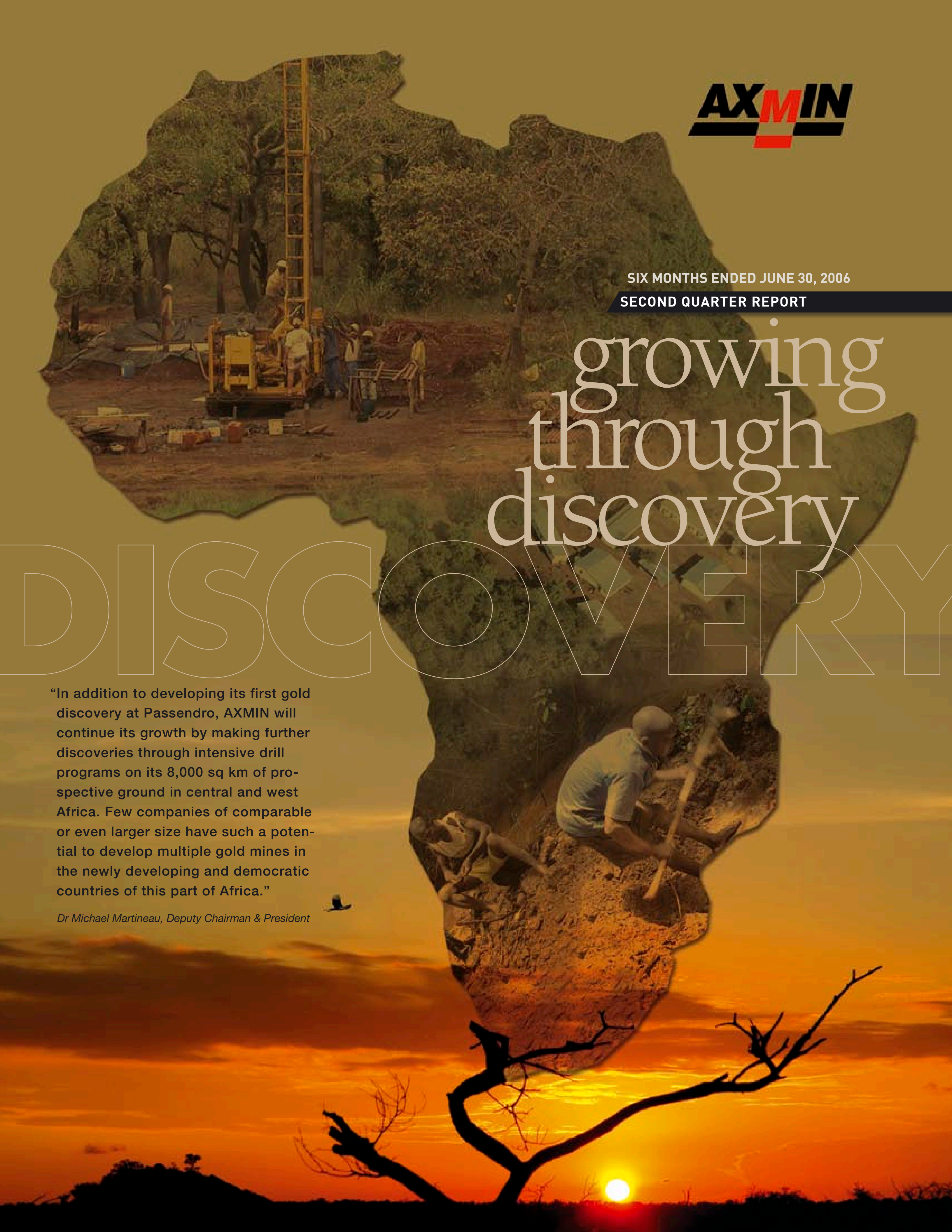

AXMIN

SIX MONTHS ENDED JUNE 30, 2006

SECOND QUARTER REPORT

growing through discovery

DISCOVERY

"In addition to developing its first gold discovery at Passendro, AXMIN will continue its growth by making further discoveries through intensive drill programs on its 8,000 sq km of prospective ground in central and west Africa. Few companies of comparable or even larger size have such a potential to develop multiple gold mines in the newly developing and democratic countries of this part of Africa."

Dr Michael Martineau, Deputy Chairman & President

AXMIN Inc.

Report to Shareholders

Second Quarter 2006 Highlights and Subsequent Advances to Date

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

Pre-feasibility study identifies 200,000 ounces annual production with a net present value of US$136 million (5% discount rate) and an internal rate of return of 41% based on 3 mtpa throughput.

