

EPM 15593 Jessica

PARTIAL RELINQUISHMENT REPORT

For sub-blocks relinquished on 4/12/12

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(a wholly owned subsidiary of Axiom Mining)

Abstract

This is a partial Relinquishment Report on Exploration Permit (EPM) 15593. The report details work completed on the EPM 15593 “Jessica” over Axiom’s Tenure. A total of eight sub-blocks were relinquished over the previous reporting period from the 04/12/2011 to 04/12/2012.

Table of Contents

Introduction..... 3
Tenure 3
EPM 15593 “Jessica” 4
 Location, Access and Topography 4
 Geological Setting and Mineralization 5
 Previous Exploration 8
Ongoing Exploration..... 9
 Future Exploration Work..... 10
Reasons for Relinquishment 11
References..... 11

List of Figures

Figure 1. EPM 15593 Jessica Tenure Map 4
Figure 2. EPM 15593 Jessica; Location, Access, Topography 5
Figure 3. EPM 15593 Geology Map 7
Figure 4. EPM 15593 Jessica 2013 Planned XRF Soil Program 11

1. Introduction

EPM 15593, granted to Ozmin (wholly owned subsidiary of Axiom Mining Ltd) in December 2007, is a component of the Cardross Project, covering the prospective Nundah batholith in the Etheridge Province, west of Chillagoe.

The EPM group covers a large area of Late Ordovician to Early Silurian Nundah Granodiorite (the Nundah Batholith), which has intruded and stopped out the Proterozoic Dargalong Metamorphics of the Dargalong Inlier. Widespread generally structurally focussed base and precious metals mineral occurrences are known throughout.

The tenement group is considered prospective for a number of mineral deposit styles, and remains open to the application of more systematic and intensive modelling and modern exploration methodologies.

This report presents work carried out in the 5th year of tenure on EPM 15593, new geological and geochemical results from the adjacent EPM's that are directly relevant to this tenement as well as a summary of the work carried out since Axiom was granted the tenure in 2007.

2. Tenure

EPM 15593 "Jessica", was granted to Ozmin Resources Pty Ltd (100%) on 5th December 2007 for a period of five years (expiring on 4th December 2012). During the most recent period, eight sub-blocks were relinquished, leaving a total of six sub-blocks.

The Environmental authority is MIC200423406.

Three mining leases held by other parties lie either wholly or partly within the EPM (see Figure 3). These are:-

- ML 20381, "Wandoo Extended", part of the Wandoo group
- ML 20380, "Empire One"
- ML 20232, part of the Tio Rutile group.

2.1. Retained Tenement

The exploration tenement now comprises 6 sub-blocks as tabled below and shown in Figures 1 and 2.

Block	Sub-blocks
TOWN 940	f g l q
TOWN 1011	r s

The six sub-blocks retained in this reporting period intersect with the mining leases outlined at the start of this section, ML 20381, ML20380, ML 20232.

2.2. Relinquished Sub-blocks

During the year 8 sub-blocks were relinquished. These were:

Block	Sub-blocks
TOWN 939	j k p z
TOWN 1011	e j k o

While still deemed prospective at Axiom’s last period of activity, the relinquished Sub-blocks have had little recent activity conducted on them. Further information regarding the selection of these sub-blocks to be retained will be in a further section: Section 5. “Reasons for Relinquishment.”

