FIRST QUARTER REPORT 2011

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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 months ended March 31, 2011 and 2010. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three months period ended March 31, 2011, and audited consolidated financial statements and notes thereto ("Statements") of AXMIN Inc. ("AXMIN" or the "Company") as at and for the year ended December 31, 2010.

All amounts included in the MD&A are in thousands of United States dollars, except where otherwise specified and per unit basis. This report is dated as of June 28, 2011. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

The Company adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011 and a transition date of January 1, 2010. The preparation of this financial information is in accordance with IFRS as issued by the International Accounting Standard Board ("IASB") unless otherwise noted. Note 16 to the interim condensed consolidated financial statements contains a detailed description of the Company's first annual reporting under IFRS and a reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles to IFRS. The statements have been prepared using accounting policies in accordance with IFRS and International Accounting Standard 34 – Interim Financial Reporting ("IAS 34")

First Quarter Highlights

- January 2011 – AXMIN announced, on schedule, the completion of the revalidated Feasibility Study ("FS) for its 100% owned Passendro project in the Central African Republic ("CAR"). The FS results indicate a robust project with a Net Profit Value ("NPV") at a 5% discount of US$340 million, an Internal Rate of Return ("IRR") of 32%, and a low cash cost of US$484/oz over a mine life of 8.3 years.
- February 2011 - AXMIN closed its previously announced acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN's ownership in the project to 100%.
- March 2011 - AXMIN announced a proposed transaction that would spin-off its wholly-owned Sierra Leone assets into a publicly traded company, of which AXMIN would retain a significant interest. The proposed transaction is expected to realize the full value of these assets and could also afford the Company the opportunity to monetize the asset, if required, to support the development of the Passendro.

Post Quarter-End Highlights

- May 2011 – AXMIN appoints Graham Hill as its Chief Operating Officer, attaining another milestone in the development of the Passendro Gold Mine.
- June 2011 - AXMIN advances the spin-off of its Sierra Leone assets with the signing of a Definitive Agreement; in addition, initial drill results from the 2011 exploration program confirm resource upside potential at the Komahun Gold project.
- June 2011 - AXMIN Senegal joint venture partner, Teranga Gold Corporation announces inferred resource of 106,000 ounces gold grading 6.0 g/t Au at Gora, plus promising early stage results from two new targets.

Business and Summary of Activities

AXMIN is an international mineral exploration and development company with a strong focus on central and West Africa. AXMIN has exploration projects in CAR, Mali, Mozambique, Sierra Leone and Senegal. A significant portion of the Company's exploration and development costs relate to its Passendro project situated on a portion of the Bambari property in the CAR. The Company holds its interest in properties through its wholly-owned CAR registered subsidiaries, Aurafrique SARL ("Aurafrique"), which holds prospecting and exploration permits for the property and SOMIO Toungou SA, which holds the mining permit for the Passendro project.

Corporate Activities

During the quarter ended March 2011, AXMIN disposed of all of its CDC share holdings for 0.30 GBP/share resulting in total net proceeds of 2,866 GBP, (US$4,453), which strengthened its financial position. On February 15, 2011, AXMIN closed its acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN's ownership in the Project to 100%. As a consideration for this acquisition, the Company issued an aggregate of 4,388,370 common shares of AXMIN to Eldorado Gold Corporation and Flaxman Corporation NV at a fair market value of C$0.18 per common share resulting in aggregate proceeds of US$811, (C$800).

Exploration and Development Activities

As of the date of this report, AXMIN has interests in the following mineral exploration properties as noted below:

Project	Operator	Mineral	Location	Ownership
Passendro	AXMIN	Au	Central African Republic	100%
Bambari 1 and 2	AXMIN	Au	Central African Republic	100%
Komahun	AXMIN	Au	Sierra Leone	100%
Matotoka Permit	AXMIN	Au	Sierra Leone	100%
Joint Ventures				
Senegal Permits	Teranga Gold	Au	Senegal	49%[1]
Satifara Permit	SEMOS	Au	Mali	94.45%
Mavita Permit	AXMIN	Ni, Cu	Mozambique	100%

1. Teranga Gold Corporation (formerly Mineral Deposits Limited) has earned 51% at which time AXMIN has chosen to reduce its interest to 20% by Teranga spending a further US$3.5 million.

Reserves and Resources

MINERAL RESERVES

Mines	Passendro, CAR
Proven Mineral Reserves	
Tonnes (Mt)	3.5
Grade (g/t Au)	1.8
Contained Gold (oz)	207,505
Probable Mineral Reserves	
Tonnes (Mt)	20.0
Grade (g/t Au)	1.9
Contained Gold (oz)	1,238,670
TOTAL MINERAL RESERVES	
Tonnes (Mt)	**23.5**
Grade (g/t Au)	**1.9**
Contained Gold (oz)	**1,446,175**

MINERAL RESOURCES

Mines	Passendro, CAR	Komahun, Sierra Leone	Total
TOTAL MEASURED AND INDICATED			
Tonnes (Mt)	31.5	0.4	**31.9**
Grade (g/t Au)	2.0	9.1	**2.1**
Contained Gold (oz)	2,027,000	110,000	**2,137,000**

Mines	Passendro, CAR	Komahun, Sierra Leone	Total
TOTAL INFERRED			
Tonnes (Mt)	21.7	3.1	**24.8**
Grade (g/t Au)	1.6	4.3	**1.9**
Contained Gold (oz)	1,104,000	435,000	**1,539,000**

Note *All resources and reserves are NI 43-101 compliant*
Passendro: Reserves as of January 2011; included in the Measured and Indicated Resources as of June 2009; cut-off grades vary from 1.2 g/t Au, 1.0 g/t Au and 0.8 g/t Au
Komahun: Resources as of September 2009; cut-off grades plus 1.8 g/t Au

CAR – Passendro Gold Project

The Company's primary asset is the Passendro Gold Project, which is situated in the centre of its 25-year Mining Licence (355 sq km) which was awarded to AXMIN in August 2010. At the same time, the Company was also awarded two Exploration Licences Bambari 1 and 2 (1,240 sq km), which ring fence the Mining Licence and cover a 90 km strike of the Bambari greenstone belt. The positive results of the revalidated FS were announced on January 31, 2011 and subsequently the revalidated FS Summary Report was filed on SEDAR on March 17, 2011 (www.sedar.com). The revalidated FS and updated reserve statement was completed by the original 2008 Bankable Feasibility Study (" BFS") team led by SENET (PTY) Ltd. ("SENET"), SRK Consulting (UK) Ltd ("SRK"), AMEC Earth and Environmental Ltd. (tailings, waste rock), SGS Lakefield of South Africa (metallurgy) and Golder Associates (UK) Limited. The Company now has all of the documentation necessary to secure the debt financing for the project and is doing so with the assistance of Endeavour Financial Corporation ("Endeavour").

On May 9, 2011, AXMIN announced the appointment of Graham Hill as its Chief Operating Officer ("COO"), this appointment is a another milestone for AXMIN on the road to the development of Passendro and is key to maintaining the momentum at the project as it advances the debt facility negotiations. The Company, with the assistance of Endeavour has been working extensively with several banking consortiums and export credit insurance agencies in the arrangement of potentially up to 66% of the required capital costs needed to develop Passendro. It is expected that we will be in a position to update shareholders on our progress in the third quarter of this year.

On March 17, 2011, AXMIN announced plans for a 20,000 metre Reverse Circulation ("RC") and core diamond drilling, of which the initial 30 RC holes totaling 5,000 metres will focus on targets in and around the Passendro ore bodies. The key objectives of the 2011 exploration program are:

- The enhancement of AXMIN's resource base at Passendro, targeting untested strike and depth extensions which are situated within or at close proximity of the newly defined reserve, with the goal of connecting existing pits and increasing the in-camp mineral resource;
- Drill five targets that have been selected by AXMIN in the region of Passendro and within the Mining Licence that demonstrate favourable structural and geochemical signatures; and
- Explore several high priority targets delineated from previous AXMIN exploration work along the Bambari greenstone belt and within the Bambari I and 2 exploration licences.

On February 17, 2011, AXMIN engaged Alex du Plessis as its mine development advisor, to ensure that the Company has the engineering and project management expertise necessary to coordinate the work being undertaken by SENET and others to bring the Passendro resource into production. Mr. du Plessis is also advising the Company on the areas that were identified in the FS that require optimization and that may result in a lower capital cost, thereby further improving the project's economic profile.

On January 31, 2011, AXMIN announced, on schedule, the completion of the revalidated FS. The results indicated a robust project with a NPV at a 5% discount of US$340 million, an IRR of 32%, and a low cash cost of US$484/oz over a mine life of 8.3 years. The first three years provide an average annual production of 205,000 ounces with an average cash cost of US$437/oz, resulting in a rapid project payback of 2.2 years. The revalidated FS demonstrates that the project is now both technically and economically more robust and very well positioned to take advantage of this strong gold market. The highlights of the study are as follows:

Assumed Gold Price	**US$1,100/oz**
Assumed Oil Price	**US$80/bbl**
Mine Throughput	2.8 mtpa
Mine Life	8.3 years
Development & Construction	24 months
Strip Ratio	5.4:1
Average Annual Production years 1-3	205,000 oz
Average Annual Production (LOM)	163,000 oz
Initial Capital Costs (excluding contingency)	US$246 million
Total Cash Costs (including royalties) (LOM)	US$484/oz
Average Metallurgical Recovery	94%
Gravity Recovery	30%
IRR (after tax & royalties)	32.1%
NPV (after tax, 5% discount)	US$340 million
Operating Cash Flows	US$493 million
Payback Period	2.2 years

On August 9, 2010, AXMIN announced the award of a 25-year Mining Licence by Presidential Decree for the Passendro Gold Project. The following highlights the details of the Decree, amendment to the Mining Convention and award of the Bambari 1 and 2 Exploration Licences granted concurrently:

- 25-year renewable Mining Licence effective August 7, 2010 and covers 355 sq km detailed in the 2008 BFS
- Two new 3-year renewable Exclusive Exploration Licences issued over the remaining areas of the Bambari 1 and 2 permits not covered in the Mining Licence, and including an additional 270 sq km
- The State receives a signature bonus of US$11 million payable in three tranches
  - August 18, 2010 State received the first tranche of the bonus in the amount of US$5 million.
  - April 2011 AXMIN paid the State the second tranche in the amount of US$3 million
  - April 2012 AXMIN to pay the State the third and final tranche in the amount of US$3 million
- In lieu of any project free-carried interest, the State was issued 26 million common shares of AXMIN and 20 million common share purchase warrants with an exercise price of US$0.30 and a five year term
- Fiscal provisions of the 2006 Mining Convention remain intact

During 2010 and 2009, AXMIN conducted a restricted exploration program on the Bambari permits. The program focused on detailed geological, geomorphological and structural mapping, limited termite sampling and where applicable trenching. The program covered the Passendro Project area and extended south to the Ndassima Project area, some 30 km of strike. The objective of the program was to generate new drill targets to expand the resources base in the immediate Passendro area.

Sierra Leone – Komahun Gold Project and Other Permits

On June 10, 2011, subsequent to the Letter of Intent dated February 28, 2011, Fuller, 7854811 Canada Inc. ("**Subco**"), a wholly-owned subsidiary of Fuller Capital Corp. ("**Fuller**"), AXMIN and Nimini Gold Holdings Corp. ("**Nimini**") have entered into an amalgamation agreement dated June 9, 2011 (the "**Definitive Agreement**"). Pursuant to the Definitive Agreement, Subco will amalgamate with Nimini to form an amalgamated company ("**Amalco**") which will become a wholly-owned subsidiary of Fuller (the "**Resulting Issuer**") upon the completion of the transaction (the "**Amalgamation**"). The Amalgamation will complete the previously announced qualifying transaction of Fuller (the "**Qualifying Transaction**") that was first announced on March 1, 2011.

Nimini is a holding company that will immediately prior to the date of the Amalgamation own directly or indirectly AXMIN (SL) Ltd. and Nimini Mining Limited, both currently indirect wholly-owned subsidiaries of AXMIN, which hold a 100% interest in AXMIN's mineral projects in Sierra Leone. These include the Nimini East and West Exploration Licences and the Matotoka Exploration Licence (collectively, the "**Project**"). In December 2010, the Matotoka exploration licence was renewed for a period of two years until December 2012. Additionally in April 2011 the Nimini Hills East and West exploration licences were granted for a two year period, until March 2013.

The Project is situated in the central-west Kono region of Sierra Leone, some 330 km east of the capital Freetown. AXMIN's principal asset is the Komahun Gold Project ("**Komahun**") which is located within the wholly-owned Nimini Hills West Licence. Komahun has 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). The remaining licences in Sierra Leone, being Nimini Hills East and Matotoka each are at an early stage of exploration.

