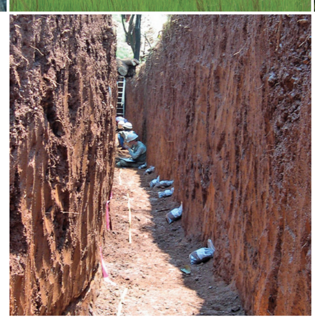
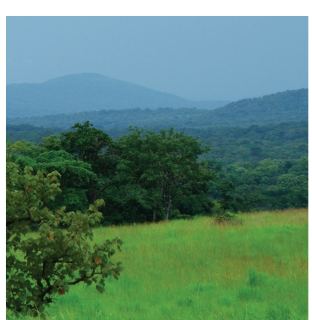
AXMIN

# THIRD QUARTER REPORT

Nine months ended
September 30, 2008

experienced explorer
emerging producer



# Management's Discussion and Analysis

*This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three-and-nine-months ended September 30, 2008 and 2007. The MD&A should be read in conjunction with the unaudited consolidated financial statements and notes thereto ("Statements") of AXMIN Inc. ("AXMIN" or the "Company") as at and for the three-and-nine-months ended September 30, 2008 and 2007, as well as the audited Statements of the Company as at and for the year ended December 31, 2007 including notes thereto. The Company's Consolidated Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").*

*All amounts included in the MD&A are in thousands of United States dollars, unless otherwise specified. This report is dated as of November 12, 2008. Readers are encouraged to read the Company's Annual Information Form dated May 13, 2008 and the Company's other public filings, which can be reviewed on the SEDAR website (www.sedar.com).*

## Overview

AXMIN Inc. ("AXMIN", the "Company") is a Canadian mineral exploration and development company with an exploration portfolio in the mineral belts of central and west Africa. The Company's mineral properties include various permits in the countries of Central African Republic ("CAR"), Sierra Leone, Mali and Senegal.

The Company is currently advancing the development of the Passendro Gold Project, situated on a portion of the Bambari permits in the CAR, through its wholly owned CAR subsidiary Aurafrique S.A.R.L. ("Aurafrique")

## Exploration and Development Properties

AXMIN has interests in the following mineral exploration properties as noted below:

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

*CAR*

On November 6, 2008, the Company announced that AXMIN's wholly owned subsidiary Aurafrique had received the "Certificat de Conformité" from the Ministry of Water, Forests, Fishing and Hunting responsible for the Environment for its Passendro Gold Project in the CAR. The Certificat de Conformité is renewable on an annual basis until such time as the Regulations for the new Environmental Code are adopted by the CAR Government. The approval of the ESIA is an essential component of the mining license application.

On August 29, 2008, the Company was informed that an Amending Decree was published, amending Article 2 of the Bambari 1 and 2 permits located in the CAR. These permits were last renewed on June 29, 2007 and expire on June 29, 2010. Prior to the Amending Decree the Bambari 1 and 2 permits were valid for gold, silver, copper, nickel, lead, zinc and iron. The Amending Decree amends the mineral rights of these permits to gold only. The Passendro Gold Project is not affected by the Amending Decree. The government of CAR has not given a justification for the Amending Decree and the Company intends to pursue its options in restoring the full rights of its permits.

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

On April 2 2008, the Company reported the results of its bankable feasibility study ("BFS") for the Passendro Gold Project. The first three years of production provides an average annual production of 223,000 ounces with an average cash cost of US$343/oz Au, and with a better than average exploration potential the Passendro Gold Project is very robust. The base case, using a gold price of US$750 per ounce, gives an internal rate of return ("IRR") of 29.4% and a net present value ("NPV") at a 5% discount of US$164 million. The BFS was led by SENET (PTY) Ltd. of South Africa and included a multidisciplinary team of independent consultants. The highlights of the BFS are as follows:

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

*Note: All financial analysis is based on 100% ownership*

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

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

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

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

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

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

*Senegal*

On November 3, 2008, the Company concluded a joint venture with Sabodala Mining Company SARL, a wholly owned subsidiary of Mineral Deposits Limited ("MDL") whereby MDL may earn a 51% interest in AXMIN's wholly owned gold exploration permits, Sounkounko, Heremokono and Sabodala NW located in the Birimian belt of Eastern Senegal.