Bankable feasibility study contract awarded to SENET (PTY) Ltd. of South Africa with submission of the completed study scheduled for mid-2007.

Updated mineral resource estimate at the Passendro Gold Project:

- indicated gold resources **1.540 million ounces (18.62 Mt grading 2.6 g/t Au)**; and
- inferred gold resources **1.042 million ounces (16.82 Mt grading 2.0 g/t Au)**.

"Pipeline" of 20 new drill targets developed with a total combined strike length of more than 22 km, of which 17 targets occur within the Ndassima, Ao and Mbourou blocks within haulage distance of Passendro. New gold zones identified at Ndassima block with intersections including 3.1 g/t Au over 30 metres, 3.0 g/t Au over 27 metres and 57 g/t Au over 5 metres.

Mali (Kofi Project Area)

Positive reconnaissance drill results from Kofi South prospect, highlighting the potential to significantly expand existing resources - intercepts include 2.6 g/t Au over 35 metres, 1.9 g/t Au over 20 metres, 1.7 g/t Au over 20 metres and 2.9 g/t Au over 10 metres.

Follow up reverse circulation drilling program confirmed the continuity of potentially economic grades and widths of gold mineralisation over at least 1,000 metres of strike length, open at both ends and at depth. In addition parallel structures lie within the 5 km Kofi South anomaly. Results include 6.3 g/t Au over 15 metres, 2.9 g/t Au over 25 metres, 2.4 g/t Au over 25 metres, 2.7 g/t Au over 15 metres, 4.3 g/t Au over 9 metres and 13.1 g/t Au over 7 metres.

Sierra Leone (Nimini Hills Project)

Core drilling program at Komahun completed early in second quarter - results include 6.2 g/t Au over 13.5 metres, 2.7 g/t Au over 11.5 metres and 3.6 g/t Au over 9 metres from depth extensions to the main mineral zone, as well as 47.5 g/t Au over 3 metres from the first exploration hole on a new, parallel structure. Drilling information submitted to independent consultants for preparation of first resource estimate.

Senegal (Sonkounkou, Sabodala NW and Heremakono Permits)

Entered into a joint venture with Harmony Gold Mining Company Limited wherein by funding expenditure of US$4 million over three years Harmony may earn a 50% interest in the Company's three wholly owned Senegal permits.

During the six months ended June 30, 2006 exploration and development expenditure was US$8.111 million. As at June 30, 2006 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$36.236 million. Of the exploration expenditure incurred during the six months ended June 30, 2006 US$5.667 million related to the Company's Bambari-Bakala Permits in the Central African Republic.

As at June 30, 2006 the Company had cash resources of US$7.578 million and a surplus of working capital of US$6.084 million.

Central African Republic

In April 2006 AXMIN announced the results of an updated mineral resource estimate at the Passendro Gold Project, located within the 100% owned *Bambari-Bakala Permits*, wherein the indicated gold resources increased by 44% to **1.540 million ounces (18.62 Mt grading 2.6 g/t Au)**. In addition, inferred gold resources were increased to **1.042 million ounces (16.82 Mt grading 2.0 g/t Au)**. The mineral resource estimate was prepared by independent consultants SRK Consulting ("SRK") of the United Kingdom. SRK's report is available on the SEDAR website (*www.sedar.com*).

An independent pre-feasibility study announced in May 2006 indicates that the Passendro Gold Project should support an economically robust development. AXMIN's Board of Directors has approved the undertaking of a feasibility study based on an average annual production rate of 200,000 ounces, estimated capital cost of US$110 million and estimated cash costs below US$200 per ounce. The pre-feasibility study was undertaken by an internationally recognised team of consultants co-ordinated by the independent engineering group GBM Ltd.. A comprehensive executive summary of the pre-feasibility study is available on the SEDAR website (*www.sedar.com*).

The pre-feasibility study reports a net present value ("NPV") of US$136 million at a 5% discount rate and an internal rate of return ("IRR") of 41% based on 3 million tonnes per annum throughput using the Gravity plus Carbon In Leach gold recovery processing route. The study calculated a five year initial mine life based solely on the April 2006 reported indicated resource (although by definition mineral resources that are not mineral reserves do not have demonstrated economic viability). The study also evaluated the effect of the discovery of an additional two and half years of mine life resource through the current and ongoing exploration program. The study reported that in the event of such a successful outcome and assuming similar grades and recoveries the NPV would increase to US$233 million and the IRR to 48%. The study utilized constant costs and a constant gold price of US$500 per ounce. Sensitivities to variations in gold price, capital and operating costs were also evaluated.

