

(i) Impairment of investments in equity securities and trade 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 group 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.

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 costs 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (continued)

(i) Impairment of investments in equity securities and trade and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and 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 trade and 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 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;
- mineral exploration expenditure; and
- investments in subsidiaries.

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 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

- 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.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(h)(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.

(j) Trade and other payables

Trade and 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.

(k) 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.

(l) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice 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/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 capital 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 capital 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 capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) 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.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

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 recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Related parties

For the purposes of these financial statements, a party is considered to be related to the group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group;

(ii) the group and the party are subject to common control;

(iii) the party is an associate of the group or a joint venture in which the group is a venturer;

(iv) the party is a member of key management personnel of the group or the group’s parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the group or of any entity that is a related party of the group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 ordinary shareholders 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 ordinary shareholders 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.

(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.

3 TURNOVER AND REVENUE AND SEGMENT INFORMATION

The group is principally engaged in mineral exploration in Australia. The group only derived interest and sundry income during the year.

4 INCOME TAX

(a) Income tax expense

The prima facie tax, using tax rates applicable in the country of operation, on the operating does not differ from the income tax provided in the financial statements.

Provision for Hong Kong Profits Tax is deemed unnecessary as the group does not have any business carried out in Hong Kong and is therefore not subject to Hong Kong taxation.

(Expressed in Australian dollars)

4 INCOME TAX (CONTINUED)

(b) Income tax losses

Future income tax benefit arising from tax losses not brought to account at balance sheet date as realisation of the benefit is not regarded as virtually certain.

The benefit for tax losses will only be obtained if:

(i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) No changes in tax legislation adversely affect the group in realising the benefit.

5 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the company of A$2,589,113 (2009: A$1,690,025) and the weighted average number of 595,974,074 ordinary shares (2009: 231,990,181 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010 A$	2009 A$
Issued ordinary shares at 1 October (note 15(a))	231,990,181	231,990,181
Effect of placement of shares	129,531,546	-
Effect of shares issued for acquisition of a subsidiary	234,452,347	-
Weighted average number of ordinary shares at 30 September	595,974,074	231,990,181

(b) Diluted loss per share

No diluted loss per share has been presented as there were no dilutive events during the year.

(Expressed in Australian dollars)

6 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Trade and other receivables	95,632	30,852	95,632	30,852
Less: Allowance for doubtful debts	-	-	-	-
	95,632	30,852	95,632	30,852

Terms and conditions

Trade and other receivables comprise sundry debtors and intercompany receivables.

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

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see note 2(h)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
At 1 October	-	-	-	9,254,833
Impairment loss recognised	-	-	-	-
Uncollectible amounts written off	-	-	-	(9,254,833)
At 30 September	-	-	-	-

At 30 September 2010, the directors determined no trade and other receivables (2009: A$9,254,833) to be impaired.

(Expressed in Australian dollars)

7 SUBSIDIARIES

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Unlisted shares, at cost	-	-	4,979,959	5,466
Less: Provision for impairment loss	-	-	(5,466)	(5,466)
	-	-	4,974,493	-
Intercompany receivables	-	-	1,633,281	-
Less: Provision for impairment loss	-	-	(71,393)	-
	-	-	1,561,888	-

At 30 September 2010, the directors determined all investments in subsidiaries of A$5,466 (2009: A$5,466) to be impaired.

At 30 September 2010, the company had intercompany receivables of $1,633,281, which are non-interest bearing and have no fixed terms of repayment. A provision of $71,393 has been made against this amount. The net intercompany receivable of $1,561,888 has been classified as a non-current asset as it relates to the loan to a wholly owned subsidiary for the purpose of exploration.

(Expressed in Australian dollars)

7 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation	Percentage of equity interest held by the group		Investment cost	
		2010	2009	2010	2009
		%	%	A$	A$
Vietnam Resources Corporation Pty Ltd.	Australia	100	100	5,382	5,382
Vietnam Resources Corporation (QB) Pty Ltd.	Australia	100	100	4	4
VRC Quangtri Pty Ltd.	Australia	100	100	1	1
Vietnam Resources Corporation (VN Holdings) Pty Ltd.	Australia	100	100	79	79
Axiom Quang Tri Ltd.	Vietnam	100	100	-	-
Axiom Nickel Pty Ltd.	Australia	100	100	-	-
Ozmin Resources Pty Ltd.#	Australia	100	30	4,974,493	-
Azzu Mining Ltd.	British Virgin Islands	100	100	-	-
Laos Resources Ltd.	British Virgin Islands	100	100	-	-
				4,979,959	5,466

All of the above companies were audited by a firm other than Baker Tilly Hong Kong Limited.

