



SECOND QUARTER REPORT

Six months ended
June 30, 2008



experienced explorer
emerging producer



AXMIN Inc.

Second Quarter 2008 Highlights and Subsequent Advances to Date

In the second quarter of 2008 Golder Associates completed its public consultation process for the draft Environmental and Social Impact Assessment (“ESIA”) marking another milestone for the Passendro Gold Project in the Central African Republic (the “CAR”). In parallel management continued its negotiations with officials of the CAR to ensure the timely granting of the mining licence.

AXMIN’s current resource inventory is detailed below.

Current Mineral Resources Location	Category	Million tonnes (Mt)	Grade (g/t Au)	Gold content (ozs)
Passendro, CAR ¹	Indicated	23.2	2.4	1,795,000
	Inferred	16.7	1.9	1,009,000
Kofi, Mali ²	Indicated	3.6	2.5	293,000
	Inferred	5.3	2.2	368,000
Komahun, Sierra Leone ³	Inferred	4.9	2.5	392,000
	Total	Indicated	26.8	2.4
	Inferred	26.9	2.1	1,769,000

1 – Passendro – April 2008, cut off grades vary from 1.2 g/t Au, 1.0 g/t Au and 0.8 g/t Au

2 – Kofi – December 2007, cut off grade 1.0 g/t Au

3 – Komahun – October 2006, cut off grade 0.5 g/t Au

Corporate

- AXMIN completed a Cdn\$12 million non-brokered private placement; AOG Holdings BV, AXMIN’s major shareholder, took Cdn\$6 million of the placement (press release June 13, 2008)
- AXMIN appointed Shirley Kozel as Corporate Secretary (press release June 24, 2008)
- AXMIN transferred its interest in the Cape Three Points property, Ghana for common shares of Noble Mineral Resources Limited (ASX-NMG), retaining a 1.5% royalty (press release July 3, 2008)

CAR – Passendro Gold Project

- Public consultation process for the draft ESIA is completed and Golder Associates are currently compiling the final document which is expected mid-August
- Two new promising gold zones were discovered north-northeast of Passendro, being Mbourou East and Yagba with intersections including 3.4 g/t Au over 18 metres and 6.8 g/t Au over 4.5 metres respectively (press release July 29, 2008)
- Encouraging infill drilling results at Passendro’s Main Zone and Katsia pits have the potential to simplify and combine open pit designs, possibly reducing overall stripping ratios (press release July 29, 2008)
- The CAR government has indicated its desire to review some of the conditions of the Mining Convention. AXMIN will provide further updates as warranted (press release May 6, 2008)

Mali – Kofi Gold Project

- More high grade intersections at Kofi SW Zone C strengthen the geological model, assays include 4.8 g/t Au over 34 metres and 5.3 g/t Au over 14 metres (press release July 23, 2008)
- Infill and extension drilling trace Beta zone for 2,600 metres assays include 3.2 g/t Au over 30 metres, and identifies new zone 400 metres to the northwest (press release July 23, 2008)

Sierra Leone – Komahun Gold Project

- Drill results continue to demonstrate strong continuity of grade and width to depth, with assays including 3.9 g/t Au over 46.7 metres and 7.2 g/t Au over 10.5 metres (press release August 6, 2008)
- SRK Consulting (UK) Ltd has been commissioned to prepare a National Instrument 43-101 compliant resource later this quarter (press release August 6, 2008)

For further information regarding AXMIN visit our website at www.axmininc.com.

August 14, 2008

Management's Discussion and Analysis of Financial Condition and Results of Operations

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

Overview

AXMIN Inc. ("AXMIN", the "Company") is an international mineral exploration company with an exploration portfolio in the mineral belts of central and west Africa. The Company is in its development stage and it is in the process of exploring its mineral properties and, other than with respect to the properties that comprise the Passendro Gold Project in the Central African Republic (the "CAR") (discussed below), it has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. To date the Company has raised funds to explore its mineral properties principally through the issuance of shares. In the foreseeable future the Company will likely remain dependent on the issuance of further shares to raise funds to explore and develop its properties, and on the availability of project finance for the development of the Company's more advanced projects. In addition the success of the Company will be influenced by a number of factors including political, legal and environmental risks. See "Risk Factors".

Exploration and Development Properties

A significant portion of the Company's exploration and development costs relate to its Bambari property in the CAR. The Company holds its interest in this property through its indirect wholly owned subsidiary Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits.

AXMIN has interests in the following significant mineral exploration properties:

- in the CAR, the Bambari, Bakala, Bogoin II, Pouloubou and Sosso Polipo exploration permits;
- in Mali, the Kofi North, Netekoto-Kenieti, Walia West, Walia and Kenieti-Dianisse exploration permits (collectively referred to as the "Kofi Gold Project");
- in Sierra Leone, the Nimini Hills, Gori Hills, Makong and Matotaka exploration permits;
- in Senegal, the Sonkounkou, Sabodala NW and Heremakono exploration permits (collectively referred to as the "Senegal Permits"); and
- in Ghana, the Cape Three Points exploration permits.

The Bakala, Bogoin II, Pouloubou and Sosso Polipo exploration permits (the CAR), the Sabodala NW and Heremakono exploration permits (Senegal), the Cape Three Points exploration permits (Ghana), and other exploration permits held in Burkina Faso and Canada are currently not material to AXMIN's operations. Due to uncertainty of the recoverability of exploration and development costs associated with the Sosso Polipo, Gori Hills (Sierra Leone), the Senegal Permits, Cape Three Points, the Burkina Faso and Canadian properties these costs have been fully written-off.

On May 6, 2008 the Company announced that prior to the submission of the Mining Licence application for its Passendro Gold Project and during its ongoing discussions with the State of the CAR, the government has indicated its desire to review some of the conditions of the Mining Convention that was agreed upon and signed on January 27, 2006. It is understood that this request coincides with the modernisation of the CAR's mining code with the assistance of the World Bank. Amongst other things the State has indicated that it would be willing to consider exchanging its 10% free carried interest in the corporation which holds the Passendro Gold Project for cash consideration and an enhanced royalty. AXMIN is mindful of the need for the government to increase its revenue from the resource industry and is therefore willing to discuss proposals provided they are not detrimental to the economic viability of the Passendro Gold Project.

During the year ended December 31, 2007 Harmony notified the Company that with effect from November 30, 2007 it was terminating the joint venture over the Senegal Permits. As such Harmony's 10% interest in the Senegal Permits was returned to the Company. The Company will continue to maintain the Senegal Permits in good standing and carry out exploration activities thereon.

Effective June 27, 2008 AXMIN transferred its entire interest in the Cape Three Points property to Noble Mineral Resources Limited ("Noble") for proceeds of 3,000,000 common shares, representing 2.17% of the total issued common shares of Noble. In addition, AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area. This transaction was part of Noble's IPO on the Australian Securities Exchange ("ASX") which was priced at A\$0.20 per common share and shares started trading on June 27, 2008. In accordance with the regulations of the ASX the common shares of Noble held by AXMIN are subject to a 24 months escrow period commencing on June 27, 2008. As at the date of this report the market value of each common share of Noble was A\$0.15.

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In April 2008 the Company reported the results of a bankable feasibility study (“BFS”) for the Passendro Gold Project. The first three years of production provides an average annual production of 223,000 ounces with an average cash cost of US\$343/oz Au, and with a better than average exploration potential the Passendro Gold Project is very robust. The base case, using a gold price of US\$750 per ounce, gives an internal rate of return (“IRR”) of 29.4% and a net present value (“NPV”) at a 5% discount of US\$164 million. The BFS was led by SENET (PTY) Ltd. of South Africa and included a multidisciplinary team of independent consultants. The highlights of the BFS are as follows:

Mine throughput		3 mtpa
Mine life		5.9 years
Development and construction		24 months
Strip ratio		8.4:1
Average annual gold production	(life of mine)	203,000 ounces
<i>Base Case Economics (US\$750/oz Au)</i>		
Total capital cost		US\$196 million
Cash operating costs	(including royalties, and fuel costs of US\$127/oz Au based on an oil price of US\$80 per barrel)	US\$379/oz Au
IRR	(after tax and royalties)	29.4%
NPV	(after tax, 0% discount)	US\$233 million
NPV	(after tax, 5% discount)	US\$164 million
Payback period		2.2 years
Metallurgical recovery	Oxide	94%
	Transition	94%
	Sulphide	96%
Gravity recovery	Average	40%

Note: All financial analysis is based on 100% ownership

The in-situ Mineral Resource estimate was prepared by independent consultants SRK Consulting (UK) Ltd. (“SRK”) and is based on results from drilling up to June 2007 presenting a 17% increase in the measured and indicated resource to 23.2 Mt grading 2.4 g/t Au (1.8 million ounces of contained gold) and inferred resources remain essentially unchanged at 16.7 Mt grading 1.9 g/t Au (1.0 million ounces of contained gold).