The terms of the joint venture with MDL include:

a) MDL must spend a total of US$2.5 million over three years to earn a 51% interest in each permit, with a minimum expenditure of US$0.5 million in year one, US$0.8 million in year two and US$1.2 million in year three. There is a minimum expenditure of US$0.8 million before it may contemplate withdrawing from the JV.
b) Following earn-in, AXMIN may elect to maintain its 49% interest by funding future expenditure on a pro rata basis, or it may elect to dilute further to 20% in return for MDL spending a further US$3.5 million over an additional three year period. At this stage AXMIN may elect to participate or transfer its residual interest to MDL in return for a 1.5% royalty.

Exploration will be managed by MDL, freeing up AXMIN to focus on its Kofi Project in Mali, which lies some 120 km to the east of Sounkounko, across a national border.

The company had previously entered in a joint venture with Harmony Gold Mining Company Limited ("Harmony"). As of November 30, 2007, Harmony had spent US$1.5 million and due to a change in exploration strategy, decided to terminate the project. Pursuant to the joint venture agreement, Harmony did not retain any interest in the permit and all permit rights were returned to the Company.

*Sierra Leone*

On September 18, 2008, the Company reported a significant increase in mineral resource ounces and grade at the Komahun Gold Project, Nimini Hills JV, Sierra Leone. The updated mineral resource estimate includes an Indicated Mineral Resource of 370,000 tonnes grading 9.1 g/t Au (110,000 ounces) and an Inferred Mineral Resource of 3.1 million tonnes grading 4.3 g/t Au (435,000 ounces). This compares to the previous Inferred Mineral Resource estimate of 4.9 million tonnes grading 2.5 g/t Au (392,000 ounces)

The mineral resource estimate has utilized all drilling to date totaling 168 core holes, for a total of 22,370 metres. The bulk of the resource lies within the central 300 metres strike length of the Komahun structure where modeling has been taken to depths of up to 400 metres from surface. Preliminary metallurgical testwork on the sulphide and oxide mineralization suggests that recovery levels in excess of 90% may be achievable.

The in situ mineral resource estimate at a plus 1.8 g/t Au cut off was undertaken by independent consultant, SRK Consulting (UK) Ltd ("SRK"), using robust three dimensional interpretations with grade interpolation carried out using Ordinary Kriging. The cut off grade reflects modeling parameters suitable for underground mining. The estimates have been prepared under the guidelines of National Instrument 43-101 and accompanying documents 43-101.F1 and 43-101.CP.

| *Category* | *Tonnes (million)* | *Grade (g/t Au)* | *Contained Gold (oz)* |
|---|---:|---:|---:|
| **Indicated Mineral Resource** | 0.37 | 9.1 | 110,000 |
| **Inferred Mineral Resource** | 3.10 | 4.3 | 435,000 |

The Komahun Gold Project lies within the Nimini Hills licences which are held under a joint venture agreement with AFCAN Barbados Limited, a subsidiary of Eldorado Gold Corporation (ELD-TSX; EGO-ASX). Under the terms of the joint venture, Eldorado has elected not to participate in ongoing exploration expenditures. As a consequence AXMIN may increase its level of ownership in the project from 60% to 80% by completing a bankable feasibility study.

*Ghana*

Effective June 27, 2008 AXMIN transferred its entire interest in the Cape Three Points property in Ghana to Noble Mineral Resources Limited ("Noble") for proceeds of 3,000,000 common shares, representing 2.17% of the total issued common shares of Noble. In addition, AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area. This transaction was part of Noble's IPO on the Australian Securities Exchange ("ASX") which was priced at A$0.20 per common share and shares started trading on June 27, 2008. In accordance with the regulations of the ASX the common shares of Noble held by AXMIN are subject to a 24 months escrow period commencing on June 27, 2008. As at the date of this report the market value of each common share of Noble was A$0.10.

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 3 of the Company's unaudited consolidated financial statements for the nine months ended September 30, 2008 and other filings made on the SEDAR website (*www.sedar.com*) including the most recently filed Annual Information Form dated May 13, 2008.

## Outlook

The Company completed earlier this year a bankable feasibility study on the Passendro Gold Project. The Company is progressing its negotiations with the government of CAR in order to obtain all the necessary permits including the Mining License and any mutually agreed adjustments to fiscal conditions such that the Company may proceed with the development of the project. An important milestone was achieved with the approval of the ESIA which is a major component of the Mining License application. We anticipate that the Mining License could be issued during the first quarter of 2009.