In July 2006 the Company announced that the bankable feasibility study ("BFS") contract for the Passendro Gold Project has been awarded to SENET (PTY) Ltd. of South Africa ("SENET"). SENET, which is currently building three gold projects in west Africa, will work in conjunction with consultants SRK (UK) Ltd. (resources/reserves, mining, geotechnics, hydrogeology), AMEC Earth and Environmental Ltd. (tailings, waste rock), SGS Lakefield of South Africa (metallurgy) and Golder Associates (UK) Limited (environmental and social impact assessment) with submission of the completed BFS scheduled for mid-2007.

Through ongoing regional exploration AXMIN has now developed a "pipeline" of 20 new drilling targets along the greenstone belt with a total combined strike length of more than 22 km (anomaly threshold of 100 ppb Au). Of these 17 (17.5 km combined strike length) occur within the Ndassima, Ao and Mbourou blocks, and are within haulage distance of less than 20 km from Passendro. To date, 35 reverse circulation ("RC") drill holes totalling 1,400 metres and 5 core holes totalling 550 metres have been completed on 6 of the prospects that lie in the Ndassima block. Results will be announced when assays are received and interpreted. Drilling will continue on these and other targets throughout 2006.

Earlier in August 2006 the Company provided an update on exploration at the 100% owned *Pouloubou Permit*, located approximately 150 km southeast of the Passendro Gold Project, where shallow reconnaissance RC drilling has confirmed the presence of multiple strongly anomalous gold mineralised zones up to 50 metres in width. The drilling intersected several consistent zones averaging 0.3-0.5 g/t Au with spikes at 1-2 g/t Au. One of the main discovery areas was the Central zone of the Grengou-Loubou prospects which has a potential strike length of at least 2,000 metres with an indicative width of some 50 metres, much of which is currently untested. Deeper drilling is required to determine the depth of potential leaching. This is the first test of a small part of the property and exploration is currently underway to identify the extent of anomalies throughout the 1,000 sq km permit.

Mali

At the *Kofi Project Area* reconnaissance exploration trenching and drilling is ongoing along strike from the Kofi SW Zone C resource block.

A total of some 6,400 metres of shallow reconnaissance rotary airblast (“RAB”) was completed during the first quarter on the 5,000 metre long Kofi South prospect. A follow up 4,240 metre RC drilling program has confirmed the continuity of potentially economic grades and widths of gold mineralisation over at least 1,000 metres of strike length. The 1,000 metre long mineralised structure remains open at both ends and at depth, in addition there are parallel structures. Results include 6.3 g/t Au over 15 metres, 2.9 g/t Au over 25 metres, 2.4 g/t Au over 25 metres, 2.7 g/t Au over 15 metres, 4.3 g/t Au over 9 metres and 13.1 g/t Au over 7 metres. RC drill holes were set on fences 80 metres apart, and were completed to vertical depths of about 60-70 metres. A number of the follow up holes successfully tested the structure to 90-100 metres vertical; however, the deeper drilling part of the program was terminated early due to the onset of the rainy season and will be completed later this year. The main mineralised zone has now been confirmed on each section over the full length of the tested structure, with typical grades of potentially economic width and strength. On the basis of the drilling to date the mineralisation appears to have a true thickness of 10-15 metres over much of its length with swellings locally to 30 metres or more. In addition the previous RAB drilling indicated that several parallel gold mineralised structures exist over a strike length of at least an additional 1,000 metres to the south of the zone reported above. The first RC and core holes set to test this southern extension, some 700 metres to the south, returned intercepts of 1.2 g/t Au over 40 metres, 10.8 g/t Au over 2.3 metres and 17.2 g/t Au over 4.0 metres. Initial interpretation suggests that these are separate structures indicative of a powerful and substantial mineralised system with similarities to the immediately adjacent Loulo property of Randgold Resources Limited. Moreover, one drill hole tested a separate structure, located about 140 metres west of the main structure and returned an intercept of 28.5 g/t Au over 5 metres, from a down hole depth of 50 metres. This hole lies within the 200 ppb Au surface geochemical signature and is unconstrained to the north and south.

The results from the RC drilling program at the Kofi South prospect are extremely encouraging, not only by confirming the continuous nature of gold mineralisation at depth along this substantial structure, but also by highlighting the excellent upside potential from both parallel structures and the equally long zone immediately to the south. In addition, by analogy with the style of gold mineralisation identified by AXMIN at Kofi SW Zones B and C, it is possible that we will see similar “pinch and swell” structures through this extensive zone which may comprise broad zones of 100-200 metres strike length with strong grades. Indeed some of our drilling to date may well have already clipped such zones. The next round of drilling planned for later this year will both infill and expand our knowledge of this substantial discovery by drilling the full 2,000 metres strike length of the anomalies defined by our RAB drilling. In conjunction with the previously announced resources this drilling has the potential to make a major contribution to our continuing resource growth at Kofi Project.

