AXMIN

2011
ANNUAL REPORT

transitioning from **explorer**
to **PRODUCER**

The following Management's Discussion and Analysis ("MD&A") of AXMIN Inc. ("AXMIN" of the "Company") 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 years ended December 31, 2011 and 2010. The MD&A should be read in conjunction with the audited comparative consolidated financial statements and notes thereto ("Statements") as at and for the year ended December 31, 2011.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in 2011 with a transition date of January 1, 2010. As such, these are the Company's first consolidated financial statements prepared in accordance with IFRS. 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 generally accepted accounting principles ("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.

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 April 25, 2012. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

2011 Highlights

- January 2011 – AXMIN announced, on schedule, the completion of the revalidated Bankable Feasibility Study ("2011 BFS) for its 100% owned Passendro project ("Passendro" or the "Project") in the Central African Republic ("CAR"). The BFS 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%.
- May 2011 – AXMIN appoints Graham Hill as its Chief Operating Officer ("COO"), attaining another milestone in the development of the Passendro Gold Mine.
- June 2011 - AXMIN Senegal joint venture partner, Teranga Gold Corporation ("Teranga"), formerly Mineral Developments Limited ("MDL"), announces an inferred mineral resource of 106,000 ounces gold grading 6.0 g/t Au at Gora, plus promising early stage results from two new targets.
- July 2011 – AXMIN executes Mandate Letter with The Standard Bank of South Africa to arrange and underwrite up to $100 million of debt financing.
- September 2011 – AXMIN closes the sale of 51% interest of its Sierra Leone assets to Polo Resources Limited ("Polo") for cash consideration of $7.5 million.
- October 2011 – AXMIN continues to strengthen its Passendro mine development team with the addition of Mike Edwards as Project Director and Geoff McLoughlin as Engineering Manager.
- November 2011 – AXMIN signs a drill contract with GEOFOR Afrique ("GEOFOR") of Cameroon, for an initial 5,000 metre program to expand the resource and reserve base at the Passendro project.
- December 2011 – AXMIN closes the sale of its remaining 49% interest in the Sierra Leone assets to Polo for cash consideration of $9 million, further strengthening its cash position.

Post Year-End Highlights

- January 2012 – Four new financial institutions join the debt financing for an additional debt package of $85 million, this in addition to the Standard Bank's Mandate makes a total debt facility of US$185 million; AXMIN appoints Janina Dusza Chief Financial Officer ("CFO") and promotes Judy Webster to Vice President Investor Relations.
- February 2012 – AXMIN announces a 10:1 share consolidation, providing the Company with increased flexibility when negotiating financing options for the construction of the Passendro.
- March 2012 – AXMIN signs a Mandate Letter with International Finance Corporation ("IFC") for a further US$50 million in debt, signaling a vote of confidence in the merits of the project and AXMIN's ability to build the CAR's first modern gold mine.

Business and Summary of Activities

AXMIN is an international mineral exploration and development company with a strong focus on central Africa. AXMIN has exploration projects in CAR, Mozambique 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 its CAR 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 2011, AXMIN disposed of several of its non-core assets to further strengthen its financial position and to focus the Company on the development of its premier asset, the Passendro Gold Project. These transactions include:

a) On January 10, 2011, the Company disposed of all of its Copper Development Corporation ("CDC") share holdings for 0.30 GBP/share resulting in total net proceeds of 2,866 GBP ($4,453);
b) As of March 2011, AXMIN closed the transfer of six out of nine licences in the Kofi Gold Project to Avion Gold Corporation ("Avion") representing 70% of the total consideration with closure of the remaining three licences to follow;
c) On September 28, 2011, AXMIN closed the sale of 51% interest in its Sierra Leone assets (Nimini East, Nimini West and Matatoka licences) to Polo for a cash consideration of $7.5 million; and
d) On December 19, 2011, the Company closed the sale of its remaining 49% interest in the Sierra Leone assets for an additional $9 million cash consideration.

On January 25, 2012, AXMIN announced that it had acquired all of the issued and outstanding shares of Ferrum Centrafrique SA ("Ferrum SA") (the "Acquisition") from Ferrum Resources Limited ("Ferrum") pursuant to a share purchase agreement dated January 23, 2012 (the "Agreement"). Ferrum SA is the CAR registered company that has lodged exploration licence applications for iron ore over the Topa Iron Belt, which is in the same areas licenced to AXMIN for gold exploration.