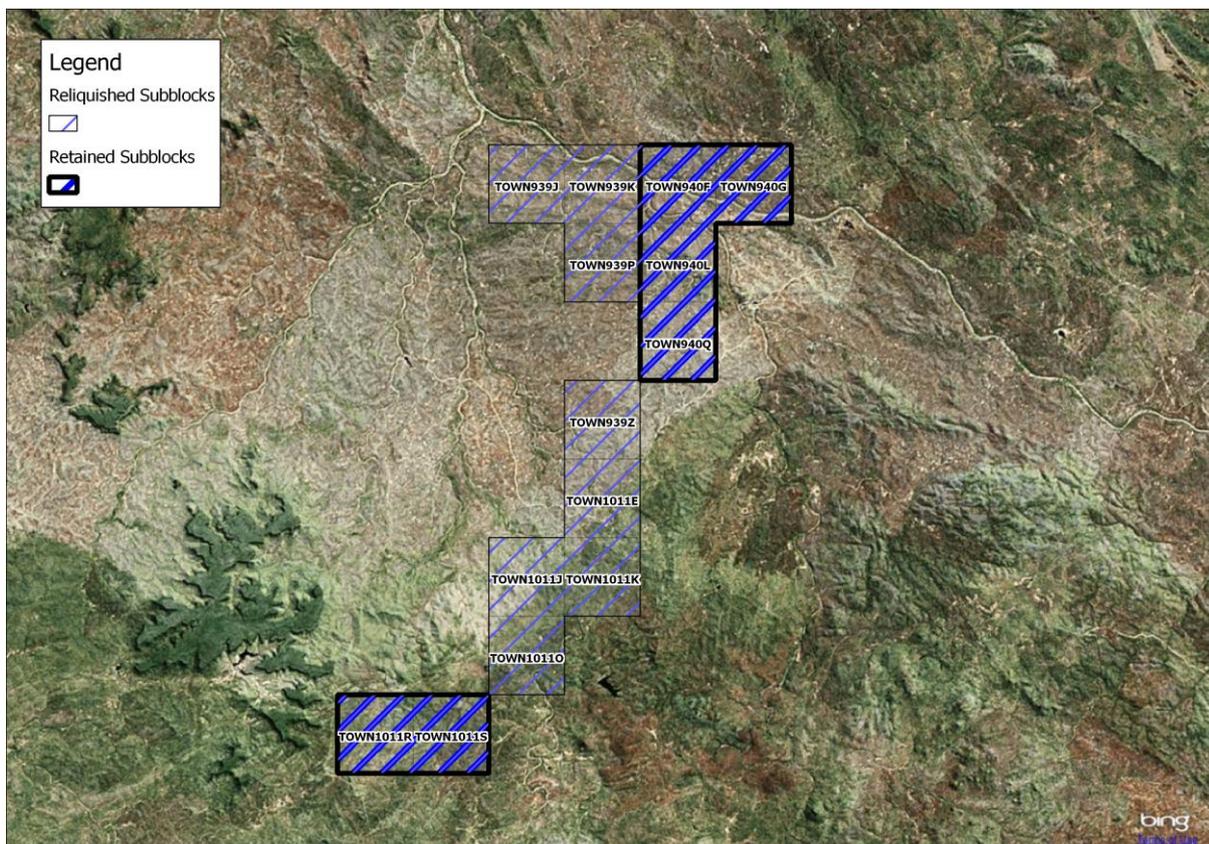


Figure 1. EPM 15593 Jessica Tenure Map

3. EPM 15593 “Jessica”

3.1. Location, Access and Topography

EPM 15593 is located approximately 30 km west of Chillagoe in North Queensland. Principal Page | 4

access is via the Burke Development highway, and then by the graded shire road servicing Black Down Station. Internal station tracks enable access more or less throughout the tenement. The EPM lies on Rookwood Station. See Figure 2 for its locality map.

Axiom’s field camp and office facilities, established on ML 20003 only 10km to the west, are well placed to support exploration activities in the Jessica tenement area.

The topography consists of moderately undulating hills, with varying open to dense vegetation. The main creek system is the Muldiva Ck watershed, which drains north-west from the centre of the EPM. Access can be limited during the wet season (December to March).

The EPM is located on the Mungana (7763) 1:100,000 and Atherton 1:250,000 sheets.