In conjunction with the Qualifying Transaction, Nimini will undertake a financing to raise gross proceeds of no less than C$5 million through a private placement of subscription receipts at C$0.50, each such subscription receipt automatically exchangeable, subject to the satisfaction of certain conditions, for one unit. One Unit consisting of one (1) common share of the Resulting Issuer (the "Shares") and one half of one (1/2) warrant to acquire a common share of the Resulting Issuer for a period of two (2) years for $0.75 per common share (the "Warrants"). Proceeds from the private placement will be deposited with an escrow agent, and will be released to Nimini upon satisfaction or waiver of all conditions precedent in the Definitive Agreement to complete the Qualifying Transaction. The proceeds will be used to fund the repayment of the loan payable to AXMIN on account of expenditures incurred in Sierra Leone (approximately US$1.84 million outstanding as at May 31, 2011, such amount subject to increase until the effective date of the Amalgamation) and for exploration and development costs on the Project and general working capital.

Under the terms of the Definitive Agreement, among other things, at the effective time of the Amalgamation each Nimini common share (including those issued pursuant to the private placement) and Nimini warrant (including those issued pursuant to the private placement) shall become one (1) common share and one (1) warrant of Fuller, respectively and Amalco (Nimini Gold Holdings Inc.) will become a wholly-owned subsidiary of Fuller.

In connection with the Qualifying Transaction AXMIN will receive 30 million Shares and 15 million Warrants, and will own a minimum of 60% of the shares of the Resulting Issuer on a non-diluted basis. It is expected that upon completion of the Qualifying Transaction, and subject to approval of the TSX Venture Exchange, AXMIN will distribute a portion of the Resulting Issuer Shares to AXMIN shareholders, such that after giving effect to such distribution AXMIN will retain an approximate 40% interest in the Resulting Issuer on a non-diluted basis.

On June 1, 2011, AXMIN announced the initial results of the exploration drilling program at Komahun project, confirming the resource upside potential exists at both the Main Zone and new target, Western Zone. Of the first 34 holes (5,077 metres), 15 holes have targeted infill drilling and the eastern strike extension at the Komahun Main Zone, and 19 holes focused on the newly discovered Western Zone, which is thought to be the faulted extension of the Main Zone. Initial results from infill drilling at Main Zone continued to deliver good grades and confirmed that the deposit is open to the east, results include, **6.08 g/t Au over 24.8 metres, and 3.53 g/t Au over 12.5 metres and 4.39 g/t Au over 13.5 metres**. First results in the Western Zone, defined by a 500 metre southwest trending gold soil anomaly and trenching, include **17.33 g/t Au over 2.5 metres**.

On February 15, 2011, AXMIN announced the closing of the acquisition of the minority interest in its Nimini Hills East and West licences, thereby increasing AXMIN's ownership in the licences to 100%. AXMIN's Komahun Gold Project ("Komahun") has 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).

In December 2010, the mining licences for the Nimini Hills East, Nimini Hills West and Matotoka were renewed for a period of two years. The licence for Makong was not renewed as management decided to not pursue the property and as a result, $695, the full amount of the exploration expenditures, was written off.

Mali

Kofi Gold Project

On March 31, 2010, the Company entered into a definitive agreement with Avion to sell the Kofi Gold Project and other ancillary permits in Mali for proceeds of up to C$500 cash and up to 4,500,000 common shares of Avion.

As of the date of this report, the sale of 6 out of the 9 total permits was completed with a significant tranche closing in December 2010. The payment schedule for each closed sale is in four tranches as follows: 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing respectively. To date, AXMIN received 50% of the proceeds from the closing of the four permits in December 2010 consisting of $163 cash and 1,462,500 common shares of Avion and, 25% of proceeds relating to the closing of an additional 2 permits in March 2011 consisting of US$6.2 cash and 56,250 shares. AXMIN expects the remaining three concessions of the transaction to close by the end of the year 2011.

This agreement does not include AXMIN's Satifara permit which was the subject of a joint venture agreement in February 2010 as described below.

Satifara Permit

On February 10, 2010, the Company concluded a Heads of Agreement ("Agreement") with Société d'Exploration des Mines d'Or de Sadiola ("SEMOS"), a joint venture between IAMGOLD Corporation and AngloGold Ashanti that operates the Sadiola Mine in Mali, whereby SEMOS has the potential to earn 100% interest in the Satifara exploration permit, a joint venture between AXMIN (94.45%) and African Goldfield (Mali) Limited (5.55%). The Satifara permit is located 10 km west of the Sadiola Mine. To earn a 100% interest, SEMOS must spend a minimum of US$500 over a two year period and complete a NI 43-101 Mineral Resource calculation, making payment of US$15/oz for Measured and Indicated, US$5/oz for Inferred resources and US$15/oz for any ounce of gold mineral reserve mined. The total payment to AXMIN is capped and will not exceed US$7.5 million.

The Satifara permit is located in the same geological trend and environment as the Birimian hosted, Sadiola Mine. To date exploration has located a 5 km long northwest-trending gold-in-soil geochemical anomaly that is 1.5 km wide in its northern part and 0.25 km wide in its southern part. Over the anomalous areas an infill (200 x 100 metre grid) geochemical survey was completed in conjunction with a number of trenches, one of which returned 3.4 g/t Au over 34 metres.

Exploration will be fully managed by SEMOS during the exclusive option period, including all expenditures pertaining to exploration, administration, taxes and permit renewal fees. SEMOS will also provide AXMIN with quarterly technical and financial reports on the programs.

Senegal Permits

AXMIN entered into a joint venture ("JV") agreement on November 3, 2008 with Sabodala Mining Company SARL, a wholly-owned subsidiary of Teranga Gold Corporation ("Teranga"), formerly Mineral Deposits Limited. The JV covers AXMIN's wholly-owned gold exploration permits, Sonkounkou, Heremakono and Sabodala NW ("Senegal Permits") located in the Birimian belt of Eastern Senegal. In November, 2010, Teranga earned a 51% interest in the Senegal licences, at that time AXMIN elected not to participate in further expenditure on a pro-rata basis and thus, once Teranga has spent a further $3.5 million, AXMIN's interest in the licence will be diluted to 20%.

On June 13, 2011, AXMIN's joint venture partner Teranga Gold Corporation ("Teranga"), formerly Mineral Developments Limited ("MDL") announced additional encouraging results from both the Gora deposit and several new zones, two of which are located on AXMIN's Senegal licences. Teranga announces that it is advancing the Gora Project towards production as early as late 2012 with high-grade drill intersections continuing to expand the potential footprint of the deposit. In order to develop Gora as quickly as possible, the on-going exploration program, permitting, equipment selection and a pre-feasibility level economic analysis programs are running in parallel.

In May 2011, Teranga announced an initial inferred resource at the Gora high-grade deposit located on AXMIN's Sounkounkou permit. Teranga has identified an inferred resource of 106,000 contained ounces of gold (543,000 tonnes at 6.0 g/t Au) and that the deposit remains open in all directions.

On June 23, 2010, AXMIN announced the results of MDL's Phase I, 51 reverse circulation drilling program at the Gora prospect on the Sonkounkou permit. Based on the encouraging results MDL is planning a geological modeling and preliminary engineering analysis of the Gora prospect prior to the next phase of resource drilling. Management believes that MDL will meet its expenditure requirements to earn its interest in the permits in accordance with the Joint Venture ("JV") agreement.

Mozambique - Mavita Project

On October 29, 2010, AXMIN Inc. announced that it regained control of its Mavita Copper-Nickel-Cobalt Project in Mozambique following the withdrawal of Rio Tinto Minerals Development Limited ("Rio Tinto"), a wholly owned subsidiary of Rio Tinto Plc (LSE:RIO) from a JV over these permits. All of the data from exploration work completed by Rio Tinto on behalf of the JV agreement has been relinquished to AXMIN. The Mavita project consists of two prospecting licences (PL1045L and PL1046L) covering 354 sq km, located in the Manica province, 60 km southwest of the regional centre of Chimoio, Mozambique. The project is located on the eastern edge of the Zimbabwe Craton is comprised of highly deformed Archaean granitic gneiss and greenstone belts that include mafic - ultramafic rocks and banded iron formations. Early reconnaissance exploration followed by airborne and detailed ground geophysical programs completed by AXMIN at Mavita have defined several anomalous lithologies that are prospective for nickel sulphide mineralisation. Some 16 priority targets were identified. AXMIN is currently exploring its options with this property.

On August 4, 2010, the Company was granted a 5-year extension on the Mavita exploration licences (PL 1045 and PL 1046) located in the Manica Province of Mozambique.

For a fuller description of the above properties and any other properties in which the Company holds interests refer to the disclosures in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2009 and other filings made on the SEDAR website (*www.sedar.com*).

Outlook

The business combination with AfNat in June 2010, combined with the equity financing in November 2010, resulted in a gross cash injection into the Company of C$20.3 million which significantly improved the financial position of the Company. The award of the 25-year Mining Licence for the Passendro Gold Project represents another positive step forward towards commercial production from CAR's first modern gold mining operation.

The next major milestone for the Company is to obtain debt financing in order to proceed with the development of the Passendro project. Although Management remains optimistic that it will obtain the required financing, there are no guarantees that the financing efforts will be successful.

Results of Operations

The results of operations are summarized in the following tables, which have been prepared in accordance with IFRS except for the quarters of 2009, which have been prepared in accordance with Canadian GAAP.

In thousands of US dollars, except per share amounts	**2011 1st quarter**	**2010 4th quarter**	**2010 3rd quarter**	**2010 2nd quarter**
Statements of operations and comprehensive loss				
Net (loss) from continuing operations for the period	(1,603)	(3,686)	(1,244)	(4,028)
Net (loss) gain from discontinued operations	74	2,881	(115)	(126)
Net loss per share from continuing operations	(0.002)	(0.012)	(0.003)	(0.012)
Statement of financial position				
Working capital	6,860	12,635	(1,245)	8,782
Total assets	40,568	43,939	25,670	18,642
Statements of cash flows				
Investments in mineral properties	(2,491)	(1,671)	(14,147)	-
Cash flow from financing activities	(1,750)	9,443	(13)	(29)

	2010 1st quarter	**2009 4th quarter**	**2009 3rd quarter**	**2009 2nd quarter**
Statements of operations and deficit				
Net (loss) from continuing operations for the period	(965)	(484)	(1,138)	(45,315)
Net (loss) from discontinued operations for the period	(1,282)	-	-	(6,800)
Net (loss) profit per share from continuing operations	(0.003)	(0.002)	(0.004)	(0.179)
Statement of financial position				
Working capital	564	(351)	(401)	(516)
Total assets	8,887	35,989	34,329	34,830
Statements of cash flows				
Investments in exploration and evaluation assets	-	(710)	(879)	(1,005)
Cash inflow from financing activities	1,083	1,322	578	2,026

Period ended March 31, 2011

The net loss from continuing operations for the period ended March 31, 2011 was $1.6 million compared to $1.0 million in 2010, an increase of $0.6 million. The variance is primarily due to higher exploration and development costs incurred in 2011 when compared to 2010 and a change in fair value of derivatives liability, which did not exist the quarter ended of 2010.

Administration expenses in 2011 as well as in 2010 approximated $0.8 million in both periods.

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

As a result of adoption of IFRS, the Company changed its accounting policy for its exploration and evaluation assets. Previously, under Canadian GAAP, the Company capitalized all direct costs relating to acquisition, exploration and development of the projects. Under IFRS, exploration, evaluation and development costs for all projects are expensed as incurred and capitalized only at the point when BFS is completed and the mining exploitation permit is obtained. This change in accounting policy has significantly impacted amounts included in mineral properties. Consequently, only acquisition, exploration and development costs relating to Bambari (Passendro) gold project are capitalized from the point the mining permit is granted and the BFS is completed. All other exploration expenditures incurred for other projects are expensed as incurred.

During the three months period ended March 31, 2011, the Company capitalized exploration and development costs to mineral properties for a net total of $2.5 million relating to the Bambari Permits compared to nil amount during the three months ended March 31, 2010. The mining permit for Bambari was obtained in August, 2010, which becomes the starting point for capitalizing exploration and evaluation assets for Bamabari.

In aggregate, the Company incurred $1.7 million in general exploration, evaluation and development costs for the three months ended March 31, 2011 compared to $0.2 million for the three months ended in 2010. This variance is explained by improved financial position of the company during the period in 2011 when compared to 2010, resulting in higher spending in exploration activities. The total of $0.8 million of these exploration costs were financed through share issuance.

As at March 31, 2011 the Company's cumulative capitalized carrying value of mineral properties was $19.3 million compared to nil amount as at March 31, 2010. As explained above, adopting IFRS and change to the accounting policy are the principal reason for this variance.

As at March 31, 2011, exploration, evaluation and evaluation assets relating to Mali of $1.0 million, compared to $4.4 million in 2010 were reclassified and reported as assets of discontinued operations. The decrease results from the completed sales of the permits.

The marketable securities increased to $2.6 million as at March 31, 2011 compared to $1.0 million in 2010. The entire amount in marketable securities relates to shares received from Avion as a consideration for the completed sale.

Amounts receivable increased by $1.5 million when compared to 2010 $0.1 balance. The increase is due to the recording of accounts receivable for the Avion shares relating to the closing of the mining permits transferred.