On 15 July 2009, the company disposed of a 40% equity interest in Ozmin Resources Pty Ltd. for a cash consideration of A$2.

On the same day, Ozmin Resources Pty Ltd. allotted and issued shares to dilute the company's interest to 30%.

On 26 March 2010, the company issued 452,778,342 fully paid ordinary shares for the acquisition of 70% of Ozmin Resources Pty Ltd.

(Expressed in Australian dollars)

8 OTHER INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Unlisted equity securities	-	-	-	411
Less: Provision for impairment loss	-	-	-	(411)
	-	-	-	-

Other investments represented a 30% equity interest in Ozmin Resources Pty Ltd..

At 30 September 2009, the directors determined all other investments of A$411 to be fully impaired.

In 2010, the company acquired a further 70% equity interest in Ozmin Resources Pty Ltd. and the investment cost is recorded as investment in a subsidiary (note 7).

9 PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Measured at cost and valuation	43,519	40,653	43,519	40,653
Accumulated depreciation	(38,991)	(29,081)	(38,991)	(29,081)
	4,528	11,572	4,528	11,572

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year:

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Carrying amount at 1 October	11,572	511,669	11,572	79,723
Additions	2,869	-	2,869	-
Write-off	-	(69,652)	-	(69,652)
Depreciation	(9,913)	(13,470)	(9,913)	(13,470)
Deconsolidation of a subsidiary and write-off of subsidiaries' assets (note 13)	-	(431,946)	-	-
Foreign exchange adjustment to opening balance	-	14,971	-	14,971
Carrying amount at 30 September	4,528	11,572	4,528	11,572

(Expressed in Australian dollars)

10 MINERAL EXPLORATION EXPENDITURE

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

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Carrying amount at 1 October	568,182	1,704,546	568,182	568,182
Acquisition of a subsidiary (note 14)	4,969,673	-	-	-
Movements during the year	(64)	-	-	-
Revaluation surplus	15,030,391	-	-	-
Deconsolidation of a subsidiary and write-off of subsidiaries' assets (note 13)	-	(1,136,364)	-	-
Carrying amount at 30 September	20,568,182	568,182	568,182	568,182

As a result of successful exploration drilling the directors revalued the Queensland tenements to A$20,568,182 as at 30 September 2010. The increment of A$15,030,391 was taken directly to the asset revaluation reserve.

11 TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Trade payables	493,605	135,780	493,605	135,780
Other payables and accruals	129,815	58,179	129,815	58,179
Non-interest bearing borrowings				
- from directors	-	210,024	-	210,024
- from third parties	-	182,769	-	182,769
	623,420	586,752	623,420	586,752

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

Non-interest bearing borrowings are unsecured, interest free and have no fixed terms of repayment.

(Expressed in Australian dollars)

12 PROVISIONS

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Provision for contingent claim	171,879	-	171,879	-
Provision for employee benefits	23,077	43,279	23,077	43,279
	194,956	43,279	194,956	43,279

13 DECONSOLIDATION OF A SUBSIDIARY AND WRITE-OFF OF SUBSIDIARIES' ASSETS AND LIABILITIES

(a) Disposal of a subsidiary and subsequent acquisition of subsidiary

On 15 July 2009, the company disposed of a 40% equity interest in a direct subsidiary, Ozmin Resources Pty Ltd. ("Ozmin"), leaving a 60% equity interest, representing 1,200 ordinary shares out of 2,000 issued ordinary shares of Ozmin, for a consideration of A$2.

On the same day, Ozmin allotted and issued 2,000 new ordinary shares to increase its paid-up share capital to 4,000 ordinary shares. The company's equity interest in Ozmin is then diluted to 30%, representing 1,200 ordinary shares out of 4,000 issued ordinary shares of Ozmin.

The disposal took place whilst Ozmin was in administration and the company did not have access to Ozmin's accounting records. It was not therefore possible to determine the exact accounting entries and include full disclosure of the effect of the disposal and deconsolidation which was therefore accounted for in equity.

On 26 March 2010, the company acquired 70% of Ozmin through the issue of 452,778,342 fully paid ordinary shares and the company now owns 100% of Ozmin (note 7 and 14).