In consideration for the Acquisition, AXMIN has agreed to issue, but only if, as and when the exploration licences are granted to Ferrum SA (the "Grant"), such number of common shares of AXMIN as will equal US$10 million, based on the 20 day volume weighted average ("VWAP") price of AXMIN's shares, commencing five trading days from the award of the licence, provided that the number of AXMIN shares to be issued shall not exceed 9.9% of AXMIN's issued and outstanding shares (on a non-diluted basis) prior to such issuance. In addition, if the Grant occurs Ferrum will receive on the date of the Grant 25% of the outstanding shares in Ferrum SA. AXMIN has also granted to Ferrum a free carry interest for the first $4 million of Topa Project expenditures incurred after the date of the Agreement, provided that in the event the value of the AXMIN Shares issued pursuant to the Agreement is less than $10 million, the free carry interest will be increased in an amount equal to such difference, subject to a maximum free carried interest of $10 million. In the event the exploration licenses have not been granted within 24 months of the date of the Agreement, AXMIN will be entitled, in its sole discretion, to wind up Ferrum SA, subject to first offering the shares of Ferrum SA to Ferrum.

On February 15, 2012, the Company announced its intent to consolidate its common share capital on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares held. The share consolidation was approved by shareholders of the Company at the Company's Annual and Special Meeting of Shareholders held on June 28, 2011.

The Company's name and trading symbol has remained unchanged. A new CUSIP number 05461V201 replaces the old CUSIP number 05461V102 in order to distinguish pre-consolidation common shares and post-consolidation common shares. Prior to the consolidation, the Company had 628,271,747 common shares, 128,330,183 warrants and 26,800,000 options outstanding. After the consolidation took effect the Company had approximately 62,827,177 common shares, 12,833,018 warrants and 2,680,000 options outstanding post-consolidation. The consolidation was accepted by the TSX Venture Exchange and on February 23, 2012 the Company's common shares began trading on a consolidated basis.

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, three-year renewable Exploration Licences, Bambari 1 and 2 (1,240 sq km), which ring fence the Mining Licence and cover a 90 km strike along the highly prospective Bambari greenstone belt (see press release August 9, 2010). The positive results of the 2011 BFS were announced on January 31, 2011 and subsequently the Summary Report was filed on SEDAR on March 17, 2011 (www.sedar.com). The 2011 BFS and updated reserve statement was completed by the original 2008 Bankable Feasibility Study (" 2088 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. As of the date of this report, AXMIN, with the assistance of our financial advisors Endeavour Financial, have executed Mandate Letters for a total of US$235 million in debt facility which is a mix of senior and subordinate convertible debt with a number of development agencies and commercial banks from Europe and South Africa. The debt providers' Mandate Letters are commitment to arrange financing on a best efforts basis and is subject to legal, technical and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals. AXMIN does not require any further permits or licences to bring Passendro into production.

The following table details the Company's 43-101 qualified reserves and resources at its Passendro gold project. The table shows the results of the most recent study done in 2011 and additional previous study:

Category	**Tonnes (Mt)**	**Grade [2] (g/t Au)**	**Contained Gold (oz)**	**Report Date**
Proven	3.5	1.8	207,505	
Probable	20.0	1.9	1,238,670	
Total Reserves [1]	**23.5**	**1.9**	**1,446,175**	January 2011
Measured & Indicated Resources [1]	**31.5**	**2.0**	**2,027,000**	June 2009
Inferred Resources	**21.7**	**1.6**	**1,104,000**	June 2009

(1) *Reserves are included in the Measured and Indicated, Resources, Reserves are based on US$1,000/oz Au;*
(2) *Cut-off grades vary from 1.2 g/t Au, 1.0 g/t Au and 0.8 g/t Au*

Pre-Development Activities

On April 4, 2012, the Company agreed to repurchase for cancellation a 2% Net Smelter Royalty ("NSR") in respect to the Passendro licence area in consideration for $250, by issuance of 447,038 common shares of AXMIN. The transaction closed on April 12, 2012 and the common shares issued are subject to a hold period of four months and one day from date of issue.

On January 23, 2012, the Company announced as a gesture of confidence in the Company's ability to build the Passendro Gold Project, that AXMIN made its final payment of $3.0 million to the State of the CAR earlier than the required April 30, 2012 payment date. This early payment constitutes the full amount of the payment to CAR, and thereby completes Aurafrique's payment obligations under the Addendum to the 2006 Mining Convention.