A block cut off grade of 1.2 g/t Au for French Camp, Katsia and Bacanga Head, 0.8 g/t Au for Main Zone and 1.0 g/t Au for Baceta, Barbacoa and Ngetepe was applied by SRK when reporting in-situ Mineral Resources. High grades were capped at 17 g/t Au at Main Zone, 40 g/t Au at Katsia and 20 g/t Au at Barbacoa. No cutting was required at the French Camp, Bacanga Head, Baceta and Ngetepe deposits. Grade interpolation was carried out using ordinary kriging and classification of the Mineral Resource estimate is based on geological continuity, bore hole spacing and the results of a structural variography analysis. The estimates have been prepared under the guidelines of National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101.CF.

<i>Resource category</i>	<i>Tonnes (million)</i>	<i>Grade (g/t Au)</i>	<i>Contained gold (oz)</i>
Measured	2.6	2.4	197,000
Indicated	20.6	2.4	1,598,000
Measured and Indicated	23.2	2.4	1,795,000
Inferred	16.7	1.9	1,009,000

The Mining Reserve estimate, prepared by SRK, was calculated on seven discrete engineered pits optimized at a gold price of US\$650 per ounce using the whittle process utilizing current operating costs and royalties and pit slopes varying from 38 to 46 degrees. The calculation presented a total proven and probable reserve of 16.8 million tonnes of ore at an average grade of 2.4 g/t Au containing 1.3 million ounces of gold. Approximately 69% of the ore reported in the pits is oxide material with 20% in transitional ores and 11% within sulphide mineralisation. Contained within the engineered pits is an additional inferred resource of 1.04 Mt grading 2.12 g/t Au containing 71,000 ounces of gold, with additional work it is expected that these resources will be added to the overall reserves.

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<i>Reserve category</i>	<i>Tonnes (million)</i>	<i>Grade (g/t Au)</i>	<i>Contained gold (oz)</i>
Proven	1.83	2.56	150,591
Probable	14.94	2.35	1,126,006
Total reserve	16.77	2.37	1,276,597

Note: proven and probable reserve is derived from measured and indicated resources

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 5 of the Company's unaudited consolidated financial statements for the six months ended June 30, 2008 and other filings made on the SEDAR website (www.sedar.com) including the most recently filed Annual Information Form dated May 13, 2008.

Results of Operations

The following tables set out selected unaudited consolidated financial information for the Company for the first and second financial quarters in 2008, for each of the financial quarters in 2007, and for the third and fourth financial quarters in 2006:

	<i>2008 1st quarter</i>	<i>2008 2nd quarter</i>
Unaudited consolidated statements of operations and deficit		
Net loss for the period	(1,334)	(1,372)
Net loss per share	(0.0053)	(0.0061)
Unaudited consolidated balance sheets		
Working capital	1,129	5,852
Total assets	78,702	89,458
Unaudited consolidated statements of cash flows		
Exploration and development costs outflow	(7,234)	(13,579)
Net cash inflow from financing activities	796	12,662

	<i>2007 1st quarter</i>	<i>2007 2nd quarter</i>	<i>2007 3rd quarter</i>	<i>2007 4th quarter</i>
Unaudited consolidated statements of operations and deficit				
Net (loss) profit for the period	(1,047)	220	(794)	(4,309)
Net (loss) profit per share	(0.0049)	0.0010	(0.0037)	(0.0201)
Unaudited consolidated balance sheets				
Working capital	28,958	23,669	17,077	8,264
Total assets	80,337	81,277	80,899	79,216
Unaudited consolidated statements of cash flows				
Exploration and development costs outflow	(5,203)	(6,037)	(6,274)	(7,659)
Net cash inflow from financing activities	693	14	-	649

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	2006 3 rd quarter	2006 4 th quarter
Unaudited consolidated statements of operations and deficit		
Net loss for the period	(452)	(2,748)
Net loss per share	(0.0028)	(0.0163)
Unaudited consolidated balance sheets		
Working capital	5,971	33,520
Total assets	48,189	80,027
Unaudited consolidated statements of cash flows		
Exploration and development costs outflow	(4,592)	(4,896)
Net cash inflow from financing activities	4,740	33,364

The current policy of the Company is to not pay dividends. Earnings, if any, will initially be retained to finance further exploration, development and acquisitions. This policy is reviewed from time to time by the Board of Directors of the Company.

Six months ended June 30, 2008 compared to the six months ended June 30, 2007

There were no revenues in either period as the Company did not have any operations in production.

A period-end review of the carrying values of the Company's exploration and development property assets led to a write-down of US\$0.353 million in 2008 (related to the Gori Hills property in Sierra Leone and the Senegal Permits) compared to US\$Nil million in 2007. The write-down of exploration and development costs reflects the Company's policy of continually assessing the economic viability of its projects and where necessary writing them down to their net realizable value.

Administration costs in 2008 were US\$1.484 million compared to US\$1.067 million in 2007. The principal reason for this increase was the establishment of a corporate office in downtown Toronto (Canada) and the appointment of Toronto-based President and Chief Executive Officer with effect from January 1, 2008.

The stock-based compensation expense in 2008 was US\$0.858 million compared to US\$1.509 million in 2007.

The net loss for the six months ended June 30, 2008 was US\$2.706 million as compared to US\$0.827 million in 2007. This increase is explained by the increase in administration costs and exploration and development costs written-off, and the decrease in stock-based compensation expense (see above), net of foreign exchange losses gains and decreased interest income.

During the six months ended June 30, 2008 exploration and development expenditure was US\$13.579 million (of which US\$8.936 million related to the Bambari-Bakala Permits in the CAR) compared to US\$11.240 million (of which US\$7.045 million related to the Bambari-Bakala Permits) during the six months ended June 30, 2007. As at June 30, 2008 the Company's cumulative capitalized carrying value of exploration and development expenditures was US\$80.920 million compared to the December 31, 2007 balance of US\$67.694 million (audited).

Liquidity and Capital Resources

As at June 30, 2008 the Company had cash resources of US\$8.269 million compared to the December 31, 2007 balance of US\$11.121 million (audited).

During the six months ended June 30, 2008 900,000 stock options were exercised at Cdn\$0.71 each and 200,000 stock options were exercised at Cdn\$0.74 each, for total proceeds of Cdn\$787,000 (US\$796,288), and as a result the Company issued 1,100,000 common shares of the Company to the stock option holders.

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During June 2008 AXMIN closed, in three tranches, a non-brokered private placement totaling 30,000,000 Units at a price of Cdn\$0.40 per Unit (the "Placement"), being 15,000,000 Units on June 2, 2008, 5,572,628 Units on June 9, 2008 and 9,472,372 Units on June 13, 2008, for total gross proceeds of Cdn\$12,000,000 (US\$11,909,778). Each Unit consists of one common share plus one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of AXMIN at a price of Cdn\$0.57 expiring 24 months after the date of closing of each tranche. Securities acquired under the Placement are subject to a four-month hold period. Immediately prior to completion of the Placement the Company's major shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of The Addax & Oryx Group Limited, exercised control and direction over 80,108,237 common share of the Company. As part of the Placement AOG purchased 15,000,000 Units. Immediately post completion of the Placement AOG held 95,108,237 common shares in the Company plus 7,500,000 common share purchase warrants in the Company, representing approximately 38.72% of AXMIN's issued and outstanding common shares.

The Company's cash resources were utilized mainly on capitalized exploration and development costs, and administration costs.

As at June 30, 2008 the Company had working capital (defined as the difference between current assets and current liabilities) which amounted to US\$5.852 million compared to the December 31, 2007 amount of US\$8.264 million (audited).

Contractual Obligations

The Company has no material contractual obligations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The Company's significant accounting principles and methods of application are disclosed in note 2 of the Company's unaudited consolidated financial statements for the six months ended June 30, 2008. The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results.

Exploration and development costs

The costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related project are reclassified as mining assets and amortized on a unit of production method. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated life of the property, or the project is sold or abandoned, the project is written down to its net realizable value.

The recoverability of amounts recorded for exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition thereof. The amounts shown as exploration and development costs do not necessarily represent present or future values.

As at June 30, 2008 the Company had capitalized US\$80.920 million of exploration and development costs. The comparative figure as at December 31, 2007 was US\$67.694 million (audited).

Stock-based compensation

The Company recognizes compensation expense over the vesting period of the stock options granted.

The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.52% (2007 - 4.1%), expected dividend yield of nil, expected volatility of 77.3% (2007 - 107.4%), and expected option life of 5 years (2007 - 5 years). For purposes of the pro forma disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The weighted average fair market value of options granted in 2008 was US\$0.44 (2007 - US\$0.78).

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The impact of the expense relating to all stock options granted (both to employees and non-employees) has been included in the consolidated statements of operations and deficit.

The cumulative stock-based compensation expense is as follows:

<i>Contributed surplus</i>	Six months ended June 30, 2008 (Unaudited)	Year ended December 31, 2007 (Audited)
Balance, beginning of period	4,466	2,209
Stock-based compensation expense	858	2,436
Transfer to share capital on exercise of stock options	(384)	(179)
Balance, end of period	4,940	4,466

Changes in Accounting Policy

Effective January 1, 2008, the Company adopted four new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): CICA Handbook Section 1535 *Capital Disclosures*; CICA Handbook Section 3862 *Financial Instruments - Disclosures*; CICA Handbook Section 3863 *Financial Instruments - Presentation*; and CICA Handbook Section 3031 *Inventories*. A description of these standards and the impact of their adoption on the Company are discussed in note 2 of the Company's unaudited consolidated financial statements for the six months ended June 30, 2008.

