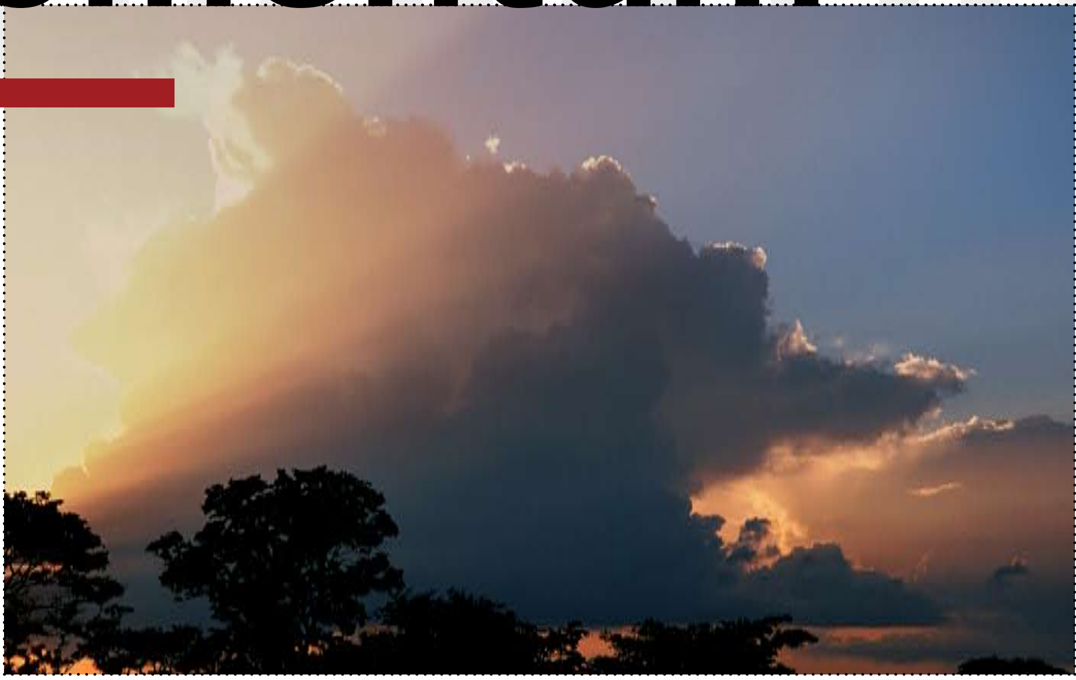
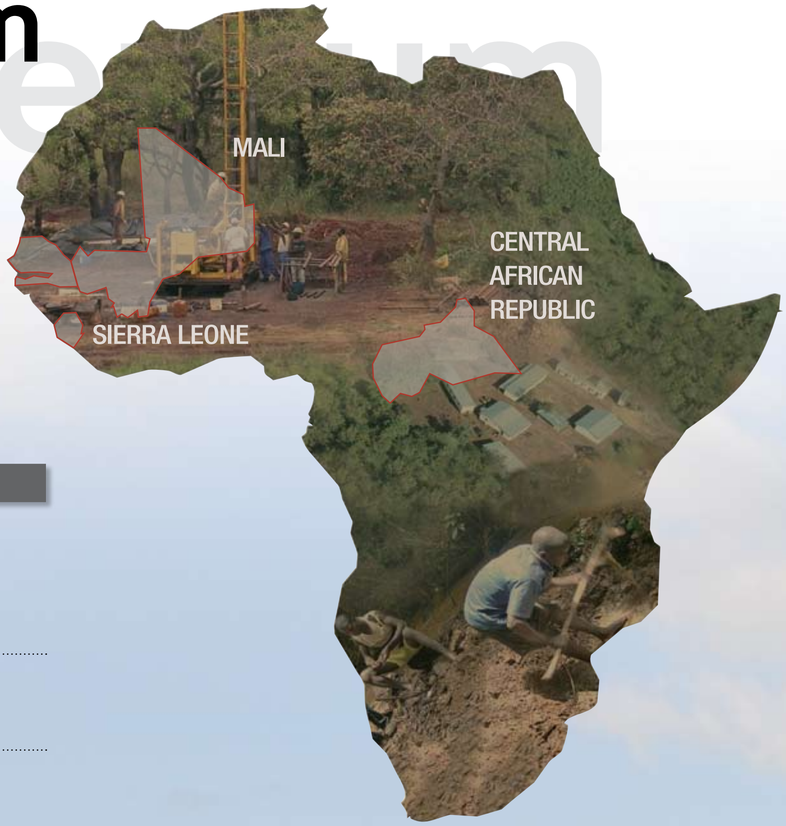
AXMIN

annual report 2006

building momentum



building momentum



TARGET 200,000 oz/yr production 09
Passendro Gold Project, CAR

- 2.6 mozs and growing (Apr 06) – 50,000 m drill program 07
  Indicated: 1.54 mozs (18.62 Mt at 2.6 g/t Au); plus
  Inferred: 1.10 mozs (16.82 Mt at 2.0 g/t Au)
- Feasibility – mid 07; Construction – 07/08; Production – 09
- New discovery 06 – Main Zone-high grade zones & depth extensions; plus 3 new gold centres
- New discovery 06 – Major 30 km iron ore trend, drilling planned 07

It gives us great pleasure to present the Annual Report of AXMIN Inc. for the year ended December 31, 2006. It has been another year of exciting progress, with the highlights being the increase of the mineral resources at the Passendro Gold Project in the Central African Republic (the "CAR"), positive completion of the associated pre-feasibility study and signing of a mining agreement with the government. This enabled the Board of Directors to approve the commencement of a definitive feasibility study scheduled for completion in the third quarter of 2007. Considerable exploration success was also achieved at both the Kofi Gold Project in Mali and the Komahun Gold Prospect in Sierra Leone where mineral resource estimates were increased at the former and calculated for the first time at the latter. Meanwhile the early stage Sonkounkou Gold Project in Senegal was successfully farmed out to Harmony Gold Mining Company Limited. Our objective in 2007 is to maintain this pace of advancement as AXMIN makes the transition from explorer to developer at Passendro and, at the same time, progress its discoveries in Mali and Sierra Leone so as to establish a pipeline of development projects for subsequent years.

By raising Cdn$40 million through an equity financing at the end of 2006 AXMIN is well placed to build on its very strong foundation with the objective of increasing mineral resources at our leading projects in each of CAR, Mali and Sierra Leone whilst also completing the feasibility study at Passendro with the aim of developing the country's first commercial scale mine. To support this drill programs are currently ongoing at each project whilst engineering studies are progressing to schedule on the Passendro feasibility study.

Central African Republic (Passendro Gold Project, Bambari-Bakala Permits)

The feasibility study targeting 200,000 ounce per year gold production from 2009 was commissioned during the third quarter of 2006, using South African based engineering company SENET (PTY) Ltd., supported by independent engineers, SRK (UK) Ltd. ("SRK"), Golder Associates (UK) Ltd. and AMEC Earth and Environmental Limited. The ongoing feasibility, and social and environmental impact studies are based on the outcome of a pre-feasibility study completed during 2006 by independent engineers GBM Limited of the UK. This defined an open pit gold mining project treated through a 3 million tonnes per year Gravity-Carbon in Leach ("CIL") processing plant with a starter project life of 5 years based on probable mining reserves of 1.14 million ounces (13.74 Mt grading 2.6 g/t Au). The reserves were derived entirely from the indicated mineral resource which, in conjunction with the inferred mineral resource, was updated in April 2006 and are summarized in the table below.