In parallel, we are continuing our efforts, working with the Government, to ensure that all our rights are recognized with respect to the Bambari 1 and 2 exploration permits, the mining area that will include the greater part of it and in particular over the Topa Iron Project. With respect to the latter we are encouraged by the Government's recent request to discuss this matter.

We are also utilizing this time to consider a range of development options for Passendro that could make the Passendro Gold Project easier to develop in the current financial environment.

The Company is conducting a strategic review of its exploration programs in the CAR, Mali, Sierra Leone and Senegal.

At the corporate level, the Company will continue to assess market opportunities to raise additional capital and to reduce its outgoings and commitments.

## Results of Operations

The results of operations are summarized in the following tables which have been prepared in accordance with Canadian GAAP.

| | *2008 3rd quarter* | *2008 2nd quarter* | *2008 1st quarter* | *2007 4th quarter* |
|---|---|---|---|---|
| **Statements of operations and deficit** | | | | |
| Net loss for the period | (1,153) | (1,372) | (1,334) | (4,309) |
| Net loss per share | (0.0047) | (0.0061) | (0.0053) | (0.0201) |
| **Balance sheets** | | | | |
| Working capital | 1,147 | 5,852 | 1,129 | 8,264 |
| Total assets | 87,298 | 89,458 | 78,702 | 79,216 |
| **Statements of cash flows** | | | | |
| Investments in exploration and development | (3,739) | (6,345) | (7,234) | (7,659) |
| Cash flow from financing activities | - | 12,662 | 796 | 649 |

| | *2007 3rd quarter* | *2007 2nd quarter* | *2007 1st quarter* | *2006 4th quarter* |
|---|---|---|---|---|
| **Statements of operations and deficit** | | | | |
| Net (loss) profit for the period | (794) | 220 | (1,047) | (2,748) |
| Net (loss) profit per share | (0.0037) | 0.0010 | (0.0049) | (0.0163) |
| **Balance sheets** | | | | |
| Working capital | 17,077 | 23,669 | 28,958 | 3,520 |
| Total assets | 80,899 | 81,277 | 80,337 | 80,027 |
| **Statements of cash flows** | | | | |
| Investments in exploration and development | (6,274) | (6,037) | (5,203) | (4,896) |
| Cash inflow from financing activities | - | 14 | 693 | 33,364 |

### *Nine months ended September 30, 2008*

The net loss for the nine months ended September 30, 2008 was US$3.8 million compared to US$1.6 million in 2007, an increase of US$2.7 million. This increase is explained by higher administration costs, write-offs of exploration and development costs, foreign exchange net losses and lower interest income offset by the decrease in stock-based compensation expense.

Administration costs in 2008 were US$2.3 million compared to US$1.6 million in 2007. The principal reason for this increase was the establishment of a corporate office in downtown Toronto (Canada) and the appointment of Toronto-based executive officers.

A review of the carrying values of the Company’s exploration and development property assets led to a write-down of US$0.4 million in 2008 compared to US$Nil in 2007. The write-down of exploration and development costs reflects the Company’s policy of continually assessing the economic viability of its projects and where necessary, writing them down to their net realizable value.

The stock-based compensation expense in 2008 was US$1.1 million compared to US$2.0 million in 2007. The decrease is due to the expiry/cancellation of a number of options resulting in a smaller pool of options.

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

During the nine months ended September 30, 2008 exploration and development expenditure was US$17.3 million (of which US$11.5 million related to the Bambari-Bakala Permits) compared to US$17.5 million (of which US$11.6 million related to the Bambari-Bakala Permits) during the nine months ended September 30, 2007. As at September 30, 2008 the Company's cumulative capitalized carrying value of exploration and development expenditures was US$84.7 million compared to the December 31, 2007 balance of US$67.7 million.

## Liquidity and Capital Resources

The recent financial crisis has rendered the task of obtaining project financing a difficult one. Management has been informed by its various advisors in the investment banking sector that project financing may be difficult, which in turn, could cause delays in the ramp up of our Passendro Project. Management is currently reviewing all expenditure programs in order to reduce costs and preserve cash.

