NINE MONTHS ENDED SEPTEMBER 30, 2006

THIRD QUARTER REPORT

growing through 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

Report to Shareholders

Third Quarter 2006 Highlights and Subsequent Advances to Date

Central African Republic ("CAR")

- Passendro Gold Project, Bambari-Bakala Permits: bankable feasibility study commenced, headed up by SENET (PTY) Ltd. of South Africa. Endeavour Financial International Corporation engaged to provide debt finance advice with respect to project financing.

- Passendro Gold Project, Bambari-Bakala Permits: new high grade structures identified below the base of the currently planned pit floor at the Main Zone prospect. Results to date include 11.9 g/t Au over 12 metres, 7.0 g/t Au over 10.5 metres, 5.3 g/t Au over 6 metres and 3.0 g/t Au over 9 metres.

- Sosso Polipo Project: drilling targets delineated from adit and soil sampling. Systematic drill program planned to test a stockwork vein system to a depth of 100 metres.

- Iron ore district, Bambari-Bakala Permits: discovered a district containing continuous high grade lump hematite iron ore (median grade 64.38%) along a 30 km range of hills. Iron and gold mineralisations are mutually exclusive.

Mali

- Kofi Project Area: ongoing drilling intersects high grades at Kofi SW Zone C, such as 11.8 g/t Au over 30 metres, 7.5 g/t Au over 41 metres, 2.4 g/t over 45 metres and 25.3 g/t Au over 15 metres.

- Kofi Project Area: updated resource estimate being prepared by independent consultants.

Sierra Leone

- Komahun Prospect, Nimini Hills: initial inferred mineral resource announced comprising 392,000 contained ounces of gold (4.9 Mt assaying 2.5 g/t Au).

During the nine months ended September 30, 2006 exploration and development expenditure was US$12.703 million. As at September 30, 2006 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$40.828 million. Of the exploration expenditure incurred during the nine months ended September 30, 2006 US$9.073 million related to the Company's Bambari-Bakala Permits in the CAR.

As at September 30, 2006 the Company had cash resources of US$6.658 million and a surplus of working capital of US$5.971 million.

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.

The third quarter 2006 saw continued exploration activity in all three of AXMIN's major project areas, despite the onset of the wet season. Results from each continue to be highly encouraging. The feasibility study at the Passendro Gold Project in the CAR is advancing in line with expectations and with drilling for additional resources ongoing, in particular on higher grade structures beneath the existing pit shell at Main Zone. In Mali at the Kofi Project Area exploration rotary air blast drilling has continued in preparation for a 10,000 metre systematic reverse circulation drilling program scheduled to commence before the end of the calendar year and designed to continue to build on the resource drilling of the second quarter. Similarly, following the announcement of initial resources, at the Komahun Prospect in Sierra Leone exploration through the third quarter has continued to identify new drill targets across which drilling has already commenced with AXMIN's own man portable core rig. Elsewhere in Sierra Leone new green field targets are emerging at several project sites.

As we move into the dry season, our plans are focused on bringing the Passendro Gold Project to fruition, and expanding mineral resources and making new discoveries in the CAR and at our rapidly advancing projects in Mali and Sierra Leone.

The Company's current mineral resources comprise:

Location	*Category*	*Million tonnes (Mt)*	*Grade (g/t Au)*	*Gold content (ozs)*
Passendro, CAR [1]	Indicated	18.620	2.6	1,540,100
	Inferred	16.820	2.0	1,104,900
Kofi, Mali [2]	Indicated	0.415	3.2	45,000
	Inferred	2.030	3.8	245,000
Komahun, Sierra Leone [3]	Inferred	4.900	2.5	392,000
Total	**Indicated**	**19.035**	**2.6**	**1,585,100**
	Inferred	**23.750**	**2.3**	**1,741,900**

1 April 2006: cut off grade 1.2 g/t Au except at Main Zone where 0.8 g/t Au
2 September 2005: cut off grade 1.0 g/t Au
3 October 2006: cut off grade 0.50 g/t Au

Deputy Chairman and President, Dr Michael Martineau comments "With the Passendro Project in the CAR in feasibility study, resources at our Kofi Project in Mali anticipated to continue to expand, and now resource success at Komahun in Sierra Leone, AXMIN is one of only a few companies of comparable or even larger size that have such potential to develop multiple gold mines in the newly developing and democratic countries in this part of Africa."