		Indicated Mineral Resource			**Inferred Mineral Resource**		
		Tonnes Mt	Grade g/t Au	Ounces Au	Tonnes Mt	Grade g/t Au	Ounces Au
French Camp	oxide	1.21	3.7	143,500	0.10	3.4	10,400
	sulphide	1.51	2.6	125,700	0.81	2.3	58,300
Katsia	oxide	2.83	3.8	346,200	0.22	2.9	19,900
	sulphide	1.31	3.9	162,500	0.52	2.5	41,800
Bacanga Head	oxide	1.67	2.5	133,700	0.10	2.8	9,500
	sulphide	0.32	2.5	26,300	1.53	2.5	122,100
Main Zone	oxide	8.54	1.9	511,500	4.52	1.6	224,700
	sulphide	0.52	2.2	36,900	6.37	1.6	326,700
Baceta	oxide	0.50	2.5	39,600	2.10	2.5	168,800
Barbacoa	oxide	0.21	2.1	14,200	0.55	3.4	59,700
Sub-total	oxide	14.96	2.5	1,188,700	7.59	2.1	493,000
	sulphide	3.66	3.0	351,400	9.23	1.9	548,900
	Total	**18.62**	**2.6**	**1,540,100**	**16.82**	**2.0**	**1,041,900**

The mineral resource estimate was prepared by independent consultants SRK and is stated with the cut off grade taken at 1.2 g/t Au except at Main Zone where the distribution of mineralisation and the high recoveries indicated for heap leach processing warrant a 0.8 g/t Au cut off. SRK's report is available on the SEDAR website (*www.sedar.com*).

This starter project returned a robust economic profile with a net present value of US$134 million (at 5% discount rate) using a US$500 per ounce gold price and internal rate of return of 41% (pre-tax and unleveraged). Capital costs were estimated at some US$120 million and operating costs of around US$200 per ounce.

Infill and near deposit exploration drilling has continued into 2007 with the objective of increasing the life of the starter project by at least an additional 2 years. This extra work will be incorporated into the feasibility study. The signing of the “Convention de Développement Minier” (Mining Agreement) early in 2006 with the CAR government was a significant milestone in establishing the fiscal and legal framework for development and production from the Passendro Gold Project.

Whilst the feasibility study has been the focus of AXMIN’s activity in the CAR, exploration has not been overlooked, with reconnaissance and first stage target generation ongoing throughout 2006 and into 2007 along the Bambari Permits. The award of the contiguous 1,000 sq km Bakala Permit during the year has enabled AXMIN to increase its control to some 140 km of strike length along the very prospective Bambari-Bakala Archaean greenstone belt. Exploration drilling on the first of a series of targets, in the first instance typically within a 15 km radius of the Passendro Gold Project, commenced early in 2007. The exploration drilling program is scheduled to run through 2007 with the objective being the ongoing delineation of new discoveries that can, with time, be converted into additional resources for the Passendro Gold Project.

Elsewhere in the CAR two additional exploration permits were awarded during 2006, Sosso Polipo and Bogoin II. A helicopter borne magnetic and radiometric survey was completed at both permits, as well as at the new Bakala Permit. Whilst first stage reconnaissance exploration programs are planned for Bakala and Bogoin II during 2007 Sosso Polipo has been prepared for an initial drill program due to its historic status with a known source of primary gold mineralisation.

The Pouloubou Permit was subject to an initial reconnaissance drill program in 2006 with the identification of several zones of primary gold mineralisation which warrant follow up drilling, scheduled for later in 2007. Regional stream sediment sampling has also identified additional new target areas across the permit which justifies the extension of exploration to these areas.

Mali (Kofi Gold Project)

Exploration during 2006 focused on the delineation of new resources from the Kofi Gold Project as well as the ongoing identification of new exploration targets, all within a 15 km radius, which are scheduled for drilling in 2007. The program was very successful and in December 2006 we announced an 82% increase in mineral resources which now stand at an indicated resource of 140,000 ozs (1.56 Mt grading 2.8 g/t Au) plus an inferred resource of 389,000 ozs (4.06 Mt grading 3.0 g/t Au) the resources are summarized in the table below.

		Indicated Mineral Resource			**Inferred Mineral Resource**		
		Tonnes Kt	Grade g/t Au	Ounces Au	Tonnes Kt	Grade g/t Au	Ounces Au
Kofi SW Zone B	oxide	440	2.2	32,000	170	1.7	9,000
	transition	270	2.0	17,000	230	1.5	11,000
	sulphide	250	2.7	22,000	200	1.6	11,000
Kofi SW Zone C	oxide	130	2.6	11,000	250	7.8	63,000
	transition	110	3.2	12,000	180	7.4	43,000
	sulphide	360	4.0	46,000	480	3.6	55,000
Betea (Kofi South)	oxide	-	-	-	460	2.4	36,000
	transition	-	-	-	630	2.6	52,000
	sulphide	-	-	-	1,460	2.3	109,000
Sub-total	oxide	570	2.3	43,000	880	3.8	108,000
	transition	380	2.3	29,000	1,040	3.1	106,000
	sulphide	610	3.5	68,000	2,140	2.5	175,000
	Total	**1,560**	**2.8**	**140,000**	**4,060**	**3.0**	**389,000**

The updated mineral resource estimate was prepared by independent consultants SRK and is stated at a 1.0 g/t Au cut off grade. SRK’s report is available on the SEDAR website (*www.sedar.com*).

A new discovery at the Betea (formerly Kofi South) prospect contributed to the resource increase and remains open in all directions, whilst further discoveries that post date the resource estimate were made later in the year at the Blanaid and Dabara (formerly Kofi SS) prospects.

The program for 2007 is focused on both the expansion of resources at existing prospects whilst making further new drill discoveries with over 30,000 metres of drilling planned for the year.

Sierra Leone (Komahun Gold Prospect, Nimini Hills Licences)

The highlight of exploration through the year was the discovery of and the first mineral resource estimate across the Komahun Gold Prospect on the Nimini Hills licences. This Archaean greenstone belt hosted shear zone style gold mineralisation was identified in a single structure of strike length about 800 metres. Subsequent exploration has identified parallel zones of mineralisation and southerly extensions that are being followed up by reconnaissance drilling during the 2007 exploration program, with the objective of expanding resources both along strike and at depth.

The current mineral resource estimate is stated below.

		Inferred Mineral Resource		
		Tonnes Kt	Grade g/t Au	Ounces Au
Komahun	oxide	500	2.5	41,000
	sulphide	4,370	2.5	352,000
	Total	**4,870**	**2.5**	**392,000**

The updated mineral resource estimate was prepared by independent consultants SRK with a stated 0.5 g/t Au cut off grade, figures have been rounded to the nearest thousand. SRK's report is available on the SEDAR website (*www.sedar.com*).

Elsewhere in Sierra Leone, early stage exploration continued across the Makong, Matotaka and Gori Hill licences with the results from geological mapping and soil geochemical programs suggesting similar styles of gold mineralisation to that at Komahun. Follow up exploration will progress across all three licences through 2007.