The Company's main sources of funding are equity markets, outstanding options and its cash balances. As at September 30, 2008, the Company had cash resources of US$2.4 million compared to the December 31, 2007 balance of US$11.1 million. A significant portion of these amounts are invested in government guaranteed investments, thus the credit risk is minimal. The decrease in cash resources is mostly due to investments in exploration and development.

During the nine months ended September 30 2008, 900,000 stock options were exercised at Cdn$0.71 each and 200,000 stock options were exercised at Cdn$0.74 each, for total proceeds of Cdn$0.8 million (US$0.8 million), and as a result the Company issued 1,100,000 common shares of the Company to the stock option holders.

During June 2008 AXMIN closed a non-brokered private placement totalling 30,000,000 Units at a price of Cdn$0.40 per Unit (the "Placement"), for total gross proceeds of Cdn$12.0million (US$11.9million). Each Unit consists of one common share plus one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of AXMIN at a price of Cdn$0.57 expiring 24 months after the date of closing of each tranche. Securities acquired under the Placement are subject to a four-month hold period. Immediately prior to completion of the Placement the Company's major shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of The Addax & Oryx Group Limited, exercised control and direction over 80,108,237 common share of the Company and as part of the Placement, AOG purchased 15,000,000 Units. Immediately post completion of the Placement AOG held 95,108,237 common shares in the Company plus 7,500,000 common share purchase warrants in the Company, representing approximately 38.72% of AXMIN's issued and outstanding common shares.

As at September 30, 2008 the Company had working capital of US$1.1 million compared to the December 31, 2007 amount of US$8.3 million. The decrease in working capital in 2008 mostly relates to the investment in exploration and development, decrease in trade payables and the loss for the period.

On November 7, 2008, the Company announced a non-brokered private placement ("Placement") of up to 26,666,667 Units in the Company at a price of Cdn$0.15 per unit, for total proceeds of up to Cdn$4 million. Each Unit consists of one common share plus one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of Cdn$0.20 for a period of twenty four months following the close of the Placement. Common shares acquired under the Placement are subject to a four month hold period from the date of closing of the Placement.

## Contractual Obligations

The Company has entered into agreements to lease premises for various periods until 31 Oct 2013. The annual rent of premises consist of minimum rent plus realty taxes, maintenance and utilities.

## Off-Balance Sheet Arrangements
The Company has no off-balance sheet arrangements.

## Related Parties
The Company paid $73 (2007 - $13) during the third quarter to a partnership associated with a director for legal services provided to the Company. For the nine months ended September 30, 2007, the Company paid $108 (2007 - $17). These transactions were in the normal course of operations and measured at the exchange amounts.

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

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

*Mining Industry*

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

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

*No Production Revenues; History of Losses*

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

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

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

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

*Uncertainty in the Estimation of Mineral Reserves and Resources*

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

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

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

*Nature of Mineral Exploration*

Other than with respect to the properties that comprise the Passendro Gold Project in the CAR none of the properties in which AXMIN has an interest contain a known body of commercial ore. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the proposed exploration programs on the properties in which AXMIN has an interest will result in a profitable commercial mining operation.

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

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

*Uncertainty Relating to Inferred Mineral Resources*

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

*Joint Venture Strategy*

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

*Additional Funding Requirements*

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

*Necessary Personnel and Equipment May Not Be Available*

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

*Political Risk*

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

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

*Insurance and Uninsured Risks*

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

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

*Government Regulation*

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

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

*Contractual Arrangements*

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

*Commodity Prices*

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

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

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

*Commodity Hedging*

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

*Competition*

The mineral exploration business is competitive in all of its phases. AXMIN competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than AXMIN, in the search for and the acquisition of attractive mineral properties. AXMIN's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also in its ability to select and acquire suitable producing properties or prospects for mineral exploration or development.