(b) Write-off of subsidiaries' assets and liabilities

During the year ended 30 September 2009, the company determined all assets and liabilities held by other dormant subsidiaries to be impaired, resulting in a write-off of subsidiaries' assets and liabilities in the income statement.

As a consequence of the disposal of the subsidiary and a write-off of other subsidiaries' assets and liabilities, the company recorded a loss on deconsolidation of a subsidiary and a write-off of the subsidiaries' assets and liabilities totaling A$1,236,295 in the consolidated income statement and a transfer of A$844,089 from the exchange reserve to accumulated losses arising on the deconsolidation of the subsidiary as noted in (a), in the consolidated balance sheet.

(Expressed in Australian dollars)

14 BUSINESS COMBINATION

On 26 March 2010, the shareholders approved the issue of 452,778,342 fully paid ordinary shares to the then shareholders of Ozmin, to acquire their 70% equity interest in Ozmin. Ozmin became 100% owned by the company.

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination A$	Recognised fair values on acquisition A$
Cash and cash equivalents	4,820	4,820
Mineral exploration expenditure	4,969,673	4,969,673
Net assets acquired and total consideration	4,974,493	4,974,493
Satisfied by:		
Issue of new shares		4,974,493
Net cash inflow arising on acquisition:		
Cash consideration paid		-
Cash and cash equivalents acquired		4,820
		4,820

15 CAPITAL AND RESERVES

(a) Authorised and issued share capital

	Group		Company	
	2010 A$	2009 A$	2010 A$	2009 A$
Authorised				
1,500,000,000 (2009: 1,000,000,000) ordinary shares of US$0.01 each	15,516,706	11,363,636	15,516,706	11,363,636
Issued and fully paid				
887,918,339 (2009: 231,990,181) ordinary shares of US$0.01 each	9,185,045	2,636,252	9,185,045	2,636,252

By a resolution passed at the extraordinary general meeting on 30 July 2010, the company's authorised ordinary share capital was increased to US$15,000,000 by the creation of an additional 500,000,000 ordinary shares of US$0.01 each, ranking pari passu with the existing ordinary shares of the company.

(Expressed in Australian dollars)

15 CAPITAL AND RESERVES (CONTINUED)

(a) Authorised and issued share capital (continued)

Movements in issued shares

	2010 Number of shares	2010 A$	2009 Number of shares	2009 A$
Balance at 1 October	231,990,181	2,636,252	231,990,181	2,636,252
Issue of new shares				
- placement for cash	203,149,816	2,263,446	-	-
- acquisition of Ozmin (note 14)	452,778,342	4,974,493	-	-
- effect of foreign exchange movement	-	(689,146)	-	-
Balance at 30 September	887,918,339	9,185,045	231,990,181	2,636,252

(b) Reserves and accumulated losses

	Group 2010 A$	Group 2009 A$	Company 2010 A$	Company 2009 A$
Share premium	28,871,056	30,896,461	28,871,056	30,896,461
Asset revaluation reserve	15,114,285	92,161	83,894	92,161
Exchange reserve	(1,054,242)	(1,662,312)	(1,116,048)	(1,662,312)
	42,931,099	29,326,310	27,838,902	29,326,310
Accumulated losses	(31,641,369)	(31,914,564)	(30,035,739)	(31,914,564)

(i) Share premium

The share premium contains amounts received as a premium on the issue of shares and options.

Movements in share premium

	Group 2010 A$	Group 2009 A$	Company 2010 A$	Company 2009 A$
Balance at 1 October	30,896,461	30,896,461	30,896,461	30,896,461
Premium on issue of ordinary shares	813,582	-	813,582	-
Effect of foreign exchange movement	(2,838,987)	-	(2,838,987)	-
Balance at 30 September	28,871,056	30,896,461	28,871,056	30,896,461

(Expressed in Australian dollars)

15 CAPITAL AND RESERVES (CONTINUED)

(b) Reserves and accumulated losses (continued)

(ii) Asset revaluation reserve

The asset revaluation reserve has been set up and is dealt with in accordance with the accounting policies for property, plant and equipment in note 2(e) and revaluation of exploration tenements in note 2(f).