During first quarter 2012, AXMIN engaged a local CAR contractor to carry out early on-site infrastructural upgrades, including upgrading the road from Kombele to site and the on-site access roads required for the mine build, plus building a mine site air-strip. The Company is also planning to build the main bridge required over the Baidou River, which is currently serviced by a barge with 12 tonne capacity. This work constitutes a portion of the early pre-construction work required to develop Passendro and will be reimbursed at time of first debt draw-down.

Tendering and adjudication process for major build Engineering, Procurement, Construction and Management ("EPCM") contract is in the final stages and contract award and announcement is expected shortly. As well, the mining equipment and fuel supply contract tendering and site visits are underway and power options (lease, own or third party provider) analysis and proposals have been received.

On October 25, 2011, AXMIN announced two new appointments to its development team that is responsible for construction of the Passendro project which is anticipated to begin in 2012 and broadens the Company's existing skill base. AXMIN hired Mike Edwards as Project Director, Geoff McLoughlin as Engineering Manager, as well as appointing a new Country Manager and CAR Chief Controller.

On January 31, 2011, AXMIN announced, on schedule, the completion of the 2011 BFS. 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 2011 BFS 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 **Assumed Oil Price**	**US$1,100/oz** **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	40%
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

Debt Financing

The lending group for the Passendro project debt is actively progressing with the documentation and normal legal, technical and environmental due diligence process. As of March 2012, the Company has executed Mandate Letters for a total of US$235 million in debt facility which is a mix of senior and subordinate convertible debt with a number of development agencies and commercial banks from Europe and South Africa. The debt providers' commitment to arrange financing is subject to satisfactory technical, legal and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals. AXMIN, with the assistance of its financial advisor Endeavour Financial, continue to negotiate with additional lenders in addition to exploring all of options available to the Company for the remainder of its capital requirements. Details of the Mandates signed to date are as follows:

- On March 9, 2012, AXMIN signed a Mandate Letter with the International Finance Corporation ("IFC") for a further $25 million in senior debt and $25 million in subordinated convertible debt. IFC has provided an indicative term sheet where it will play a lead role in coordinating the overall debt package for the Development Finance Institutions ("DFIs").
- On January 26, 2012, AXMIN signed Mandate Letters with four new financial institutions for an additional $85 million in debt facility.
- On July 20, 2011, AXMIN executed a Mandate Letter with The Standard Bank, an international financial institution headquartered in Johannesburg, South Africa. The terms of which, Standard Bank is appointed as the Mandated Lead Arranger ("MLA") to arrange and underwrite a $100 million Export Credit Insurance Corporation of South Africa Limited ("ECIC") backed term loan facility.

Exploration

In February 2012, AXMIN commenced the initial 5,000 metre drilling program at Passendro, priority of which is to expand its reserve and resource base focusing drilling on data gaps to close out open-ended mineralization, potentially simplifying and combining several of the open pits. The objective of the program is to ensure that the first three-year production rate of 205,000 ounces per annum at a cash cost of US$437/oz, can be maintained for the life of the mine. Initial results of the drilling program are expected in the second quarter of 2012.

On November 1, 2011, AXMIN signed a drilling contract with GEOFOR for an initial 5,000 metre drill program. The core rig was mobilized to site from Douala, Cameroon and AXMIN began the program in February 2012. Also in November 2011, AXMIN announced the results from a comprehensive litho-structural study via satellite image analysis over the Company's wholly-owned Bambari gold exploration and mining permits. The report delineated several regions, previously unexplored, along the Bambari belt that displayed geological conditions analogous to those hosting the Passendro gold deposits. AXMIN plans to further explore these areas with soil geochemical, trenching and geological mapping programs and it is expected that they will generate drill targets to be tested in the second half of 2012.

Sierra Leone

On December 19, 2011, AXMIN closed the sale of its remaining 49% interest in Nimini Holdings Limited ("Nimini"), an AXMIN subsidiary that holds 100% interest in the Company's Sierra Leone assets (Nimini East, Nimini West and Matotoka licences), to Polo Resources Limited for a cash consideration of $9 million. Previously, on September 28, 2011, the Company closed the sale of a 51% interest in Nimini to Polo for a cash consideration of $7.5 million. Thus in 2011, AXMIN was paid a total of $16.5 million in cash for its 100% interest in Nimini, which help the Company enter 2012 with a much stronger balance sheet allowing the Company to focus all of its resources on advancing the Passendro project towards development.

On February 15, 2011, AXMIN closed 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 also had a 100% interest in the Matotoka licence, held through its subsidiary Nimini. The Sierra Leone assets are situated in the central-west Kono region of Sierra Leone, some 330 km east of the capital Freetown.