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

*Currency Risk*

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

*Title Matters*

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

*Conflict of Interest*

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

*Repatriation of Earnings*

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

*Management; Dependence on Key Personnel*

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

*Environmental Risks and Hazards*

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

*Enforceability of Civil Liabilities*

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

*Concentration of Share Ownership*

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

*Future Sales of Shares by Existing Shareholders*

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

*Estimation of Asset Carrying Values*

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

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

*Health Issues*

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

*Increased Labour Costs*

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

*Compliance with Health and Safety Regulations*

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

*Requirement for Permits and Licences*

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

*Dividend Policy*

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

**Share Capital**

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

| Securities | Common shares on exercise |
|---|---|
| Common shares | 245,613,234 |
| Stock options | 8,895,000 |
| Common share purchase warrants | 15,000,000 |
| Fully diluted share capital | 269,508,234 |

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

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

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

## Additional Information

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

On behalf of the Board of Directors

*"Signed"*

Mario Caron
*President, Chief Executive Officer & Director*

November 14, 2008

**AXMIN Inc.**
**Notice to the Reader**

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

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

**Axmin Inc**
**Consolidated Balance Sheets**
As at September 30, 2008 and December 31, 2007
*(Unaudited and expressed in thousands of United States dollars)*

| | **September 30, 2008** | December 31, 2007 (Audited) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | **2,369** | 11,121 |
| Accounts receivable | **38** | 131 |
| Prepaid expenses and deposits | **107** | 212 |
| | **2,514** | 11,464 |
| Exploration and development costs (Note 3) | **84,659** | 67,694 |
| Other assets | **125** | 58 |
| | **87,298** | 79,216 |
| **Liabilities and shareholders' equity** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | **1,282** | 3,156 |
| Amounts due to related parties (Note 5) | **85** | 44 |
| | **1,367** | 3,200 |
| **Shareholders' equity** | | |
| Share capital (Note 4b) | **101,806** | 88,760 |
| Contributed surplus (Note 4d) | **5,194** | 4,466 |
| Deficit | **(21,069)** | (17,210) |
| | **85,931** | 76,016 |
| | **87,298** | 79,216 |

**Nature of operations and going concern** (Note 1)
**Commitments** (Notes 3 and 6)
**Subsequent event** (Note 9)

*See accompanying notes to the unaudited consolidated financial statements.*

**Axmin Inc.**
## Consolidated Statements of Operations and Deficit
For the three and nine month periods ended September 30, 2008 and 2007
*(Unaudited and expressed in thousands of United States dollars except number of shares and per share amounts)*

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| **Expenses** | | | | |
| Administration | **778** | 537 | **2,262** | 1,604 |
| Write-down of exploration and development | **-** | - | **353** | - |
| Stock-based compensation (Note 4) | **254** | 476 | **1,112** | 1,985 |
| | **1,032** | 1,013 | **3,727** | 3,589 |
| **Other expense (income)** | | | | |
| Loss (gain) on foreign exchange | **160** | (15) | **239** | (1,145) |
| Interest income | **(39)** | (204) | **(107)** | (823) |
| | **121** | (219) | **132** | 1,968 |
| **Net (loss) profit, and other comprehensive (loss) profit for the period** | **(1,153)** | (794) | **(3,859)** | (1,621) |
| **Deficit, beginning of period** | **(19,916)** | (12,107) | **(17,210)** | (11,280) |
| **Deficit, end of period** | **(21,069)** | (12,901) | **(21,069)** | (12,901) |
| **Net (loss) profit per share (basic and diluted)** | **(0.00)** | (0.00) | **(0.02)** | (0.01) |
| **Weighted average number of common shares outstanding** | **245,613,234** | 213,288,223 | **228,115,389** | 213,104,162 |

*See accompanying notes to the unaudited consolidated financial statements.*

## Axmin Inc
## Unaudited Consolidated Statements of Cash Flows

For the three and nine month periods ended September 30, 2008 and 2007

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2008** | 2007 | **2008** | 2007 |
| **Operating activities** | | | | |
| Net loss for the period | **(1,153)** | (794) | **(3,859)** | (1,621) |
| Write-down of exploration and development costs | **-** | - | **353** | - |
| Stock-based compensation expense | **254** | 476 | **1,112** | 1,985 |
| Unrealized foreign exchange gain (loss) on cash and cash equivalents | **56** | (34) | **322** | (2,484) |
| Change in non-cash working capital | **(1,195 )** | 154 | **(1,635)** | (351) |
| Net cash outflow from operating activities | **(2,038)** | (198) | **(3,707)** | (2,471) |
| **Investing activities** | | | | |
| Other assets | **(67)** | - | **(67)** | - |
| Exploration and development costs | **(3,739)** | (6,274) | **(17,318)** | (17,514) |
| Net cash outflow from investing activities | **(3,806)** | (6,274) | **(17,385)** | (17,514) |
| **Financing activities** | | | | |
| Issuance of common shares | **-** | - | **12,706** | 732 |
| Cost of share issuances | **-** | - | **(44)** | (25) |
| Net cash inflow from financing activities | **-** | - | **12,662** | 707 |
| **Effect of foreign exchange on cash and cash equivalents** | **(56)** | 34 | **(322)** | 2,484 |
| **Change in cash and cash equivalents** | **(5,900)** | (6,438) | **(8,752)** | (16,794) |
| **Cash and cash equivalents, beginning of period** | **8,269** | 24,669 | **11,121** | 35,025 |
| **Cash and cash equivalents, end of period** | **2,369** | 18,231 | **2,369** | 18,231 |