During 2006 exploration and development cash expenditure was US$17.599 million. As at December 31, 2006 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$44.576 million. Of the exploration and development cash expenditure incurred during 2006 US$12.547 million related to the Bambari Permits in the CAR.

On December 29, 2006 AXMIN closed an offering totaling 42,500,000 common shares priced at Cdn$0.95 each for gross proceeds of Cdn$40,375,000 (the "Offering") (approximately equivalent to US$36.5 million). The Offering was co-led by RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc., and included Haywood Securities Inc. and Canaccord Capital Corporation. Immediately prior to the Offering AOG Holdings BV (formerly Addax Mining Holdings BV, a wholly owned subsidiary of The Addax & Oryx Group Limited) held approximately 42% of AXMIN's outstanding common shares. As part of the Offering AOG Holdings BV purchased 17,811,538 common shares, being its pro rata share of the Offering. The net proceeds of the Offering are being used to fund completion of the feasibility study on the Passendro Gold Project as well as ongoing resource and exploration work in each of the CAR, Mali and Sierra Leone. Any additional net proceeds will be used for working capital and general corporate purposes.

As at December 31, 2006 AXMIN had a total of 210,721,234 common shares on issue and outstanding, cash resources of US$35.025 million and working capital which amounted to US$33.520 million.

With AXMIN's first feasibility study nearing fruition at Passendro and the exciting projects in Mali and Sierra Leone rapidly gaining ground 2006 was indeed a year of growth. Our objective in 2007 is to maintain that pace of advancement on all three fronts, to ensure that there is a pipeline of development projects ready to follow on behind Passendro as the Company makes the transition from explorer towards producer. Finally we wish to thank the shareholders for their support of the Company, the employees for their continued hard work and dedication, and the countries in which we operate for their continued support of both our activities and for the development of their mining industries.

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

Jean Claude Gandur
Chairman & Director

Dr. Jonathan Forster
Chief Executive Officer & Director

April 26, 2007

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 its properties. In addition the success of the Company will be influenced by a number of factors including environmental risks, and legal and political 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.

AXMIN has interests in the following mineral exploration properties which are described below:

- the Bakala, Bambari, Bogoin II, Pouloubou and Sosso Polipo exploration permits located in the CAR;
- the Bouroum, Yeou and Ankouma exploration permits located in Burkina Faso;
- the Kofi North, Netekoto-Kenieti, Walia and Walia West exploration permits (collectively referred to as the "Kofi Gold Project") located in Mali;
- the Sonkounkou, Sabodala NW and Heremakono exploration permits located in Senegal;
- the Nimini Hills, Gori Hills, Makong, Matotaka and Sokoya exploration permits located in Sierra Leone;
- the Cape Three Points exploration permits located in Ghana; and
- the B-B Lake exploration permits located in the Northwest Territories, Canada.

The Bakala, Bogoin II, Pouloubou and Sosso Polipo exploration permits (CAR), the Bouroum, Yeou and Ankouma exploration permits (Burkina Faso), the Sabodala NW and Heremakono exploration permits (Senegal), the Cape Three Points exploration permits (Ghana) and the B-B Lake exploration permits (Canada) are currently not material to AXMIN's operations. As at December 31, 2006, due to uncertainty of the recoverability of exploration and development costs associated with the Cape Three Points and B-B Lake properties these costs have been fully written-off.

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 3 of the Company's consolidated financial statements for the year ended December 31, 2006 and other filings made on the SEDAR website (*www.sedar.com*) including the most recently filed Annual Information Form dated November 7, 2006.

Results of Operations

On September 19, 2005 the sale of AXMIN's 100% interest in the 109,896 ounce Bouroum Permit gold reserves in Burkina Faso to a subsidiary of High River Gold Mines Ltd. ("High River") for a total consideration of US$3.300 million (net US$2.685 million after the deduction of historic feasibility study expenses funded by High River) was completed. Accordingly the sale of the Bouroum Permit reserves has been recognised in the consolidated financial statements of the Company for the year ended December 31, 2005.

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

The following tables set out selected unaudited consolidated financial information for the Company for each of the financial quarters in 2006 and 2005:

	2006 1st quarter	*2006 2nd quarter*	*2006 3rd quarter*	*2006 4th quarter*
Unaudited consolidated statements of operations and deficit				
Net loss for the period	(482)	(343)	(452)	(2,748)
Net loss per share	(0.0030)	(0.0021)	(0.0028)	(0.0163)
Unaudited consolidated balance sheets				
Working capital	10,597	6,084	5,971	33,520
Total assets	43,873	44,381	48,189	80,027
Unaudited consolidated statements of cash flows				
Exploration and development costs outflow	(3,793)	(4,318)	(4,592)	(4,896)
Net cash inflow from financing activities	-	44	4,740	33,364

	2005 1st quarter	*2005 2nd quarter*	*2005 3rd quarter*	*2005 4th quarter*
Unaudited consolidated statements of operations and deficit				
Net (loss) profit for the period	(610)	(549)	798	(589)
Net (loss) profit per share	(0.0054)	(0.0045)	0.0066	(0.0045)
Unaudited consolidated balance sheets				
Working capital	5,010	1,754	1,960	14,760
Total assets	27,674	27,403	27,811	44,049
Unaudited consolidated statements of cash flows				
Exploration and development costs outflow	(2,327)	(2,754)	(2,693)	(3,202)
Net cash inflow (outflow) from financing activities	6,265	(1)	-	16,550

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

	2004 1st quarter	*2004 2nd quarter*	*2004 3rd quarter*	*2004 4th quarter*
Unaudited consolidated statements of operations and deficit				
Net (loss) profit for the period	(346)	(1,126)	264	(761)
Net (loss) profit per share	(0.0033)	(0.0107)	0.0026	(0.0071)
Unaudited consolidated balance sheets				
Working capital	7,224	5,466	3,761	1,461
Total assets	22,012	21,652	22,128	21,732
Unaudited consolidated statements of cash flows				
Exploration and development costs outflow	(1,334)	(1,493)	(2,111)	(2,058)
Net cash inflow from financing activities	1,269	560	-	344

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.

Fourth financial quarter and three months ended December 31, 2006 compared to the fourth financial quarter and three months ended December 31, 2005

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$1.300 million in 2006 (related to the Cape Three Points property in Ghana and the B-B Lake property in Canada) compared to US$Nil in 2005. 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 2006 were US$0.563 million compared to US$0.308 million in 2005.

The stock-based compensation expense in 2006 was US$0.369 million compared to US$0.074 million in 2005.

The net loss for the fourth financial quarter and three months ended December 31, 2006 was US$2.748 million as compared to US$0.589 million in 2005.

Year ended December 31, 2006 compared to the year ended December 31, 2005

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

On September 19, 2005 the sale of AXMIN's 100% interest in the 109,896 ounce Bouroum Permit gold reserves in Burkina Faso to a subsidiary of High River for a total consideration of US$3.300 million was completed. This resulted in a net gain on sale of US$1.282 million.

A period-end review of the carrying values of the Company's exploration and development property assets led to a write-down of US$1.300 million in 2006 (related to the Cape Three Points property in Ghana and the B-B Lake property in Canada) compared to US$0.039 million in 2005. 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 2006 were US$1.867 million compared to US$1.281 million in 2005. The increased administration costs are the result of the Company's expansion to support its increased level of exploration and development activities.