Total liabilities at the end of March 31, 2011 amounted to $9.5 million compared to $2.6million in 2010. The increase is mainly attributed to the bonus payments payable to the Government of CAR of $5.7 million, the unrealized fair value of derivatives of $1.7 million offset by the repayment of the loan to AOG in the amount of $1.7 million and the increase in accounts payable and accrued liabilities by $0.9 million.

Gain/loss from Discontinued Operations

The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated statement of financial position and consolidated statements of operations and comprehensive loss.

For the period ended March 31, 2011, the Company incurred general and exploration costs in the amount of $106 and recorded a net gain from discontinued operations of $74. On March 31, 2010, at the time of entering into a sale transaction, the mining assets of Mali were written down to $3,460 to reflect their fair value, and the impairment charge in the amount of $985 which was included in the net loss from the discontinued operations for the period ended March 31, 2010. The gain from the discontinued operations results from a significant increase in the fair value of the Avion shares, C$0.67 in March, 2010 to C$1.97 in December, 2010 and to C$1.68 in March, 2011.

Liquidity and Capital Resources

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 resources that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable resources, the ability of the Company to obtain all necessary permits and raise financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may withhold the receipt of required permits or impede the Company's ability to acquire the necessary surface rights as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment.

The interim condensed consolidated financial statements have been prepared on the basis that the Company is 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. As at March 31, 2011, the Company has a working capital of $6,860, no source of operating cash flows and does not have sufficient cash to fund the development of its properties. It will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities.

To date, the Company has raised funds principally through the issuance of shares and the sale of its marketable securities. In the foreseeable future, the Company will likely remain dependent on the issuance of shares and the availability of project financing to raise funds to explore and develop its properties. Management expects that it will be able to fund its immediate cash requirements and will require funding through financing to allow the Company to continue future exploration and development activities. However, there can be no assurance that it will be successful.

The award of the Mining Licence for the Passendro Gold Project was an important milestone for the Company's operations. However, significant funding will be required to proceed with the development towards commercial production.

There can be no assurances that the Company's activities will be successful, or sufficient funds can be raised in a timely manner. As a result, there is significant doubt regarding the "going concern" assumption and accordingly, the use of accounting principles applicable to a going concern. The 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. If the "going concern" assumption was not appropriate for the consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and balance sheet classifications, which could be material, would be necessary.

Liquidity and Capital Resources

The Company disposed all 9,571,427 marketable securities of Copper Development Corporation ("CDC") during the three months period ended March 31, 2011 generating net cash inflow of $4.5 million. As of the date of this report, the company also disposed 731,250 shares of Avion for net proceeds of C$1.0 million. These transactions and the net proceeds of C$9.5 million raised through private placement in November, 2010 have been the main source of funding for the company's ongoing expenditures. The 25-year Mining Licence obtained for the Passendro project is a positive step towards the task of obtaining financing necessary to proceed with the development.

On January 11, 2011, the Company fully repaid its loan from its significant shareholder AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited. The loan amount and accrued interest totalled to C$1,740. These loans were provided to the Company in three tranches, totalling C$1.6 million bearing interest at 9% per annum.

The Company's main sources of funding continue to be in equity markets, marketable securities, outstanding warrants and options. As at March 31, 2011, the Company had cash resources of $9.2 million compared to $0.3 million balance as at March 31, 2010. All of these amounts are retained as cash on deposit, thus minimizing the credit risk. The increase in cash resources at March 31, 2011 is due to cash generated from the private placement and proceeds from the sale of marketable securities.

AXMIN holds the following marketable securities available-for-sale:

Investment in Avion

As of the date of this report, AXMIN closed the sale to Avion of six out of the nine mining permits in Mali to Avion representing 70% of the total sale consideration. As of the date of this report, the Company holds 787,250 shares of Avion at C$1.88 fair value per share. These shares will be available for sale in July, 2011 upon expiry of the four-month hold period.

On March 31, 2011 the fair value of share was C$1.68 compared to C$0.67 on March 31, 2010 and to C$1.97 on December 31, 2010 resulting in an unrealized loss of $5 reported in other comprehensive income.

As at March 31, 2011, the Company had a working capital of US$6.9 million compared to a working capital deficit of US$0.4 million as at March 31, 2010. The increase in working capital in 2011 results from cash inflow from the private placement completed in November, 2010 and the disposal of marketable securities in 2011.

Contractual Obligations

The Company has entered into agreements to lease premises for various periods until March 31, 2011 and October 31, 2013. The annual rent of premises consists of minimum rent of US$112 plus realty taxes, maintenance and utilities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Parties

During the period ended March 31, 2011 and 2010, the Company incurred:

(a) $146 (2010 - $247) in legal services provided by a partnership related to a director of the Company. As at March 31, 2011, $109 (2010 - $288) was due to this partnership.
(b) $0 (2010 - $11) in management services from the Addax and Oryx Group ("AOG"). As of June 30, 2010, the management fee was no longer payable and the balance owing to AOG was fully paid in July, 2010.

New Accounting Pronouncements

First Time Adoption of IFRS

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that Canadian Generally Accepted Accounting ("GAAP") principles would cease for publicly accountable enterprises and the International Financial Reporting Standards ("IFRS") would become the new basis of accounting. The effective changeover date was January 1, 2011, at which time Canadian GAAP was replaced by IFRS. The Company's first financial statements prepared under IFRS and in accordance with IAS 34, Interim Financial Reporting are interim condensed consolidated financial statements for the three months period ended March 31, 2011. These first interim condensed financial statements were prepared using accounting policies the Company expects to adopt in its first annual IFRS consolidated financial statements for the year ending December 31, 2011. Note 4 to the interim condensed consolidated financial statements includes disclosure of all new accounting policies under IFRS. Previously, the Company prepared its financial statements in accordance with Canadian GAAP. The transition to IFRS resulted in changes to the Company's previous accounting policies as applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2010, prepared in accordance with Canadian GAAP. A summary of the significant changes to the Company's accounting policies is disclosed in Note 16 of the interim condensed consolidated financial statements along with the impact of the changeover to IFRS on the comparative periods.

IFRS 1 Exemptions

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

The Company has elected to apply the following exemptions:

- Business combination election – this exemption allows the Company to adopt IFRS 3, *Business Combinations* prospectively from the date of transition, January 1, 2010 and not to restate business combinations prior to January 1, 2010.
- Share-based payments election – this exemption enables the Company to adopt IFRS 2, *Share based Payments*, from the date of transition and apply IFRS 2 only to equity awards that have not vested before January 1, 2010.
- Foreign currency translation differences – this exemption allows to transfer all foreign currency translation differences, recognized as a separate component of equity, to accumulated deficit as a the transition date including those foreign currency differences that arise on adoption of IFRS.
- Property, plant and equipment (PP&E) – IFRS allows to initially measure an item upon transition to IFRS at fair value, or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. The Company elected to continue with the cost model for its PP&E.

Impact of IFRS on the Company's financial statements

All adjustments required on the transition date to IFRS were made retrospectively against opening deficit as of January 1, 2010, the date of the first comparative statement of financial position presented under IFRS.

Set out below are the most significant area identified, where changes in accounting policies impacted the Company's consolidated financial statements based on the accounting policy choices available.

Exploration and Evaluation (E&E) Assets – IFRS 6

The Company's accounting policy under Canadian GAAP was to capitalize acquisition costs of mineral properties, together with direct exploration and development expenses.

Upon adoption of IFRS, the management has determined that the Company's accounting policy for exploration and evaluation assets would be to expense all exploration expenditures prior to the point of a feasibility study and exploitation permit and capitalized to mineral properties after the feasibility study is completed and the exploitation mining permit is obtained.

Adopting the new accounting policy has significant impact on the Company's financial statements. All existing mineral properties, $26,485 were written off at the transition date, January 1, 2010 as reflected in the consolidated statement of operations and deficit.

Share Based Payments – IFRS 2

IFRS 2 and Canadian GAAP largely converge on the accounting treatment for share based transactions with only a few differences. Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. IFRS 2, on the other hand, allows only the accelerated method (often referred to as graded vesting). Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur. Adoption of IFRS gives rise to an accelerated compensation expense and the method of forfeiture recognition.

Upon adoption of IFRS 2, the accounting policy was applied retrospectively to all equity instruments that have not vested as at January 1, 2010, the transition date. Due to the low number of unvested options at the transition date, the impact of the retrospective application of the graded vesting method resulted in a $10 increase to the contributed surplus and deficit.

Impairment of Long Lived Assets – IAS 36

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows.

International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets was previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Management has tested for impairment based on criteria established in IAS 36 and concluded that there is no impairment of the existing assets.

Property, Plant and Equipment – IAS 16

Under IFRS, Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost while under Canadian GAAP, and the Company has to carry PP&E on a cost basis and the revaluation is prohibited.

Upon adoption of IFRS, the management decided to adopt the cost model for both, initial and subsequent recognition as the accounting policy for all classes of assets. The PP&E balance is insignificant to the consolidated financial statements, and as a result, the impact on the Company's financial statements is not material upon the adoption of IFRS on the Company's financial statements.

In accordance with IAS 16 "Property, Plant and Equipment", the Company needs to allocate an amount initially recognized in respect of an asset to its component parts and accounts for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern. Based on management's evaluation, there is no impact from the component accounting on operation.

Foreign Currency – IAS 21

Under Canadian GAAP, there are two types of foreign operations: integrated (which is translated as if it has the same functional currency as the parent), and self-sustaining (which is translated as if it has a functional currency different from the parent).

Under Canadian GAAP, an entity is not explicitly required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses, but rather only assesses the functional currency of its foreign operations. Further there is no ranking of factors used for determination of functional currency. Under Canadian GAAP, the functional currency of the consolidated entity was the United States dollar ("USD"), which was also the presentation currency of the Company's financial statements.

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Management performed analysis considering primary and secondary indicators described in IAS 21 for each legal entity in determining the functional currency for each entity. Based on management's evaluation, the Company's functional currency is the Canadian dollar. Transactions in currencies other than the Canadian dollar are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. All differences are recorded in the consolidated statement of operations. Non-monetary items are translated using the historical exchange rates as at the dates of the initial transactions.

For a foreign operation whose functional currency is not the Canadian dollar, the foreign operation's assets and liabilities are translated at the closing rate as at the date of the consolidated statement of financial position, and revenue and expenses are translated using the rate as at the time of the transaction. All exchange differences resulting from the translation are recognized in other comprehensive income.

The Company's consolidated financial statements are reported in U.S. dollars, which is the Company's presentation currency. In translating the financial results from Canadian dollars to U.S. dollars, the Company uses the following method: assets and liabilities are translated at the exchange rate in effect as at the date of the consolidated statement of financial position; revenues and expenses are translated at the rate effective at the time of the transaction or the average rate for the period; and shareholders' equity is translated at the rate effective at the time of the transaction. Unrealized gains and losses resulting from the translation to the U.S. dollar presentation currency are included in other comprehensive income.

Income Taxes – IAS 12

A key difference has been identified in that a deferred tax liability is recognized under IFRS for a temporary difference, except to the extent the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (i.e. an asset acquisition).

The Company did not identify any differences that arise in relation to the deferred tax liabilities that were recognized under Canadian GAAP.

Recent accounting pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 7 *Financial Instruments: Disclosures*

In October 2010, the IASB amended IFRS 7 to enhance the disclosure about transfers of financial assets. This improvement is to assist users in understanding the possible effects of any risks that remain in an entity after the asset has been transferred. In addition, if disproportionate amounts are transferred near year end, additional disclosures would be required. The effective date of the amendment is July 1, 2011. The Company has determined that the adoption of this amendment will not have a material impact on the consolidated financial statements.

IFRS 9 *Financial Instruments: Classification and Measurement*

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the Board also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard on the effective date of January 1, 2013. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 *Consolidated Financial Statements* will replace portions of IAS 27 *Consolidated and Separate Financial*

Statements and interpretation SIC-12 *Consolidation – Special Purpose Entities*. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 11 *Joint Arrangements*

IFRS 11 *Joint Arrangements* will apply to interests in joint arrangements where there is joint control. IFRS 11 would require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed, equity accounting would be required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

The IASB has issued IFRS 12 *Disclosure of Involvement with Other Entities*, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. This standard is effective for annual periods beginning on or after January 1, 2013. Entities will be permitted to apply any of the disclosure requirements in IFRS 12 before the effective date. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the 'exit price', and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IAS 27 *Separate Financial Statements*

As a result of the issue of the new consolidation suite of standards, IAS 27 *Separate Financial Statements* has been reissued as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 27 will have a material impact on the Company's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

Risk Factors

Due to the nature of the Company's business and present stage of exploration and development of its mineral properties, the Company faces risk factors and uncertainties, similar to those faced by other exploration and development companies.

The following is a description of significant risk factors:

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.

Ability to Raise Funds
Because the Company has been an exploration Company, the Company is dependent upon its ability to raise funds in order to carry out its business. With ongoing cash requirements for exploration, development and new operating activities, it will be necessary in the near future and over the long-term to raise substantial funds from external sources. If the Company does not raise these funds, it would be unable to pursue its business activities and investors could lose their investment. If the Company is able to raise funds, investors could experience a dilution of their interests which may negatively impact the market value of the shares.