Mali

Kofi Permits

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 70% of the proceeds from the closing of the six permits consisting of $256 cash and 2,306,250 common shares of Avion. As at December 31, 2011, due to the recent changes in the local government, management is unable to estimate the closing time of the remaining three permits.

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

In the second quarter 2011, 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 notified AXMIN that it was terminating the joint venture over the Satifara Permit. As such, AXMIN retained its full interest in the joint venture, (AXMIN 94.45% and African Goldfield Mali Limited 5.55%).

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.

AXMIN did not incur any exploration expenditures during the 2011 year.

Senegal Permits

On February 28, 2012, the Company announced that as a result of advancing the Gora deposit towards development, AXMIN and its joint venture partner Sabodala Mining Company SARL ("SMC"), a wholly owned subsidiary of Teranga, had agreed to amend the original 2008 joint venture agreement to better represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. The amended agreement better reflects AXMIN's interest in Senegal and gives the Company better flexibility to focus its work cost obligations on the Target Area's that AXMIN deems will add most value for its shareholders.

The terms of the new 2012 Agreement with SMC include:

i. Both parties agree that their respective interests (Teranga – 80% and AXMIN – 20%) in the Project are divided into Target Areas (being areas subject to exploration) and Remainder Areas (areas not yet subject to exploration) and that both parties will retain all respective interests in all of these areas, until an election is made by AXMIN to convert its 20% interest in a Target Area into a Royalty Interest (a "Royalty Election");

ii. AXMIN will have a free carried interest of $2.5 million, with respect to the Target Areas work costs starting from October 1, 2011, after which both parties are to jointly fund Target Area work costs on a pro-rata basis;

iii. AXMIN has 15 business days after the receipt of each Quarterly Report and Budget to confirm whether it elects to maintain its interest in the Target Area or convert into a Royalty Interest. If AXMIN fails to make an election in the required time then it is deemed that AXMIN has made a Royalty Election;

iv. If a Royalty Election has been made then SMC must pay to AXMIN a Royalty Interest of 1.5% of Net Smelter Returns from the sale or disposition of Minerals produced in the specified Target Area;

v. SMC will solely fund all finance work costs for each of the Royalty Target Areas; and

vi. AXMIN has made a Royalty Election with respect to the Gora Target Area, located in the Sounkounko licence and as a result has a Royalty Interest in the Gora Target Area.

In July 2011, Teranga earned an 80% interest in Sounkounko, Heremokono and Sabodala NW explorations licences (the "Project") located in the Birimian belt of eastern Senegal, by spending $6 million on exploration. AXMIN has retained a 20% interest in the Project. In May 2011, Teranga announced an initial inferred mineral 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.

Mozambique - Mavita Project

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 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.

Considering that Mavita is a greenfield base metal project, which is not AXMIN's focus at this time, management has not budgeted for any exploration expenditures in the near future and efforts to enter into a JV agreement had been unsuccessful. In addition, market for nickel prices has moved in an unfavourable direction, whereby prices have declined approximately 60% within the last five years, which negatively impacts the value of this property. As a result, indicators exist that the carrying value of this property is impaired as at December 31, 2011. The Company tested this property for impairment and determined that its book value exceeds the approximate fair value of $165k, resulting in a $814 impairment charge as of December 31, 2011.

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, 2010 and other filings made on the SEDAR website (*www.sedar.com*).

Outlook

AXMIN sits today on the cusp of developing the Passendro Gold Mine in the Central African Republic, thereby transitioning the Company from a junior explorer to a mid-size gold producer. In addition, our current exploration programs are targeted at an increase in resources and reserves with an eventual objective to maintain life of mine annual production in excess of 200,000 ounces of gold per annum.

The building of the mine is entirely dependent on a number of factors that include completion of the due diligence process currently underway by our debt Lenders, identified above in this document and the subsequent securing of the remaining capital required to build Passendro. AXMIN expects to understand the Lenders' time-line during this quarter, at which time the Company will understand its full financing requirements. Several alternatives are under investigation and these include but are not limited to, the possible inclusion of a joint venture partners that may abate the effects of an equity dilution pursuant to a conventional placement through the capital markets.