The stock-based compensation expense in 2006 was US$0.936 million compared to US$0.540 million in 2005.

The net loss for the year ended December 31, 2006 was US$4.025 million as compared to US$0.950 million in 2005.

During 2006 exploration and development cash expenditure was US$17.599 million compared to US$10.976 million in 2005. As at December 31, 2006 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$44.576 million compared to the December 31, 2005 balance of US$28.125 million. Of the exploration and development cash expenditure incurred during 2006 US$12.547 million related to the Bambari Permits in the CAR compared to US$7.713 million in 2005.

Liquidity and Capital Resources

As at December 31, 2006 the Company had cash resources of US$35.025 million compared to the December 31, 2005 balance of US$15.618 million.

On December 29, 2006 AXMIN closed an offering totaling 42,500,000 common shares priced at Cdn$0.95 each for gross proceeds of Cdn$40,375,000 (the "Offering") (approximately equivalent to US$36.5 million). The Offering was co-led by RBC Capital Markets and BMO Capital Markets and included Haywood Securities and Canaccord Adams. Immediately prior to the Offering AOG Holdings BV (formerly Addax Mining Holdings BV, a wholly owned subsidiary of The Addax & Oryx Group Limited) held approximately 42% of AXMIN's outstanding common shares. As part of the Offering AOG Holdings BV purchased 17,811,538 common shares, being its pro rata share of the Offering. The net proceeds of the Offering are being used to fund completion of the definitive feasibility study on the Passendro Gold Project as well as ongoing resource and exploration work in each of the CAR, Mali and Sierra Leone. Any additional net proceeds will be used for working capital and general corporate purposes.

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

On September 19, 2005 the sale of AXMIN's 100% interest in the 109,896 ounce Bouroum Permit gold reserves in Burkina Faso to a subsidiary of High River for a total consideration of US$3.300 million (net US$2.685 million after the deduction of historic feasibility study expenses funded by High River) was completed.

As at December 31, 2006 the Company had working capital (defined as the difference between current assets and current liabilities) which amounted to US$33.520 million compared to the December 31, 2005 amount of US$14.760 million.

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 consolidated financial statements for the year ended December 31, 2006. 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.

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

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 December 31, 2006 the Company had capitalized US$44.576 million of exploration and development costs. The comparative figure as at December 31, 2005 was US$28.125 million.

Stock-based compensation

Effective January 1, 2003 the Company recognizes compensation expense when stock options are 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 3.96% (2005 - 3.96%), expected dividend yield of nil, expected volatility of 107.4% (2005 - 108.7%), and expected option life of 2 to 5 years (2005 - 3 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 2006 was US$0.3819 (2005 - US$0.3118).

The full 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 for the years ended December 31, 2006 and 2005.

The cumulative stock-based compensation expense is as follows:

Stock options	**2006**	2005
Balance, beginning of year	**1,387**	847
Stock-based compensation expense	**936**	540
Transfer to share capital on exercise of stock options	**(114)**	-
Balance, end of year	**2,209**	1,387

Recent accounting pronouncements

Effective January 1, 2005 the Company adopted the recommendations (AcG-15) issued by The Canadian Institute of Chartered Accountants dealing with Variable Interest Entities ("VIE"). AcG-15 details the requirements on the consolidation of VIEs. VIEs include entities where the equity invested is considered insufficient to finance the entity's activities without additional subordinated financial support from other parties. AcG-15 requires the Company to consolidate VIEs if the investment it holds in those entities and / or the relationship it has with them result in it being exposed to a majority of their expected losses, being able to benefit from a majority of their expected residual returns, or both.

As a result of adopting AcG-15 there was no impact on the consolidated balance sheet as at December 31, 2006 and the consolidated statement of operations and deficit for the year then ended, and no new significant VIEs were identified during the period.

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 December 31, 2006 and 2005 and transactions with related parties included in the determination of results of operations for the years then ended are disclosed in note 5 to the Company's consolidated financial statements for the year ended December 31, 2006.

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 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, if at all. 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. AXMIN currently operates at a loss. 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 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 are 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.

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 northeastern 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, 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 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 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.

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 (formerly Addax Mining Holdings BV, a wholly owned subsidiary of The Addax & Oryx Group Limited) holds approximately 41% 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.

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 will undertake a quarterly evaluation of its portfolio of exploration projects and other assets. The recoverability of the Company's carrying values of its properties will be 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.

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

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 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				213,286,234
Stock options	March 8, 2008	Cdn$0.71	900,000	900,000
Stock options	April 4, 2008	Cdn$0.74	950,000	950,000
Stock options	December 18, 2008	Cdn$1.00	1,470,000	1,470,000
Stock options	October 4, 2009	Cdn$0.70	150,000	150,000
Stock options	December 13, 2009	Cdn$0.67	710,000	710,000
Stock options	December 5, 2010	Cdn$0.55	200,000	200,000
Stock options	March 8, 2011	Cdn$0.71	1,025,000	1,025,000
Stock options	January 24, 2012	Cdn$0.99	3,700,000	3,700,000
Compensation options	December 14, 2007	Cdn$0.52	1,174,500	1,174,500
Fully diluted common shares				223,565,734

Disclosure of Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting policies. As at December 31, 2006, the Company's management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures and internal control over financial reporting are effective. During the year ended December 31, 2006 there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Outlook

The Company has two main priorities at the project level. At the Passendro Gold Project, Bambari-Bakala permits, in the CAR the Company intends to undertake and complete a definitive feasibility study on the project on or about mid-2007 while continuing to expand and increase the confidence of mineral resources in the immediate vicinity. Elsewhere on the Bambari-Bakala 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 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

Dr. Jonathan Forster
Chief Executive Officer & Director

April 26, 2007

AXMIN Inc.

Management's Report on the Consolidated Financial Statements and Auditors' Report

Management's Report on the Consolidated Financial Statements

The accompanying consolidated financial statements of AXMIN Inc. have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and contain estimates based on management's judgement. Management maintains a system of internal controls adequate to provide reasonable assurance that transactions are authorized, assets are safeguarded and records are maintained.

The Audit Committee of the Board of Directors comprises three directors, none of whom are an officer or employee of the Company. The Audit Committee meets with management and the Company's auditors, Ernst & Young LLP, to review the consolidated financial statements before they are presented to the Board of Directors for approval.

Ernst & Young LLP have examined the consolidated financial statements and their report follows.

Dr. Jonathan Forster
Chief Executive Officer & Director

Craig Banfield
Chief Financial Officer & Secretary

Auditors' Report

To the Shareholders of AXMIN Inc.

We have audited the consolidated balance sheets of AXMIN Inc. as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario, Canada
April 6, 2007

AXMIN Inc.

Consolidated Balance Sheets

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

As at December 31, 2006 and 2005	**2006**	2005
Assets		
Current assets		
Cash	**35,025**	15,618
Prepaid expenses and sundry debtors	**368**	96
	35,393	15,714
Exploration and development costs *(Note 3)*	**44,576**	28,125
Other assets	**58**	210
	80,027	44,049
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**1,220**	613
Accrued liabilities and sundry creditors	**640**	341
Due to related parties *(Note 5)*	**13**	-
	1,873	954
Shareholders' equity		
Share capital *(Note 4)*	**87,225**	48,963
Stock options *(Note 4(c))*	**2,209**	1,387
Deficit	**(11,280)**	(7,255)
	78,154	43,095
	80,027	44,049

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

Jean Claude Gandur
Chairman & Director

Dr. Jonathan Forster
Chief Executive Officer & Director

AXMIN Inc.