During the year ended 30 September 2004, the directors revalued plant and equipment to reflect its then realisable value. During the year ended 30 September 2010 the directors revalued the Queensland tenements:

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Balance at 1 October	92,161	92,161	92,161	92,161
Effect of foreign exchange movement	(8,267)	-	(8,267)	-
Revaluation increment	15,030,391	-	-	-
Balance at 30 September	15,114,285	92,161	83,894	92,161

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

This reserve represents the effect of translating opening cash and other balance sheet items to the year end exchange rate:

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Balance at 30 September	(1,054,242)	(1,662,312)	(1,116,048)	(1,662,312)

(Expressed in Australian dollars)

15 CAPITAL AND RESERVES (CONTINUED)

(b) Reserves and accumulated losses (continued)

(iv) Accumulated losses

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Balance at 1 October	(31,914,564)	(31,067,728)	(31,914,564)	(31,459,934)
Deconsolidation of a subsidiary (note 13)	-	844,089	-	-
Effect of foreign exchange movement	2,862,308	-	2,862,308	-
Net loss attributable to equity shareholders of the company for the year	(2,589,113)	(1,690,925)	(983,483)	(454,630)
Balance at 30 September	(31,641,369)	(31,914,564)	(30,035,739)	(31,914,564)

(c) Distributability of reserves

At 30 September 2010, the aggregate amount of reserves available for distribution to shareholders of the company was A$nil (2009: A$nil).

(d) Movements in unlisted options in issue

	Group and Company	
	2010	2009
	A$	A$
Balance at 1 October	44,500,000	66,151,616
Lapsed during the year	(14,500,000)	(21,651,616)
Balance at 30 September	30,000,000	44,500,000

During the year ended 30 September 2009, 21,651,616 loyalty options outstanding over ordinary shares exercisable at A$0.25 each were expired on 10 November 2008.

At 30 September 2010, there were 30,000,000 general options granted to directors, management and staff over ordinary shares exercisable within 60 months at an initial exercise price of A$0.25 each, increasing by A$0.025 per annum.

At 30 September 2009, there were 14,500,000 options over ordinary shares pursuant to the executive and employee option plan exercisable at A$0.25 each by 5 November 2012. These unlisted options lapsed during the year.

15 CAPITAL AND RESERVES (CONTINUED)

(d) Movements in unlisted options in issue (continued)

No share-based payments were recognised in the financial statements in accordance with the accounting policy set out in note 2(m) in respect of the share options in issue as at 30 September 2010.

(e) Capital management

The group's primary objective 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 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.

(Expressed in Australian dollars)

16 NOTE TO CASH FLOW STATEMENTS

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

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Net loss	(2,589,113)	(1,690,925)	(983,483)	(454,630)
Non-cash items				
Depreciation	9,913	13,470	9,913	13,470
Loss on deconsolidation of a subsidiary and write-off of subsidiaries' assets and liabilities	-	1,236,295	-	-
Provision for impairment loss on investments in subsidiaries and other investments	-	411	-	5,877
Provision for non-recovery of intercompany receivables	-	-	71,393	-
Write-back of other payables	(61,560)	(95,782)	(61,560)	(95,782)
Write-off of cash and cash equivalents	-	49,696	-	49,696
Write-off of property, plant and equipment	-	69,652	-	69,652
Changes in assets and liabilities				
Increase in trade and other receivables	(64,780)	(16,804)	(64,780)	(30,696)
Increase in intercompany receivables	-	-	(1,633,281)	-
Increase/(decrease) in trade and other payables	98,228	(383,933)	98,228	(41,198)
Increase/(decrease) in provisions	151,677	(9,152)	151,677	(873)
Net cash used in operations	(2,455,635)	(827,072)	(2,411,893)	(484,484)

17 SHORT TERM EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Employee benefits				
The aggregate employee benefit liability comprised provisions (current)	23,077	43,279	23,077	43,279

(Expressed in Australian dollars)

18 EXPENDITURE COMMITMENTS

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

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
	-	-	-	-

These commitments may be carried by seeking exemptions, relinquishment or by joint venture arrangements. Subsequent to year end the group has exceeded its exploration commitments through exploration work.

19 CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities are as follows:

The group has entered into a heads of agreement with Long Dai Forest and Industrial Company for the exploration and development of the Southern Quang Binh Gold-Copper project. Under this agreement, US$150,000 is payable upon drilling results confirming the presence of an economic mineral deposit and a subsequent payment of US$100,000 is payable upon exploration confirming that the project is a commercially viable mineral deposit. These contingent payments may be varied by mutual consent of the parties.