Sierra Leone

At the *Nimini Hills Project* a 2,100 metre core drilling program, completed in April 2006, was designed to follow up on the initial discovery at Komahun, with holes located on fences approximately 80 metres apart to cover a strike length of some 1,000 metres of which some 600 metres is currently shown to be mineralised. Results received to date include 6.2 g/t Au over 13.5 metres, 2.7 g/t Au over 11.5 metres and 3.6 g/t Au over 9 metres from depth extensions to the main mineral zone, as well as 47.5 g/t Au over 3 metres from the first exploration hole on a new parallel structure. The drilling information has been submitted to independent consultants for a first resource estimate to be prepared, whilst further results from reconnaissance exploration holes are awaited.

Senegal

With effect from April 28, 2006 the Company has entered into a joint venture with Harmony Gold Mining Company Limited (“Harmony”) wherein by funding expenditure of US$4 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”). AXMIN is delighted to be working with Harmony, a company that has the technical and development strength to assist in rapidly advancing the very prospective Senegal Permits. Regional exploration conducted by AXMIN across these permits has already identified a large number of targets that justify follow up work.

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 million over a three year period, with a minimum of US$800,000 in the first year to earn 10% interest, US$1.2 million in the second year to earn 25% interest and US$2 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.

AXMIN continues to be committed to further growth with the objective of providing added value to shareholders and to the countries in which it operates through new discoveries and developments.

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

Dr. Jonathan Forster
Chief Executive Officer & Director

August 28, 2006

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

Overview

AXMIN Inc. ("AXMIN", the "Company") is an international mineral exploration company with a substantial 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 has not yet determined whether these properties contain reserves that are economically recoverable. 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.

Exploration and Development Properties

The properties described below are those the Company currently believes to be material but they are not the only ones in which the Company holds interests.

In the Central African Republic ("CAR") the Company holds a 100% interest in each of five properties being the Bambari Permits (comprising exploration permits Bambari 1 and Bambari 2, prior to the 10% free carried interest of the State of the CAR), the Pouloubou permit, the Sosso Polipo permit, the Bakala permit and the Bogoin II permit.

In Mali the Company holds 81.25%, 87.50% and 94.44% interests in the Kofi North, Netekoto-Kenieti and Walia West permits respectively (prior to the 10% free carried interest of the government of Mali) and an 85% interest in the Walia permit (net of the 10% free carried interest of the government of Mali). These four Malian permits are collectively referred to as the "Kofi Project Area". In Sierra Leone, pursuant to a heads of agreement, the Company can earn a 60% interest in the Nimini Hills Project by spending US$2.25 million over a three year period.

In Sierra Leone the Company has interests in the Gori Hills licence, the Makong North and Makong South licences and the Sokoya licence pursuant to heads of agreements and holds a 100% interest in the Matotaka licence.

In Senegal, with effect from April 28, 2006, Harmony Gold Mining Company Limited ("Harmony") is farming in to the Company's wholly owned Sonkounkou, Sabodala NW and Heremakono permits (collectively the "Senegal Permits"). By funding expenditure of US$4 million over three years Harmony may earn a 50% interest in the Senegal Permits.

For a fuller description of the above properties and 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, 2005 and other filings made on the SEDAR website (*www.sedar.com*).

Results of Operations

The following tables set out selected unaudited consolidated financial information for the Company for the first and second quarters in 2006, each of the financial quarters in 2005, and for the third and fourth quarters in 2004:

	2006 1st quarter	2006 2nd quarter
Unaudited consolidated statements of operations and deficit		
Net loss for the period	(482)	(343)
Net loss per share	(0.0030)	(0.0021)
Unaudited consolidated balance sheets		
Working capital surplus	10,597	6,084
Total assets	43,873	44,381
Unaudited consolidated statements of cash flows		
Exploration and development costs outflow	(3,793)	(4,318)
Net cash inflow from financing activities	-	44

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

	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 surplus	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

	2004 3rd quarter	2004 4th quarter
Unaudited consolidated statements of operations and deficit		
Net profit (loss) for the period	264	(761)
Net profit (loss) per share	0.0026	(0.0071)
Unaudited consolidated balance sheets		
Working capital surplus	3,761	1,461
Total assets	22,128	21,732
Unaudited consolidated statements of cash flows		
Exploration and development costs outflow	(2,111)	(2,058)
Net cash inflow from financing activities	-	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.