Consolidated Statements of Operations and Deficit

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

Years ended December 31, 2006 and 2005	**2006**	2005
Expenses		
Administration *(Note 5)*	**1,867**	1,281
Write-down of exploration and development costs *(Note 3)*	**1,300**	39
Stock-based compensation expense *(Note 4(c))*	**936**	540
Loss on foreign exchange	**128**	267
	4,231	2,127
Other income		
Net gain on sale of Bouroum Permit gold reserves *(Note 3)*	**-**	1,282
Interest income	**300**	45
	300	1,327
Taxation	**94**	150
Net loss for the year	**4,025**	950
Deficit, beginning of year	**7,255**	6,305
Deficit, end of year	**11,280**	7,255
Loss per share (basic and diluted)	**0.0247**	0.0078
Weighted average number of common shares outstanding	**162,977,794**	121,027,462

See accompanying notes to the consolidated financial statements.

AXMIN Inc.

Consolidated Statements of Cash Flows

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

Years ended December 31, 2006 and 2005	**2006**	2005
Operating activities		
Net loss for the year	**(4,025)**	(950)
Write-down of exploration and development costs	**1,300**	39
Stock-based compensation expense	**936**	540
(Gain) loss on foreign exchange	**(402)**	70
Net gain on sale of Bouroum Permit gold reserves	**-**	(1,282)
Change in related parties	**13**	56
Change in non-cash working capital	**634**	(17)
Net cash outflow from operating activities	**(1,544)**	(1,544)
Investing activities		
Exploration and development costs	**(17,599)**	(10,976)
Proceeds on sale of Bouroum Permit gold reserves	**-**	3,300
Other assets	**-**	(186)
Net cash outflow from investing activities	**(17,599)**	(7,862)
Financing activities		
Issuance of common shares	**39,817**	23,885
Cost of share issuances	**(1,669)**	(1,071)
Net cash inflow from financing activities	**38,148**	22,814
Gain (loss) on foreign exchange on cash	**402**	(70)
Net cash inflow	**19,407**	13,338
Cash, beginning of year	**15,618**	2,280
Cash, end of year	**35,025**	15,618

See accompanying notes to the consolidated financial statements.

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 its properties. In addition the success of the Company will be influenced by a number of factors including environmental risks, and legal and political 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 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)
- Golden Eagle Mining Limited (incorporated in the Isle of Man)
- Aurafrique S.A.R.L. (incorporated in the CAR)
- AXMIN (RCA) S.A.R.L. (incorporated in the CAR)
- AXMIN (SL) Limited (incorporated in Sierra Leone)

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.

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

Stock-based compensation

The Company has a stock option plan which is used to compensate directors, officers, employees and consultants of the Company. Effective January 1, 2002 the Company adopted the recommendations issued by The Canadian Institute of Chartered Accountants dealing with stock-based compensation.

For the year ended December 31, 2002 the Company had elected not to recognize compensation expense when stock options were issued to employees.

Starting January 1, 2003 the Company has chosen the prospective application of the new requirements, according to which the fair value based method is applied to awards granted, modified or settled on or after January 1, 2003. Under this method compensation expense for stock options granted is measured at fair value at the grant date using the Black-Scholes valuation model and recognized in the statement of operations over the vesting period of the options granted.

Any consideration paid upon the exercise of stock options or purchase of shares and the related amounts in stock options are credited to share capital.

Use of estimates

The preparation of financial statements in conformity with 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 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 2006 and 2005.

3. Exploration and Development Costs

	2006	2005
Balance, beginning of year	**28,125**	19,206
Additions	**17,751**	10,976
Write-downs	**(1,300)**	(39)
Costs written-off on sale of Bouroum Permit gold reserves	**-**	(2,018)
Balance, end of year	**44,576**	28,125

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

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

	2006	2005
Central African Republic		
Bambari-Bakala	**31,751**	19,082
Pouloubou	**439**	416
Bogoin II	**95**	-
Sosso Polipo	**112**	-
Mali		
Kofi Gold Project	**5,770**	3,386
Sierra Leone		
Nimini Hills	**2,757**	1,021
Matotaka	**146**	95
Gori Hills	**284**	171
Sokoya	**86**	67
Makong	**352**	242
Senegal		
Sonkounkou	**2,320**	2,206
Sabodala NW	**252**	219
Heremakono	**212**	90
Ghana		
Cape Three Points	**-**	996
Canada		
B-B Lake	**-**	134
	44,576	28,125

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.

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;
(b) a 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%.

Mali

AXMIN holds:

(a) an 81.25% interest in the Kofi North permit (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 permit (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 permit (prior to the 10% free carried interest of the government of Mali) from joint venture partner SOFOM; and

(d) a 94.44% interest in the Walia permit (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").

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 bankable feasibility study ("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 permit AXMIN may increase its level of interest to 100% (prior to government dilution) by buying out the interest of AGCRI on submission of a BFS for US$2 per pro rata ounce of proven and probable gold reserves.

Sierra Leone

During the year ended December 31, 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.

In addition, during the year ended December 31, 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%, 82.5% and 80% interests respectively.

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 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$800,000 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.

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$500,000 on the property. As at December 31, 2006, due to uncertainty of the recoverability of exploration and development costs associated with this property 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. The Company is in the process of taking steps to seek to acquire the remaining 75% interest in the property. As at December 31, 2006, due to uncertainty of the recoverability of exploration and development costs associated with this property these costs have been fully written-down.

As a result of the sale of its interest in 16 leased mining claims in the Timmins area of Ontario, the Company acquired 310,000 common shares of Black Pearl Minerals Consolidated Inc. ("Black Pearl"), representing approximately 2% of the total shares in issue of Black Pearl as at December 31, 2005. During the year ended December 31, 2006 the Company sold its entire holding in Black Pearl for gross proceeds of Cdn$41,160 (net Cdn$39,768 after the deduction of selling costs).

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Burkina Faso

During the year ended December 31, 2004 the Company completed a BFS on the Bouroum permit in Burkina Faso that incorporates the reserves of the Bouroum permit into the Taparko project of High River Gold Mines Ltd. ("High River"). As a result the Company earned an undivided 65% beneficial interest in the Bouroum permit from Channel Resources Ltd. ("Channel"). Previously, an additional 8% interest in the Bouroum permit was purchased by the Company from Channel on October 7, 2003.

On June 8, 2004 the Company acquired a 100% interest in the Bouroum permit with the purchase of Channel's remaining outstanding 27% interest in the Bouroum permit for a purchase price of US$445,079.

On June 14, 2004 the Company sold its 100% interest in the 109,896 ounce Bouroum permit reserves to a subsidiary of High River for a total consideration of US$3.30 million. In addition the Company and High River have established a joint venture that will ensure the continued exploration of the Company's permits in Burkina Faso. These transactions were contingent upon and subject to government approvals, which were granted during the year ended December 31, 2005. The sale agreement with High River covers an area of 11 sq km within the Bouroum permit.