*See accompanying notes to the unaudited consolidated financial statements.*

## 1. Nature of Operations, Basis of Presentation and Going Concern

***Operations***

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

***Basis of Presentation***

These unaudited interim consolidated financial statements include the financial statements of the Company, including all of its wholly owned subsidiaries, including Aurafrique and Axmin Ltd.

The interim consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and follow the same accounting policies and methods of computation as the most recent annual financial statements for the year ended December 31, 2007. They do not necessarily include all of the disclosures required by Canadian GAAP for annual financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements and notes for the year ended December 31, 2007.

***Going Concern***

The Company is in its development stage. Aside from the properties that comprise the Passendro Gold Project, it has not yet determined whether other properties in its exploration portfolio contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. To date the Company has raised funds principally through the issuance of shares.

In the foreseeable future the Company will likely remain dependent on the issuance of further shares to raise funds to explore and develop its properties, and on the availability of project finance for the development of the Company's more advanced projects. However, there can be no assurance it will be able to raise sufficient funds in the future. In addition, the success of the Company will be influenced by a number of factors including political, legal and environmental risks.

These unaudited interim consolidated financial statements have been prepared on the basis of Canadian GAAP applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These interim 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.

The accompanying consolidated financial statements are prepared by management in accordance with Canadian GAAP, and in the opinion of management, include all adjustments considered necessary for fair and consistent presentation of financial statements.

**(Unaudited and all tabular amounts expressed in thousands of United States dollars except number of shares and per share amounts) -**

## 2. Significant Accounting Policies

*Changes in accounting policy*

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

(a) Capital Disclosures (Section 1535)
Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Disclosure requirements pertaining to this section are in note 7.

(b) Financial Instruments – Disclosure and Presentation (Sections 3862 and 3863)
Sections 3862 and 3863 replace Section 3861 *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Disclosure requirements pertaining to these sections are in note 8.

(c) Inventories (Section 3031)
Section 3031 *Inventories* replaces the existing Handbook Section 3030 *Inventories*. The standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value. The adoption of this policy has had no material impact on the Company's financial statements.

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly-listed companies to use International Financial Reporting Standards ("IFRS"), replacing Canada's existing GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transistion date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transistion to IFRS cannot be reasonably estimated at this time.

## 3. Exploration and Development Costs

| | **Bambari** | **Kofi** | **Nimini** | **Others** | **Total** |
|---|---|---|---|---|---|
| (US$ '000) | | | | | |
| Balance - December 31, 2006 | 31,751 | 5,770 | 2,757 | 4,298 | 44,576 |
| Exploration costs | 18,502 | 4,036 | 3,425 | 627 | 26,590 |
| Write-downs | - | - | - | (3,472) | (3,472) |
| Balance – December 31, 2007 | 50,253 | 9,806 | 6,182 | 1,453 | 67,694 |
| Exploration costs | 11,510 | 2,810 | 2,465 | 533 | 17,318 |
| Write-downs | - | - | - | (353) | (353) |
| **Balance – September 30, 2008** | **61,763** | **12,616** | **8,647** | **1,633** | **84,659** |

*Central African Republic ("CAR")*
AXMIN holds a 100% interest in the Bakala, Bambari, Bogoin II, Pouloubou and Sosso Polipo properties through its two wholly owned CAR registered subsidiaries, which hold prospecting and exploration permits for the properties. Of these project areas, the Bambari-Bakala properties have been the subject of substantial exploration by AXMIN since the discovery of the Passendro Gold Project. The Passendro Gold Project is situated on a portion of the Bambari property and is contained within the Bambari permits.