Six months ended June 30, 2006 compared to the six months ended June 30, 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$Nil in 2006 compared to US$0.035 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$0.971 million compared to US$0.695 million in 2005.

The stock-based compensation expense in 2006 was US$0.365 million compared to US$0.396 million in 2005.

The net loss for the six months ended June 30, 2006 was US$0.825 million as compared to US$1.159 million in 2005.

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

Liquidity and Capital Resources

As at June 30, 2006 the Company had cash resources of US$7.578 million compared to the December 31, 2005 balance of US$15.618 million.

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

As at June 30, 2006 the Company had a surplus of working capital (defined as the difference between current assets and current liabilities) which amounted to US$6.084 million compared to the December 31, 2005 surplus of US$14.760 million.

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 audited consolidated financial statements for the year ended December 31, 2005. The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results.

Exploration and development costs

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

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

As at June 30, 2006 the Company had capitalized US$36.236 million of exploration and development costs. The comparative figure as at December 31, 2005 was US$28.125 million.

Stock-based compensation

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 (2005 - nil), expected volatility of 107.4% (2005 - 109.4%), and expected option life of 2.4 years (2005 - 3 years). The weighted average fair market value of options granted in 2006 was US$0.3819 (2005 - US$0.3654).

The cumulative stock-based compensation expense is as follows:

Stock options	**Six months ended June 30, 2006 (Unaudited)**	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**1,387**	847
Stock-based compensation expense	**365**	540
Balance, end of period	**1,752**	1,387

Hedging and Derivative Instruments

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

Related Parties

The Company's balances with related parties as at June 30, 2006 (unaudited) and December 31, 2005 and unaudited transactions with related parties included in the determination of results of operations for the six months ended June 30, 2006 and June 30, 2005 are disclosed in note 5 to the Company's unaudited consolidated financial statements for the six months ended June 30, 2006.

Risks and Uncertainties

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.

Legal and political risks

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.

Concentration of share ownership

As at the date of this report Addax Mining Holdings BV, a wholly owned subsidiary of The Addax & Oryx Group Limited, holds approximately 45.2% of the common shares issued by the Company. Addax Mining 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.

A fuller description of the risks and uncertainties the Company currently believes to be material are disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2005 included in the Company's Annual Report 2005.

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

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				161,265,440
Stock options	September 25, 2006	Cdn$0.32	150,000	150,000
Stock options	September 25, 2006	Cdn$0.55	25,000	25,000
Stock options	September 25, 2006	Cdn$0.67	50,000	50,000
Stock options	September 25, 2006	Cdn$1.00	60,000	60,000
Stock options	January 17, 2007	Cdn$0.32	2,550,000	2,550,000
Stock options	January 17, 2007	Cdn$0.34	625,000	625,000
Stock options	March 8, 2008	Cdn$0.71	870,000	870,000
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	830,000	830,000
Stock options	December 5, 2010	Cdn$0.55	200,000	200,000
Stock options	March 8, 2011	Cdn$0.71	1,230,000	1,230,000
Common share purchase warrants	September 5, 2006	Cdn$0.75	5,870,944	5,870,944
Compensation options	September 5, 2006	Cdn$0.60	119,851	119,851
Compensation options	December 14, 2007	Cdn$0.52	1,174,500	1,174,500
Fully diluted common shares				177,590,735

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. As at June 30, 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 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 controls and procedures are effective.

Outlook

The Company's priorities remain broadly consistent with those of the current and preceding year.

The Company has two main priorities at the project level. At the Passendro Gold Project in the CAR the Company has commenced and intends to complete a bankable feasibility study on the project in 2007 while continuing to expand and increase the confidence of mineral resources in the immediate vicinity. Elsewhere on the Bambari and Pouloubou 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 funds.

Forward-Looking Statements

Some of the statements included in this report are "forward-looking" statements. They include statements about the Company's expectations, beliefs, plans, objectives and assumptions about future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will likely result", "are expected to", "will continue", "anticipate", "believes", "estimate", "intend", "plan", "would" and "outlook" or statements to the effect that actions, events or results, "will", "may", "should" or "would" be taken, occur or be achieved. Statements and estimates concerning mineral resources may also be deemed to be forward-looking statements in that they involve estimates, based on certain assumptions, regarding the mineralisation that would be encountered if and when a mineral deposit were to be developed and mined. Forward-looking statements are not historical facts and are subject to a number of risks and uncertainties beyond the Company's control. Accordingly, the Company's actual results could differ materially from those suggested by these forward-looking statements for various reasons discussed throughout this report and particularly in the section entitled "Risks and Uncertainties". Forward-looking statements are made on the basis of the beliefs, opinions and estimates of the Company's management on the date the statements are made, and the Company does not undertake any obligation to update forward-looking statements if circumstances or management's beliefs, opinions or estimates should change. 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

August 28, 2006

Notice to the Reader

In accordance with National Instrument 51-102, Part 4, sub-section 4.3(3)(a), notice is hereby given that the accompanying interim consolidated financial statements of AXMIN Inc. (the "Company") for the six months ended June 30, 2006 have not been reviewed by the Company's auditors.