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

November 28, 2006 [except for the restatement of the comparative unaudited consolidated statements of cash flows as disclosed in note 7 to the unaudited consolidated financial statements which is as of December 19, 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 on certain projects and it is in the process of exploring its other 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 adjacent Bakala permit, the Bogoin II permit, the Pouloubou permit and the Sosso Polipo permit.

In Mali the Company holds 81.25%, 87.50%, 94.44% and 94.44% interests in the Kofi North, Netekoto-Kenieti, Walia West and Walia permits respectively (prior to 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 addition, 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*), including an Annual Information Form dated November 7, 2006.

Results of Operations

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

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

(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 4th quarter
Unaudited consolidated statements of operations and deficit	
Net loss for the period	(761)
Net loss per share	(0.0071)
Unaudited consolidated balance sheets	
Working capital surplus	1,461
Total assets	21,732
Unaudited consolidated statements of cash flows	
Exploration and development costs outflow	(2,058)
Net cash inflow from financing activities	344

No dividends have been paid to date on the shares. The Company 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 the Company's Board of Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Nine months ended September 30, 2006 compared to the nine months ended September 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$0.039 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$1.304 million compared to US$0.898 million in 2005.

The stock-based compensation expense in 2006 was US$0.567 million compared to US$0.466 million in 2005.

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

The net loss for the nine months ended September 30, 2006 was US$1.277 million as compared to US$0.361 million in 2005.

Liquidity and Capital Resources

As at September 30, 2006 the Company had cash resources of US$6.658 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 September 30, 2006 the Company had a surplus of working capital (defined as the difference between current assets and current liabilities) which amounted to US$5.971 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 September 30, 2006 the Company had capitalized US$40.828 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	**Nine months ended September 30, 2006 (Unaudited)**	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**1,387**	847
Stock-based compensation expense	**567**	540
Balance, end of period	**1,954**	1,387

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

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

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 42% 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 the Company's Annual Information Form dated November 7, 2006, which is available on the SEDAR website (*www.sedar.com*).

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				167,721,234
Stock options	January 17, 2007	Cdn$0.32	2,550,000	2,550,000
Stock options	January 17, 2007	Cdn$0.34	500,000	500,000
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	1,085,000	1,085,000
Compensation options	December 14, 2007	Cdn$0.52	1,174,500	1,174,500
Fully diluted common shares				177,410,734

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. As at September 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 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

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. If one or more risks or uncertainties materialize or if the assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this report as intended, planned, anticipated, believed, estimated or expected. 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

November 28, 2006 [except for the restatement of the comparative unaudited consolidated statements of cash flows as disclosed in note 7 to the unaudited consolidated financial statements which is as of December 19, 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 restated interim consolidated financial statements of AXMIN Inc. (the "Company") for the nine months ended September 30, 2006 have not been reviewed by the Company's auditors.