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

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

- (a) a 2.25% royalty on the proceeds from the sale of gold;
- (b) 10% free carried interest for the State with an option to acquire an additional participating interest of 10% at market value;
- (c) exemption from:
  - (i) taxes (including value added tax ("VAT")) and duties on fuel used in the mining operations;
  - (ii) VAT on imported capital equipment, consumables and any mining contract; and
  - (iii) duties on imported capital equipment and consumables during the development phase and for a period of five years thereafter;
- (d) exoneration from withholding tax on dividends, capital repayments and interest; and
- (e) a five year tax holiday from the date of first commercial production, following which the corporate tax rate will be 30%.

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

AXMIN holds:

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

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

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

*Senegal*
AXMIN holds a 100% interest in the Sonkounkou exploration permit. The government of Senegal retains the right at the time of a decision to mine from the property, to elect to participate in the project for a 10% free carried interest and has a further right to purchase an additional 25% participating interest. The government's interest is subject to reduction upon negotiation at the mining stage.

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

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

During the year ended December 31, 2007 Harmony notified the Company that with effect from November 30, 2007 it was terminating the joint venture over the Senegal Permits. As such Harmony's 10% interest in the Senegal Permits was returned to the Company. The Company will continue to maintain the Senegal Permits in good standing and carry out exploration activities thereon. Due to uncertainty of the recoverability of exploration and development costs associated with the Senegal Permits these costs have been fully written-down.

*Ghana*
AXMIN may earn up to a 72% interest (net of the 10% free carried interest of the government of Ghana) in the Cape Three Points property from joint venture partner Consolidated Minerals Limited ("Consmin") by carrying Consmin through to completion of a BFS. During the year ended December 31, 2005 the Company earned a 55% interest (prior to the 10% free carried interest of the government of Ghana) in the Cape Three Points property by expending a minimum of US$0.50 million on the

**(Unaudited and all tabular amounts expressed in thousands of United States dollars except number of shares and per share amounts) -**

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

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

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

## 4. Share Capital

**a) Authorized share capital**
Unlimited number of common shares

| **b) Common shares issued and outstanding** | Number of shares | Amount |
|---|---:|---:|
| Balance as at December 31, 2006 | 210,721,234 | 87,225 |
| Cost of share issuances | - | (26) |
| Exercise of stock options | 2,617,500 | 751 |
| Exercise of compensation options | 1,174,500 | 631 |
| Stock-based compensation expense | - | 179 |
| Balance as at December 31, 2007 | 214,513,234 | 88,760 |
| Issue for cash, net of costs | 30,000,000 | 11,866 |
| Exercise of stock options | 1,100,000 | 796 |
| Stock-based compensation expense | - | 384 |
| **Balance as at September 30, 2008** | **245,613,234** | **101,806** |

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

**(Unaudited and all tabular amounts expressed in thousands of United States dollars except number of shares and per share amounts) -**

| **c) Common share purchase warrants** | Number of warrants | Weighted Average Exercise Price (CDN$) |
|---|---|---|
| Balance as at December 31, 2007 | 0 | 0.00 |
| Warrants granted | 15,000,000 | 0.57 |
| **Balance as at September 30, 2008** | **15,000,000** | **0.57** |

| **d) Stock options** | Number of options | Weighted Average Exercise Price (CDN$) |
|---|---|---|
| Balance as at December 31, 2006 | 7,970,000 | 0.64 |
| Options granted | 6,100,000 | 0.92 |
| Options expired | (60,000) | 0.71 |
| Options exercised | (2,617,500) | 0.33 |
| Balance as at December 31, 2007 | 11,392,500 | 0.86 |
| Options granted | 750,000 | 0.25 |
| Options expired/cancelled | (2,147,500) | 0.80 |
| Options exercised | (1,100,000) | 0.72 |
| **Balance as at September 30, 2008** | **8,895,000** | **0.83** |

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted during the period ended Sep 30, 2008 and year ended December 31, 2007 using the following assumptions:

| | **September 30, 2008** | December 31, 2007 |
|---|---|---|
| **Assumptions:** | | |
| Weighted average risk free rate | 4.0% | 4.0% |
| Annualized volatility | 77.0% | 89.7% |
| Weighted average expected life | 5 years | 5 years |
| Expected dividend yield | 0.0% | 0.0% |