On September 19, 2005 the sale of the Bouroum permit gold reserves for a total consideration of US$3.30 million was completed. Accordingly the sale of the Bouroum permit reserves has been recognised in the consolidated financial statements of the Company for the year ended December 31, 2005. The net gain on sale of the Bouroum gold reserves was US$1.28 million.

The remainder of the Bouroum permit and the two adjacent permits, Yeou and Ankouma, are subject to an exploration joint venture between the Company and High River whereby High River may earn a 100% interest in the three 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)). High River fulfilled its requirement to expend a minimum of US$381,000 in the first year.

4. Share Capital

(a) Authorized share capital

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

(b) Issued share capital

Common shares	*Number of common shares*	*Amount*
Balance as at January 1, 2005	107,916,279	26,149
Issue for cash, net of costs	51,845,017	22,788
Exercise of stock options	100,000	26
Balance as at December 31, 2005	159,861,296	48,963
Issue for cash, net of costs	42,500,000	33,110
Exercise of stock options	1,390,000	468
Exercise of common share purchase warrants	6,641,732	4,396
Exercise of compensation options	328,206	174
Stock-based compensation expense	-	114
Balance as at December 31, 2006	210,721,234	87,225

On March 3, 2005 the Company closed a brokered private placement of 13,383,467 Units, at a price of Cdn$0.60 per Unit, for total proceeds of Cdn$8,030,080 (US$6,551,851). 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$0.75 expiring on September 5, 2006. Common shares acquired under this brokered private placement were subject to applicable hold periods which expired on July 4, 2005. As part of their compensation the agent to the brokered private placement was issued a total of 328,206 compensation options. Each compensation option entitled the holder to purchase one common share of the Company at a price of Cdn$0.60 expiring on September 5, 2006.

On December 14, 2005 the Company closed a private placement for 38,461,550 common shares priced at Cdn$0.52 for gross proceeds of Cdn$20,000,006 (US$17,307,032). RBC Capital Markets acted as sole agent to sell, by way of a private placement, 19,575,000 common shares of AXMIN to investors at a price of Cdn$0.52 per common share, for gross proceeds of Cdn$10,179,000 (US$8,808,411) ("Offering A"). Offering A closed contemporaneously with a non-brokered private placement of 18,886,550 common shares to the Company's major shareholder, AOG Holdings BV (formerly Addax Mining Holdings BV, a wholly owed subsidiary of The Addax & Oryx Group Limited) ("Addax"), and to certain individuals, principally directors and employees of AXMIN and Addax (collectively, the "Exempt Group"), for gross proceeds of Cdn$9,821,000 (US$8,498,615). In consideration for their services as agent for Offering A, RBC Capital Markets received cash compensation of 6% of the gross proceeds of Offering A, being Cdn$610,740 (US$528,505), plus 1,174,500 non-transferable compensation options, being equal to 6% of the number of common shares sold in Offering A. Each compensation option entitles RBC Capital Markets to purchase one common share of AXMIN at a price of Cdn$0.52 expiring on December 14, 2007. No commissions or fees were paid in respect of shares sold to the Exempt Group. Common shares acquired under Offering A and the non-brokered private placement were subject to applicable hold periods under Canadian securities laws which expired on April 15, 2006.

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

During the year ended December 31, 2005 100,000 stock options were exercised at Cdn$0.32 each, for total proceeds of Cdn$32,000 (US$24,740), and as a result the Company issued 100,000 common shares of the Company to the stock option holder.

On December 29, 2006 AXMIN closed an offering totaling 42,500,000 common shares priced at Cdn$0.95 each for gross proceeds of Cdn$40,375,000 (US$34,779,051) ("Offering B"). Offering B was co-led by RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc., and included Haywood Securities Inc. and Canaccord Capital Corporation. Immediately prior to Offering B Addax held approximately 42% of AXMIN's outstanding common shares. As part of Offering B Addax purchased 17,811,538 common shares, being its pro rata share of Offering B. The net proceeds of Offering B are being used to fund completion of the definitive feasibility study on the Passendro Gold Project as well as ongoing resource and exploration work in each of the CAR, Mali and Sierra Leone. Any additional net proceeds will be used for working capital ad general corporate purposes.

During the year ended December 31, 2006 1,025,000 stock options were exercised at Cdn$0.32 each, for total proceeds of Cdn$328,000 (US$289,443), and as a result the Company issued 1,025,000 common shares of the Company to the stock option holders.

During the year ended December 31, 2006 125,000 stock options were exercised at Cdn$0.34 each, for total proceeds of Cdn$42,500 (US$37,458), and as a result the Company issued 125,000 common shares of the Company to the stock option holder.

During the year ended December 31, 2006 25,000 stock options were exercised at Cdn$0.55 each, for total proceeds of Cdn$13,750 (US$12,119), and as a result the Company issued 25,000 common shares of the Company to the stock option holder.

During the year ended December 31, 2006 157,500 stock options were exercised at Cdn$0.67 each, for total proceeds of Cdn$105,525 (US$93,120), and as a result the Company issued 157,500 common shares of the Company to the stock option holders.

During the year ended December 31, 2006 57,500 stock options were exercised at Cdn$0.71 each, for total proceeds of Cdn$40,825 (US$35,982), and as a result the Company issued 57,500 common shares of the Company to the stock option holders.

During the year ended December 31, 2006 6,641,732 common share purchase warrants expiring on September 5, 2006 were exercised at Cdn$0.75 each, for total proceeds of Cdn$4,981,299 (US$4,395,742), and as a result the Company issued 6,641,732 common shares of the Company to the common share purchase warrant holders.

During the year ended December 31, 2006 328,206 compensation options expiring on September 5, 2006 were exercised at Cdn$0.60 each, for total proceeds of Cdn$196,924 (US$173,775), and as a result the Company issued 328,206 common shares of the Company to the compensation option holder.

As at December 31, 2006 Addax (the Company's major shareholder) held 88,102,631 common shares of the Company, representing approximately 42% of AXMIN's outstanding common shares.

Addax has advised the Company that the aforementioned shares were acquired by it for investment purposes and it may in the future increase or decrease its ownership of securities of the Company from time to time, depending upon the business and prospects of the Company and future market conditions.

(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 years ended December 31, 2006 and 2005, the following transactions took place:

Number of stock options	**2006**	2005
Outstanding, beginning of year	**6,510,000**	6,420,000
Granted	**3,080,000**	300,000
Exercised	**(1,390,000)**	(100,000)
Expired or not vested	**(230,000)**	(110,000)
Outstanding, end of year	**7,970,000**	6,510,000
Exercisable, end of year	**6,475,000**	6,052,500

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

As at January 1, 2005 the Company had on issue and outstanding stock options for:
(i) 3,175,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(ii) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007;
(iii) 1,570,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008;
(iv) 150,000 common shares of the Company exercisable at Cdn$0.70 each expiring on October 4, 2009; and
(v) 900,000 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009.

During the year ended December 31, 2005 the Company granted stock options for:
(i) 50,000 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009; and
(ii) 250,000 common shares of the Company exercisable at Cdn$0.55 each expiring on December 5, 2010.