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

AXMIN Inc.

Unaudited Consolidated Balance Sheets

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

As at June 30, 2006 and December 31, 2005	**June 30, 2006**	December 31, 2005 (Audited)
Assets		
Current assets		
Cash and cash equivalents	**7,578**	15,618
Prepaid expenses and sundry debtors	**115**	96
Due from related parties *(Note 5(a))*	**93**	-
	7,786	15,714
Exploration and development costs *(Note 3)*	**36,236**	28,125
Other assets	**359**	210
	44,381	44,049
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**1,262**	613
Accrued liabilities and sundry creditors	**415**	341
Due to related parties *(Note 5(b))*	**25**	-
	1,702	954
Shareholders' equity		
Share capital *(Note 4)*	**49,007**	48,963
Stock options *(Note 4(c))*	**1,752**	1,387
Deficit	**(8,080)**	(7,255)
	42,679	43,095
	44,381	44,049

See accompanying notes to the unaudited consolidated financial statements.

AXMIN Inc.

Unaudited Consolidated Statements of Operations and Deficit

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

	Three months ended June 30, **2006**	2005	Six months ended June 30, **2006**	2005
Revenue	**-**	-	**-**	-
Expenses				
Administration *(Note 5)*	**499**	294	**971**	695
Write-down of exploration and development costs *(Note 3)*	**-**	17	**-**	35
Stock-based compensation expense *(Note 4(c))*	**250**	189	**365**	396
(Gain) loss on foreign exchange	**(341)**	121	**(313)**	138
Write-back of provision of amount due from related parties *(Note 5(c))*	**-**	(15)	**-**	(15)
Taxation	**31**	-	**31**	-
	439	606	**1,054**	1,249
Other income				
Interest income	**96**	26	**192**	32
Net gain on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**34**	-
Other *(Note 5)*	**-**	31	**3**	58
	96	57	**229**	90
Net loss for the period	**343**	549	**825**	1,159
Deficit, beginning of period	**7,737**	6,915	**7,255**	6,305
Deficit, end of period	**8,080**	7,464	**8,080**	7,464
Net loss per share (basic and diluted)	**0.0021**	0.0045	**0.0051**	0.0099
Weighted average number of common shares outstanding	**159,917,075**	121,368,977	**159,889,339**	116,824,102

See accompanying notes to the unaudited consolidated financial statements.

AXMIN Inc.

Unaudited Consolidated Statements of Cash Flows

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

	Three months ended June 30, **2006**	2005	Six months ended June 30, **2006**	2005
Operating activities				
Net loss for the period	**(343)**	(549)	**(825)**	(1,159)
Write-down of exploration and development costs	**-**	17	**-**	35
Stock-based compensation expense	**250**	189	**365**	396
Net gain on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**(34)**	-
Write-back of provision of amount due from related parties	**-**	(15)	**-**	(15)
Change in non-cash working capital	**482**	143	**636**	189
Net cash outflow from operating activities	**389**	(215)	**142**	(554)
Investing activities				
Exploration and development costs	**(4,318)**	(2,754)	**(8,111)**	(5,081)
Proceeds on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**34**	-
Other assets	**(146)**	(158)	**(149)**	(162)
Net cash outflow from investing activities	**(4,464)**	(2,912)	**(8,226)**	(5,243)
Financing activities				
Issuance of common shares, net of costs	**44**	(1)	**44**	6,264
Net cash inflow (outflow) from financing activities	**44**	(1)	**44**	6,264
Net cash (outflow) inflow	**(4,031)**	(3,128)	**(8,040)**	467
Cash and cash equivalents, beginning of period	**11,609**	5,875	**15,618**	2,280
Cash and cash equivalents, end of period	**7,578**	2,747	**7,578**	2,747

See accompanying notes to the unaudited consolidated financial statements.

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

1. Nature of Operations and Basis of Presentation

AXMIN Inc. (the "Company") is an international mineral exploration company with a substantial 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 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. In addition the success of the Company will be influenced by a number of factors including environmental risks, and legal and political risks.