Hedging and Derivative Instruments

Since at this stage the Company has no economically recoverable reserves in production the decision has been made that it is inappropriate for the Company to have any hedging or derivative activities.

Related Parties

The Company's balances with related parties as at June 30, 2008 and December 31, 2007 (audited) and unaudited transactions with related parties included in the determination of results of operations for the six months ended June 30, 2008 and June 30, 2007 are disclosed in note 7 to the Company's unaudited consolidated financial statements for the six months ended June 30, 2008.

Risk Factors

Due to the nature of the Company's business and present stage of exploration and development of its mineral properties, the Company is subject to various financial, operational and political risks.

The risks and uncertainties described below are those the Company currently believes to be material but they are not the only ones faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

Mining Industry

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by the Company or its joint venture partners will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of

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minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

No Production Revenues; History of Losses

AXMIN does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by AXMIN towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

To date, the Company has not recorded any revenues from mining operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company does not expect to receive revenues from operations in the foreseeable future. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability.

There can be no assurance that the Company's exploration programs will result in locating commercially exploitable mineral ores or that the Company's properties will be successfully developed. Further, there can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Uncertainty in the Estimation of Mineral Reserves and Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed the quantity of mineral resources and mineral reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that gold recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of AXMIN's ability to extract these mineral reserves, could have a material adverse effect on AXMIN's results of operations and financial condition.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Nature of Mineral Exploration

Other than with respect to the properties that comprise the Passendro Gold Project in the CAR none of the properties in which AXMIN has an interest contain a known body of commercial ore. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits. The exploration and development of

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mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the proposed exploration programs on the properties in which AXMIN has an interest will result in a profitable commercial mining operation.

AXMIN's exploration and, if such exploration is successful, development of its properties will be subject to all of the hazards and risks normally incident to gold exploration and development, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. AXMIN's activities may be subject to prolonged disruptions due to weather conditions, depending on the location of operations in which AXMIN has interests. Hazards, such as unusual or unexpected formations, rock bursts pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. The nature of these risks is such that liabilities could exceed any insurance policy limits or could be excluded from any insurance coverage. There are also risks against which AXMIN could not insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or in compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in AXMIN not receiving an adequate return on investment capital.

Uncertainty Relating to Inferred Mineral Resources

Inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Joint Venture Strategy

AXMIN's business strategy includes continuing to seek new joint venture opportunities. In pursuit of such opportunities, AXMIN may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into AXMIN's operations. AXMIN cannot assure that it can complete any business arrangement that it pursues, or is pursuing, on favourable terms, or that any business arrangements completed will ultimately benefit AXMIN's business.

Additional Funding Requirements

If AXMIN's exploration and feasibility programs are successful, additional funds over and above those currently held by the Company will be required for further exploration to prove economic ore bodies and to bring such ore bodies to production. The further exploration and development of AXMIN's properties will depend upon AXMIN's ability to obtain financing through the joint venturing of projects, equity financing, debt financing or other means. There is no assurance that AXMIN will be successful in obtaining the required financing or obtaining such financing on acceptable terms. The location of AXMIN's properties in developing countries may make it more difficult for AXMIN to obtain debt financing from senior lenders. Failure to obtain additional financing on a timely basis or on acceptable terms could have a material adverse effect on AXMIN's financial condition, results of operations and liquidity and could cause AXMIN to forfeit all or parts of its interest in some or all of its properties or joint ventures and reduce or terminate its operations.

Necessary Personnel and Equipment May Not Be Available

Due to market conditions, the availability, timeliness of such availability and cost of suitable personnel and equipment with which AXMIN requires to carry on its business currently and is reasonably expected to require to carry on its business in the future is uncertain. There is no certainty that such personnel and equipment will be available in a timely fashion, if at all, and that the costs of such personnel and equipment will not be prohibitively expensive.

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Political Risk

AXMIN currently conducts its exploration activities in the African countries of the CAR, Mali, Sierra Leone, Senegal, Ghana and Burkina Faso. A significant portion of the Company's mineral properties are located in the CAR and as such the success of the Company will be influenced by a number of factors including the legal and political risks associated with that country. There have been recent news reports of a deteriorated security situation in the north-eastern sector of the CAR. To date, AXMIN's operations have not been materially affected by these activities. The Company's management is continuing to monitor this situation.

There is no assurance that future political and economic conditions in the CAR, Mali, Sierra Leone, Senegal, Ghana or Burkina Faso will not result in their respective governments adopting different policies respecting foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both AXMIN's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in respect of which it has obtained exploration rights to date. The possibility that future governments of these and other African countries may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out. The Company's projects may be subject to the effects of political changes, war and civil conflict, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. The effect of unrest and instability on political, social or economic conditions in the countries in which the Company carries on its business could result in the impairment of the exploration, development and mining operations at those projects. Any such changes are beyond the control of the Company and may adversely affect its business.

Insurance and Uninsured Risks

AXMIN's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to AXMIN's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although AXMIN maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with its operations. AXMIN may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to AXMIN or to other companies in the mining industry on acceptable terms. AXMIN might also become subject to liability for pollution or other hazards which may not be insured against or which AXMIN may elect not to insure against because of premium costs or other reasons. Losses from these events may cause AXMIN to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Government Regulation

AXMIN's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although AXMIN's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of AXMIN are subject to government approvals, licences and permits. Such approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that AXMIN will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained AXMIN may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed,

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and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on AXMIN and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Contractual Arrangements

AXMIN has entered into and may in the future enter into, contractual arrangements to acquire interests in mineral resource properties with governments or governmental agencies which contain time-sensitive performance requirements. The foundation of certain of these agreements may be based on recent political conditions and legislation and not supported by precedent or custom. As such, the contractual arrangements may be subject to cancellation or unilateral modification. Furthermore AXMIN will be dependent on the receipt of government approvals or permits to explore and develop its properties. Any change in government or legislation may affect the status of AXMIN's contractual arrangements or its ability to meet its contractual obligations and may result in the loss of its interests in mineral properties. In some cases, infrastructure has been put in place by AXMIN on the basis of verbal or preliminary governmental approval, which may or may not be confirmed by government order. In addition, there is a possibility that AXMIN's agreements with governments and governmental agencies or joint venture partners may be unenforceable against these parties.

Commodity Prices

The development and success of any project of the Company will be primarily dependent on the future price of gold and other metals. Commodity prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and political and economic conditions. The price of gold and other metals has fluctuated widely in recent years, and future price declines could cause any future development of and commercial production from the Company's properties to be impracticable. Depending on the price of gold and other metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue any development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold and other metal prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold and other metal prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Commodity Hedging

Currently AXMIN does not have a policy to hedge future commodity sales. If put into place, there is no assurance that a commodity hedging program designed to reduce the risk associated with fluctuations in commodity prices will be successful. Hedging may not protect adequately against declines in commodity prices. Although hedging may protect AXMIN from a decline in commodity prices, it may also prevent AXMIN from benefiting fully from price increases.

Competition

The mineral exploration business is competitive in all of its phases. AXMIN competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than AXMIN, in the search for and the acquisition of attractive mineral properties. AXMIN's ability to acquire properties in the future will depend

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not only on its ability to develop its present properties, but also in its ability to select and acquire suitable producing properties or prospects for mineral exploration or development.

There is no assurance that AXMIN will be able to compete successfully with others in acquiring such properties or prospects.

Currency Risk

AXMIN's costs are incurred in Canadian dollars, United States dollars, British pounds sterling, Euros and also in the currencies of the CAR, Mali, Sierra Leone, Senegal, Ghana and Burkina Faso. There is no guarantee that these other currencies will be convertible into Canadian and United States dollars in the future and foreign currency fluctuations may adversely affect AXMIN's financial position and operating results. AXMIN currently does not undertake currency hedging activities.

Title Matters

Title to AXMIN's properties may be challenged or impugned. No assurances can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration authorizations of AXMIN and that such exploration authorizations will not be challenged or impugned by third parties. While AXMIN has applied for rights to explore various properties and may also do so in the future, there is no certainty that such rights will be granted or granted on terms satisfactory to AXMIN. Local mining legislation of certain countries in which AXMIN operates requires AXMIN to grant to the government an interest in AXMIN's property rights. In addition, the properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Conflict of Interest

Certain of AXMIN's directors are directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may have participated in ventures in which AXMIN may participate, the directors of AXMIN may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with AXMIN for the acquisition of mineral property rights.

Repatriation of Earnings

Currently, there are no significant legal restrictions on the repatriation from the CAR, Mali, Sierra Leone, Senegal, Ghana or Burkina Faso of earnings to foreign entities with the exception of restrictions of legal capital (equity) until after dissolution. However, there can be no assurance that restrictions on repatriation of earnings from such countries will not be imposed in the future.