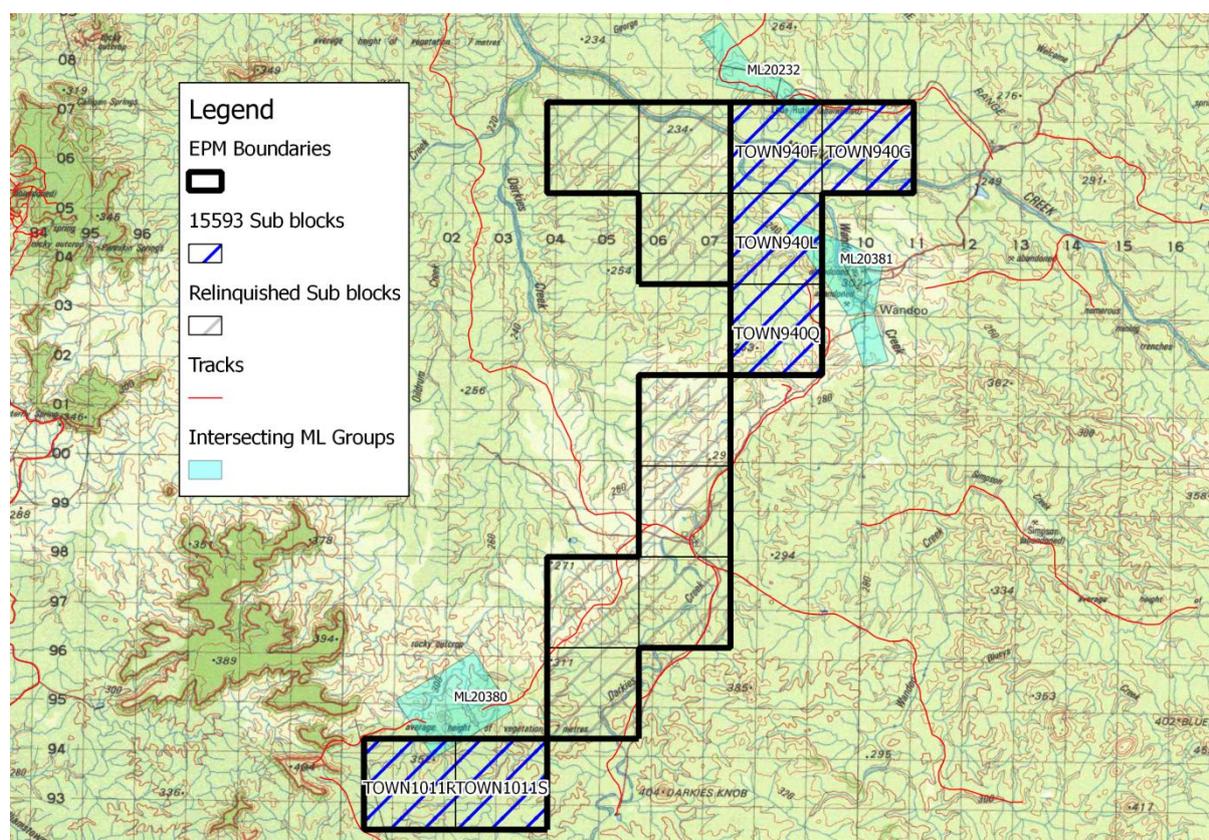


Figure 2. EPM 15449 Jessica; Location, Access, Topography

3.2. Geological Setting and Mineralization

EPM 15593 lies within the Proterozoic Dargalong Inlier, west of the north-west trending Palmerville Fault System in North Queensland (Donchak and Bultitude, 1998). The Palmerville Fault is a major structural component of North Queensland, separating the early to middle Palaeozoic sediments of the Hodgkinson Province, from the Proterozoic granites, gneisses and schists of the Dargalong Inlier. The Dargalong Metamorphics consist of a variety of complexly intermixed rock types, namely quartzofeldspathic gneiss, banded migmatitic gneiss, augen gneiss, and amphibolite, together with some med-course grained schist, scattered quartzite lenses and minor calc-silicate gneiss (Donchak and Bultitude, 1998). See figure 3 for permit geology.

The Proterozoic Dargalong Metamorphics are the oldest rocks within the EPM and occur throughout the north-eastern and south-eastern part of the tenement. These metamorphic rocks are extensively intruded by Late Ordovician to Early Silurian Nundah Granodiorite (the Nundah Batholith), occurring mainly in the southern sub-blocks of the tenement.

Extensive quartz-tourmaline alteration is also a feature in some parts. The alteration is most probably associated with the late Carboniferous-Permian magmatic activity of the Kennedy Province, widespread both within the Hodgkinson Basin and Proterozoic basement and probably reflects extension of the crust inboard of subduction (Donchak and Bultitude, 1998). Extensive rhyolite-dacite dykes and to a lesser extent, andesite/dolerite dykes are also associated with this event.

The Carboniferous-Permian felsic dykes intrude both the Nundah Granodiorite and the Dargalong Metamorphics and are included within the Townsville-Mornington Island Igneous Belt of the Kennedy Province (Bain and Draper, 1997). They have a northerly, north-easterly and north-westerly trend. This Permo-Carboniferous intrusive event appears to be related to some of the mineralisation within the EPM.