Results of Operations

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

In thousands of US dollars, except per share amounts	**2011 4th quarter**	**2011 3rd quarter**	**2011 2nd quarter**	**2011 1st quarter**
Statements of operations and comprehensive loss				
Net (loss) gain from continuing operations for the period	(1,411)	(1,003)	142	(860)
Net (loss) gain from discontinued operations	251	15,149	(1,568)	(669)
Net (loss) gain per share from continuing operations	(0.022)	(0.016)	0.002	(0.014)
Statement of financial position				
Working capital	13,487	7,827	3,505	6,860
Total assets	46,502	49,073	35,482	40,568
Statements of cash flows				
Investments in mineral properties	(1,509)	(2,046)	(3,301)	(2,037)
Cash flow from financing activities	-	-	-	(1,745)

	2010 4th quarter	**2010 3rd quarter**	**2010 2nd quarter**	**2010 1st quarter**
Statements of operations and deficit				
Net (loss) from continuing operations for the period	(3,772)	(2,125)	(4,030)	(965)
Net (loss) from discontinued operations for the period	2,881	(115)	(126)	(1,282)
Net (loss) profit per share from continuing operations	(0.09)	(0.05)	(0.12)	(0.03)
Statement of financial position				
Working capital	12,635	(3,145)	8,782	564
Total assets	42,379	31,979	25,352	8,887
Statements of cash flows				
Investments in mineral properties	(2,264)	(5,081)	-	-
Cash flow from financing activities	9,540	(13)	(126)	1,083

Year ended December 31, 2011

The net loss from continuing operations for the year ended December 31, 2011 was $3.1 million compared to $10.9 million in 2010, a decrease of $7.8 million. The annual variance is primarily due to the loss on disposition of the Company's exploration licenses in Zambia, resulting in a net loss on disposition of $2,869 in 2010. Also the decrease in fair value of the derivative liability produced a fair value gain of $1,460 in 2011 versus a fair value loss of $750 in 2010. Finally in 2011, administration expenses were lower by $1.8 million when compared to 2010. The difference is mainly due to higher expenses (mainly professional fees) incurred during the process of obtaining the mining license in the CAR during the third quarter of 2010.

There were no revenues in either year 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 there is reasonable assurances that the mining exploitation permit will be 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 was granted and since the 2011 BFS was completed. All other exploration expenditures incurred for other projects are expensed as incurred.

During the year ended December 31, 2011, the exploration, evaluation and development costs incurred were $19 compared to $2.1 million of exploration expenditures incurred during the year ended in 2010. The difference is primarily due to reporting the exploration and development costs incurred for the Sierra Leone project as a discontinued operation. During the year ended 2011, the total of $2.5 million in exploration and development costs was incurred for the Sierra Leone project and included in the gain from the discontinued operation.

As a result of adoption of IFRS, the Company changed its functional currency from the US dollar to the Canadian dollar. As a result of this change, common share purchase warrants denominated in currency other than functional currency must be reported separately in the liability section as a derivatives liability. At each reporting period, the warrants are fair valued and the change in the fair value is included in the consolidated statements of operations comprehensive loss. Under former Canadian GAAP, such equity instruments were included in the warrants of the shareholder's equity sections. During the year ended December 31, 2011, the change in fair value of warrants denominated in currency other than Canadian dollar amounted to $1.4 million unrealized gain compared to an unrealized loss of $0.8 million during the year ended December 31, 2010.

During the year ended December 31, 2011, the Company capitalized exploration and development costs to mineral properties for a net total of $7.7 million relating to the Bambari Permits compared to $16.7 million during the year ended December 31, 2010. The 25-year mining permit for Bambari was obtained in August, 2010, which became the starting point for capitalizing exploration and evaluation assets for Bambari. The high amount spent on mineral properties in 2010 relates to the fees paid and payable for the mining permit for the Passendro Gold Project in the CAR.

As at December 31, 2011 the Company's cumulative capitalized carrying value of mineral properties was $23.6 million compared to $16.7 million as at December 31, 2010. As explained above, adopting IFRS and change to the accounting policy are the principal reason for this variance.

As at December 31, 2011, exploration, evaluation and evaluation assets relating to Mali were $1.0 million (2010 - $1.2 million).

The available-for-sale securities as at December 31, 2011 totaled $1.3 million compared to $6.6 million in 2010. The difference relates primarily to the sale of the shares of CDC on January 10, 2011.

Amounts receivable decreased to $1.4 million when compared to the 2010 balance of $3.1 million. This receivable represents the amounts receivable in Avion shares relating to the closing of the Mali exploration permits transferred, at fair value. The decrease is due mainly to the reduction in the number of shares receivable and a reduction in fair value of the shares receivable, as of December 31, 2011.