## 5. Related Parties

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

| | **September 30, 2008** | December 31, 2007 (Audited) |
|---|---|---|
| Due to The Addax & Oryx Group Limited | **43** | 29 |
| Due to Fasken Martineau DuMoulin LLP | **42** | 15 |
| Total | **85** | 44 |

**(Unaudited and all tabular amounts expressed in thousands of United States dollars except number of shares and per share amounts) -**

## 6. Commitments

The following is a summary of lease commitments for various periods due for the next 5 years and thereafter. The annual rent payments consist of minimum rent plus realty taxes, maintenance and utilities.

| **Commitments** | **September 30, 2008** | December 31, 2007 (Audited) |
|---|---|---|
| Less than 1 year | **78** | 24 |
| 1 - 3 years | **322** | 41 |
| 4 - 5 years | **194** | - |
| Total | **594** | 65 |

## 7. Capital Management

The Company manages its cash and cash equivalents, common shares, stock options, and other securities as capital. The policy of the Board of Directors of the Company is to maintain a strong capital base so as to sustain future development of the business and maintain investor, creditor and market confidence. To meet these objectives the Company ensures it has sufficient cash resources to meet 60 days of operations. As at September 30, 2008 the Officers and Directors of the Company held approximately 5% of the common shares issued by the Company (approximately 4.5% on a fully diluted basis), excluding the shareholding of the Company's major shareholder AOG Holdings BV ("AOG"). The Company's Chairman, Jean Claude Gandur, is a senior officer and director of an affiliate of AOG.

## 8. Financial Instruments and Risk Management

The recorded amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due to related parties approximate fair values based on the short term nature of those instruments. The Company has classified its financial instruments as follows: cash and cash equivalents as held-for-trading; accounts receivable as loans and receivables; accounts payable and accrued liabilities, and amounts due to related parties as other financial liabilities.

(a) Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and its investment securities. All financial assets of the Company have contractual maturities of less than 90 days and the majority are held in investment accounts with a Canadian chartered bank.

(i) Cash and cash equivalents
The Company limits its exposure to credit risk by only investing in government guaranteed investments. Management expects the risk associated with these investments to be minimal.

(ii) Receivables
Management does not expect these counterparties to fail to meet their obligations. The Company does not have receivables that it considers impaired or otherwise uncollectible.

(b) Liquidity risk
The Company has sufficient funds as at September 30, 2008 to settle current liabilities.

(c) Market risk

(i) Foreign currency risk
The functional currency of the Company is the United States dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company has monetary assets and liabilities denominated in the Canadian dollar, British Pound and the CFA Franc and are subject to exchange variations against the functional and reporting currency.

(ii) Interest rate risk
The Company has significant cash balances and no interest-bearing debt. The Company's policy is to primarily invest excess cash in government guaranteed investments. The Company monitors the investments it makes and is satisfied with the credit ratings.

**9. Subsequent Event**

a) On November 3, 2008, the Company concluded a joint venture with Sabodala Mining Company SARL, a wholly owned subsidiary of Mineral Deposits Limited ("MDL") whereby MDL may earn a 51% interest in AXMIN's wholly owned gold exploration permits, Sounkounko, Heremokono and Sabodala NW located in the Birimian belt of Eastern Senegal.

The terms of the joint venture with MDL include:

(i) MDL must spend a total of US$2.5 million over three years to earn a 51% interest in each permit, with a minimum expenditure of US$0.5 million in year one, US$0.8 million in year two and US$1.2 million in year three. There is a minimum expenditure of US$0.8 million before it may contemplate withdrawing from the JV.
(ii) Following earn-in, AXMIN may elect to maintain its 49% interest by funding future expenditure on a pro rata basis, or it may elect to dilute further to 20% in return for MDL spending a further US$3.5 million over an additional three year period. At this stage AXMIN may elect to participate or transfer its residual interest to MDL in return for a 1.5% royalty.

Exploration will be managed by MDL, freeing up AXMIN to focus on its Kofi Project in Mali, which lies some 120 km to the east of Sounkounko, across a national border.

b) On November 7, 2008, the Company announced a non-brokered private placement ("Placement") of up to 26,666,667 Units in the Company at a price of Cdn$0.15 per unit, for total proceeds of up to Cdn$4 million. Each Unit consists of one common share plus one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of Cdn$0.20 for a period of twenty four months following the close of the Placement. Common shares acquired under the Placement are subject to a four month hold period from the date of closing of the Placement.