Within the EPM there are two important structural systems apparent from the government 1:100,000 geological mapping. The prominent system is exemplified by extensively sheared and mineralised WNW-trending structures – a branch of the well-documented Palmerville Fault. In the southern half of the EPM the Cardross-Muldiva structural corridor cuts through the Empire workings and Wandoo on a NE orientation.

Additionally, when Houston Oil and Minerals first explored the Wandoo deposit – it was identified by a major satellite linear running NS and hosting several gold mineralising deposits. It is also of note that it offsets the Palmerville Fault near the Walsh River and there is known gold mineralisation in granites 5 km north of the river in altered aplitic dykes and sills. 2012 Axiom interpretation has also identified a NS linear having a major influence of the Mountain Maid deposit and extended 15 km north and actually influencing mineralisation at the Cardross deposit in the form of pegmatite dykes and granitic differentiates. These units have now been identified in drilling, in the XRF Traverse in EPM 15078 and in sub-crops between Cardross and Mountain Maid. The influence of these linears at mineralising events is still conjectural at this stage.

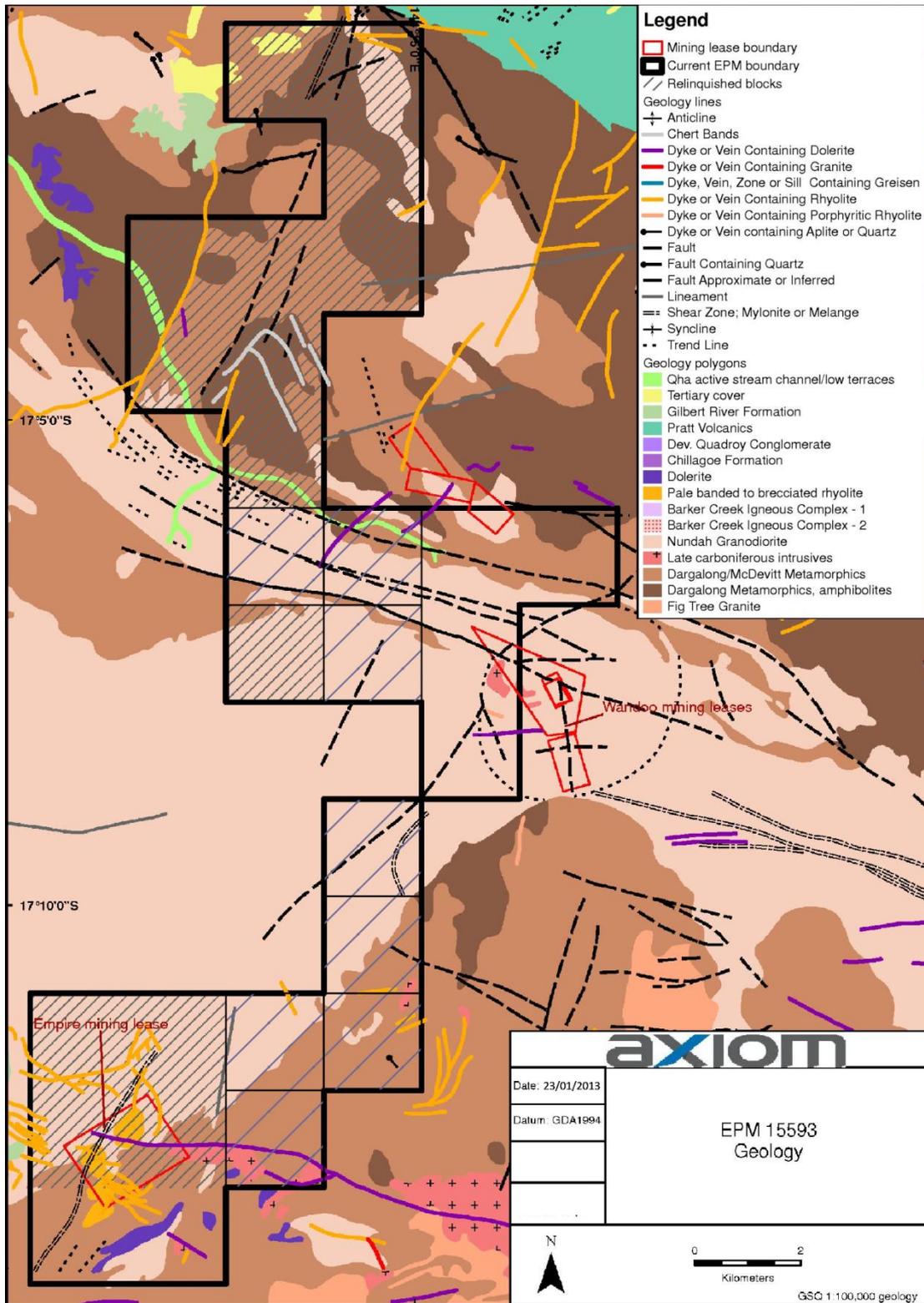


Figure 3. EPM 15593 Jessica Geology Map

The second system includes the more interpretative NE-trending structures, either interpreted from imagery and mapping, or defined by sheared and altered contacts and late stage dykes. These structures are also often gold mineralized. The main example of the contact/dyke style on the EPM is the mineralized Nundah Granodiorite/Dargalong Metamorphics contact zone (called the Empire Structure), which extends from the Empire sub-volcanic pipe north-easterly to the Wandoo breccia pipe. The Wandoo deposit occurs at the intersection of the Cardross-Muldiva Structural Corridor and the NE-trending Empire

Page | 7

Structure.

Another NE-trending structure extends through the Jessica copper/gold workings. This interpreted structure extends 6km NNE toward King Vol (Zn) and Tartana (Cu), and SSW toward Barkers Intrusive Complex.

3.3. Previous Exploration

Considerable work has been conducted by a number of companies over the last decade or more, including drilling, but this has generally only been to relatively shallow depths. Because the work was invariably conducted on tenements held by different parties at different times, it lacks coordination from one prospect to the next.