Total liabilities at the end of December 31, 2011 amounted to $5.1 million compared to $10.5 million in 2010. The decrease is mainly attributable to the reduction in the bonus payment made to the Government of CAR in the amount of $3.0 million, the repayment of the loan to AOG in the amount of $1.7 million, and the reduction in the unrealized fair value of derivatives of $1.4 million.

Gain/loss from Discontinued Operations

On December 19, 2011, AXMIN closed the sale of its remaining 49% of the shares of its subsidiary, Nimini, which holds indirectly 100% of the exploration licenses for the Sierra Leone project to Polo for a cash consideration of $9 million.

On September 28, 2011, AXMIN closed the sale of 51% of the shares of its subsidiary, Nimini, to Polo for a cash consideration of $7.5 million.

As a result of the sale to Polo, AXMIN realized a gain of $15.7 million, ($15.6 million net of legal costs). Under the IFRS rules, exploration and evaluation assets relating to the Sierra Leone project have been expensed except for the acquisition cost of $811.

For the year ended December 31, 2011, the total gain from discontinued operations amounted to $13.2 million compared to a $1.4 million gain in 2010. The variance is primarily due to realizing $15.7 million gain on sale of the Sierra Leone subsidiary to Polo and a gain on disposal of marketable securities of Avion offset by exploration and development expenditures of $2.8 million.

The assets, liabilities and results of operations of Sierra Leone and Mali have been separately reported as discontinued operations in the consolidated statement of financial position and consolidated statements of operations and comprehensive loss. There are no remaining assets and liabilities in Sierra Leone as of December 31, 2011.

During the year ended December 31, 2011, the Company incurred general and exploration costs for Mali in the amount of $328, and net gain on disposal of marketable securities of $250, and the total of $2,526 in exploration costs for the Sierra Leone project.

Liquidity and Capital Resources

Going Concern

The Company is in the 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 mineral properties 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 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 December 31, 2011, the Company had working capital of $13,487, 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 and sale of assets. 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 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.

The award of the 25-year Mining License for the Passendro Gold Project and subsequent execution of Mandate Letters for a total of $235 million debt facility which is a mix of senior and subordinate convertible debt with a number of development agencies and commercial banks from Europe and South Africa, are important milestones for the Company's operations. However, debt providers' commitment to arrange financing is subject to satisfactory technical, legal and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals and additional funding will be required to proceed with the development towards commercial production.

These consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. 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.

Liquidity and Capital Resources

In 2011, the sale of the Sierra Leone licenses generated a net cash inflow of $16.4 million. In addition, during the year, the Company disposed of the shares of Avion and CDC generating net cash inflows of $2.9 million and $4.4 million respectively.

These transactions, totaling $23.7 million, 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.

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 December 31, 2011, the Company had cash resources of $14.7 million compared to $9.3 million balance as at December 31, 2010. All of these amounts are retained as cash on deposit, thus minimizing the credit risk. The increase in cash resources at December 31, 2011 is primarily due to net cash received from the transaction with Polo, $16.4 million.

Contractual Obligations

The Company has entered into agreements to lease premises for period until October 31, 2013. The annual rental cost of premises consists of $270 and it includes the minimal rent plus realty taxes, maintenance and utilities. 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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Parties

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

(a) $436 (2010 - $615) in legal services provided by a partnership related to a director of the Company. As at December 31, 2011, $85 (2010 - $90) was due to this partnership.
(b) $0 (2010 - $22) 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

The Company's consolidated financial statements for the year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company adopted IFRS for the first time in 2011, with a transition date of January 1, 2010. Prior to the adoption of IFRS, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). A summary of the significant changes to the Company's accounting policies is disclosed in Note 16 of the consolidated financial statements.

Notes for reconciliations from Canadian GAAP to IFRS

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

<u>Exploration and Evaluation (E&E) Assets – IFRS 6</u>

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. During the year ended December 31, 2010, $27,206 of exploration costs was expensed.

<u>Share Based Payments – IFRS 2</u>

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. For the year ended December 31, 2010, share-based compensation was increased by $393.

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.

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 parent company's functional currency is the Canadian dollar and that of all of its subsidiaries is the USD.

Transactions in currencies other than an entity's functional currency 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.

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.

Recent accounting pronouncements

The following are new pronouncements approved by the International Accounting Standards Board ("IASB"). The following new Standards and Interpretations are not yet effective and have not been applied in preparing these financial statements, however, may impact future periods. The Company intends to adopt those standards when they become effective.