The accompanying restated interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. These restated 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 September 30, 2006 and December 31, 2005	**September 30, 2006**	December 31, 2005 (Audited)
Assets		
Current assets		
Cash and cash equivalents	**6,658**	15,618
Prepaid expenses and sundry debtors	**333**	96
	6,991	15,714
Exploration and development costs *(Note 3)*	**40,828**	28,125
Other assets	**370**	210
	48,189	44,049
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**819**	613
Accrued liabilities and sundry creditors	**163**	341
Due to related parties *(Note 5(a))*	**38**	-
	1,020	954
Shareholders' equity		
Share capital *(Note 4)*	**53,747**	48,963
Stock options *(Note 4(c))*	**1,954**	1,387
Deficit	**(8,532)**	(7,255)
	47,169	43,095
	48,189	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 September 30, **2006**	2005	Nine months ended September 30, **2006**	2005
Revenue	**-**	-	**-**	-
Expenses				
Administration *(Note 5)*	**336**	276	**1,304**	898
Write-down of exploration and development costs *(Note 3)*	**-**	4	**-**	39
Stock-based compensation expense *(Note 4(c))*	**202**	70	**567**	466
(Gain) loss on foreign exchange	**(26)**	(3)	**(339)**	135
Taxation	**-**	150	**31**	150
	512	497	**1,563**	1,688
Other income				
Interest income	**60**	11	**252**	43
Net gain on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**34**	-
Net gain on sale of Bouroum Permit gold reserves	**-**	1,284	**-**	1,284
	60	1,295	**286**	1,327
Net (loss) profit for the period	**(452)**	798	**(1,277)**	(361)
Deficit, beginning of period	**(8,080)**	(7,464)	**(7,255)**	(6,305)
Deficit, end of period	**(8,532)**	(6,666)	**(8,532)**	(6,666)
Net (loss) profit per share (basic and diluted)	**(0.0028)**	0.0066	**(0.0079)**	(0.0031)
Weighted average number of common shares outstanding	**162,913,133**	121,399,746	**160,908,347**	118,366,078

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 September 30,		Nine months ended September 30,	
	2006	2005 (Restated - Note 7)	**2006**	2005 (Restated - Note 7)
Operating activities				
Net (loss) profit for the period	**(452)**	798	**(1,277)**	(361)
Write-down of exploration and development costs	**-**	4	**-**	39
Stock-based compensation expense	**202**	70	**567**	466
Net gain on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**(34)**	-
Net gain on sale of Bouroum Permit gold reserves	**-**	(1,284)	**-**	(1,284)
Write-back of provision of amount due from related parties	**-**	-	**-**	(15)
Change in non-cash working capital	**(807)**	(350)	**(171)**	(161)
Net cash outflow from operating activities	**(1,057)**	(762)	**(915)**	(1,316)
Investing activities				
Exploration and development costs	**(4,592)**	(2,693)	**(12,703)**	(7,774)
Proceeds on sale of common shares of Black Pearl Minerals Consolidated Inc.	**-**	-	**34**	-
Proceeds on sale of Bouroum Permit gold reserves	**-**	3,300	**-**	3,300
Other assets	**(11)**	11	**(160)**	(151)
Net cash (outflow) inflow from investing activities	**(4,603)**	618	**(12,829)**	(4,625)
Financing activities				
Issuance of common shares, net of costs	**4,740**	-	**4,784**	6,264
Net cash inflow from financing activities	**4,740**	-	**4,784**	6,264
Net cash (outflow) inflow	**(920)**	(144)	**(8,960)**	323
Cash and cash equivalents, beginning of period	**7,578**	2,747	**15,618**	2,280
Cash and cash equivalents, end of period	**6,658**	2,603	**6,658**	2,603

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 on certain projects and it is in the process of exploring its other 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

	Nine months ended September 30, 2006	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**28,125**	19,206
Additions	**12,703**	10,976
Write-downs	**-**	(39)
Costs written-off on sale of Bouroum Permit gold reserves	**-**	(2,018)
Balance, end of period	**40,828**	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:

	September 30, 2006	December 31, 2005 (Audited)
Central African Republic		
Bambari-Bakala	**28,155**	19,082
Pouloubou	**501**	416
Bogoin II	**95**	-
Sosso-Polipo	**111**	-
Mali		
Kofi Project Area	**5,027**	3,386
Sierra Leone		
Nimini Hills	**2,236**	1,021
Gori Hills	**223**	171
Makong	**287**	242
Sokoya	**109**	67
Matotaka	**154**	95
Senegal		
Sonkounkou	**2,198**	2,206
Sabodala NW	**242**	219
Heremakono	**245**	90
Ghana		
Cape Three Points	**1,111**	996
Canada		
B-B Lake	**134**	134
	40,828	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 stock options	640,000	214
Exercise of common share purchase warrants	6,641,732	4,396
Exercise of compensation warrants	328,206	174
Balance as at September 30, 2006	167,471,234	53,747