Drilling programs at both Wandoo and Empire located very significant gold and base metals mineralization, to the extent that mineral resource estimates could potentially be defined at both prospects with further infill and deeper drilling. Virtually no deep testing of the known mineral occurrences/deposits, in conjunction with geophysical, geochemical, or radiometric anomalies, has been done.

Intensive stream sediment sampling (mainly BLEG gold) of small stream drainages covers that part of the tenement south of Muldiva Ck. Those stream sediment anomalies followed up led to the discovery of a number of new or previously unreported gold and base metals prospects. Some of these on EPM 15593 require further investigation (mapping, sampling, etc).

3.4. Axiom Mining 2007-2011

This section summarises the previous activity by Axiom over the Tenure period.

Period Ending 5/12/2008:

A review of the company reports was conducted with a view to determining specific exploration targets, particularly in the Cardross-Muldiva Structural Corridor (base metals), the north-east trending Empire-Wandoo zone (gold), and the Jessica zone (copper-gold-tourmaline). Investigations were aimed at conceptualizing and identifying geological and chemical/structural controls on known mineralization which would lead to location of previously unidentified mineral systems, particularly at greater depth.

Reconnaissance of the EPM, particularly in the Empire Complex and Wandoo areas (area near the Empire and Wandoo Mining Leases in Figure 3) was carried out, for the purpose of 1:25000 geological mapping.

Wandoo was confirmed as a Mt Leyshon-type quartz-sericite veined and altered granite host “broken rock” breccia, with a gold-lead-zinc-copper-silver association. This structurally-controlled mineralization is expected to extend into EPM 15593 beyond the present alien ML over Wandoo.

The Empire Complex was classed as a stockwork-sheeted quartz vein gold deposit in quartz-sericite altered granite/rhyolite host. It has a distinctly low sulphide content, and, with its

gold-bismuth-tellurium-(+/-Mo, Sb) association, may be an IRGS style target. The rhyolite aureole around the central sub-volcanic breccia pipe is copper bearing. Again, the structurally-controlled mineralization is expected to extend into EPM 15593 beyond the present alien ML.

Period Ending 6/12/2008-5/12/2011:

Exploration activities for the 2009 term were significantly reduced due to the severe economic crisis and the resulting downturn of metal markets. This contributed to the de-listing of Ozmin Resources from the ASX for a period of months during 2009 and consequently no ground exploration work was able to be conducted. A minimal amount of time was spent on the examination of previously acquired exploration data and planning for future work.