Management; Dependence on Key Personnel

Investors will be relying on the good faith, experience and judgement of AXMIN's management and advisors in supervising and providing for the effective management of the business and the operations of AXMIN and in selecting and developing new investment and expansion opportunities. AXMIN may need to recruit additional qualified personnel to supplement existing management. AXMIN is currently dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

Environmental Risks and Hazards

All phases of AXMIN's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect AXMIN's operations. Environmental hazards may exist on the properties on which AXMIN holds interests which are unknown to AXMIN at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

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Enforceability of Civil Liabilities

Certain of AXMIN's directors and officers reside outside of Canada. All of the assets of such persons are, and substantially all of the properties of AXMIN are, located outside of Canada. It may not be possible for investors to effect service of process within Canada upon such persons and it may also not be possible to enforce against AXMIN and/or such persons judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Concentration of Share Ownership

As at the date of this report AOG Holdings BV ("AOG"), a wholly owned subsidiary of The Addax & Oryx Group Limited, holds approximately 38.72% of the common shares issued by the Company. AOG Holdings BV is therefore able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. AOG's shareholding excludes shares in AXMIN held by the Company's Chairman, Jean Claude Gandur, who is a senior officer and director of an affiliate of AOG.

Future Sales of Shares by Existing Shareholders

Sales of a large number of common shares of the Company in the public markets, or the potential for such sales, could decrease the trading price of the common shares of the Company and could impair AXMIN's ability to raise capital through future sales of common shares of the Company. AXMIN has previously completed private placements at prices per common share of the Company which are lower than the current market price of the common shares of the Company. Accordingly, a significant number of shareholders of AXMIN have an investment profit in the common shares of the Company that they may seek to liquidate.

Estimation of Asset Carrying Values

The Company undertakes a quarterly evaluation of its portfolio of exploration projects and other assets. The recoverability of the Company's carrying values of its properties are assessed by comparing carrying values to estimated future net cash flows from each property.

Factors which may affect carrying values include, but are not limited to, metal and reagent prices, capital cost estimates, mining, processing and other operating costs, grade and metallurgical characteristics of ore, mine design and timing of production. In the event of a prolonged period of depressed metal prices the Company may be required to take additional material write-downs of its exploration and development properties.

Health Issues

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry of central and west Africa. As such HIV/AIDS is a major healthcare challenge faced by AXMIN's operations. There can be no assurance that AXMIN will not incur the loss of its contractors, members of its workforce or workforce hours or incur increased medical costs, which may have a material adverse effect on AXMIN's operations.

Increased Labour Costs

Wages and related labour costs account for a large portion of AXMIN's costs. Accordingly, AXMIN's costs may be materially affected by increases in wages and related labour costs.

Compliance with Health and Safety Regulations

AXMIN operates in the mining industry, which is a hazardous industry. While management believes that AXMIN is in material compliance with all health and safety regulations, the adoption and enforcement of more stringent regulations in the future could adversely affect operational flexibility and costs.

Requirement for Permits and Licences

The operations of AXMIN require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. Management believes that AXMIN currently holds or has applied for all necessary licences and permits to carry on the activities that it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that AXMIN is complying in all material respects with the terms of such licences and permits. However, AXMIN's ability to obtain, sustain or renew such licences and permits on acceptable

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terms is subject to changes in regulations and policies and to the discretion of the applicable governmental authorities.

Dividend Policy

No dividends have been paid to date on the shares. AXMIN anticipates that for the foreseeable future it will retain any future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of AXMIN's Board of Directors after taking into account many factors, including AXMIN's operating results, financial condition and current and anticipated cash needs.

Share Capital

As at the date of this report the outstanding common shares and other securities of the Company comprise:

Securities	Expiry date	Exercise price	Securities outstanding	Common shares on exercise
Common shares				245,613,234
Stock options	December 18, 2008	Cdn\$1.00	1,330,000	1,330,000
Stock options	October 4, 2009	Cdn\$0.70	150,000	150,000
Stock options	December 13, 2009	Cdn\$0.67	580,000	580,000
Stock options	December 5, 2010	Cdn\$0.55	200,000	200,000
Stock options	March 8, 2011	Cdn\$0.71	695,000	695,000
Stock options	January 24, 2012	Cdn\$0.99	3,200,000	3,200,000
Stock options	October 31, 2012	Cdn\$0.90	200,000	200,000
Stock options	December 02, 2012	Cdn\$0.77	200,000	200,000
Stock options	December 23, 2012	Cdn\$0.82	2,000,000	2,000,000
Stock options	June 22, 2013	Cdn\$0.45	250,000	250,000
Common share purchase warrants	June 2, 2010	Cdn\$0.57	7,500,000	7,500,000
Common share purchase warrants	June 9, 2010	Cdn\$0.57	2,786,314	2,786,314
Common share purchase warrants	June 13, 2010	Cdn\$0.57	4,713,686	4,713,686
Fully diluted common shares				<u>269,418,234</u>

Disclosure of Controls and Procedures

Management is responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is compensated for by senior management supervision. The Company is introducing new accounting and reporting systems to augment and improve the procedures and controls. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have commenced the evaluation of the effectiveness of the Company's internal control over financial reporting, pursuant to the requirements of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators.

Outlook

The Company has two main priorities at the project level. At the Passendro Gold Project, Bambari-Bakala permits, in the CAR the Company has recently completed a bankable feasibility study. The Company will now take steps towards the issuance of the associated mining permit and progress the project finance. Elsewhere on the Bambari-Bakala permits and other permits in the CAR, and on the Company's properties in Mali, Sierra Leone and Senegal the Company intends to progress well defined exploration programs, including undertaking drilling of key targets. At the

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corporate level, the Company expects to raise the profile of the Company and will continue to assess market opportunities to raise additional capital.

Forward-Looking Statements

This report contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performances of AXMIN, its subsidiaries and their respective projects, the future price of gold, base metals and other commodities, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of AXMIN and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed in the section entitled "Risk Factors" in this report. Although AXMIN has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this report based on the opinions and estimates of management, and AXMIN disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company may be obtained from the SEDAR website (www.sedar.com) and the Company's website (www.axmininc.com).

On behalf of the Board of Directors

"Signed"

Mario Caron
President, Chief Executive Officer & Director

August 14, 2008

AXMIN Inc.

Notice to the Reader

In accordance with National Instrument 51-102, Part 4, sub-section 4.3(3)(a), notice is hereby given that the accompanying interim consolidated financial statements of AXMIN Inc. (the "Company") for the six months ended June 30, 2008 have not been reviewed by the Company's auditors.

The accompanying interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. These interim consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

AXMIN Inc.**Unaudited Consolidated Balance Sheets**

(All tabular amounts stated in thousands of United States dollars)

<i>As at June 30, 2008 and December 31, 2007</i>	June 30, 2008	December 31, 2007 <i>(Audited)</i>
Assets		
Current assets		
Cash and cash equivalents	8,269	11,121
Prepaid expenses	99	212
Sundry debtors	112	131
	8,480	11,464
Exploration and development costs <i>(Note 5)</i>	80,920	67,694
Other assets	58	58
	89,458	79,216
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	2,078	2,824
Accrued liabilities and sundry creditors	449	332
Amounts due to related parties <i>(Note 7)</i>	101	44
	2,628	3,200
Shareholders' equity		
Share capital <i>(Note 6)</i>	101,806	88,760
Contributed surplus <i>(Note 6(c))</i>	4,940	4,466
Deficit	(19,916)	(17,210)
	86,830	76,016
	89,458	79,216

Changes in accounting policy (Note 2).

Commitments and contingencies (Notes 5 and 10).

Subsequent events (Note 9).

See accompanying notes to the unaudited consolidated financial statements.

AXMIN Inc.**Unaudited Consolidated Statements of Operations and Deficit***(All tabular amounts stated in thousands of United States dollars except per share amounts)*

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Expenses				
Administration (Note 7)	804	613	1,484	1,067
Write-down of exploration and development costs (Note 5)	169	-	353	-
Stock-based compensation expense (Note 6(c))	405	514	858	1,509
Loss (gain) on foreign exchange	5	(952)	79	(1,130)
	1,383	175	2,774	1,446
Other income				
Interest income	11	395	68	619
	11	395	68	619
Net (loss) profit, and other comprehensive				
(loss) profit for the period	(1,372)	220	(2,706)	(827)
Deficit, beginning of period	(18,544)	(12,327)	(17,210)	(11,280)
Deficit, end of period	(19,916)	(12,107)	(19,916)	(12,107)
Net (loss) profit per share (basic and diluted)				
	(0.0061)	0.0010	(0.0123)	(0.0039)
Weighted average number of common				
shares outstanding	223,605,437	213,288,223	219,605,437	213,104,162

See accompanying notes to the unaudited consolidated financial statements.

AXMIN Inc.**Unaudited Consolidated Statements of Cash Flows***(All tabular amounts stated in thousands of United States dollars)*

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Operating activities				
Net profit (loss) for the period	(1,372)	220	(2,706)	(827)
Write-down of exploration and development costs	169	-	353	-
Stock-based compensation expense	405	514	858	1,509
(Gain) loss on foreign exchange	(24)	(2,210)	266	(2,450)
Change in related parties	87	14	57	1
Change in non-cash working capital	(162)	(297)	(497)	(506)
Net cash outflow from operating activities	(897)	(1,759)	(1,669)	(2,273)
Investing activities				
Exploration and development costs	(6,345)	(6,037)	(13,579)	(11,240)
Net cash outflow from investing activities	(6,345)	(6,037)	(13,579)	(11,240)
Financing activities				
Issuance of common shares	11,910	14	12,706	732
Cost of share issuances	(44)	-	(44)	(25)
Net cash inflow from financing activities	11,866	14	12,662	707
Gain (loss) on foreign exchange on cash	24	2,210	(266)	2,450
Net cash inflow (outflow)	4,648	(5,572)	(2,852)	(10,356)
Cash and cash equivalents, beginning of period	3,621	30,241	11,121	35,025
Cash and cash equivalents, end of period	8,269	24,669	8,269	24,669

See accompanying notes to the unaudited consolidated financial statements.