During the year ended December 31, 2005 the following stock options expired or did not vest:
(i) 70,000 stock options exercisable at Cdn$0.67 each for 70,000 common shares of the Company; and
(ii) 40,000 stock options exercisable at Cdn$1.00 each for 40,000 common shares of the Company.

As at December 31, 2005 the Company had on issue and outstanding stock options for:
(i) 3,075,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(ii) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007;
(iii) 1,530,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008;
(iv) 150,000 common shares of the Company exercisable at Cdn$0.70 each expiring on October 4, 2009;
(v) 880,000 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009; and
(vi) 250,000 common shares of the Company exercisable at Cdn$0.55 each expiring on December 5, 2010.

During the year ended December 31, 2006 the Company granted stock options for:
(i) 900,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2008;
(ii) 950,000 common shares of the Company exercisable at Cdn$0.74 each expiring on April 4, 2008; and
(iii) 1,230,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2011.

During the year ended December 31, 2006 the following stock options expired or did not vest:
(i) 25,000 stock options exercisable at Cdn$0.55 each for 25,000 common shares of the Company;
(ii) 12,500 stock options exercisable at Cdn$0.67 each for 12,500 common shares of the Company;
(iii) 132,500 stock options exercisable at Cdn$0.71 each for 132,500 common shares of the Company; and
(iv) 60,000 stock options exercisable at Cdn$1.00 each for 60,000 common shares of the Company.

As at December 31, 2006 the Company had on issue and outstanding stock options for:
(i) 2,550,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(ii) 900,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2008;
(iii) 950,000 common shares of the Company exercisable at Cdn$0.74 each expiring on April 4, 2008;
(iv) 1,470,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008;
(v) 150,000 common shares of the Company exercisable at Cdn$0.70 each expiring on October 4, 2009;
(vi) 710,000 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009;
(vii) 200,000 common shares of the Company exercisable at Cdn$0.55 each expiring on December 5, 2010; and
(viii) 1,040,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2011.

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 3.96% (2005 - 3.96%), expected dividend yield of nil, expected volatility of 107.4% (2005 - 108.7%), and expected option life of 2 to 5 years (2005 - 3 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 2006 was US$0.3819 (2005 - US$0.3118).

The full 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 for the years ended December 31, 2006 and 2005.

The cumulative stock-based compensation expense is as follows:

Stock options	**2006**	2005
Balance, beginning of year	**1,387**	847
Stock-based compensation expense	**936**	540
Transfer to share capital on exercise of stock options	**(114)**	-
Balance, end of year	**2,209**	1,387

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

(d) Common share purchase warrants

Number of common share purchase warrants	**2006**	2005
Outstanding, beginning of year	**6,691,733**	-
Issued, exercisable at Cdn$0.75 each	**-**	6,691,733
Exercised at Cdn$0.75 each	**(6,641,732)**	-
Expired at Cdn$0.75 each	**(50,001)**	-
Outstanding, end of year	**-**	6,691,733

As at January 1, 2005 the Company had no common share purchase warrants on issue and outstanding.

As at December 31, 2005 the Company had on issue and outstanding common share purchase warrants for 6,691,733 common shares of the Company exercisable at Cdn$0.75 each expiring on September 5, 2006.

As at December 31, 2006 the Company had no common share purchase warrants on issue and outstanding.

(e) Compensation options

Number of compensation options including attached common share purchase warrants	**2006**	2005
Outstanding, beginning of year	**1,502,706**	-
Issued, exercisable at Cdn$0.60 each	**-**	328,206
Issued, exercisable at Cdn$0.52 each	**-**	1,174,500
Exercised at Cdn$0.60 each	**(328,206)**	-
Outstanding, end of year	**1,174,500**	1,502,706

As at January 1, 2005 the Company had no compensation options on issue and outstanding.

As at December 31, 2005 the Company had on issue and outstanding compensation options for:
(i) 328,206 common shares of the Company exercisable at Cdn$0.60 each expiring on September 5, 2006; and
(ii) 1,174,500 common shares of the Company exercisable at Cdn$0.52 each expiring on December 14, 2007.

As at December 31, 2006 the Company had on issue and outstanding compensation options for 1,174,500 common shares of the Company exercisable at Cdn$0.52 each expiring on December 14, 2007.

See note 9.

5. Related Parties

The Company's balances with related parties as at December 31, 2006 and 2005 are summarized below:

Balances	Footnote	**2006**	2005
Due to The Addax & Oryx Group Limited	(a)	**13**	-
Due to related parties		**13**	-

The Company's transactions with related parties included in the determination of results of operations for the years ended December 31, 2006 and 2005 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 Addax (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, which commenced on January 1, 2004 for an initial period of three years, are GBP£27,500 per annum, payable quarterly in arrears. The fees for the years ended December 31, 2004 and December 31, 2005, being GBP£55,000 (equivalent to US$94,679) were paid subsequent to December 31, 2005. The fees for the year ended December 31, 2006 were GBP£27,500 (equivalent to US$51,689).

(b) Balances with SAMAX Services Limited ("SSL"), a company of which Michael Martineau and Jonathan Forster, both directors and officers of the Company, were shareholders until August 31, 2001, represent amounts advanced by the Company to fund its activities managed by, recharges of expenses owing to and services provided by SSL. Administration services provided by SSL comprise exploration, administrative and financial services. During 2002 the Company made a provision on part of the amount due from SSL. During 2005 the contract with SSL for the provision of administration services was terminated by payment of a final management fee of US$60,000 and the residual balance of US$14,852 due to SSL, net of the 2002 provision, was credited to the consolidated statement of operations and deficit.

(c) Legal services are provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a director of the Company, is counsel. In addition to US$37,776 (2005 - US$29,006) included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided legal services in the amount of US$101,916 (2005 - US$148,410) 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$60,312 (2005 - US$36,475). In accordance with the Company's accounting policy for exploration and development costs such costs have been capitalized by the Company.

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

(d) Fees charged in the amount of US$3,365 (2005 - US$32,879) in connection with investor and public relations services provided by the Company to Guinor Gold Corporation, a company of which, until December 13, 2005, Edward Reeve, a director of the Company, was a director.

6. Income Taxes

The major components of the future tax assets and liabilities classified by the source of temporary differences that gave rise to the benefit are as follows:

	2006	2005
Assets		
Net operating losses	**1,660**	1,048
Canadian exploration and development costs	**672**	672
Foreign exploration and development costs	**79**	79
Share issue cost and other	**260**	317
Total	**2,671**	2,116
Valuation allowances	**(2,671)**	(2,116)
Net future income tax asset	**-**	-

As at December 31, 2006 the Company had the following approximate tax loss carry forwards available, to the extent permitted by tax regulations, to reduce future income taxes:

(a) Non-capital losses of approximately US$3,513,000 expiring between 2007 and 2026.

(b) Canadian exploration and development costs of approximately US$1,861,000.

(c) Foreign exploration and development costs of approximately US$79,000.

7. Financial Instruments

The Company's financial instruments consist of cash, prepaid expenses and sundry debtors, accounts payable, accrued liabilities and sundry creditors. 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.

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, Canada and Burkina Faso. Note 3 to these financial statements sets out details of capitalized exploration and development costs by country and project.

9. Subsequent Events

Subsequent to December 31, 2006 2,550,000 stock options expiring on January 17, 2007 were exercised at Cdn$0.32 each, for total proceeds of Cdn$816,000, and as a result the Company issued 2,550,000 common shares of the Company to the stock option holders.