Without sufficient resources to continue exploration, sub blocks in the EPM were selected to be released. An analysis was conducted of the geology and a risk evaluation of each sub block. The purpose of this analysis was to select the least prospective sub blocks. As a result of this, 28 sub blocks were identified as non prospective and released. Additionally, the configuration of sub blocks retained attempted to secure potential targets in the area.

4. Ongoing Exploration

This section covers the work completed in the period from 5/12/2011 through to 5/12/2012. Work during this period focused on the Cardross area. Additional sub blocks in the EPM 15593 were deemed to be unprospective due to a review of intrusive modelling. These have now been relinquished. There are now only six remaining sub blocks, as detailed in Section 2.

However, geochemical and geological exploration on the granite systems in the adjacent exploration permits just to the west has now led to a re-appreciation of the Jessica area by a greater understanding of the structural setting and timing of the gold mineralised breccia's in the abutting mining leases (Tellus Resources).

In late 2012, Axiom purchased the latest in high sensitivity XRF Analysers to use in exploration activities across three countries. The specifications of these machines are included in Appendix 3 and it is planned to undertake systematic evaluation of all Axiom exploration permits in 2013. Axiom has already started exploration with a regional strategic view, with plans to continue this exploration in 2013.

Of major interest to the Jessica geological setting, 3 orientation traverses were completed on granite and porphyry mineralising systems just to the west of Jessica. These were Mountain Maid (high level low sulphide gold), Split Rock (porphyry copper) and Barkers Creek (mid- level differentiated intrusives).

Interpretation of these results data is still ongoing. In addition to using the element recordings in various statistical analyses, Axiom is particularly interested in looking at both mineralising pathfinders such as arsenic, copper, molybdenum and bismuth as well as basic to acid intrusive fingerprints such as Sr/Rb and U/Th ratios.

In late 2012, Axiom reviewed and evaluated its ongoing exploration in the area, reconciling previous assumptions with new data and analysis. Initial results of this review indicate, in particular to EPM15593:

- That most of the mineralised porphyries and granites in the region exhibit a wide range of uplift, erosion and exposure. The interpretation is from Mountain Maid (high) Barkers Creek (mid) to Wandoo/Empire (abutting Jessica)(deep).
- Preliminary statistical analysis on Axiom's orientation XRF traverses across Mountain Maid, Split Rock and Barkers Creek granite systems has generated a number of intrusive phase and alteration phase pathfinder signatures and it planned to continue these pathfinder fingerprints across the Cardross package in 2013.
- The breccia systems located at Empire and Wandoo are deeper feeder zones to a Mountain Maid style deposit.
- Significant geochemistry patterns (especially arsenic) are being disguised by several late stage sulphidic epithermal vein swarms (mostly Wandoo).
- It is expected that the deeper systems will be more recessive to a higher proportion of kaolin and sericite alteration phases (Kidston style). This may be expressed in the southern areas of Jessica as well as extending SW into the Williamstown Creek Goldfields. A further expression of this is the proportion of Cretaceous sandstone caps overlying granite mineralisation in the Axiom and adjacent tenures.

4.1. Future Exploration Work

Due to Axiom's success in 2012 of using XRF analysers in the Cardross region to generate cost effective assay results and exploration, a similar program to the soil sampling program in the Cardross region has been planned. The following work is planned for the 2013 field season:

1. A 400m x 50m soil sampling program covering the remaining Axiom sub blocks in the 15593 EPM. See Figure 4.
2. Associated reconnaissance geological mapping.
3. Utilize gravity and radiometric data (+_magnetics) to establish a better understanding of the geology and especially intrusive and alteration phases, weathering profiles and mineralization potential of the area.
4. Follow-up work with field reconnaissance, geological mapping and rock chip sampling including ground truthing of coincident geochemical and geophysical anomalies.
5. Axiom are currently compiling a complete new database of all Axiom and other company exploration data, including the Jessica and Wandoo areas.