Notes to the Unaudited Consolidated Financial Statements

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

1. Nature of Operations and Basis of Presentation

AXMIN Inc. ("AXMIN", the "Company") is an international mineral exploration company with an exploration portfolio in the mineral belts of central and west Africa. The Company is in its development stage and it is in the process of exploring its mineral properties and, other than with respect to the properties that comprise the Passendro Gold Project (discussed below), it has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. To date the Company has raised funds to explore its mineral properties principally through the issuance of shares. In the foreseeable future the Company will likely remain dependent on the issuance of further shares to raise funds to explore and develop its properties, and on the availability of project finance for the development of the Company's more advanced projects. In addition the success of the Company will be influenced by a number of factors including political, legal and environmental risks.

The consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

A significant portion of the Company's exploration and development costs relate to its Bambari property in the Central African Republic (the "CAR"). The Company holds its interest in this property through its indirect wholly owned CAR registered subsidiary, Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits.

2. Significant Accounting Policies

Principles of consolidation

These unaudited interim consolidated financial statements do not necessarily include all the disclosures required by Canadian generally accepted accounting principles for annual financial statements. Accordingly these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes included in the Company's Annual Report 2007. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the Company and all of the AXMIN Inc. group's subsidiaries which are wholly owned and are listed below:

- AXMIN Limited (incorporated in the British Virgin Islands)
- AXMIN Mining Limited (incorporated in the British Virgin Islands)
- AXMIN (Iron) Limited (incorporated in the British Virgin Islands)
- Aurafrique S.A.R.L. (incorporated in the CAR)
- AXMIN (RCA) S.A.R.L. (incorporated in the CAR)
- Ferafrique S.A.R.L. (incorporated in the CAR)
- AXMIN (SL) Limited (incorporated in Sierra Leone)
- Golden Eagle Mining Limited (incorporated in the Isle of Man)

Changes in accounting policy

- i. Effective January 1, 2007, the Company adopted four new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): CICA Handbook Section 1530 *Comprehensive Income*; CICA Handbook Section 3855 *Financial Instruments - Recognition and Measurement*; CICA Handbook Section 3861 *Financial Instruments - Presentation and Disclosure*; and CICA Handbook Section 3865 *Hedges*. These accounting policy changes were adopted on a prospective basis; accordingly, comparative amounts for prior periods have not been restated.

- (a) Comprehensive Income (Section 1530)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gain or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations. The Company does not have any components of comprehensive income (loss) except for net income (loss) and therefore this policy has had no impact on the Company's financial statements.

- (b) Financial Instruments – Recognition and Measurement (Section 3855); Presentation and Disclosure (Section 3861)

Section 3855 sets out standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be measured at fair value on initial recognition and recorded on the balance sheet. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-

Notes to the Unaudited Consolidated Financial Statements

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

maturity, loans and receivables, or other financial liabilities. Section 3861 sets out standards for the presentation and disclosure of financial instruments.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets and financial liabilities considered held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

The Company's financial instruments consist of cash and cash equivalents, prepaid expenses and sundry debtors, accounts payable, accrued liabilities and sundry creditors, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency and credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(c) Hedges (Section 3865)

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 *Hedging Relationships*, and the hedging guidance in Section 1650 *Foreign Currency Translation* by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company currently does not have any components of hedges in place and therefore this policy has had no impact on the financial statements.

(d) Impact upon adoption of CICA Handbook Sections 1530, 3855 and 3865

The Company has evaluated the impact of Sections 1530, 3855 and 3865 on its financial statements and determined that no adjustments are currently required.

The Company has made the following classifications:

- Cash and cash equivalents are classified as a financial asset "held-for-trading" and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income (loss).
- Sundry debtors are classified as "loans and receivables" and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable, accrued liabilities and sundry creditors, and amounts due to related parties are classified as "other financial liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

ii. Effective January 1, 2008, the Company adopted four new accounting standards issued by the CICA: CICA Handbook Section 1535 *Capital Disclosures*; CICA Handbook Section 3862 *Financial Instruments - Disclosures*; CICA Handbook Section 3863 *Financial Instruments – Presentation*; and CICA Handbook Section 3031 *Inventories*.

(a) Capital Disclosures (Section 1535)

Section 1535 requires an entity to disclose information to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. Furthermore the section specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Disclosure requirements pertaining to this section are in note 3.

(b) Financial Instruments – Disclosure and Presentation (Sections 3862 and 3863)

Sections 3862 and 3863 replace Section 3861 *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Section 3862 provides standards for disclosures about financial instruments, including disclosures about fair value and credit, liquidity and market risks associated with the financial instruments. Disclosure requirements pertaining to this section are in note 4. Section 3863 provides standards for presentation of financial instruments and non-financial derivatives.

(c) Inventories (Section 3031)

Section 3031 *Inventories* replaces the existing Handbook Section 3030 *Inventories*. The standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value. Any items not meeting the definition of inventory, including significant long-term capital spares, are required to be reclassified to property, plant and equipment. This section also provides guidance on

Notes to the Unaudited Consolidated Financial Statements

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the reversal of previous write-downs in certain circumstances. The Company's inventories are carried at cost. The adoption of this policy has had no material impact on the Company's financial statements.

iii. Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Handbook Section 1506 *Accounting Changes*, relating to changes in accounting policies, changes in accounting estimates and error. Adoption of these recommendations had no effect on the unaudited consolidated financial statements for the six months ended June 30, 2008, except for the disclosure of accounting changes that have been issued by the CICA but have not yet been adopted by the Company because they are not effective until a future date (note 2 iv).

iv. Future Accounting Standards

In February 2008, the CICA issued Section 3064 *Goodwill and Intangible Assets* replacing Section 3062 *Goodwill and Intangible Assets*, and Section 3450 *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of tangible assets by profit oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This section is effective in the first quarter of 2009. The Company is currently assessing the impact of these new accounting standards on its financial statements.

The CICA adopted International Financial Reporting Standards for implementation on January 1, 2011. The Company has not yet assessed the impact of these changes.

Cash and cash equivalents

Cash and cash equivalents consists of cash in the bank and short-term deposits with a remaining term to maturity at the time of purchase of less than ninety days. Cash equivalents were US\$Nil as at June 30, 2008 (December 31, 2007 - US\$7,072,551 (audited)) which have a weighted average effective interest rate of Nil% (December 31, 2007 - 2.80% (audited)).

Translation of foreign currencies

The functional currency of the Company is the United States dollar (US\$).

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at current rates of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at historical rates of exchange. Foreign exchange gains and losses are recognized in the consolidated statement of operations in the period in which they arise.

Financial statements of the Company's integrated foreign operations are translated into United States dollars using the temporal method. Under this method, monetary assets and liabilities denominated in foreign currencies are translated at current rates of exchange with the resultant gains or losses recognized in the consolidated statement of operations, while non-monetary items are translated at historical rates of exchange. Expenses are translated using rates of exchange approximating those in effect when the transactions occur.

Exploration and development costs

The costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related project will be reclassified as mining assets and amortized on a unit of production method. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated life of the property, or the project is sold or abandoned, the project is written down to its net realizable value.

The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. The amounts shown as exploration and development costs do not necessarily represent present or future values.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income and mining taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized. Future income taxes are measured using the tax rates and laws that will be in effect when the differences are expected to reverse or the losses to be realized.

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Stock-based compensation

The Company has a stock option plan which is used to compensate directors, officers, employees and consultants of the Company. Under this plan, options are awarded to purchase common shares at prices equal to the closing market price of the shares on the day prior to the grant date, subject to vesting provisions. The Company accounts for stock options using the fair value method of accounting. Under this method the Company recognizes a compensation expense based on the fair value of the options granted using an option pricing model. The fair value of the options is recognized over the vesting period of the options granted as compensation expense and contributed surplus. The contributed surplus balance is reduced as the options are exercised and credited to share capital.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Loss per share

Loss per share has been calculated based on the weighted average number of common shares outstanding during the reported period. Since the Company is in a loss position the effects of share purchase options and warrants are anti-dilutive. Therefore diluted earnings per share and basic earnings per share are the same for both 2008 and 2007.

3. Capital Management

The Company manages its cash and cash equivalents, common shares, stock options, and other securities as capital. The policy of the Board of Directors of the Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To meet these objectives the Company ensures it has sufficient cash resources to meet 60 days of operations. As at June 30, 2008 the Officers and Directors of the Company held approximately 4.96% of the common shares issued by the Company (approximately 4.51% on a fully diluted basis), excluding the shareholding of the Company's major shareholder AOG Holdings BV ("AOG"). The Company's Chairman, Jean Claude Gandur, is a senior officer and director of an affiliate of AOG.