(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	**Nine months ended September 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	**(640,000)**	(100,000)
Expired or not vested	**(185,000)**	(110,000)
Outstanding, end of period	**8,765,000**	6,510,000
Exercisable, end of period	**6,960,000**	6,052,500

As at September 30, 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) 625,000 common shares of the Company exercisable at Cdn$0.34 each expiring on January 17, 2007;
(iii) 900,000 common shares of the Company exercisable at Cdn$0.71 each expiring on March 8, 2008;
(iv) 950,000 common shares of the Company exercisable at Cdn$0.74 each expiring on April 4, 2008;
(v) 1,470,000 common shares of the Company exercisable at Cdn$1.00 each expiring on December 18, 2008;
(vi) 150,000 common shares of the Company exercisable at Cdn$0.70 each expiring on October 4, 2009;
(vii) 797,500 common shares of the Company exercisable at Cdn$0.67 each expiring on December 13, 2009;
(viii) 200,000 common shares of the Company exercisable at Cdn$0.55 each expiring on December 5, 2010; and
(ix) 1,122,500 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	**Nine months ended September 30, 2006**	Year ended December 31, 2005 (Audited)
Balance, beginning of period	**1,387**	847
Stock-based compensation expense	**567**	540
Balance, end of period	**1,954**	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	**Nine months ended September 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	**(6,641,732)**	-
Expired	**(50,001)**	-
Outstanding, end of period	**-**	6,691,733

(e) Compensation options

Number of compensation options including attached common share purchase warrants	**Nine months ended September 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	**(328,206)**	-
Outstanding, end of period	**1,174,500**	1,502,706

As at September 30, 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 6.

5. Related Parties

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

Balances	Footnote	**September 30, 2006**	December 31, 2005 (Audited)
Due to The Addax & Oryx Group Limited	(a)	**38**	-
Due to related parties		**38**	-

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

Transactions	Footnote	**Nine months ended September 30, 2006**	Nine months ended September 30, 2005
Administration (Chairman services)	(a)	**133**	-
Administration (management fees)	(b)	**-**	61
Administration and capitalized exploration and development costs (recharges)	(b)	**-**	3
Administration (write-back of provision of amount due from related parties)	(b)	**-**	(15)
Administration (legal fees)	(c)	**12**	13
Administration (fee income)	(d)	**(3)**	(18)

(a) 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 nine months ended September 30, 2006 were GBP£20,625 (equivalent to US$38,219).

(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. 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 nine months ended September 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.

(c) Legal services provided by Fasken Martineau DuMoulin LLP ("Fasken"), 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 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 provided professional services in connection with the Company's exploration properties at a cost of US$60,312 (2005 - US$27,794). In accordance with the Company's accounting policy for exploration and development costs such costs have been capitalized by Company.

(d) 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 September 30, 2006 125,000 stock options expiring on January 17, 2007 were exercised at Cdn$0.34 each, for total proceeds of Cdn$42,500, and as a result the Company issued 125,000 common shares of the Company to the stock option holder.

(b) Subsequent to September 30, 2006 87,500 stock options expiring on December 13, 2009 were exercised at Cdn$0.67 each, for total proceeds of Cdn$58,625, and as a result the Company issued 87,500 common shares of the Company to the stock option holders.

(c) Subsequent to September 30, 2006 37,500 stock options expiring on March 8, 2011 were exercised at Cdn$0.71 each, for total proceeds of Cdn$26,625, and as a result the Company issued 37,500 common shares of the Company to the stock option holder.

7. Restatement of Unaudited Consolidated Statements of Cash Flows

The comparative unaudited consolidated statements of cash flows have been restated to disclose the proceeds and net gain arising on the sale of the Bouroum Permit gold reserves.

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

167.7 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

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