The unaudited 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 unaudited 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-Bakala property in the Central African Republic ("CAR"). The Company holds its interest in this property through a CAR registered company, Aurafrique S.A.R.L., which holds prospecting and exploration permits for the property.

2. Significant Accounting Policies

Principles of consolidation

These unaudited interim consolidated financial statements have been prepared following the same accounting principles and methods of application as disclosed in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2005. The unaudited interim consolidated financial statements do not conform in all respects to Canadian generally accepted accounting principles for annual financial statements. Accordingly these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes included in the Company's Annual Report 2005. The consolidated financial statements include the accounts of the Company and all of the AXMIN Inc. group's wholly owned subsidiaries (the "Company") which are listed below:

- AXMIN Limited ("AXMIN", 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)

3. Exploration and Development Costs

	Six months ended June 30, 2006	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**28,125**	19,206
Additions	**8,111**	10,976
Write-downs	**-**	(39)
Costs written-off on sale of Bouroum Permit gold reserves	**-**	(2,018)
Balance, end of period	**36,236**	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:

	June 30, 2006	December 31, 2005 (Audited)
Central African Republic		
Bambari-Bakala	**24,749**	19,082
Pouloubou	**493**	416
Bogoin II	**84**	-
Sosso-Polipo	**96**	-
Mali		
Kofi Project Area	**4,299**	3,386
Sierra Leone		
Nimini Hills	**1,924**	1,021
Gori Hills	**192**	171
Makong	**262**	242
Sokoya	**84**	67
Matotaka	**128**	95
Senegal		
Sonkounkou	**2,352**	2,206
Sabodala NW	**233**	219
Heremakono	**141**	90
Ghana		
Cape Three Points	**1,065**	996
Canada		
B-B Lake	**134**	134
	36,236	28,125

With effect from April 28, 2006 the Company has entered into a joint venture with Harmony Gold Mining Company Limited ("Harmony") wherein by funding expenditure of US$4 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 million over a three year period, with a minimum of US$800,000 in the first year to earn 10% interest, US$1.2 million in the second year to earn 25% interest and US$2 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.

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, 2006	159,861,296	48,963
Exercise of common share purchase warrants	15,000	10
Exercise of compensation warrants	63,395	34
Balance as at June 30, 2006	159,939,691	49,007

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

(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 period, the following transactions took place:

Number of stock options	**Six months ended June 30, 2006**	Year ended December 31, 2005 (Audited)
Outstanding, beginning of period	**6,510,000**	6,420,000
Granted	**3,080,000**	300,000
Exercised	**-**	(100,000)
Expired or not vested	**(55,000)**	(110,000)
Outstanding, end of period	**9,535,000**	6,510,000
Exercisable, end of period	**7,117,500**	6,052,500

As at June 30, 2006 the Company had on issue and outstanding stock options for:

(i) 150,000 common shares of the Company exercisable at Cdn$0.32 each expiring on September 25, 2006;
(ii) 25,000 common shares of the Company exercisable at Cdn$0.55 each expiring on September 25, 2006;
(iii) 50,000 common shares of the Company exercisable at Cdn$0.67 each expiring on September 25, 2006;
(iv) 60,000 common shares of the Company exercisable at Cdn$1.00 each expiring on September 25, 2006;
(v) 2,925,000 common shares of the Company exercisable at Cdn$0.32 each expiring on January 17, 2007;
(vi) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007;
(vii) 870,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2008;
(viii) 950,000 common shares of the Company exercisable at Cdn$0.74 each expiring on April 4, 2008;
(ix) 1,470,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008;
(x) 150,000 common shares of the Company exercisable at Cdn$0.70 each expiring on October 4, 2009;
(xi) 830,000 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009;
(xii) 200,000 common shares of the Company exercisable at Cdn$0.55 each expiring on December 5, 2010; and
(xiii) 1,230,000 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 (2005 - nil), expected volatility of 107.4% (2005 - 109.4%), and expected option life of 2.4 years (2005 - 3 years). The weighted average fair market value of options granted in 2006 was US$0.3819 (2005 - US$0.3654).

The cumulative stock-based compensation expense is as follows:

Stock options	**Six months ended June 30, 2006**	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**1,387**	847
Stock-based compensation expense	**365**	540
Balance, end of period	**1,752**	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	**Six months ended June 30, 2006**	Year ended December 31, 2005 (Audited)
Outstanding, beginning of period	**6,691,733**	-
Issued, exercisable at Cdn$0.75 each	**-**	6,691,733
Exercised at Cdn$0.75 each	**(15,000)**	-
Outstanding, end of period	**6,676,733**	6,691,733

As at June 30, 2006 the Company had on issue and outstanding common share purchase warrants for 6,676,733 common shares of the Company exercisable at Cdn$0.75 each expiring on September 5, 2006.