4. Financial Instruments and Risk Management

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classified its financial instruments as follows: cash and cash equivalents as held-for-trading; sundry debtors as loans and receivables; accounts payable, accrued liabilities and sundry creditors, and amounts due to related parties as other financial liabilities.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, procedures and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these unaudited consolidated financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management procedures and processes and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and its investment securities.

(i) Cash equivalents

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a strong credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

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(ii) Receivables

Management does not expect these counterparties to fail to meet their obligations.

(iii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. All financial assets of the Company have contractual maturities of less than 90 days. The maximum exposure to credit risk as at the reporting date was:

	June 30, 2008
	<u> </u>
Cash and cash equivalents	8,269
Sundry debtors	112
	<u>8,381</u>

The Company does not have receivables or deposits that it considers impaired or otherwise uncollectible.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of sixty days, including the servicing of financial obligations, if any; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual financial liabilities of the Company as at the reporting date: the undiscounted cash flows of the liabilities are equal to their contractual amounts. All of the liabilities are due within six months of the reporting date.

	June 30, 2008
	<u> </u>
Accounts payable	2,078
	<u>2,078</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

(i) Currency risk

The functional currency of the Company is the United States dollar (US\$). The Company is exposed to currency risk on settlements of purchases that were denominated in currencies other than the functional currency. The currency exposures are principally to the Canadian dollar (Cdn\$) and the Central African CFA Franc (XAF).

The following is a break-down of financial assets and liabilities denominated in foreign currencies to which the Company is exposed:

<i>As at June 30, 2008</i>	Cdn\$	XAF
	<u> </u>	<u> </u>
Cash and cash equivalents	7,724,287	102,433,179
Sundry debtors	18,134	26,865,257
Accounts payable	(27,047)	(172,391,870)
Total in foreign currency	7,715,374	(43,093,434)
Rate of exchange (foreign currency per United States dollar)	1.01110	424.730
Balance sheet exposure in United States dollars (unrounded)	<u>7,630,674</u>	<u>(101,461)</u>

(ii) Sensitivity analysis

A 10% strengthening of the United States dollar against the following currencies as at the reporting date would have increased (decreased) net income by the amounts shown below. This analysis assumes that all other variables, in

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particular interest rates, remain constant (a 10% weakening of the United States dollar against the above currencies as at the reporting date would have had the equal but opposite effect):

As at June 30, 2008

	Gain (loss) (Unrounded)
Cdn\$	(693,698)
XAF	Nil

Amounts stated in XAF relate to the Company's activities in the CAR. In accordance with the Company's accounting policy for exploration and development costs such amounts are capitalized. Any foreign exchange gains or losses arising from the translation of XAF into United States dollars are therefore capitalized to exploration and development costs.

5. Exploration and Development Costs

	Six months ended June 30, 2008	Year ended December 31, 2007 (Audited)
Balance, beginning of period	67,694	44,576
Additions	13,579	26,590
Write-downs	(353)	(3,472)
Balance, end of period	80,920	67,694

Included in exploration and development costs are expenditures made by the Company on exploration properties which have been capitalized as follows:

	June 30, 2008	December 31, 2007 (Audited)
<i>Central African Republic</i>		
Bambari-Bakala	59,189	50,253
Pouloubou	446	446
Bogoin II	154	133
<i>Mali</i>		
Kofi Gold Project	12,150	9,806
<i>Sierra Leone</i>		
Nimini Hills	8,087	6,182
Makong	680	660
Matotaka	214	214
	80,920	67,694

Central African Republic ("CAR")

AXMIN holds a 100% interest in the Bakala, Bambari, Bogoin II, Pouloubou and Sosso Polipo properties through its two wholly owned CAR registered subsidiaries, which hold prospecting and exploration permits for the properties. Of these project areas, three (Bogoin II, Pouloubou and Sosso Polipo) are at an early stage of exploration, while the fourth, the Bambari-Bakala project, has been the subject of substantial exploration by AXMIN since the discovery of the Passendro Gold Project. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits. Due to uncertainty of the recoverability of exploration and development costs associated with the Sosso Polipo property these costs have been fully written-down.

The Bambari property is subject to a 2% net smelter royalty ("NSR") payable to United Reef Limited ("URL") from the date of commencement of first commercial production. Payment of the NSR will commence once all capital expenditures have been recovered by Aurafrique. Commencing one year from the date of commencement of first commercial production and until such time as all capital expenditures have been recovered URL will annually receive advance royalty payments of Cdn\$100,000. Such advance royalty payments shall be deductible from payments of the NSR. The Company has the right to purchase part or all of the 2% NSR at a rate of Cdn\$500,000, payable in cash or shares, for each 0.5% royalty interest during the initial five years of production from the Bambari property.

In January 2006 the Company signed a Mining Convention with the State of the CAR (the "State") covering exploration, development and mining activities on the Company's Bambari permit. The Mining Convention is valid for a period of 25 years from the date of signing, extendable by mutual consent. The key terms include:

- (a) a 2.25% royalty on the proceeds from the sale of gold;

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- (b) 10% free carried interest for the State with an option to acquire an additional participating interest of 10% at market value;
- (c) exemption from:
 - (i) taxes (including value added tax ("VAT")) and duties on fuel used in the mining operations;
 - (ii) VAT on imported capital equipment, consumables and any mining contract; and
 - (iii) duties on imported capital equipment and consumables during the development phase and for a period of five years thereafter;
- (d) exoneration from withholding tax on dividends, capital repayments and interest; and
- (e) a five year tax holiday from the date of first commercial production, following which the corporate tax rate will be 30%.

On May 6, 2008 the Company announced that prior to the submission of the Mining Licence application for its Passendro Gold Project and during its ongoing discussions with the State of the CAR, the government has indicated its desire to review some of the conditions of the Mining Convention that was agreed upon and signed on January 27, 2006. It is understood that this request coincides with the modernisation of the CAR's mining code with the assistance of the World Bank. Amongst other things the State has indicated that it would be willing to consider exchanging its 10% free carried interest in the corporation which holds the Passendro Gold Project for cash consideration and an enhanced royalty. AXMIN is mindful of the need for the government to increase its revenue from the resource industry and is therefore willing to discuss proposals provided they are not detrimental to the economic viability of the Passendro Gold Project.

In April 2008 the Company reported the results of a bankable feasibility study ("BFS") for the Passendro Gold Project. The BFS was led by SENET (PTY) Ltd. of South Africa and included a multidisciplinary team of independent consultants. On April 15, 2008 a technical report in respect of the BFS, prepared in compliance with National Instrument 43-101 and Form 43-101F, was filed on SEDAR (www.sedar.com).

Mali

AXMIN holds:

- (a) an 81.25% interest in the Kofi North permits (prior to the 10% free carried interest of the government of Mali) from joint venture partners African Selection Mining Corporation ("ASMC") and Société Financière et d'Exploration de l'Or au Mali ("SOFOM");
- (b) an 87.50% interest in the Netekoto-Kenieti permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner ASMC;
- (c) a 94.44% interest in the Walia West permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner SOFOM;
- (d) a 94.44% interest in the Walia permits (prior to the 10% free carried interest of the government of Mali) from joint venture partner l'Agence Générale de Contact et de Relations Internationales ("AGCRI"); and
- (e) a 94.44% interest in the Kenieti-Dianisse permit (prior to the 10% free carried interest of the government of Mali) from joint venture partner Dianisse SARL ("Dianisse").

In the case of the Kofi North, Netekoto-Kenieti and Walia West permits AXMIN may increase its level of interest to 100% (prior to government dilution) by buying out the interests of the other parties on submission of a BFS on an independently evaluated net present value of the proven and probable reserves using a discount rate of 15%. In the case of the Walia and Kenieti-Dianisse permits AXMIN may increase its level of interest to 100% (prior to government dilution) by buying out the interest of AGCRI and Dianisse on submission of a BFS for US\$2 per pro rata ounce of proven and probable gold reserves.

The Kofi North, Netekoto-Kenieti, Walia West, Walia and Kenieti-Dianisse permits are collectively referred to as the "Kofi Gold Project".

Sierra Leone

In March 2004 AXMIN elected to exercise an option whereby AXMIN may earn a 60% interest in the Nimini Hills project owned by AFCAN Barbados Limited ("AFCAN"), a subsidiary of Eldorado Gold Corporation, by expenditure of US\$2.25 million over a three year period. Thereafter, AFCAN has the right to participate on a pro rata basis or if it elects not to then AXMIN can earn an additional 20% by producing a BFS. The monies spent on AFCAN's behalf to earn this additional 20% will be recovered by AXMIN from AFCAN's share of future production. During the year ended December 31, 2006 AXMIN's cumulative expenditure on the Nimini Hills project exceeded US\$2.25 million and hence AXMIN earned a 60% interest in the project. See note 10.

In addition, during 2004 AXMIN acquired a wholly owned licence (named Matotaka) and entered into separate joint ventures over three other licences (namely Gori Hills, Makong and Sokoya). The terms of the joint ventures over Gori Hills, Makong and Sokoya are such that AXMIN has the ability to earn up to 80%, 77.5% and 80% interests respectively. During the year ended December 31, 2007 AXMIN satisfied terms whereby it earned a 57.5% interest in the Makong licence. Due to uncertainty of the recoverability of exploration and development costs associated with the Gori Hills and Sokoya properties these costs have been fully written-down and the Sokoya licence has expired.