Substantial Funding Requirement
The Company requires substantial funds to build its proposed mine at the Passendro gold property which it may not be able to raise in the current economic environment. In order to construct a mine at its Passendro property, the Company estimates it will require approximately US$250-275 million. However, in the current economic environment there is substantial doubt that the Company would be able to raise these funds through sales of its equity, the means it has used to finance its operations in the past. In addition, although the Company has investigated the possibility of financing construction of the mine through debt, there can be no assurance that debt financing would be available on acceptable terms, if at all. In the event that the Company is unable to raise the necessary funds to build the mine, the Company will not be able to realize the benefit from the recovery of gold on the Passendro property.

No Production Revenues; History of Losses
AXMIN does not currently operate a mine on any of its properties. 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.

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 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.

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.

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 could have an adverse effect on AXMIN's results of operations and financial position.

Nature of Mineral Exploration

Other than with respect to the properties that comprise Passendro in CAR, none of the properties in which AXMIN has an interest contain a known body of commercial ore. The exploration and development of mineral deposits involve significant financial risks over a significant period of time whereby a combination of careful evaluation, experience and knowledge may not fully eliminate the risks. 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. If AXMIN's 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. There are also risks against which AXMIN could not insure or against which it may elect not to insure. The potential costs that 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.

Political Risk

AXMIN currently conducts its exploration activities in the African countries of CAR, Mali, Sierra Leone, Senegal and Mozambique. A significant portion of the Company's mineral properties are located in 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 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 CAR, Mali, Sierra Leone, Mozambique 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 possibly halt its 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. If any such catastrophic event occurs, investors could lose their entire investment.

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.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, 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.

Contractual Arrangements and Joint Ventures

AXMIN has entered into and may in the future enter into contractual arrangements to acquire interests in mineral resource properties with governmental agencies and joint venture agreements 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. The Company may lose its option rights and interests in joint ventures if it is not able to fulfill its share of costs. As such, the contractual arrangements may be subject to cancellation or unilateral modification. 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.

Commodity Price Fluctuations

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.

If the price of gold (including other base and precious metals) is below the cost to produce gold, the properties will not be mined at a profit. Fluctuations in the gold price affect the Company's reserve estimates, its ability to obtain financing and its financial condition as well as requiring reassessments of feasibility and operational requirements of a project. Reassessments may cause substantial delays or interrupt operations until the reassessment is finished.

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, Senegal (CFA Franc), Sierra Leone (Sierra Leone Leone's) and Mozambique (Mozambique New Metical). 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. There is no guarantee 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. If title to properties is challenged or impugned, the Company may not be able to explore, develop or operate its properties as permitted and enforce its rights to these properties.

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.

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 regulations 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.

Concentration of Share Ownership
As at the date of this report, AOG, holds approximately 26% of the common shares issued by the Company. AOG is able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.

Stock Price Volatility
The market price of the common shares, like that of the common shares of many other junior mining companies, has been and is likely to remain volatile. Results of exploration activities, the price of gold and silver, future operating results, changes in estimates

of the Company's performance by securities analysts, market conditions for natural resource shares in general, and other factors beyond the control of the Company, could cause a significant decline on the market price of common shares.

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.

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.

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	628,271,747
Stock options	32,050,000
Common share purchase warrants	130,851,758
Fully diluted share capital	**791,173,505**

Contingencies

In the ordinary course of business activities, the Company is subject to various claims, including those related to income and other taxes at its foreign subsidiaries. Management believes that adequate provisions are recorded in the accounts where required and when estimable. However, there can be no assurance that the Company will not incur additional expenses.

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"

George Roach
President, Chief Executive Officer & Director

June 28, 2011

Interim Condensed Consolidated Statement of Financial Position

(Nature of operations and going concern – *Note 1*)

(Unaudited and expressed in thousands of United States dollars)

As at	**March 31, 2011**	December 31, 2010 (note 16)	January 1, 2010 (note 16)
Assets			
Current assets			
Cash and cash equivalents	**9,195**	9,278	340
Available-for-sale securities *(note 14)*	**2,631**	6,599	801
Amounts receivable	**187**	138	68
Amounts receivable – other *(note 4)*	**1,559**	3,060	-
Prepaid expenses and deposits	**125**	223	47
	13,697	19,298	1,256
Non-current assets			
Mineral properties *(note 4a)*	**19,288**	16,797	-
Property, plant and equipment *(note 5)*	**2,800**	2,800	3,741
Goodwill *(note 6)*	**2,236**	2,236	-
Assets of discontinued operations *(note 7)*	**1,047**	1,230	4,445
Long-term receivable *(note 4a)*	**1,455**	1,530	-
Other assets, net	**45**	48	62
	26,871	24,641	8,248
	40,568	43,939	9,504
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**1,767**	937	542
Amounts payable to Government of the CAR *(note 4a)*	**2,975**	2,902	-
Current portion of shareholder loan *(note 9)*	**-**	548	-
Amounts due to related parties *(note 9)*	**109**	90	264
Unrealized fair value of derivatives	**1,660**	1,860	-
Liabilities of discontinued operations *(note 7)*	**326**	326	-
	6,837	6,663	806
Non-current liabilities			
Long-term payable to Government of the CAR *(note 4a)*	**2,693**	2,627	-
Shareholder loan – long-term *(note 9)*	**-**	1,197	477
	2,693	3,824	477
Total Liabilities	**9,530**	10,487	1,283
Commitments and contingencies *(note 10)*			
Shareholders' equity *(note 8)*			
Share capital	**133,860**	133,038	105,374
Warrants reserve	**4,281**	4,281	2,781
Stock option reserve	**9,991**	9,667	6,039
Deficit	**(117,837)**	(116,308)	(106,774)
Accumulated other comprehensive income (loss) *(note 11)*	**743**	2,774	801
	31,038	33,452	8,221
	40,568	43,939	9,504

See accompanying notes to the interim condensed consolidated financial statements.

On Behalf of the Board of Directors

"Signed"
Robert Shirriff, Chairman

"Signed"
Robert Metcalfe, Director

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited and expressed in thousands of United States Dollars except share and per share data)

For the three month periods ended March 31,

	2011	2010 (note 16)
Expenses		
Administration	**836**	773
Exploration, evaluation and development costs *(note 4b)*	**1,742**	174
Share-based compensation *(note 8)*	**324**	(5)
	2,902	942
Other Income		
Loss (gain) on foreign exchange	**(14)**	2
Gain on sale of marketable securities *(notes 11 and 14)*	**(1,403)**	-
Unrealized loss on shares receivable from Avion *(note 4b)*	**319**	-
Change in fair value of derivatives	**(200)**	-
Interest expense, net	**(1)**	21
	(1,299)	23
Loss from continuing operations before income taxes for the period	**1,603**	965
Deferred income tax (recovery) expense	**-**	-
Net loss from continuing operations for the period	**1,603**	965
Loss (gain) from discontinued operations, net of income taxes *(note 7)*	**(74)**	1,282
Net loss for the period	**1,529**	2,247
Other comprehensive income		
Changes in unrealized loss (gain) on available-for-sale financial assets arising during the period *(note 11)*	**872**	(275)
Change in foreign currency translation (gain) loss *(note 11)*	**(244)**	37
Comprehensive loss for the period	**2,157**	2,009
Net loss (gain) per common share (basic and diluted)		
- Continuing operations	**0.002**	0.003
- Discontinued operations	**(0.000)**	0.004
Basic and diluted loss per common share	**0.002**	0.007
Weighted average number of common shares outstanding	**625,978,414**	292,137,709

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited and expressed in thousands of United States Dollars except share data)

For the three month periods ended March 31,	2011		2010 (note 16)	
	Number	**Amount ($)**	Number	Amount ($)
Share capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of period	**623,580,534**	**133,038**	307,979,901	105,374
Shares issued on acquisition of minority interest in the Sierra Leone project *(note 4b)*	**4,388,370**	**811**	-	-
Shares issued to consultant *(note 8)*	**70,828**	**11**	-	-
Balance, end of period	**628,039,732**	**133,860**	307,979,901	105,374
Warrants reserve				
Balance, beginning of period	**135,846,878**	**4,281**	55,966,667	2,781
Balance, end of period	**135,846,878**	**4,281**	55,966,667	2,781
Stock options reserve				
Balance, beginning of period		**9,667**		6,039
Share-based compensation expense *(note 8)*		**324**		(5)
Balance, end of period		**9,991**		6,034
Deficit				
Balance, beginning of period *(note 16)*		**(116,308)**		(106,774)
Net income (loss) for the period		**(1,529)**		(2,247)
Balance, end of period		**(117,837)**		(109,021)
Accumulated other comprehensive income, net of tax				
Balance, beginning of period		**2,774**		801
Reclassification of realized gain on sale of available-for-sale financial assets arising during the period *(note 11)*		**(1,403)**		-
Changes in unrealized gain (loss) on available-for-sale financial assets arising during the period *(note 11)*		**(872)**		275
Effects of foreign currency translation *(note 11)*		**244**		(37)
Balance, end of period		**743**		1,039
Shareholders' equity, end of period		**31,038**		6,244

See accompanying notes to the interim condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(Unaudited and expressed in thousands of United States Dollars)

For the three month periods ended March 31,

	2011	2010 (note 16)
Operating Activities		
Net loss for the period– continuing operations	**(1,529)**	(965)
Net (loss) gain for the period – discontinued operations *(note 7)*	**74**	(1,282)
Impairment charges *(notes 4 and 7)*	**-**	985
Share-based compensation expense	**324**	(5)
Exploration, evaluation and development costs financed with share issuance	**811**	-
Unrealized loss (gain) on foreign exchange	**(294)**	12
Provision for income tax expense *(note 7)*	**-**	121
Unrealized loss on shares receivable from Avion *(note 4b)*	**319**	-
Unrealized loss on fair value of derivatives	**200**	-
Non-cash consideration from discontinued operations *(note 7)*	**(180)**	-
Realized gain on sale of marketable securities *(note 11)*	**(1,403)**	-
Changes in non-cash working capital	**1,480**	67
Amortization of other assets	**3**	3
Net cash outflow from operating activities	**(595)**	(1,064)
Investing Activities		
Additions to mineral properties *(note 4a)*	**(2,480)**	-
Change in amounts payable relating to mineral properties	**443**	-
Proceeds from sale of marketable securities *(note 14)*	**4,453**	-
Proceeds from sale of discontinued operations *(note 4b)*	**86**	-
Net cash inflow (outflow) from investing activities	**2,502**	-
Financing Activities		
Repayment of loan *(note 9)*	**(1,750)**	1,083
Net cash inflow (outflow) from financing activities	**(1,750)**	1,083
Foreign exchange gain on cash and cash equivalents held in foreign currency	**(230)**	5
Change in cash and cash equivalents during the period	**(73)**	24
Cash and cash equivalents, beginning of period	**9,278**	340
Cash and cash equivalents, discontinued operations *(note 7)*	**(10)**	(18)
Cash and cash equivalents, end of period	**9,195**	346
Supplemental Cash Flow Information		
Interest	**-**	-
Income taxes (recovered) paid	**-**	-

See accompanying notes to the interim condensed consolidated financial statements.

1. Nature of operations and going concern

AXMIN Inc. ("AXMIN" or the "Company") is incorporated under the laws of Ontario and 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 Passendro Gold Project (the "Project" or "Passendro") situated on a portion of the Bambari property in the Central African Republic (the "CAR"). The Company holds its interest in this property through its wholly owned CAR registered subsidiaries, Aurafrique S.A.R.L. ("Aurafrique"), which holds prospecting and exploration permits for the property, and SOMIO Toungou SA, which holds the mining permit for the Passendro project.

Following the acquisition of AfNat Resources Limited ("AfNat") in June 2010, the Company broadened its exploration interests with mineral exploration projects in Mozambique, Zambia and Philippines. The interest in Zambia was subsequently sold in November 2010 and the interest in the Philippines was sold in January 2011.

The Company is in its development stage. Aside from the properties that comprise the Passendro project, it has not yet determined whether other properties in its exploration portfolio contain resources that are economically recoverable. The recoverability of the amounts shown for exploration and development costs is dependent upon the existence of economically recoverable resources, the ability of the Company to obtain all necessary permits and raise financing to complete the exploration and development, and future profitable production or proceeds from the disposition of such properties. In addition, the Company's properties may be subject to sovereign risk, including political and economic uncertainty, changes in existing government regulations to mining which may not uphold the Company's 25-year Mining Permit and the associated contractual agreements, as well as currency fluctuations and local inflation. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment.

These interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") 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. As at March 31, 2011, the Company had working capital of $6,860, no source of operating cash flows and did not have sufficient cash to fund the development of the Passendro Project and its properties. It will require additional financing or other sources of funding, which if not raised, would result in the curtailment of activities. As a result, there is significant doubt regarding the ability of the Company to continue as a going concern.

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 shares and the availability of project financing. Management expects that it will be able to fund its immediate cash requirements and will require funding through financing or the sale of assets to allow the Company to continue future exploration and development activities. However, there can be no assurances that the Company's financing activities will be successful or sufficient funds can be raised in a timely manner.