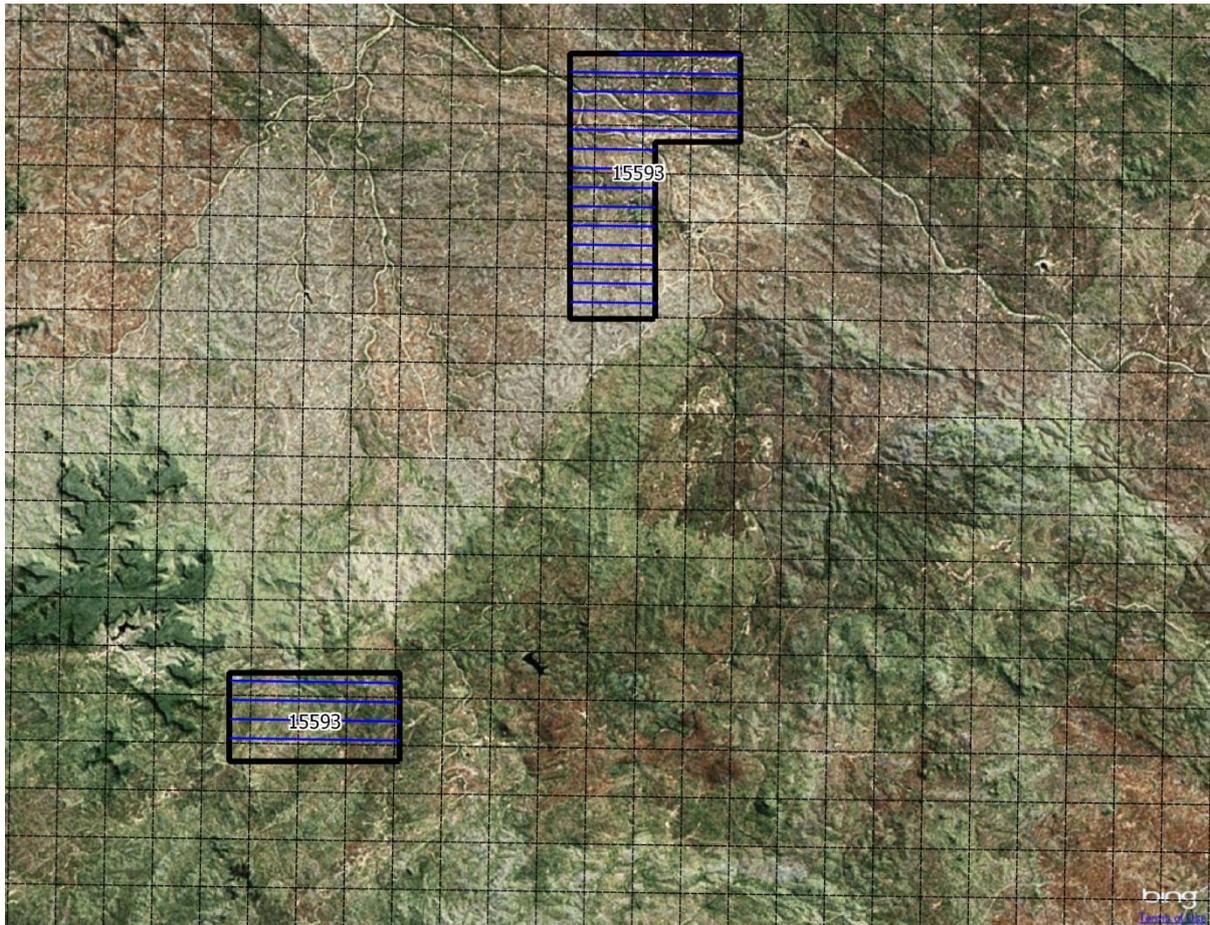


Figure 4. Planned 400m x 50m XRF sampling program for 2013.

5. Reasons for Relinquishment

As a result of the above knowledge and analyses, 8 sub-blocks were relinquished in 2012. At this stage, the most likely targets appear to be extensions of the known structurally-controlled mineral prospects, Wandoo, Empire, and Jessica. Thusly, the retained sub-blocks intersect the existing mineral prospects, in order to keep tenure on the most prospective sub-blocks in the area.

6. References

Morrison, A.J. and Murray, V., (2010) EPM 15593 Jessica Annual Report for 12 months ending 4th November 2009 (Second Term), Ozmin Resources Pty Ltd.

Weil, A.J., (2009) EPM 15593 Jessica Annual Report for 12 months ending 4th November 2008 (First Term), Ozmin Resources Pty Ltd.

Blevin, P.A. GA7241. Intrusive Related Gold Deposits