20 AUDITOR'S REMUNERATION

	Group		Company	
	2010	2009	2010	2009
	A$	A$	A$	A$
Amount received or due and receivable by auditors for:				
- an audit of the financial statements of the group by Baker Tilly Hong Kong Limited	9,711	5,681	9,711	5,681
- audit services by firms other than Baker Tilly Hong Kong Limited	70,575	24,322	70,575	24,322
	80,286	30,003	80,286	30,003

(Expressed in Australian dollars)

21 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of specified directors and specified executives

(i) Specified directors

Mr. Stephen Williams	Non-executive Chairman (appointed on 30 June 2010)
Mr. John Cook	Non-executive Chairman (resigned on 30 June 2010)
Mr. Ryan Mount	Chief Executive Officer (appointed on 1 April 2010)
Mr. John V McCarthy	Executive director
Mr. Neil Stuart	Non-executive director

(ii) Specified executives

Mr. Jeff Carter	Chief Financial Officer and Local Agent (appointed on 22 June 2010)

(b) Remuneration of specified directors and 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 from time to time determined by the company in general meeting 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 A$50,000 per annum (2009: A$60,000) and non-executive directors are remunerated at A$35,000 per annum (2009: A$36,000).

Directors may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs service 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.

During the year, the shareholders approved the implementation of a Directors and Executives Performance Rights Plan. Shareholders also approved the issue of the following maximum number of shares at nil cost per share, subject to performance conditions being attained, under the Directors and Executives Performance Rights Plan:

Mr. Stephen Williams	5,000,000 shares
Mr. Ryan Mount	55,500,000 shares
Mr. John V McCarthy	25,000,000 shares
Mr. Neil Stuart	4,000,000 shares

None of the above has been issued as at 30 September 2010.

(Expressed in Australian dollars)

21 DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(c) Service agreements

The group has the service agreements with the following officers:

Ryan Mount, Chief Executive Officer and Executive director

Terms of agreement – 3 years commencing 1 April 2010, base salary, inclusive of superannuation of A$163,500 to be reviewed annually by the remuneration committee. In addition, an amount of A$30,000 is payable as directors fees per annum.

John V McCarthy, Chief Geologist and Executive director

Terms of agreement – 3 years commencing 1 April 2010, base salary, inclusive of superannuation of A$163,500 to be reviewed annually by the remuneration committee. In addition, an amount of A$30,000 is payable as directors fees per annum.

Remuneration of specified directors and specified executives:

	Primary salary and fees	Post employment superannuation	Equity share-based payments	Total
	A$	A$	A$	A$
Specified directors:				
Stephen Williams				
2010	12,500	-	-	12,500
2009	-	-	-	-
John Cook				
2010	-	-	-	-
2009	-	-	-	-
Ryan Mount				
2010	96,750	-	-	96,750
2009	-	-	-	-
John V McCarthy				
2010	145,941	-	-	145,941
2009	34,091	-	-	34,091
Neil Stuart				
2010	17,501	-	-	17,501
2009	-	-	-	-
Total remuneration:				
Specified directors:				
2010	272,692	-	-	272,692
2009	34,091	-	-	34,091

(Expressed in Australian dollars)

21 DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

(c) Service agreements (continued)

	Primary salary and fees	Post employment superannuation	Equity share-based payments	Total
	A$	A$	A$	A$
Specified executives:				
Jeff Carter				
2010	23,544	-	-	23,544
2009	-	-	-	-
Total remuneration:				
Specified executives:				
2010	23,544	-	-	23,544
2009	-	-	-	-

(d) Balances with related parties are disclosed in notes 7 and 11.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate 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 to manage these risks are described below.

(a) Credit risk

The group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and other receivables are due within 30 days to 90 days from the date of billing. Normally, the group does not obtain collateral from customers.

At the balance sheet date, the group has no concentration of credit risk.

The group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with credit worthy customers from across the range of business segments in which the group operates. Refer also to note 3 – Turnover and revenue and segment information.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

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	Floating interest rate		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2010 A$	2009 A$	2010 A$	2009 A$	2010 A$	2009 A$	2010 %	2009 %
(i) Financial assets								
Cash	624,809	67,423	-	-	624,809	67,423	3.5	3.5
Trade and other receivables	-	-	95,632	30,852	95,632	30,852	-	-
Total financial assets	624,809	67,423	95,632	30,852	720,441	98,275		
(ii) Financial liabilities								
Trade and other payables	-	-	623,420	586,752	623,420	586,752	-	-
Provisions	-	-	194,956	43,279	194,956	43,279	-	-
Total financial liabilities	-	-	818,376	630,031	818,376	630,031		

(d) Currency risk

The group is not exposed to significant foreign currency risk as majority of the group's income and expenses are dominated in Australian dollars.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 September 2010 and 2009.