Subsequent to December 31, 2006 15,000 stock options expiring on March 8, 2011 were exercised at Cdn$0.71 each, for total proceeds of Cdn$10,650, and as a result the Company issued 15,000 common shares of the Company to the stock option holder.

On January 25, 2007 the Company granted stock options for 3,700,000 common shares of the Company exercisable at Cdn$0.99 each expiring on January 24, 2012.

10. Comparative Figures

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

Officers and Directors

Officers

Jean Claude Gandur
Chairman & Director

Mr. Gandur is the Chairman of the Advisory Board of The Addax & Oryx Group Limited, an integrated African oil business, and President, CEO and a director of Addax Petroleum Corporation. He became the Chairman of SAMAX Gold Inc. in 1996 and of AXMIN in 2002. SAMAX was sold to Ashanti Goldfields Company Limited in 1998. Prior to founding The Addax & Oryx Group in 1987 Mr. Gandur worked with a number of major commodity trading houses such as Philipp Brothers, Sigmoil Resources N.V. and Kaines SA. For 10 years Mr. Gandur was the honorary consul for the Republic of Congo in Geneva (Switzerland) and has been awarded the position of diplomat by Senegal. In addition he has received the decorations of Grand Officer of the Lion Order of Senegal and Commander of the National Order of Benin.

Dr. Michael Martineau
Deputy Chairman, President & Director

Dr. Martineau co-founded AXMIN in 1999. Currently he is also Non-Executive Chairman of Eurasia Mining PLC and a Director of Golden Star Resources Ltd.. Dr. Martineau founded SAMAX Resources Limited in 1989 and this was listed on The Toronto Stock Exchange as SAMAX Gold Inc. in 1996 when he became President and CEO. Prior to SAMAX Dr. Martineau held various management positions with several senior mining companies.

Dr. Jonathan Forster
Chief Executive Officer & Director

Dr. Forster co-founded AXMIN in 1999 and was appointed CEO in 2001. Previously Dr. Forster was Group Exploration Manager for SAMAX Gold Inc. having joined SAMAX in 1992. Prior to that Dr. Forster worked for several mining and mineral exploration companies and for three years was a Senior Resource Analyst at a firm of London (United Kingdom) stockbrokers. Dr. Forster is AXMIN's in-house qualified person, being a Fellow of the Institute of Materials, Minerals & Mining ("IMMM") in the United Kingdom.

Craig Banfield
Chief Financial Officer & Secretary

Mr. Banfield graduated from the University of Lancaster (United Kingdom) with an MA in Accounting & Finance in 1987 and qualified as a Chartered Accountant in 1991. He worked for a number of accounting firms prior to joining SAMAX in 1994 as Financial Controller and Secretary. Mr. Banfield was appointed CFO of AXMIN in 2001. Mr. Banfield is a Fellow of The Institute of Chartered Accountants in England and Wales ("ICAEW").

Other Directors

Robert Jackson
President of Tiomin Resources Inc.

Mr. Jackson is a Professional Engineer in Ontario (Canada) and a Chartered Financial Analyst. He holds an MBA from the University of Western Ontario (Canada), an MSc in Mining Engineering from Queen's University (Canada) and a BSc in Mining Engineering from the Camborne School of Mines (United Kingdom). Mr. Jackson has over 15 years of experience in the securities business and prior to that he was employed as a Mining Engineer with Falconbridge Limited. Currently Mr. Jackson is President of Tiomin Resources Inc.. Mr. Jackson was appointed a director of AXMIN in 1999.

Dr. Edward Reeve
Founder of Haliburton Mineral Services Inc., engaged in the research of gold producer hedging and other consulting work

Dr. Reeve holds an MSc in Geology from the University of Wisconsin (United States of America), a PhD in Geology and an MBA both from the University of Toronto (Canada). He worked for eight years for mining and exploration companies and has over 19 years experience in the brokerage business primarily as a gold equity analyst. Dr. Reeve was appointed a director of AXMIN in 2003.

Robert Shirriff
Counsel to Fasken Martineau DuMoulin LLP, Barristers & Solicitors of Toronto, Ontario, Canada

Mr. Shirriff has over 46 years experience in the field of commercial and corporate law and has acted for a number of corporations operating in Canada and internationally. He became a director of SAMAX Gold Inc. in 1996. Mr. Shirriff was appointed director of AXMIN in 1999.

Anthony Walsh
President & Chief Executive Officer of Miramar Mining Corporation

Mr. Walsh graduated from Queen's University (Canada) in 1973 and became a member of The Canadian Institute of Chartered Accountants in 1976. Mr. Walsh has over 19 years experience in the field of mining and prior to joining Miramar Mining Corporation in 1995 was the Senior Vice-President and CFO of a computer leasing company from 1993 to 1995 and the CFO and Senior Vice-President, Finance of International Corona Mines Ltd., a major North American gold producer, from 1989 to 1992. From 1985 to 1989 he was Vice-President, Finance of International Corona Mines Ltd., and from 1973 to 1985 Mr. Walsh held various positions at Deloitte, Haskins & Sells, a firm of Chartered Accountants. Mr. Walsh was appointed director of AXMIN in 2004.

AXMIN Inc.

Corporate Information

Officers

Jean Claude Gandur [4]
Chairman

Michael Martineau [4,5]
Deputy Chairman & President

Jonathan Forster [4]
Chief Executive Officer

Craig Banfield [4]
Chief Financial Officer & Secretary

Directors

Jonathan Forster [4]

Jean Claude Gandur [4]

Robert Jackson [1,2,3,5]

Michael Martineau [4,5]

Edward Reeve [1,2,3,5]

Robert Shirriff [2]

Anthony Walsh [1,3]

Senior Management

Charles Carron Brown
General Manager, Passendro Gold Project

J Howard Bills
Exploration Manager

Judith Webster [4]
Manager - Investor Relations

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

Registered Office

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Canada

Auditors

Ernst & Young LLP
Toronto, Ontario, Canada

Legal Counsel

Fasken Martineau DuMoulin LLP
Toronto, Ontario, Canada

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E-mail: service@computershare.com

Stock Listing

TSX Venture Exchange (TSX Venture)
Symbol: AXM

Common Shares Outstanding

(As at December 31, 2006)
210.7 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

The Annual and Special Meeting of Shareholders will be held at 1000 hours (ET) on Tuesday, June 26, 2007 at the Company's Registered Office

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

TARGET Initiate pre-feasibility study 08
Kofi Gold Project, Mali

- 0.53 mozs and growing (Dec 06) – 30,000 m drill program 07
  Indicated: 140,000 ozs (1.56 Mt at 2.8 g/t Au); plus
  Inferred: 389,000 ozs (4.06 Mt at 3.0 g/t Au)
- New discovery 07 – new zones south & north on Kofi SW trend
- New discovery 07 – 2 large scale systems at Dabara & Kofi South

TARGET Resource expansion 07
Komahun Gold Prospect, Sierra Leone

- 0.39 mozs and growing (Oct 06) – 10,000 m drill program 07
  Inferred: 392,000 ozs (4.9 Mt at 2.5 g/t Au)
- New discovery 07 – Komahun southern extension

Investor and Analyst Inquiries

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Manager - Investor Relations

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