(e) Compensation options

Number of compensation options including attached common share purchase warrants	**Six months ended June 30, 2006**	Year ended December 31, 2005 (Audited)
Outstanding, beginning of period	**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	**(63,395)**	-
Outstanding, end of period	**1,439,311**	1,502,706

As at June 30, 2006 the Company had on issue and outstanding compensation options for:

(i) 264,811 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.

See note 6.

5. Related Parties

As at the balance sheet dates of June 30, 2006 and December 31, 2005 the Company's balances with related parties were as summarized below:

Balances	Footnote	**June 30, 2006**	December 31, 2005 (Audited)
Due from the Senegal Permits joint venture	(a)	**93**	-
Due from related parties		**93**	-
Due to The Addax & Oryx Group Limited	(b)	**25**	-
Due to related parties		**25**	-

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

The Company's transactions with related parties included in the determination of results of operations for the periods are summarized below:

Transactions	Footnote	**Six months ended June 30, 2006**	Six months ended June 30, 2005
Administration and capitalized exploration and development costs (recharges)	(a)	**(93)**	-
Administration (Chairman services)	(b)	**123**	-
Administration (management fees)	(c)	**-**	61
Administration and capitalized exploration and development costs (recharges)	(c)	**-**	3
Write-back of provision of amount due from related parties	(c)	**-**	(15)
Other income (management fees)	(d)	**-**	50
Administration and capitalized exploration and development costs (recharges)	(d)	**-**	(132)
Administration (legal fees)	(e)	**10**	6
Other income (fees)	(f)	**3**	8

(a) Balances with the Senegal Permits joint venture represent recharges of expenses owing to and services provided by the Company at cost. The Senegal Permits joint venture is being funded by Harmony Gold Mining Company Limited.

(b) On December 6, 2005 the Company entered into a Contract for Services with The Addax & Oryx Group Limited, the parent company of Addax Mining Holdings BV (the Company's major shareholder), for the provision of the services of Jean Claude Gandur in the capacity of Chairman of the Company. The fees payable for these services, 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 six months ended June 30, 2006 were GBP£13,750 (equivalent to US$25,276).

(c) 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. As at December 31, 2002 the balance due to the Company prior to making a provision was US$136,450. This balance may be irrecoverable in full or in part and accordingly a full provision against this balance was included in the consolidated statement of operations and deficit for the year ended December 31, 2002. As at December 31, 2004, net of the 2002 provision, the balance due to SSL was US$11,111. During the six months ended June 30, 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.

(d) Balances with the Kofi Project Area (Mali) joint venture represent recharges of expenses owing to and services provided by the Company. The Company renders charges to the Kofi Project Area joint venture as a percentage of expenditures under management. Up to September 26, 2005 the Kofi Project Area joint venture was being funded by a subsidiary of Newmont Mining Corporation.

(e) Legal services provided by Fasken Martineau DuMoulin LLP, a law firm to which Robert Shirriff, a director of the Company, is counsel. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided legal services in connection with share offerings made by the Company at a cost of US$Nil (2005 - US$46,442). Fees relating to such transactions have been charged against the gross proceeds of the related share offerings. In addition to the value of transactions included in the determination of results of operations for the period Fasken Martineau DuMoulin LLP provided professional services in connection with the Company's exploration properties at a cost of US$60,312 (2005 - US$Nil). In accordance with the Company's accounting policy for exploration and development costs such costs have been capitalized by Company.

(f) Fees rendered 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. Subsequent Events

(a) Subsequent to June 30, 2006 375,000 stock options expiring on January 17, 2007 were exercised at Cdn$0.32 each, for total proceeds of Cdn$120,000, and as a result the Company issued 375,000 common shares of the Company to the stock option holder.

(b) Subsequent to June 30, 2006 805,789 common share purchase warrants expiring on September 5, 2006 were exercised at Cdn$0.75 each, for total proceeds of Cdn$604,342, and as a result the Company issued 805,789 common shares of the Company to the common share purchase warrant holder.

(c) Subsequent to June 30, 2006 144,960 compensation options expiring on September 5, 2006 were exercised at Cdn$0.60 each, for total proceeds of Cdn$86,976, and as a result the Company issued 144,960 common shares of the Company to the compensation option holder.

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

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Stock Listing

TSX Venture Exchange (TSX Venture)
Symbol: AXM

Common Shares Outstanding

(As at June 30, 2006)
159.9 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

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