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. If the "going concern" assumption was not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and consolidated balance sheet classifications, which could be material, would be necessary.

2. Basis of preparation – statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 1 *First-time adoption of IFRS* ("IFRS 1") and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all of the information required for full annual financial statements.

These are the Company's first interim condensed consolidated financial statements prepared in accordance with IFRS using the accounting policies the Company expects to adopt in its annual financial statements for the year ending December 31, 2011. The transition to IFRS resulted in changes to the Company's previous accounting policies as applied and disclosed in the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with Canadian GAAP. A summary of the significant changes to the Company's accounting policies is disclosed in Note 16 along with the impact of the changeover to IFRS on the comparative periods. In addition, these interim condensed consolidated financial statements contain certain disclosures for the comparative periods that were not required to be included in the Company's annual consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these interim condensed consolidated financial statements are based on IFRS issued and effective as of the date they were approved by the Audit Committee of the Board of Directors. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in the restatement of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements of the Company were authorized for issuance by the Audit Committee of the Board of Directors on June 27, 2011.

3. Summary of significant accounting policies and new accounting standards

Basis of Presentation
The unaudited condensed consolidated interim financial statements for the three-month period ended March 31, 2011 have been prepared in accordance with IFRS and reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

Basis of Consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and subsidiaries as at March 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control is defined as the power to govern financial and operating policies to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company transactions, balances and expenses are eliminated on consolidation.

The consolidated financial statements include the accounts of the Company and its subsidiaries, as follows:

AXMIN Limited (BVI)	100% owned
AXMIN Sierra Leone Limited (SL)	100% owned
Nimini Mining Ltd. (SL)	100% owned
Aurafrique SARL (CAR)	100% owned
SOMIO Toungou SA (CAR)	100% owned
AXMIN Mali SARL (Mali)	100% owned
AfNat Resources Limited (Bermuda)	100% owned

Significant accounting judgements, estimates and assumptions
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses and other income during the reporting periods. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experiences.

Significant estimates and assumptions include those related to the recoverability of mineral properties and benefits of future income tax assets, share compensation valuation assumptions and determinations as to whether costs are expensed or deferred. While management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the financial statements.

Foreign currency translation
The Company's functional currency is the Canadian dollar. Transactions in currencies other than the Canadian dollar are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. All differences are recorded in the consolidated statement of operations. Non-monetary items are translated using the historical exchange rates as at the dates of the initial transactions.

For a foreign operation whose functional currency is not the Canadian dollar, the foreign operation's assets and liabilities are translated at the closing rate as at the date of the consolidated statement of financial position, and revenue and expenses are translated using the rate as at the time of the transaction. All exchange differences resulting from the translation are recognized in other comprehensive income.

The Company's presentation currency for its consolidated financial statements is the U.S. dollar. In translating the financial results from Canadian dollars to U.S. dollars, the Company uses the following method: assets and liabilities are translated at the exchange rate in effect as at the date of the consolidated statement of financial position; revenues and expenses are translated at the rate effective at the time of the transaction or the average rate for the period; and shareholders' equity is translated at the rate effective at the time of the transaction. Unrealized gains and losses resulting from the translation to the U.S. dollar presentation currency are included in other comprehensive income.

Financial instruments

Financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified at inception as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are measured at fair values on initial recognition.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract.

Gains or losses on financial assets classified as at fair value through profit and loss are recognized in the consolidated statement of operations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method

Available-for-sale

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other-than-temporary.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of other financial liabilities, net of directly attributable transaction costs.

The Company's other financial liabilities include accounts payable and accrued liabilities and long-term debt. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs. The amortization is included in finance cost in the consolidated statement of operations.

The Company's financial liabilities classified at fair value through profit and loss include financial liabilities designated as such at inception as well as financial liabilities held for trading. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedges. As at March 31, 2011, the Company had not classified any of its financial liabilities at fair value through profit and loss.

Fair value hierarchy

The Company uses a three level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:
Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Transaction costs
Transaction costs are expensed as incurred for financial instruments classified at fair value through profit or loss while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset.

Exploration, evaluation and development costs
Exploration, evaluation and development costs, excluding the cost of acquiring licenses, are expensed as exploration and development costs in the consolidated statement of operations and comprehensive loss until the determination of the technical feasibility, commercial viability. These costs include costs directly related to exploration, evaluation and development activities in the area of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when economically recoverable reserves are determined to exist, there is reasonable assurance that the exploitation or mining license will be obtained, the rights of tenure are current and it is considered probable that the costs will be recovered through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study. Once the technical feasibility study is completed and there is reasonable assurance that the exploitation or mining license will be obtained, subsequent exploration and development expenses are capitalized to mineral properties. Upon reaching commercial production, these capitalized costs will be will be amortized using the unit-of-production method over the estimated proven and probable reserves.

Impairment of assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on detailed budgets and forecast calculations that include commodity pricing, availability of financing and various other factors, which are prepared separately for each of the Company's cash generating units to which the individual assets are allocated. When the determination of fair value based on cash flow projections are deemed difficult or impossible, management utilizes other methods such as cost per oz compared to peers, cost per oz of net exploration kilometre and recent market transactions. Impairment losses of continuing operations are recognized in the consolidated statement of loss and comprehensive loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations and comprehensive loss.

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Business combinations and goodwill
On the acquisition of a subsidiary, the acquisition method of accounting is used whereby the purchase consideration transferred is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If an excess remains after reassessment, the Company recognizes the resulting gain in the consolidated statements of operations on the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortized. Goodwill is tested annually for impairment, or more frequently if current events or changes in circumstances indicate that the carrying value of the goodwill of a reporting unit may exceed its fair value.

Share based payments
The Company grants stock options to directors, officers and employees of the Company under its incentive stock option plan.

The fair value method of accounting for stock options is used by the Company. Under this method, the instruments granted are measured using the Black-Scholes option pricing model, and involves taking into account the terms and conditions upon which the instruments are granted and are expensed over their vesting period. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results. Assumption details are discussed in the notes to the interim consolidated financial statements.

The fair value of the awards is adjusted by the estimate of the number of awards that are expected to vest as a result of non-market conditions and is expensed over the vesting period using an accelerated method of amortization. At each reporting period date, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Share-based compensation relating to share options is charged to the consolidated statements of operations

Warrants
The warrants are valued based on allocating the proceeds of the issuance between the common share and the common share purchase warrant components by fair valuing each component separately and determining the proceeds to be allocated based on a pro-rata basis. The fair value of warrants is calculated using the Black-Scholes option pricing model and is recognized as warrants. Warrants denominated in currency other than a functional currency are classified as derivatives liability on the statement of financial position and are fair valued at each reporting period. The change in fair value is recorded in the statement of operations.

Loss per common share
Loss per common share has been calculated based on the weighted average number of common shares issued and outstanding during the period. Diluted per share amounts are calculated using the treasury stock method whereby proceeds deemed to be received on the exercise of options and warrants in the per share calculation are assumed to be used to acquire common shares at the average market price during the period. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same as at March 31, 2011 and 2010.

Income taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.
Deferred income tax liabilities are recognized on all taxable temporary differences and deferred income tax assets are recognized on all deductible temporary differences with the exception of the following items:

- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that temporary differences will not reverse in the foreseeable future;
- Taxable temporary difference arising from goodwill;
- Deductible temporary difference arises on the initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting or taxable profit or loss;

- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which deductible temporary differences can be utilized.

A valuation allowance is recognized to the extent the recoverability of future income tax assets are considered unlikely to be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to settle current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Current and deferred taxes that relate to items recognized directly in equity are also recognized in equity. All other taxes are recognized in income tax expense (recovery) in the consolidated statement of operations.

Cash and cash equivalents

Cash and short term deposits in the consolidated statement of financial position comprise cash at banks and at hand and short-term deposits with a remaining maturity on the date of purchase of three months or less. Cash and cash equivalents were $9,195 as at March 31, 2011 (2010 – $346) which earned a weighted average interest rate of 0.7% per annum (2010 – 0.2%) and were comprised entirely of cash on deposit.

Recent accounting pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 7 *Financial Instruments: Disclosures*

In October 2010, the IASB amended IFRS 7 to enhance the disclosure about transfers of financial assets. This improvement is to assist users in understanding the possible effects of any risks that remain in an entity after the asset has been transferred. In addition, if disproportionate amounts are transferred near year end, additional disclosures would be required. The effective date of the amendment is July 1, 2011. The Company has determined that the adoption of this amendment will not have a material impact on the consolidated financial statements.

IFRS 9 *Financial Instruments: Classification and Measurement*

In November 2009, the IASB issued IFRS 9, which covers classification and measurement as the first part of its project to replace IAS 39. In October 2010, the Board also incorporated new accounting requirements for liabilities. The standard introduces new requirements for measurement and eliminates the current classification of loans and receivables, available-for-sale and held-to-maturity, currently in IAS 39. There are new requirements for the accounting of financial liabilities as well as carryover of requirements from IAS 39. The Company does not anticipate early adoption and will adopt the standard on the effective date of January 1, 2013. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 *Consolidated Financial Statements* will replace portions of IAS 27 *Consolidated and Separate FinancialStatements and interpretation* SIC-12 *Consolidation–Special Purpose Entities*. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 11 *Joint Arrangements*

IFRS 11 *Joint Arrangements* will apply to interests in joint arrangements where there is joint control. IFRS 11 would require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation would be removed, equity accounting would be required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

The IASB has issued IFRS 12 *Disclosure of Interest in Other Entities*, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. This standard is effective for annual periods beginning on or after January 1, 2013. Entities will be permitted to

apply any of the disclosure requirements in IFRS 12 before the effective date. The Company has not determined the impact of the new standard on the consolidated financial statements.

IFRS 13 *Fair Value Measurement*
IFRS 13 will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the 'exit price', and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IAS 27 *Separate Financial Statements*
As a result of the issue of the new consolidation suite of standards, IAS 27 *Separate Financial Statements* has been reissued as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company does not believe IAS 27 will have a material impact on the Company's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures
As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

4. Exploration and evaluation assets

a) Mineral properties
Mineral properties include the Bambari properties for the Passendro gold project located in the Central African Republic ("CAR").

	Bambari (CAR)	Others	Total
Balance as at January 1, 2010	-	-	-
Additions	7,027	-	7,027
Issuance of shares and warrants	3,262	-	3,262
Amounts payable to Government of CAR	5,529	-	5,529
Mineral properties acquired – Mozambique (note 6)	-	979	979
Mineral properties acquired - Zambia (note 6)	-	2,794	2,794
Disposal of Zambian property	-	(2,794)	(2,794)
Balance as at December 31, 2010	**15,818**	**979**	**16,797**
Additions	2,352	-	2,352
Increase in amounts payable to Government of CAR	139	-	139
Balance – March 31, 2011	**18,309**	**979**	**19,288**

Central African Republic
AXMIN holds a 100% interest in the Bambari properties which consist of a 25-year Mining Licence (355 sq km), granted in August 2010 and ring fenced by two Exploration Licences, Bambari 1 and 2 (1,240 sq km), granted also in August 2010. The Bambari properties had been the subject of substantial exploration by AXMIN since the discovery of the Passendro project. Passendro is situated in the centre of the Mining Licence which is ring-fenced by the two Bambari Exploration Licences. In September 2009, the Company expressed to the Government of CAR its intention not to renew Bakala, Bogoin II and Pouloubou properties, which were written off in prior years.

The Passendro property is subject to a 2% net smelter royalty ("NSR") payable to United Reef Limited ("URL") from the date of commencement of commercial production. Payment of the NSR will commence once all capital expenditures have been recovered by the Company. Starting 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 C$100. 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 C$500, payable in cash or shares of the Company, for each 0.5% royalty interest during the initial five years of production from the Bambari property.

On January 31, 2011, AXMIN announced the completion of the revalidated Feasibility Study ("FS") for its 100% owned Passendro project in CAR. The study indicates an average annual production of 205,000 ounces with an average cash cost of $437/oz, resulting in a rapid project payback of 2.2 years. The FS was led by SENET (PTY) Ltd. of South Africa and included a multidisciplinary team of independent consultants, all of whom were involved in the original 2008 study.

On August 9, 2010 the Company was awarded a 25-year Mining Licence for the Passendro project. The following are the highlights of the amended decree:

- 25-year Mining Licence, which covers the complete area of mineralisation set out in the 2008 Bankable Feasibility Study ("BFS");
- Two new 3-year renewable Exclusive Exploration Licences issued over the remaining areas of the Bambari 1 and 2 permits not covered in the Mining Licence;
- Area covered by the new Exclusive Exploration Licences increased by additional 270 sq km;
- Fiscal provisions of the 2006 Mining Convention remain intact; and
- Government of CAR receives a signature bonus of $11 million payable in three tranches.

Pursuant to the agreement on August 9, 2010, on September 21, 2010 the Company issued 26,000,000 common shares valued at C$0.085 fair market value and 20,000,000 common share purchase warrants to the Government of CAR as a consideration for the project free-carried interest on its awarded 25-year Mining Licence for the Passendro project . The total fair value of the shares and share purchase warrants amounted to $3,262. The market value of the shares on the date of issuance was C$2,210 ($2,152). The fair value of the warrants on the date of issuance was C$1,140 ($1,110) and it was determined using the Black Scholes Option pricing model with assumptions described in note 7 for the warrants.