Senegal

AXMIN holds a 100% interest in the Sonkounkou exploration permit. The government of Senegal retains the right at the time of a decision to mine from the property, to elect to participate in the project for a 10% free carried interest and has a further right to

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purchase an additional 25% participating interest. The government's interest is subject to reduction upon negotiation at the mining stage.

AXMIN holds a 100% interest in the Sabodala NW and Heremakono exploration permits.

With effect from April 28, 2006 the Company entered into a joint venture with Harmony Gold Mining Company Limited ("Harmony") wherein by funding expenditure of US\$4.00 million over three years Harmony may earn a 50% interest in the Company's three wholly owned Sonkounkou, Sabodala NW and Heremakono permits (collectively the "Senegal Permits"). Under the terms of the agreement Harmony has the right to earn a 50% interest in AXMIN's Senegal Permits by expenditure of US\$4.00 million over a three year period, with a minimum of US\$0.80 million in the first year to earn a 10% interest, US\$1.20 million in the second year to earn a 25% total interest and US\$2.00 million in the third year to earn the full 50% interest. In the event that Harmony should elect to discontinue the joint venture prior to earning a 25% interest then it must return the initial 10% interest to AXMIN. Once Harmony has earned its 50% interest in the Senegal Permits all further exploration and development expenditures will be shared between Harmony and AXMIN in proportion to each party's interest. Under this arrangement all previous back-in rights held by Harmony (through its acquisition of Avgold Limited) on the Sonkounkou permit have been extinguished.

During the year ended December 31, 2007 Harmony notified the Company that with effect from November 30, 2007 it was terminating the joint venture over the Senegal Permits. As such Harmony's 10% interest in the Senegal Permits was returned to the Company. The Company will continue to maintain the Senegal Permits in good standing and carry out exploration activities thereon.

Due to uncertainty of the recoverability of exploration and development costs associated with the Senegal Permits these costs have been fully written-down.

Ghana

AXMIN may earn up to a 72% interest (net of the 10% free carried interest of the government of Ghana) in the Cape Three Points property from joint venture partner Consolidated Minerals Limited ("Consmin") by carrying Consmin through to completion of a BFS. During the year ended December 31, 2005 the Company earned a 55% interest (prior to the 10% free carried interest of the government of Ghana) in the Cape Three Points property by expending a minimum of US\$0.50 million on the property. Due to uncertainty of the recoverability of exploration and development costs associated with this property these costs have been fully written-down.

During the year ended December 31, 2007 the Company entered into an agreement with Ausgold Ghana Limited ("Ausgold") whereby the Company wishes to transfer its entire interest and rights under the agreement with Consmin to Ausgold in exchange for payment, by January 31, 2008, of US\$0.55 million upon the closing of an initial public offering ("IPO") of the ordinary shares of Noble Mineral Resources Limited ("Noble"), a company to which Ausgold intends to vest its entire interest in the Cape Three Points property upon the closing of an IPO of the ordinary shares of Noble. Furthermore AXMIN agreed for such payment to be made by the issuance of marketable fully paid ordinary shares of Noble, subject to any regulatory requirements. Subsequent to December 31, 2007 such payment date was extended, by mutual consent, to June 30, 2008.

Effective June 27, 2008 AXMIN transferred its entire interest in the Cape Three Points property to Noble for proceeds of 3,000,000 common shares, representing 2.17% of the total issued common shares of Noble. In addition, AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area. This transaction was part of Noble's IPO on the Australian Securities Exchange ("ASX") which was priced at A\$0.20 per common share and shares started trading on June 27, 2008. In accordance with the regulations of the ASX the common shares of Noble held by AXMIN are subject to a 24 months escrow period commencing on June 27, 2008.

Burkina Faso

The Company's Bouroum, Yeou and Ankouma permits in Burkina Faso (collectively the "Burkina Faso Permits") are subject to an exploration joint venture dated June 14, 2004 with High River Mines Ltd ("High River") whereby High River may earn a 100% interest in the Burkina Faso Permits by spending US\$1.50 million on exploration over three years (subject to AXMIN retaining a back-in right up to the time of completion of a feasibility study for a 50% interest in one or all of the permits by paying High River a multiple of 1.5 times High River's expenditure on the relevant permit(s)). During the year ended December 31, 2007 High River fulfilled its requirement to expend US\$1.50 million. Due to uncertainty of the recoverability of exploration and development costs associated with the Burkina Faso Permits these costs have been fully written-down.

Canada

B-B Lake, Northwest Territories represents a 25% interest in 16 leased contiguous mining claims. The claims are subject to a 12.5% net profits royalty. Due to uncertainty of the recoverability of exploration and development costs associated with this property these costs have been fully written-down.

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6. Share Capital

(a) Authorized share capital

Unlimited number of common shares and class 'A' shares.

(b) Issued share capital

<i>Common shares</i>	<i>Number of common shares</i>	<i>Amount</i>
Balance as at January 1, 2007	210,721,234	87,225
Cost of share issuances	-	(26)
Exercise of stock options	2,617,500	751
Exercise of compensation options	1,174,500	631
Stock-based compensation expense	-	179
Balance as at December 31, 2007	214,513,234	88,760
Issue for cash, net of costs	30,000,000	11,866
Exercise of stock options	1,100,000	796
Stock-based compensation expense	-	384
Balance as at June 30, 2008	245,613,234	101,806

During the year ended December 31, 2007:

- a. the following stock options were exercised:
 - i. 2,050,000 stock options were exercised at Cdn\$0.32 each, for total proceeds of Cdn\$656,000 (US\$560,493);
 - ii. 500,000 stock options were exercised at Cdn\$0.34 each, for total proceeds of Cdn\$170,000 (US\$145,399);
 - iii. 67,500 stock options were exercised at Cdn\$0.71 each, for total proceeds of Cdn\$47,925 (US\$45,256); and

as a result the Company issued 2,617,500 common shares of the Company to the stock option holders.
- b. 1,174,500 compensation options expiring on December 14, 2007 were exercised at Cdn\$0.52 each, for total proceeds of Cdn\$610,740 (US\$631,386), and as a result the Company issued 1,174,500 common shares of the Company to the compensation option holder.

During the six months ended June 30, 2008 the following stock options were exercised:

- a. 900,000 stock options were exercised at Cdn\$0.71 each, for total proceeds of Cdn\$639,000 (US\$648,731); and
 - b. 200,000 stock options were exercised at Cdn\$0.74 each, for total proceeds of Cdn\$148,000 (US\$147,557).
- As a result the Company issued 1,100,000 common shares of the Company to the stock option holders.

During June 2008 AXMIN closed, in three tranches, a non-brokered private placement totaling 30,000,000 Units at a price of Cdn\$0.40 per Unit (the "Placement"), being 15,000,000 Units on June 2, 2008, 5,572,628 Units on June 9, 2008 and 9,472,372 Units on June 13, 2008, for total gross proceeds of Cdn\$12,000,000 (US\$11,909,778). Each Unit consists of one common share plus one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of AXMIN at a price of Cdn\$0.57 expiring 24 months after the date of closing of each tranche. Securities acquired under the Placement are subject to a four-month hold period. Immediately prior to completion of the Placement the Company's major shareholder AOG exercised control and direction over 80,108,237 common share of the Company. As part of the Placement AOG purchased 15,000,000 Units. Immediately post completion of the Placement AOG held 95,108,237 common shares in the Company plus 7,500,000 common share purchase warrants in the Company, representing approximately 38.72% of AXMIN's issued and outstanding common shares. The net proceeds of the Placement are to be used for ongoing development and exploration programs and for general corporate purposes.

As at June 30, 2008 AOG held 95,108,237 common shares of the Company, representing approximately 38.72% of AXMIN's issued and outstanding common shares, plus common share purchase warrants for 7,500,000 common shares of the Company exercisable at a price of Cdn\$0.57 each expiring on June 2, 2010. AOG's shareholding excludes shares in AXMIN held by the Company's Chairman, Jean Claude Gandur, who is a senior officer and director of an affiliate of AOG.

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(c) Stock options

The Company has an incentive stock option plan which governs the granting and exercise of stock options issued to directors, officers and employees of the Company, and consultants to the Company. During the periods the following transactions took place:

<i>Number of stock options</i>	Six months ended June 30, 2008	Year ended December 31, 2007 (Audited)
Outstanding, beginning of period	11,392,500	7,970,000
Granted	250,000	6,100,000
Exercised	(1,100,000)	(2,617,500)
Expired or not vested	(1,012,500)	(60,000)
Outstanding, end of period	9,530,000	11,392,500
Exercisable, end of period	7,342,500	7,742,500

As at January 1, 2007 the Company had the following stock options on issue and outstanding:

<i>Expiry date</i>	<i>Exercise price</i>	<i>Stock options on issue and outstanding</i>
January 17, 2007	Cdn\$0.32	2,050,000
January 17, 2007	Cdn\$0.34	500,000
March 8, 2008	Cdn\$0.71	900,000
April 4, 2008	Cdn\$0.74	950,000
December 18, 2008	Cdn\$1.00	1,470,000
October 4, 2009	Cdn\$0.70	150,000
December 13, 2009	Cdn\$0.67	710,000
December 5, 2010	Cdn\$0.55	200,000
March 8, 2011	Cdn\$0.71	1,040,000
Total		7,970,000

During the year ended December 31, 2007:

- a. the Company granted stock options for:
 - i. 3,700,000 common shares of the Company exercisable at Cdn\$0.99 each expiring on January 24, 2012;
 - ii. 200,000 common shares of the Company exercisable at Cdn\$0.90 each expiring on October 31, 2012;
 - iii. 200,000 common shares of the Company exercisable at Cdn\$0.77 each expiring on December 2, 2012; and
 - iv. 2,000,000 common shares of the Company exercisable at Cdn\$0.82 each expiring on December 23, 2012.
- b. 60,000 stock options exercisable at Cdn\$0.71 each for 60,000 common shares of the Company expired or did not vest.