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. 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$280-310 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, 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, 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, licenses and permits. Such approvals, licenses 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, licenses 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, (CFA Franc) 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	63,274,215
Stock options	4,445,000
Common share purchase warrants	11,903,018
Fully diluted share capital	**79,622,233**

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

April 25, 2012

The accompanying consolidated financial statements of AXMIN Inc. (the "Company") and all information in this annual report are the responsibility of management and have been reviewed and approved by the Company's Board of Directors. The consolidated financial statements and the related notes have been prepared in accordance with International Financial Reporting Standards and necessarily include amounts based on management's informed judgments and estimates. Financial information included elsewhere in this annual report is consistent with that contained in the consolidated financial statements.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that assets are safeguarded.

The Company's independent auditors, Ernst & Young LLP, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express an opinion on the consolidated financial statements. Their report is set on the following page.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is comprised entirely of independent directors and meets annually with management and Ernst & Young LLP to discuss the results of their audit examination and to review issues related thereto. The external auditors have full and direct access to the Audit Committee with and without the presence of management. The Audit Committee reviews the consolidated financial statements and Management's Discussion and Analysis and recommends their approval to the Board of Directors.

The Audit Committee recommends the appointment of the external auditors. The Audit Committee also meets quarterly to review interim and annual consolidated financial statements and related materials and reports its findings to the Board of Directors for its consideration in approving the consolidated interim and annual financial statements for public dissemination.

"Signed"	*"Signed"*
George Roach President, Chief Executive Officer and Director	Janina Dusza Chief Financial Officer

To the Shareholders of AXMIN Inc.
We have audited the accompanying consolidated financial statements of AXMIN Inc., which comprise the consolidated statement of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AXMIN Inc. as at December 31, 2011 and 2010, and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to the consolidated statement of operations and comprehensive loss which indicates that the Company incurred a net loss from continuing operations of $3.1 million and $10.9 million during the years ended December 31, 2011 and 2010, respectively. Along with other matters as set forth in Note 1 in the consolidated financial statements, this indicates the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

Toronto, Canada
April 25, 2012

Ernst & Young LLP
Chartered Accountant
Licensed Public Accountants

Consolidated Statement of Financial Position

(Nature of operations and going concern – *Note 1*)
(Expressed in thousands of United States dollars)

As at	**December 31 2011**	December 31 2010 *(note 16)*	January 1 2010 *(note 16)*
Assets			
Current assets			
Cash and cash equivalents	**14,746**	9,278	340
Available-for-sale securities *(note 14)*	**1,254**	6,599	801
Amounts receivable	**460**	138	68
Amounts receivable – other *(note 4b)*	**1,436**	3,060	-
Prepaid expenses and deposits	**659**	223	47
	18,555	19,298	1,256
Non-current assets			
Mineral properties *(note 4a)*	**23,568**	16,692	-
Property, plant and equipment *(note 5)*	**1,050**	1,345	2,171
Goodwill *(note 6)*	**2,236**	2,236	-
Assets of discontinued operations *(note 7)*	**1,038**	1,230	4,445
Long-term receivable *(note 4b)*	**-**	1,530	-
Other assets, net	**55**	48	62
	27,947	23,081	6,678
	46,502	42,379	7,934
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	**1,257**	937	542
Amounts payable to Government of the CAR *(note 4a)*	**3,000**	2,902	-
Current portion of shareholder loan *(note 9)*	**-**	548	-
Amounts due to related parties *(note 9)*	**85**	90	264
Unrealized fair value of derivatives *(note 8)*	**400**	1,860	-
Liabilities of discontinued operations *(note 7)*	**326**	326	-
	5,068	6,663	806
Non-current liabilities			
Long-term payable to Government of the CAR *(note 4a)*	**-**	2,627	-
Shareholder loan – long-term *(note 9)*	**-**	1,197	477
	-	3,824	477
Total Liabilities	**5,068**	10,487	1,283
Commitments and contingencies *(note 10)*			
Shareholders' equity *(note 8)*			
Share capital	**133,885**	133,038	105,374
Warrants reserve	**6,594**	6,617	2,781
Stock options reserve	**8,079**	7,341	6,039
Deficit	**(107,847)**	(117,878)	(108,344)
Accumulated other comprehensive income (loss) *(note 11)*	**723**	2,774	801
	41,434	31,892	6,651
	46,502	42,379	7,934