On August 18, 2010, the Company paid the first tranche of the bonus in the amount of $5 million. The second tranche of the bonus in the amount of $3 million is payable in April, 2011 and the third tranche of $3 million is payable in April, 2012. The current and long term bonus amount has been accrued in the consolidated financial statements at a discount rate of 10%, which approximates AXMIN's estimated cost of borrowing. As described in the subsequent note, the second tranche of the bonus in the amount of $3 million was paid on April 25, 2011.

In an effort to raise funds, during the year ended December 31, 2010, exploration equipment was disposed of for total proceeds of $566 resulting in a loss on disposal of $375.

During 2009 and 2010, AXMIN conducted a restricted exploration program on the Bambari property. The program focused on detailed geological, geomorphological and structural mapping, limited termite sampling and trenching, where applicable. The program covered the Passendro project area and extended south to the Ndassima project area, some 30 kilometres of strike.

During 2010, fees in the amount of $1 million paid to an independent consultant for indirect services rendered during the process of obtaining the Mining Licence have been expensed and are included in the Administration cost category on the consolidated statements of operations and comprehensive loss.

b) Other exploration, evaluation and development costs disposed or expensed

Mali – discontinued operation
On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") entered into an agreement for the sale of AXMIN's Kofi Gold Project and other ancillary permits in Mali. The total sales proceeds for the nine permits consist of C$500 cash and 4,500,000 common shares of Avion. On March 31, 2011, six of the nine permits met the conditions for closing. The consideration for the six permits represents 70% of the total sale proceeds and consists of C$350 cash and 3,150,000 common shares of Avion and will be paid in four tranches; 25% on closing, 25% in 3 months following the closing, 25% in 12 months following the closing and 25% in 18 months from the date of closing. As at March 31, 2011, AXMIN received cash in aggregate of C$169 and 1,518,750 common shares of Avion. Cash received in the current quarter amounted to C$87.

AXMIN recorded a current portion receivable in the amount of $1,559 and for the tranches receivable during the 12 month period, a long-term receivable was recorded in the amount of $1,455. The fair value of the Avion shares is based on its closing market price of C$1.68 as at March 31, 2011. The share price of Avion decreased from C$1.97 on December 31, 2010 to

C$1.68 on March 31, 2011 resulting in an unrealized loss of $319 on the share proceeds receivable. The loss was recorded and included in the consolidated statements of operations and comprehensive loss.

The following table shows the composition of proceeds receivable as at March 31, 2011 relating to the completed sale of the six permits.

Schedule of Proceeds	Cash Receivable	# of Shares Receivable	Fair Value – Shares on December 31, 2010	Fair Value – Shares on March 31, 2011
September 11, 2011	$6	56,250	-	$97
December 24, 2011	84	731,250	1,448	1,268
March 11, 2012	6	56,250	-	97
May 24, 2012	84	731,250	1,448	1,268
September 11, 2012	6	56,250	-	97
Total	**$186**	**1,631,250**	**$2,896**	**$2,827**

As at March 31, 2011, the closing of the remaining three concessions will take place once closing conditions are satisfied, which is expected to occur by the end of third quarter of 2011. The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated statement of financial position and the consolidated statements of operations and comprehensive loss.

On February 10, 2010, AXMIN concluded a Heads of Agreement ("Agreement") with Societe d'Exploration des Mines d'Or de Sadiola ("SEMOS"), a joint venture between IAMGOLD Corporation and AngloGold Ashanti that operates the Sadiola Mine in Mali, whereby SEMOS has the potential to earn 100% interest in the Satifara exploration permit, a joint venture between AXMIN (94.45%) and African Goldfield (Mali) Limited (5.55%). The Satifara permit is located 10 km west of the Sadiola Mine. To earn a 100% interest, SEMOS must spend a minimum of $500 over a two-year period and complete a NI 43-101 Mineral Resource calculation, making payment of $15/oz for Measured and Indicated, $5/oz for Inferred resources and $15/oz for any ounce of gold mineral Reserve mined. The total payment to AXMIN is capped and will not exceed $7.5 million. There were no exploration activities during the period ended March 31, 2011.

The following table shows the composition of exploration, evaluation and development costs that have been expensed in the consolidated statement of operations.

	Bambari (CAR)	Nimini (Sierra Leone)	Others	Total
Exploration, evaluation and development costs as at January 1, 2010	20,029	5,310	1,146	26,485
Additions	465	836	151	1,452
Disposal of exploration, evaluation and development costs – Zambia	-	-	(141)	(141)
Impairment charges	-	-	(695)	(695)
Exploration, evaluation and development costs – December 31, 2010	20,494	6,146	461	27,101
Additions	-	1,721	21	1,742
Balance – March 31,2011	**20,494**	**7,867**	**482**	**28,843**

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 (subsequently changed its name to Eldorado Gold (Barbados) Limited), a subsidiary of Eldorado Gold Corporation, by incurring expenditure of US$2.3 million over a three-year period. During the year ended December 31, 2006, AXMIN's cumulative expenditure on the Nimini Hills project exceeded US$2.3 million and hence AXMIN earned a 60% interest in the project. 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 feasibility study. The monies spent on AFCAN's behalf to earn this additional 20% will be recovered by AXMIN from AFCAN's share of future production.

On February 15, 2011, AXMIN closed its acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN's ownership in the Project to 100%. As a consideration for this acquisition, the

Company issued an aggregate of 4,388,370 common shares of AXMIN to Eldorado Gold Corporation and Flaxman Corporation NV at a fair market value of C$0.18 per common share resulting in aggregate proceeds of $811 (C$800).

During 2010, AXMIN incurred $458 in consulting fees paid to a third party consultant in connection with the renewal of the exploration permits in Sierra Leone.

Others
Management decided not to renew the Makong property in Sierra Leone and as a result, at December 31, 2010, the full amount of exploration costs of $695 was written-off.

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, Sonkounkou, Heremakono and Sabodala NW located in the Birimian belt of Eastern Senegal.

The terms of the joint venture agreement with MDL include:

a) MDL must spend a total of $2.5 million over three years to earn a 51% interest in each permit, with a minimum expenditure of $500 in year one, US$800 in year two and $1.2 million in year three. There is a minimum expenditure of $800 before it may contemplate withdrawing from the joint venture.
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 $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.

In November 2010, MDL earned a 51% interest in AXMIN's Senegal Permits (Sonkounkou, Heremakono and Sabodala NW) by expending $2.5 million. At that time, AXMIN elected not to participate in further expenditures funding and expressed its intent to dilute further to 20%. As at March 31, 2011, the status of AXMIN's interest remains the same.

Mozambique
The Mavita Copper-Nickel-Cobalt Project consists of two prospecting licences covering 354 sq km, located in the Manica province, 60 km southwest of the regional centre of Chimoio, Mozambique. The project is located on the eastern edge of the Zimbabwe Craton.

On October 29, 2010, AXMIN regained control of its Mavita Copper-Nickel-Cobalt Project in Mozambique following the withdrawal of Rio Tinto Minerals Development Limited ("Rio Tinto"), a wholly-owned subsidiary of Rio Tinto Plc (LSE:RIO) from a joint venture over these permits. Under the terms of the agreement announced on June 9, 2010, AXMIN has regained 100 percent control of the Mavita licences. All of the data from exploration work completed by Rio Tinto on behalf of the joint venture agreement was relinquished to AXMIN.

On August 4, 2010, the Company was granted a 5-year extension on its Mavita exploration licences (PL 1045 and PL 1046).

There were no exploration and development costs incurred for the Mavita project during the quarter period ended March 31, 2011.

Zambia
The projects in Zambia comprise of six tenements in the southern area of Zambia, one wholly owned tenement prospective for nickel, the Mitaba property, and five tenements prospective for uranium which were subject to a farm-in-agreement with Zambezi Resources Ltd ("Zambezi"). The farm-in-agreement was entered into on April 18, 2008 and AfNat was allotted 51% equity interest in the beneficial holders of rights to explore for and mine uranium deposits on the Zambia Licences. The joint venture was managed by the Company and the funds contributed to the equity participation were used to fund joint venture exploration costs. As described in note 6, on November 2, 2010, AXMIN entered into a sale agreement to dispose of all its interest and exploration licences in Zambia to Zambezi for aggregate sale proceeds of $65.

In aggregate, the Company incurred the total of $1,742 in exploration and development costs during the quarter period ended March 31, 2011, ($174 in 2010) and the full amount was expensed and included in the consolidated statements of operations and comprehensive loss.

5. Property, plant and equipment

	Equipment	Building	Leasehold improvements	Total
Cost as at January 1, 2010	3,026	102	613	3,741
Additions	-	-	-	-
Disposals	(941)	-	-	(941)
Cost as at December 31, 2010	2,085	102	613	2,800
Additions	-	-	-	-
Cost as at March 31, 2011	**2,085**	**102**	**613**	**2,800**

The entire balance of property, plant and equipment relates to the Passendro gold project in the CAR. Depreciation on the property, plant and equipment will commence at the start of commercial production of the Passendro gold project in CAR.

6. Acquisitions

On June 14, 2010, AXMIN gained control and acquired all of the outstanding securities of AfNat by way of a scheme of arrangement under the laws of Bermuda. In consideration for the acquisition, AXMIN issued an aggregate of 206,267,300 common shares and 14,961,345 common share purchase warrants to holders of AfNat securities for a total value of C$20.6 million measured at fair value of AXMIN's common shares at the time of closing, C$0.10 per share less share issuance cost of C$30. The common share purchase warrants were issued to compensate the cancellation of AfNat's options. AXMIN's share purchase warrants and AfNat's options were valued using Black-Scholes Option Pricing Model. The total fair value of the share purchase warrants and options amounted to $395 and $138 respectively. The excess fair value of AXMIN's share purchase warrants over the fair value of AfNat's options in the amount of $256 was included in the total purchase cost of $20.2 million. As a result of the acquisition, AXMIN recognized goodwill in the amount of $2.2 million resulting from the excess consideration paid over the fair value of net assets acquired.

AfNat had interests in mineral exploration projects in Mozambique and Zambia and has an investment in Copper Development Corporation ("CDC"). CDC is a private company with a controlling stake in the Hinoba copper project located in the Philippines.

Following the acquisition, all of AfNat's outstanding securities were delisted from AIM of the London Stock Exchange.

The table below outlines the purchase cost and purchase price allocation.

Purchase Cost	
Fair value of shares	19,941
Fair value of warrants	256
Purchase Cost	20,197
Less: cash acquired	(10,361)
	9,836
Summary – Purchase Price Allocation	
Current assets	590
Investments held for trading *(note 14)*	1,076
Mineral properties exploration costs - Mozambique property *(note 4a)*	979
Mineral properties exploration costs- Zambia property *(note 4b)*	2,794
Long-term investments *(note 14)*	3,050
Goodwill	2,236
Total Assets	10,725
Current liabilities	149
Provisions	740
Total Liabilities	889
Net Assets Acquired	**9,836**

As of March 31, 2011, the cumulative loss from AfNat's operations from the acquisition date has amounted to $2,903.

Goodwill

The following table summarizes changes to the carrying value of goodwill:

	AfNat
Balance, January 1, 2010	-
Acquisition of Afnat, June 14, 2010	2,236
Changes to goodwill during the year	-
Balance, December 31, 2010	2,236
Changes to goodwill during the period	-
Balance, March 31, 2011	2,236

AXMIN's operations are primarily exploration and development and there are no reporting units generating cash, therefore allocation of goodwill to cash generating units is not applicable and the entire amount of goodwill has been allocated to one reporting unit, the Passendro gold project in the CAR. The acquisition of AfNat resulted in many benefits to AXMIN. The former President and CEO of AfNat became the new President and CEO of AXMIN, cash resources increased by $10.3 million along with the marketable securities available for sale increased liquidity for the Company. The new CEO has extensive experience in securing and establishing mineral exploration tenure and operations throughout Africa, namely CAR. Management believes that the Passendro gold project in the CAR is the primary recipient of benefits and synergies obtained from this acquisition.
The Company assessed the goodwill for impairment as at December 31, 2010. The recoverable amount for AfNat reporting unit exceeded the carrying amount and as such, no impairment was recognized.

7. Dispositions

Zambia
On November 2, 2010 AXMIN entered into an agreement to dispose of its interest and its exploration licences in Zambia to Zambezi Resources Ltd., ("Zambezi"), the joint venture partner in the Zambian property. On November 2, 2010, AXMIN transferred all its rights, titles, and interest for an aggregate purchase price of $65. This disposition resulted in a net loss of US$2,869 as reported in the consolidated statements of operations and comprehensive loss.

Mali
On March 31, 2010, the Company announced the execution of a definitive agreement pertaining to the sale of its Kofi Gold Project and other ancillary permits in Mali to Avion (AVR-TSX) for proceeds of up to C$500 cash and up to 4,500,000 common shares of Avion. As described in note 4, the sale of six permits was completed on March 31, 2011, which represents 70% of the total proceeds. The three remaining permits are expected to close by the end of year 2011. The assets, liabilities and results of operations of Mali have been separately reported as discontinued operations in the consolidated statement of financial position and consolidated statements of operations and comprehensive loss.