As at December 31, 2007 the Company had the following stock options on issue and outstanding:

<i>Expiry date</i>	<i>Exercise price</i>	<i>Stock options on issue and outstanding</i>
March 8, 2008	Cdn\$0.71	900,000
April 4, 2008	Cdn\$0.74	950,000
December 18, 2008	Cdn\$1.00	1,470,000
October 4, 2009	Cdn\$0.70	150,000
December 13, 2009	Cdn\$0.67	710,000
December 5, 2010	Cdn\$0.55	200,000
March 8, 2011	Cdn\$0.71	912,500
January 24, 2012	Cdn\$0.99	3,700,000
October 31, 2012	Cdn\$0.90	200,000
December 02, 2012	Cdn\$0.77	200,000
December 23, 2012	Cdn\$0.82	2,000,000
Total		11,392,500

Notes to the Unaudited Consolidated Financial Statements

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

During the six months ended June 30, 2008:

- a. the Company granted stock options for 250,000 common shares of the Company exercisable at Cdn\$0.45 each expiring on June 22, 2013;
- b. the following stock options expired or did not vest:
 - i. 750,000 stock options exercisable at Cdn\$0.74 each for 750,000 common shares of the Company;
 - ii. 20,000 stock options exercisable at Cdn\$1.00 each for 20,000 common shares of the Company;
 - iii. 60,000 stock options exercisable at Cdn\$0.67 each for 60,000 common shares of the Company;
 - iv. 57,500 stock options exercisable at Cdn\$0.71 each for 57,500 common shares of the Company; and
 - v. 125,000 stock options exercisable at Cdn\$0.99 each for 125,000 common shares of the Company.

As at June 30, 2008 the Company had the following stock options on issue and outstanding:

<i>Expiry date</i>	<i>Exercise price</i>	<i>Stock options on issue and outstanding</i>
December 18, 2008	Cdn\$1.00	1,450,000
October 4, 2009	Cdn\$0.70	150,000
December 13, 2009	Cdn\$0.67	650,000
December 5, 2010	Cdn\$0.55	200,000
March 8, 2011	Cdn\$0.71	855,000
January 24, 2012	Cdn\$0.99	3,575,000
October 31, 2012	Cdn\$0.90	200,000
December 02, 2012	Cdn\$0.77	200,000
December 23, 2012	Cdn\$0.82	2,000,000
June 22, 2013	Cdn\$0.45	250,000
Total		9,530,000

The fair value of options granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 3.52% (2007 - 4.1%), expected dividend yield of nil, expected volatility of 77.3% (2007 - 107.4%), and expected option life of 5 years (2007 - 5 years). For purposes of the pro forma disclosure, the estimated fair value of the options is expensed over the options' vesting periods. The weighted average fair market value of options granted in 2008 was US\$0.44 (2007 - US\$0.78).

The impact of the expense relating to all stock options granted (both to employees and non-employees) has been included in the consolidated statements of operations and deficit.

Contributed Surplus

The cumulative stock-based compensation expense is as follows:

<i>Contributed surplus</i>	Six months ended June 30, 2008	Year ended December 31, 2007 (Audited)
Balance, beginning of period	4,466	2,209
Stock-based compensation expense	858	2,436
Transfer to share capital on exercise of stock options	(384)	(179)
Balance, end of period	4,940	4,466

(d) **Common share purchase warrants**

<i>Number of common share purchase warrants</i>	Six months ended June 30, 2008	Year ended December 31, 2007 (Audited)
Outstanding, beginning of period	-	-
Issued, exercisable at Cdn\$0.57 each	15,000,000	-
Outstanding, end of period	15,000,000	-

As at January 1, 2007 and December 31, 2007 the Company had no common share purchase warrants on issue and outstanding.

AXMIN Inc.

Notes to the Unaudited Consolidated Financial Statements

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

As at June 30, 2008 the Company had on issue and outstanding common share purchase warrants for:

- i. 7,500,000 common shares of the Company exercisable at Cdn\$0.57 each expiring on June 2, 2010;
- ii. 2,786,314 common shares of the Company exercisable at Cdn\$0.57 each expiring on June 9, 2010; and
- iii. 4,713,686 common shares of the Company exercisable at Cdn\$0.57 each expiring on June 13, 2010.

7. Related Parties

The Company's balances with related parties as at June 30, 2008 and December 31, 2007 are summarized below:

Balances	Footnote	June 30, 2008	December 31, 2007 (Audited)
Due to The Addax & Oryx Group Limited	(a)	29	29
Due to Fasken Martineau DuMoulin LLP	(b)	72	15
Due to related parties		101	44

The Company's transactions with related parties included in the determination of results of operations for the six months ended June 30, 2008 and June 30, 2007 are summarized below:

- (a) On December 6, 2005 the Company entered into a Contract for Services with The Addax & Oryx Group Limited, the parent company of AOG Holdings BV (the Company's major shareholder), for the provision of the services of Jean Claude Gandur in the capacity of Chairman of the Company. The fees payable for these services for the six months ended June 30, 2008 were GBP£14,438 (equivalent to US\$28,809) (2007 - GBP£14,438 (equivalent to US\$28,598)).
- (b) Legal services are provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Sherriff, a director of the Company, is counsel. In addition to US\$63,367 (2007 - US\$7,615) included in the determination of results of operations for the six months ended June 30, 2008 Fasken Martineau DuMoulin LLP provided legal services in the amount of US\$43,962 (2007 - US\$Nil) in connection with share offerings made by the Company. Fees relating to such transactions have been charged against the gross proceeds of the related share offerings. Furthermore Fasken Martineau DuMoulin LLP provided professional services in connection with the Company's exploration properties at a cost of US\$1,401 (2007 - US\$Nil). In accordance with the Company's accounting policy for exploration and development costs such costs have been capitalized by the Company.

8. Segmented Information

The Company operates in one industry segment, mineral exploration and mining. The Company's exploration activities have been carried out in the CAR, Mali, Sierra Leone, Senegal, Ghana, Burkina Faso and Canada. Note 5 to these financial statements sets out details of capitalized exploration and development costs by country and project.

9. Subsequent Events

There are no reportable material events subsequent to June 30, 2008.

10. Commitments and Contingencies

The Company has entered into lease agreements for the rental of office space, the minimum lease payments under these leases as at June 30, 2008 and December 31, 2007 are summarized below:

	June 30, 2008	December 31, 2007 (Audited)
Lease rental commitments		
Less than 1 year	82	24
1 - 2 years	76	19
2 - 3 years	70	19
3 - 4 years	58	3
4 - 5 years	58	-
5 - 6 years	19	-

In respect of the Nimini Hills project in Sierra Leone a third party claims to have an interest in the project through AFCAN. The interest of the third party, if correct, does not affect the Company's interest in the project.

In respect of the Passendro Gold Project in the CAR see note 5.

AXMIN Inc.

Notes to the Unaudited Consolidated Financial Statements

(All tabular amounts stated in thousands of United States dollars unless otherwise indicated and except per share amounts)

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

Corporate Information

Officers

Jean Claude Gandur ⁴
Chairman

Michael Martineau ^{4,5}
Deputy Chairman

Mario Caron ⁴
President & Chief Executive Officer

Craig Banfield ⁴
Chief Financial Officer

Shirley Kozel
Corporate Secretary

Directors

Mario Caron ⁴

Jean Claude Gandur ⁴

Robert Jackson ^{1,2,3,5}

Michael Martineau ^{1,4,5}

Robert Shirriff ^{2,3}

Anthony Walsh ^{1,3}

Senior Management

Jonathan Forster
Head of Exploration

Charles Carron Brown
General Manager, Passendro Gold Project

Judith Webster ⁴
Manager - Investor Relations

- 1 Audit Committee
- 2 Compensation Committee
- 3 Corporate Governance Committee
- 4 Disclosure Policy Committee
- 5 Technical Committee

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Auditors

Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel

Fasken Martineau DuMoulin LLP
Toronto, Ontario, Canada

Investor and Analyst Inquiries

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Toronto, Ontario, Canada
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Tel: +1 514 982 7555
E-mail: service@computershare.com

Stock Listing

TSX Venture Exchange (TSX Venture)
Symbol: AXM

Common Shares Outstanding

(As at June 30, 2008)
245.6 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands



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