23 COMPARATIVE FIGURES

As a result of the application of IAS 1 (Revised), Presentation of financial statements, certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 30 September 2010.

24 SUBSEQUENT EVENTS

On 14 October 2010, the company issued 33,333,337 ordinary shares at A$0.03 each, which raised a total fund of A$1,000,000.

On 4 November 2010, the company issued 43,333,368 ordinary shares at A$0.03 each, which raised a total fund of A$1,300,000.

On 15 November 2010, the company issued 6,666,668 ordinary shares at A$0.03 each, which raised a total fund of A$200,000.

25 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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 group makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal to 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 goodwill and 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 for 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.

25 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (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, that 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.

(d) Share-based payments

The fair value of option granted is measured using Trinomial 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.

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 SEPTEMBER 2010

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 September 2010 and which have not been adopted in these financial statements.

The group is assessing the impact of these amendments, new standards and new interpretations 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 and financial position.

DIRECTORS' REPORT

The Directors of the Company during the year and to the date of this report are:

Name of Director	Period of Directorship
Stephen Williams	Non-Executive Chairman, appointed 30 June 2010
Ryan R Mount	Non-Executive director appointed to the board on the 22 April 2009, Executive Director-Chief Executive Officer appointed 1 April 2010
Neil F Stuart	Non-Executive director appointed by the board on the 24 March 2009
John V McCarthy	Executive Director-Geology, appointed 21 September 1997
John A Cook	Non-Executive Chairman, appointed 4 June 2007, resigned 30 June 2010

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 2010 after income tax was A$2,589,113 (2009 A$1,690,925). The net loss of the Company for the year after income tax was A$983,483 (2009 A$454,630).

Events Subsequent to Period Ended September 30, 2010

On 14 October 2010, the company issued 33,333,337 ordinary shares at A$0.03 each, which raised a total funds of A$1,000,000.
On 4 November 2010, the company issued 43,333,368 ordinary shares at A$0.03 each, which raised a total funds of A$1,300,000.
On 15 November 2010, the company issued 6,666,668 ordinary shares at A$0.03 each, which raised a total funds of A$200,000.

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 act as Company Secretary for the Company. Boacoh 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 John McCarthy, director of the Company was Local Agent until the appointment of Mr Jeff Carter on 22 June 2010 as the Chief Financial Officer and Local Agent. Mr Richard Lane provided accounting services to Axiom on a consulting basis until the end of July 2010.

Principal Activities

The principle activities of the Company and the group during the year were mineral exploration and assessment of potential mining acquisition opportunities in Australia and Vietnam.

No significant change in these activities occurred during the year.

Risk Management

The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that activities are aligned with risks and opportunities identified with the Board. The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with risks identified by the Board. These include the following;

- Board approval of a strategic plan, which encompasses strategy statements designed to meet shareholders needs and manage business risks.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

The Board will on a regular basis, identify likely risks and ways to mitigate such risks.

Changes in the State of Affairs
No changes to the state of affairs of the group have occurred during the financial year.

Dividends
The Directors do not recommend the payment of any dividend for the year.

Share Options
During the year no options of the Company to acquire ordinary share were exercised.

Future 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 in respect to its exploration activities. The group aims to ensure 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.

Indemnification of Officers and Auditors
During the financial year, the Company has paid an insurance premium in respect of a contract insuring against liability of directors and officers against 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 prohibits disclosure of the amount of the premium and the nature and the amount of the liability covered.

Directors Meetings
During the year the Company held 13 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors	**Meetings**
	A	**B**
Stephen Williams	2	3
Ryan Mount	11	13
John McCarthy	13	13
Neil Stuart	11	13
John Cook	10	10

Notes:

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

Auditors
The group's financial statements have been audited by Baker Tilly Hong Kong Limited Certified Public Accountants, who retire, and being eligible, offer themselves for re-appointment. Rothsay Chartered Accountants Sydney has also provided auditing services to the Company.