The results of discontinued operations for the period ended March 31 were as follows:

	2011	2010
General exploration costs	**(81)**	(150)
Asset impairment	**-**	(985)
Current income tax expense	**-**	(121)
Other expenses	**(25)**	(26)
Loss from discontinued operations	**(106)**	(1,282)
Consideration received on disposal	**180**	-
Net gain (loss) from discontinued operations, net of income taxes	**74**	(1,282)

The following table details the assets and liabilities related to the discontinued operations as at March 31, 2011 and March 31, 2010.

	2011	2010
Cash and cash equivalents	**10**	18
Exploration and development costs	**1,037**	3,460
Assets of discontinued operations	**1,047**	3,478
Accounts payable and accrued liabilities	**326**	136
Liabilities of discontinued operations	**326**	136

The original estimate of the sales consideration at the time of the ratification of the agreement resulted in an asset impairment charge of $985.

The income tax expense provision is based on the current tax treatments and legislation in Mali.

8. Share capital

The Company is authorized to issue an unlimited number of common shares with one vote per share and no par value per share.

On February 15, 2011, the Company issued an aggregate of 4,388,370 common shares of AXMIN to Eldorado Gold Corporation and Flaxman Corporation NV at a fair market value of C$0.18 per common share for total amount of C$800 ($811) as a consideration for its acquisition of the minority interest in the Nimini Hills East and West licences (Komahun Gold Project), thereby increasing AXMIN's ownership in the Project to 100%.

On February 11, 2011, the Company issued an aggregate of 70,828 common shares of AXMIN for total fair value of $11 as a consideration for consulting services paid to an independent geologist. The full amount of $11 has been capitalized to mineral properties.

On November 25, 2010, AXMIN closed a non-brokered private placement offering (the "Offering") of 83,333,333 Units (the "Units") at a price of C$0.12 per Unit, for a total gross proceeds of C$10 million. Each Unit consists of one common share, plus 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 C$0.18 until November 25, 2012. AXMIN shall have the right to call the warrants by giving 30 days notice at any time if the common shares of AXMIN trade at C$0.23 or higher on a Volume Weighted Adjusted Price ("VWAP") for a period of 15 consecutive trading days. The common shares and warrants were subject to a four month hold period, which expired on March 26, 2011. AXMIN paid a finder's fee for a portion of the Offering taken up by registered brokers that amounted to approximately C$448 and 3,732,500 non-transferable compensation warrants. The fair value of the common share purchase warrants amounted to C$3,296 ($3,264), and the fair value of the non-transferable compensation warrants amounted to C$220 ($218).

The fair value of the warrants was determined using the Black Scholes Option pricing model with the following assumptions:

Risk free interest rate	1.73%
Expected life in years	2 years
Expected volatility	104%
Expected dividend yield	0.0%

Pursuant to the agreement dated August 9, 2010, on September 21, 2010 the Company issued 26,000,000 common shares valued at C$0.085 fair market value and 20,000,000 common share purchase warrants to the Government of CAR as a consideration in exchange for the project free-carried interest on its awarded 25-year Mining Licence for the Passendro project as described in note 4. The total fair value of the shares issued amounted to C$2.2 million ($2.1 million) less share issuance cost of C$13.3 ($13). The fair value of common share purchase warrants amounted to C$1,140 ($1,110). The fair value of the warrants was determined using the Black Scholes Option pricing model with the following assumptions:

Risk free interest rate	2.25%
Expected life in years	5 years
Expected volatility	108%
Expected dividend yield	0.0%

On June 14, 2010, the Company issued an aggregate of 206,267,300 common shares valued at C$0.10 fair market value and 14,961,345 common share purchase warrants as consideration for acquisition of all of the outstanding securities of AfNat as described in note 5. The total fair value of the shares issued amounted to C$20.6 million ($19.9 million) less share issuance cost of C$30 ($29). The fair value of the common share purchase warrants amounted to C$407 ($395). The fair value of the warrants was determined using the Black Scholes Option pricing model with the following assumptions:

Risk free interest rate	Range: 1.81% - 2.48%
Expected life in years	1 to 4 years
Expected volatility	106%
Expected dividend yield	0.0%

As a result of the above transactions, the share capital increased to 628,039,732 common shares as at March 31, 2011.

As of March 31, 2011 the Company's significant shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, held 161,844,752 (2010 - 153,646,212) common shares and 22,550,000 (2010 - 48,366,667) common share purchase warrants, representing approximately 26% (2010 - 49%) of AXMIN's issued and outstanding common shares on a non-dilutive basis.

There were no common share purchase warrants issued, exercised or expired during the period ended March 31, 2011 and March 31, 2010.

Stock Options
The Incentive Stock Option Plan (the "Plan") authorizes the Directors to grant options to purchase shares of the Company to directors, officers, employees and consultants. All options granted vest over 18 months from the date of grant and expire five years from the date of issuance. The Plan allows for the maximum number of common shares issuable under the Plan to equal 10% of the issued and outstanding common shares of the Company at any point in time, and that options once exercised would be re-endorsed into the pool of un-granted options.

During the period ended March 31, 2011, the Company granted an aggregate of 1,200,000 options exercisable at C$0.14 each and expiring five years from the date of issue. There were no options granted during the period ended March 31, 2010.

The Company used the Black Scholes option pricing model to estimate the fair value of the options granted using the following assumptions:

	2011	2010
Assumptions:		
Weighted average risk-free interest rate	**3.02%**	3.03%
Expected stock price annual volatility	**110%**	110%
Weighted average expected life (years)	**4.7**	4.7
Estimated forfeiture rate	**4.03%**	4.08%
Expected dividend yield	**0.0%**	0.0%
Weighted average fair value cost per option	**0.25**	0.26

As at March 31, 2011, 34.2 million (2010 - 25.3 million) options are available for future issuance under the Plan.

As at March 31, 2011, common share stock options held by directors, officers and employees are as follows:

	Outstanding			**Exercisable**	
Range of exercise prices -C$ (dollars)	Number of options	Weighted average exercise price - C$ (dollars)	Weighted average remaining contractual life in years	Number of options	Weighted average exercise price - C$ (dollars)
0.05 to 0.10	23,850,000	0.10	4.22	12,175,000	0.10
0.11 to 0.30	1,900,000	0.14	4.22	887,500	0.15
0.31 to 0.70	250,000	0.45	2.23	250,000	0.45
0.71 to 1.00	2,550,000	0.84	1.61	2,550,000	0.84
	28,550,000	0.17	3.97	15,862,500	0.23

	Number of options	Weighted Average Exercise Price -C$ (dollars)
Balance, January 1, 2010	5,505,000	0.65
Options granted	23,500,000	0.10
Options expired/cancelled	(1,380,000)	0.62
Options exercised	-	-
Balance as at December 31, 2010	27,625,000	0.18
Options granted	1,200,000	0.10
Options expired	(275,000)	0.62
Options exercised	-	-
Balance, March 31, 2011	**28,550,000**	**0.17**

9. Related Parties

a) During the period ended March 31 2011 and 2010, the Company incurred:

i) $146 (2010 - $247) in legal services provided by a partnership related to a director of the Company. At March 31, 2011, $109 (2010 - $288) was due to this partnership.
ii) $0 (2010 - $11) in management services from the Addax and Oryx Group Limited, ("AOG"). As of June 30, 2010 the management fee is no longer payable, and the balance owing to AOG was fully paid in July, 2010.

b) As of December 31, 2010, the Company's significant shareholder, AOG, had provided the Company with three loans for a total amount of C$1,600, ($1,609).
The loans bear interest at 9% per annum. The principal and accrued interest is due on the earliest of the following:

i) The effective maturity date, which is 24 months from the effective date of the loan.
ii) The effective date of any Change of Control.
iii) Occurrence of any Event of Default.

The loan balance including accrued interest was fully paid on January 11, 2011 in an aggregate amount of C$1,740, ($1,750).

10. Commitments and contingencies

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

	March 31, 2011	December 31, 2010
Less than 1 year	**112**	**136**
1 - 3 years	**168**	**191**
4 - 5 years	**-**	**-**
Total	**280**	**327**

In the ordinary course of business activities, the Company is subject to various claims, including those related to income and other taxes of its foreign subsidiaries. Management believes that adequate provisions are recorded in the accounts where required and where estimable. However, there can be no assurance that the Company will not incur additional expenses.

11. Accumulated other comprehensive income

As at March 31, 2011, accumulated other comprehensive income was comprised of the unrealized on marketable securities available-for-sale of ($5) and unrealized gain on foreign currency translation of $748, resulting in net unrealized gain of $743. As at March 31, 2010, accumulated other comprehensive income was $1,039.

	March 31, 2011	December 31, 2010
Balance, beginning of period	**2,774**	801
- Changes in fair value on available- for-sale financial assets arising during the period	**(872)**	2,343
- reclassification adjustments for (gains) recorded in earnings during the period	**(1,403)**	(874)
- effects of foreign currency translation	**244**	504
Balance, end of period	**743**	2,774

12. Segmented information

The Company operates in one industry segment: mineral exploration and development. During the period ended March 31, 2011, the Company, or its joint venture partners, conducted its exploration activities in CAR, Sierra Leone, Senegal and Mozambique.

13. Capital management

The Company manages its cash and cash equivalents, common shares, stock options, and warrants 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 monitors its financial position on an ongoing basis.

14. 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; marketable securities as available-for-sale; 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.

(i) Cash
The Company minimizes its exposure to credit risk by keeping the majority of its cash as cash on deposit with a major Canadian chartered bank. Management expects the credit risk 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
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of March 31, 2011, the Company had cash and cash equivalents of $9,195, (2010 - $346). Except for the long- term payable to the Government of CAR, substantially all of the Company's financial liabilities mature within six months.

<u>Investment in Noble Resources</u>
AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area at that time.

Investment in Avion Gold Corporation ("Avion")
As indicated in note 6 and note 4, as of March 31, 2011 AXMIN received 1,518,750 shares of Avion. Upon expiry of the four-month hold period, the Company intends to sell these shares and therefore, the securities were classified as available-for-sale. On March 31, 2011 the fair value of the shares was C$1.68 compared to C$1.97 on December 31, 2010 resulting in an unrealized loss of $5 reported in other comprehensive income.

Marketable Securities acquired from AfNat
As part of the acquisition of AfNat on June 14, 2010 (refer to note 5 for details), the Company acquired the following investments in marketable securities which have been classified as available-for-sale.

Investment in Niger Uranium Limited
Niger Uranium Limited, ("Niger") is a public uranium exploration and mining company listed on AIM London Exchange. During November, 2010, 13,285,013 ordinary shares of Niger held by the Company were sold for an aggregate net proceeds of GBP 672, ($1,076) resulting in the realized gain of $130 as reported in the consolidated statements of operations and comprehensive loss.

Investment in Kalahari Minerals PLC
Kalahari Minerals PLC, ("Kalahari") is an AIM and NSX listed resource company with uranium, gold, copper and other base metal interests in Namibia. On September 30, 2010, 80,505 ordinary shares of Kalahari held by AXMIN were sold at approximately GBP 1.50 resulting in net proceeds of GBP 120 ($190). The sale resulted in the realized gain of $1 reported in the consolidated statements of operations and comprehensive loss.

The following table shows the composition of available-for-sale securities disposed and the realized gain on disposal for the period ended March 31, 2011. There was no realized gain or loss from the sale of securities incurred during the period of 2010.

	Fair Value on Dispositions	**Cost**	**Realized Gain**
Marketable securities in CDC	**4,453**	**3,050**	**1,403**
	4,453	**3,050**	**1,403**

Investment in Copper Development Corporation ("CDC")
CDC was a private company until mid December 2010 when it became a public company. CDC has a stake in the Hinoba copper project located in the Philippines. The Company held 9,571,427 shares of CDC, which were purchased in four tranches for a total value of $3,050. The shares were sold on January 10, 2011 at 0.30 GBP per share amount to net proceeds of 2,866 GBP ($4,453).

The following table shows the composition of the fair value for available- for- sale securities as of March 31, 2011 and 2010.

	2011 # of Shares	**2011 Fair Value**	2010 # of Shares	2010 Fair Value
Avion Gold Corporation	**1,518,750**	**2,631**	-	-
Noble Resources	**-**	**-**	3,000,000	1,076
	1,518,750	**2,631**	3,000,000	1,076

(a) Market risk

(i) Foreign currency risk
The functional currency of the Company is the Canadian dollar. The Company's operations expose it to significant fluctuations in foreign exchange rates. The Company's main source of funds are denominated in the Canadian dollar and the Company has monetary assets and liabilities denominated in the Canadian dollar, British Pound and the CFA Franc. A significant change in the currency exchange rates between the US dollar and foreign currencies could have an effect on the Company's net loss.