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

Stephen Williams
Chairman

Dated at Sydney this 23rd day of December 2010

DIRECTORS' DECLARATION

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 Hong Kong Companies Ordinance, including :

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2010 and of their performance, for the year ended on that date; and

(ii) complying with applicable accounting standards; and

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

The audited financial statements and the auditors report dated 23rd December 2010 are available to shareholders on the Company's website and will be mailed to shareholders on request.

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

Stephen Williams
Chairman

Dated at Sydney this 23rd day of December 2010

ANALYSIS OF EQUITY SECURITY HOLDERS

Sector	Number of shareholders	Number of shares	
Holdings Ranges	**Holders**	**Total Units**	**%**
1-1,000	30	3,405	0.000
1,001-5,000	69	248,415	0.026
5,001-10,000	112	953,765	0.098
10,001-100,000	605	27,030,151	2.783
100,001-99,999,999,999	536	943,115,976	97.093
TOTALS	**1,352**	**971,351,712**	**100.000**

DISTRIBUTION AS MARKETABLE PARCELS

Holdings Ranges	Holders	Total Units	%
Unmarketable (1-17,241)	285	2,191,984	0.226
Marketable (>17,241)	1,067	969,159,728	99.774
TOTALS	**1,352**	**971,351,712**	**100.000**

Based on the 9.2.11 closing price of 2.9c per share, an unmarketable parcel is one of 17,241 or fewer shares

TOP TWENTY SHAREHOLDERS AS AT 9TH FEBRUARY 2011

Holder Name	Balance at 09-02-2011	%
BELLEVUE CUSTODIAN PTY LTD	99,138,017	10.206
METOHES PTY LTD <METOHES A/C>	93,248,930	9.600
UBS NOMINEES PTY LTD	53,636,965	5.522
TULLA RESOURCES GROUP PTY LTD <TULLA RESOURCES A/C>	53,421,694	5.500
VOF INVESTMENT LIMITED	36,000,000	3.706
NESMEIS INVESTMENT PTY LIMITED <NESMEIS INVESTMENT A/C>	28,236,970	2.907
NAJAVA PTY LTD <MACINTOSH SUPER FUND A/C>	21,636,558	2.227
MDS TILING PTY LTD	16,205,672	1.668
TPC PTY LTD	13,702,393	1.411
MR DAVID JAMES AZAR	12,822,636	1.320
MR JOHN V MCCARTHY	11,744,075	1.209
MR NEIL FRANCIS STUART	11,193,181	1.152
BOUTA PTY LIMITED	10,125,700	1.042
MR NEIL MOUNT & MR RYAN MOUNT <NEIL MOUNT SUPER FUND A/C>	10,000,000	1.029
CLARE PLUMBING SERVICES PTY LTD <CLARE PLUMBING SERV S/F A/C>	9,877,784	1.017
MR JEFFREY HOWARD DODS & MRS CHRISTINE ELAINE DODS <THE DODS FAMILY S/F A/C>	9,825,893	1.012
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	9,500,000	0.978
EMLARLIL PTY LTD	8,563,530	0.882
MR ANDREW RANDALL	8,000,000	0.824
MR RICHARD COLREAVY	7,586,821	0.781
TOTAL	524,466,819	53.993
ISSUED CAPITAL	**971,351,712**	

VOTING RIGHTS

On a show of hands, every member present in person or by attorney or by proxy or by representative shall have one vote. Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held.

CORPORATE DIRECTORY

DIRECTORS

Stephen Williams	Non-Executive Chairman and Director
Ryan Mount	Executive Director – Chief Executive Officer
John McCarthy	Executive Director – Chief Geologist
Neil Stuart	Non-Executive Director

LOCAL AGENT

Jeff Carter

COMPANY SECRETARY

Boacoh Secretarial Limited
2303-4 Dominion Centre
43-59 Queens Road
Hong Kong SAR

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Hong Kong SAR

AUDITORS HONG KONG

Baker Tilly Hong Kong Limited
12th Floor, China Merchants Tower
Shun Tax Centre
168-200 Connaught Road
Hong Kong

AUSTRALIA

Rothsay Chartered Accountants
Level 1, 2 Barrack St
Sydney NSW 2000

SHARE REGISTRAR

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Phone: 61 2 9290 9600
Fax: 61 2 9279 0664
Email: registries@registries.com.au

LEGAL ADVISORS

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Sydney NSW 2000

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