The Company maintains certain of its cash and cash equivalents in the Canadian dollar and British pound and is thus susceptible to market volatility as cash balances are revalued to the functional currency of the Company. The rate published by the Bank of Canada at the close of March 31, 2011 was 0.96 Canadian dollars to 1 US dollar

and 1.56 Canadian dollars to 1 UK pound sterling. Based on the balances at March 31, 2011, income will increase or decrease by $34 and $164 given a 5% increase or decrease in the US dollar to Canadian dollar and Canadian dollar to UK pound sterling respectively. Total amount of cash and cash equivalents held in foreign currency at March 31, 2011 is US$4,442 and 2,098 in GBP.

(ii) Interest rate risk
The Company has no interest-bearing short-term investments and so it is not subject to interest rate risk fluctuation.

(iii) Market price risk
The Company holds marketable securities available-for-sale; common shares of Avion Gold Corporation listed on TSX Stock Exchange. The fair value of such financial equity instruments is affected by changes in the market price.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets and liabilities measured at fair value within the fair value hierarchy as at March 31, 2011:

	Total	Level 1	Level 2	Level 3
Financial Assets:				
Cash and cash equivalents	9,195	9,195	-	-
Available-for-sale securities	2,631	2,631	-	-
Accounts receivable	1,746	-	1,746	-
	13,572	11,826	1,746	
Financial Liabilities:				
Current liabilities	6,837	1,660	5,177	-
Long-term liabilities	2,693	-	2,693	-
	9,530	1,660	9,530	-

15. Subsequent Events

i) Pursuant to the agreement of August 10, 2010, AXMIN paid the second tranche of the bonus payment to the Government of the CAR in the amount of US$3 million on April 25, 2011.

16. Transition to IFRS

These interim condensed consolidated financial statements are the first that the Company has prepared in accordance with IAS 34, using accounting policies the Company expects to adopt for the year ending December 31, 2011 in accordance with IFRS. . The Company previously prepared its financial statements in accordance with Canadian GAAP for periods up to and including December 31, 2010. The accounting policies in note 3 have been applied in preparing the condensed interim consolidated financial statements , the comparative consolidated financial statements for the year ended December 31, 2010 and the opening IFRS consolidated statement of financial position as at January 1, 2010. ,The Company has adjusted amounts reported previously in the consolidated financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company’s financial position, financial performance and cash flows is set out below.

IFRS 1 Exemptions
The general principle to be applied on first-time adoption of IFRS is that standards in force at the first annual reporting date (December 31, 2011) should be applied as at the date of transition to IFRS (January 1, 2010) and throughout all periods presented in the first IFRS financial statements. IFRS 1 contains a number of exemptions that companies are permitted to apply and requires some mandatory exemptions from full retrospective application.

The Company is required to use the following mandatory exemptions as follows:

- Estimates cannot be created or revised using hindsight. The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

The Company has elected to use the following available exemptions as follows:

- IFRS 1 allows for IFRS 3 *Business combinations*, to be applied either retrospectively (as from a date determined by the Company) or prospectively. Retrospective application would require that the Company restate all business combinations occurring before January 1, 2010, the date of transition to IFRS. The Company has chosen not to restate business combinations prior to January 1, 2010 in the opening statement of financial position.

- IAS 21 *The* e*ffects of changes in foreign exchange rates*, requires a company to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS. The Company has reset cumulative translation differences to zero on transition to IFRS.

- IFRS 1 allows a company to initially measure an item of property, plant and equipment (PP&E) upon transition to IFRS at fair value, or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. The Company has elected to continue with the cost model for its PP&E.

- The Company elected the IFRS 1 election for share based payments. This election allows all vested options prior to the date of transition to be accounted for as they were under Canadian GAAP. IFRS2 *Share based payments* is applied to unvested options from the transition date onwards.

Reconciliations from Canadian GAAP to IFRS
In preparing the interim condensed consolidated financial statements, the Company has adjusted amounts reported previously in its consolidated financial statements prepared under Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has impacted the Company's consolidated statement of financial position, consolidated statement of operations and comprehensive loss and consolidated statement of shareholders' equity is included in the following reconciliations and notes.
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Reconciliation of Consolidated Statement of Financial Position

	As at January 1, 2010			As at March 31, 2010			As at December 31, 2010		
	Canadian GAAP	IFRS Adjustments	IFRS	Canadian GAAP	IFRS Adjustments	IFRS	Canadian GAAP	IFRS Adjustments	IFRS
Assets									
Current Assets									
Cash and cash equivalents	340	-	340	346	-	346	9,278	-	9,278
Available-for-sale marketable securities	801	-	801	1,076	-	1,076	6,559	-	6,559
Accounts receivable	68	-	68	139	-	139	138	-	138
Accounts receivable – other	-	-	-	-	-	-	3,060	-	3,060
Prepaid expenses and deposits	47	-	47	48	-	48	223	-	223
	1,256	**-**	**1,256**	**1,609**	**-**	**1,609**	**19,298**	**-**	**19,298**
Mineral properties *(note c)*	26,485	(26,485)	-	26,659	(26,659)	-	43,898	(27,101)	16,797
Property, plant and equipment	3,741	-	3,741	3,741	-	3,741	2,800	-	2,800
Goodwill	-	-	-	-	-	-	2,236	-	2,236
Assets of discontinued operations	4,445	-	4,445	3,478	-	3,478	1,230	-	1,230
Long-term receivable	-	-	-	-	-	-	1,530	-	1,530
Other assets, net	62	-	62	59	-	59	48	-	48
	35,989	**(26,485)**	**9,504**	**35,546**	**(26,659)**	**8,887**	**71,040**	**(27,101)**	**43,939**
Liabilities and shareholders' equity									
Current and Long-term liabilities									
Accounts payable and accrued liabilities	542	-	542	506	-	506	937	-	937
Amounts payable to Govt of the CAR	-	-	-	-	-	-	2,902	-	2,902
Current portion of shareholder loan	-	-	-	-	-	-	548	-	548
Amounts due to related parties	264	-	264	403	-	403	90	-	90
Unrealized fair value of derivative *(note d)*	-	-	-	-	-	-	-	1,860	1,860
Liabilities of discontinued operations	-	-	-	136	-	136	326	-	326
	806	-	806	1,045	-	1,045	4,803	1,860	6,663
Long-term payable to the CAR Govt	-	-	-	-	-	-	2,627	-	2,627
Shareholder loan – long-term	477	-	477	1,598	-	1,598	1,197	-	1,197
	1,283	**-**	**1,283**	**2,643**	**-**	**2,643**	**8,627**	**1,860**	**10,487**
Shareholders' equity									
Share capital	105,374	-	105,374	105,374	-	105,374	133,038	-	133,038
Warrants *(note d)*	2,781	-	2,781	2,781	-	2,781	5,391	1,110	4,281
Contributed surplus *(note b)*	6,029	10	6,039	6,038	(4)	6,034	9,274	393	9,667
Deficit *(note b, c and d)*	(80,279)	(26,495)	(106,774)	(82,366)	(26,618)	(108,984)	(87,560)	(28,748)	(116,308)
Accumulated other comprehensive income *(note a)*	801	-	801	1,076	(37)	1,039	2,270	504	2,774
	34,706	(26,485)	8,221	32,903	(26,659)	6,244	62,413	(28,961)	33,452
	35,989	**(26,485)**	**9,504**	**35,546**	**(26,659)**	**8,887**	**71,040**	**(27,101)**	**43,939**

Reconciliation of Consolidated Statement of Loss and Comprehensive Loss

	Three Months Ended March 31, 2010			**Year Ended December 31, 2010**		
	Canadian GAAP	**IFRS Adjustments**	**IFRS**	**Canadian GAAP**	**IFRS Adjustments**	**IFRS**
Expenses						
Administration	773	-	773	5,593	-	5,593
Exploration and development costs *(note c)*	-	174	174	-	1,641	1,641
Impairment charges on long-lived assets	-	-	-	695	-	695
Loss on disposal of assets	-	-	-	375	-	375
Loss on disposal of investment, net	-	-	-	2,869	-	2,869
share-based compensation *(note b)*	9	(14)	(5)	909	393	1,302
	782	**160**	**942**	**10,441**	**2,034**	**12,475**
Other Income						
Loss (gain) on foreign exchange	2	-	2	(245)	-	(245)
Loss (gain) on sale of marketable securities	-	-	-	(874)	-	(874)
Unrealized gain on shares receivable from Avion	-	-	-	(509)	-	(509)
Change in fair value of derivatives *(note d)*	-	-	-	-	(750)	(750)
Interest expense, net	21	-	21	123	-	123
	23	-	23	(1,505)	(750)	(2,255)
Loss from continuing operations before income taxes	**805**	**160**	**965**	**8,936**	**1,284**	**10,220**
Future income tax recovery on warrants expired	-	-	-	(297)	-	(297)
Net loss from continuing operations	**805**	**160**	**965**	**8,639**	**1,284**	**9,923**
Loss (gain) from discontinued operations, net of income taxes	**1,282**	**-**	**1,282**	**(1,358)**	**-**	**(1,358)**
Net loss for the period	**2,087**	**160**	**2,247**	**7,281**	**1,284**	**8,565**
Other comprehensive income						
Changes in unrealized gain on available-for-sale financial assets	(275)	-	(275)	(2,343)	-	(2,343)
Effect of foreign currency translation *(note a)*	-	37	37	-	(541)	(541)
Comprehensive loss for the period	**1,812**	**197**	**2,009**	**4,938**	**743**	**5,681**
Net Loss (gain) per common share basic and diluted)						
Continuing operations	0.003	-	0.003	0.020	0.007	0.027
Discontinued operations	0.004	-	0.004	(0.003)	-	(0.003)
Basic and diluted loss per common share	**0.007**	**-**	**0.007**	**0.017**	**0.007**	**0.024**
Weighted average number of common shares outstanding	**292,137,709**	**-**	**292,137,709**	**437,281,437**	**-**	**437,281,437**

Reconciliation of the statement of cash flows from Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Company. The reconciling items between Canadian GAAP and IFRS presentation have no net effect on the cash flows generated.

Notes for Reconciliations from Canadian GAAP to IFRS

a) IAS 21 – Functional currency
IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and should be measured using the currency of the primary economic environment in which the entity operates.

The Company's functional currency under Canadian GAAP was the U.S. dollar. Under IFRS, the Company has determined that its functional currency is the Canadian dollar. The Company's presentation currency continues to be the U.S. dollar. The effect of this change is primarily related to the translation of the Company's cash, amounts receivable and debts on the consolidated statement of financial position and the resulting foreign exchange gains and losses on the consolidated statement of loss and comprehensive loss. Unrealized gains and losses resulting from the translation to the U.S. dollar presentation currency have been included in other comprehensive income. As a result of this change, unrealized loss of $37 and unrealized gain of $541 has been reported for the three month period ended March 31, 2010 and year ended December 31, 2010 respectively.

b) IFRS 2 – Share-based payments
The accounting policy under IFRS 2 has not been retrospectively applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that have vested before the transition date, January 1, 2010.

IFRS 2 requires share-based payments to be fair valued at grant date and charged through the Statement of Loss over the vesting period using the accelerated method of vesting. The straight line method of amortization, used by the Company in accordance with Canadian GAAP, is disallowed. The expense of performance options under Canadian GAAP is typically recognized when the performance criteria are met and is often called "cliff vesting" where all of the expense is recognized upon satisfaction of the performance criteria. However, under IFRS the expense associated with performance options must be spread over the expected vesting period of the performance option.
Under IFRS the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures were recognized as they occurred. As a result, the fair value of the grants measured using Black-Scholes model is adjusted by the estimated number of awards that are expected to vest as a result of non-market conditions and is expensed over the vesting period using an accelerated method of amortization.

At the transition date, the impact of IFRS 2 adoption is insignificant, $10 which has been reflected in Contributed Surplus and Accumulated Deficit. In addition, further adjustments of ($4) and $393 were made for the three-month period ended March 31, 2010 and year ended December 31, 2010, respectively.

c) IFRS 6 - Exploration for and evaluation and development of mineral resources
Under Canadian GAAP, the Company capitalized costs relating to the acquisition, exploration and development of mineral properties on a per project basis until the commencement of commercial productions.

Management has determined that under IFRS the Company's accounting policy for exploration and evaluation assets is that exploration, evaluation and development expenditures should be expensed as incurred and only capitalized to mineral properties after the completion of a technical feasibility study, commercial viability and obtaining of the mining exploitation permit.

On transition to IFRS, $26,485 of capitalized exploration costs existed as at January 1, 2010 and these costs were capitalized before the updated feasibility study and mining exploitation permit were completed and have been derecognized and expensed in accumulated deficit. Further, $26,659 and $27,101 of exploration costs were expensed in the three-month period ended March 31, 2010 and year ended December 31, 2010 respectively.

d) Fair value of warrants – Under IFRS, warrants that are denominated in currency other than functional currency of the Company are classified as derivatives liability and are re-valued at fair value at each reporting period. The change in fair value is recorded in the consolidated statement of operations. For the year ended December 31, 2010, warrants denominated in USD currency in the amount of $1,110 were reclassified from warrants reserve to derivatives liability and a gain of $750 was recorded due to increase in fair value.