On Behalf of the Board of Directors

"Signed"
Robert Metcalfe, Chairman

"Signed"
David de Jongh Weill, Director

Consolidated Statements of Operations and Comprehensive Loss

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

For the years ended December 31,	**2011**	2010 *(note 16)*
Expenses		
Administration	**3,813**	5,593
Exploration, evaluation and development costs *(note 4b)*	**19**	2,147
Impairment charges on mineral properties *(note 4a and 4b)*	**814**	-
Loss on disposal of assets	**-**	375
Loss on disposal of investment, net *(note 4a)*	**-**	2,869
Share-based compensation *(note 8)*	**738**	1,302
	5,384	12,286
Other Income		
Gain on foreign exchange	**(27)**	(587)
Gain on sale of marketable securities *(note 14)*	**(1,403)**	(874)
Unrealized loss (gain) on shares receivable from Avion *(note 4b)*	**662**	(509)
Change in fair value of derivatives *(note 8)*	**(1,460)**	750
Interest expense, net	**(1)**	123
	(2,229)	(1,097)
Loss from continuing operations before income taxes for the year	**3,155**	11,189
Deferred tax recovery	**(23)**	(297)
Net loss from continuing operations for the year	**3,132**	10,892
Loss (gain) from discontinued operations, net of income taxes *(note 7)*	**(13,163)**	(1,358)
Net (income) loss	**(10,031)**	9,534
Other comprehensive income *(note 11)*		
Fair value loss (gain) on available-for-sale financial assets	**665**	(2,343)
Foreign currency translation	**(267)**	(504)
Other comprehensive (income) loss	**398**	(2,847)
Total comprehensive (income) loss	**(9,633)**	6,687
Net loss (income) per common share (basic and diluted) *(note 17)*		
Continuing operations	**0.05**	0.25
Discontinued operations	**(0.21)**	(0.03)
Basic and diluted loss (income) per common share *(note 17)*	**(0.16)**	0.22
Weighted average number of common shares outstanding *(note 17)*	**62,767,410**	43,728,144

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of United States Dollars except share data)

For the years ended December 31,	2011		2010	
				(note 16)
	Number	**Amount ($)**	Number	Amount ($)
Share capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of year	**623,580,534**	**133,038**	307,979,901	105,374
Shares issued on acquisition of minority interest in the Sierra Leone project *(note 4b and note 8)*	**4,388,370**	**811**	-	-
Shares issued to Government of CAR *(note 4)*	**-**	**-**	26,000,000	2,139
Shares issued on acquisition of AfNat *(note 6)*	**-**	**-**	206,267,300	19,547
Shares issued to consultant *(note 8)*	**302,843**	**36**	-	-
Shares issued through private placement			83,333,333	5,978
Balance, end of year	**628,271,747**	**133,885**	623,580,534	133,038
Warrants reserve				
Balance, beginning of year	**135,846,878**	**6,617**	55,966,667	2,781
Warrants issued *(note 6 and note 8)*	**-**	**-**	102,027,178	3,877
Warrants issued to Government of CAR *(note 8)*	**-**	**-**	20,000,000	-
Excess of fair value of warrants over AfNat's options cancelled on acquisition *(note 6)*		**-**		256
Warrants expired *(note 8)*	**(6,916,020)**		(42,146,967)	
Deferred tax recovery on warrants expired		**(23)**		(297)
Balance, end of year	**128,930,858**	**6,594**	135,846,878	6,617
Stock options reserve				
Balance, beginning of year		**7,341**		6,039
Share-based compensation expense *(note 8)*		**738**		1,302
Balance, end of year		**8,079**		7,341
Deficit				
Balance, beginning of year *(note 16)*		**(117,878)**		(108,344)
Net income (loss) for the year		**10,031**		(9,534)
Balance, end of year		**(107,847)**		(117,878)
Accumulated other comprehensive income, net of tax				
Balance, beginning of year		**2,774**		801
Other comprehensive income		**(2,051)**		1,973
Balance, end of year		**723**		2,774
Shareholders' equity, end of year		**41,434**		31,892

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in thousands of United States Dollars)

For the years ended December 31,	**2011**	2010 *(note 16)*
Operating Activities		
Net loss for the year– continuing operations	**(3,132)**	(10,892)
Net gain for the year – discontinued operations *(note 7)*	**13,163**	1,358
Impairment charges *(note 4a and note 7 and note 16)*	**814**	1,680
Loss on disposal of assets	**-**	375
Gain on disposal of subsidiary *(note 4b and note 7)*	**(15,587)**	-
Loss on sale of investment *(note 4a)*	**-**	2,869
Share-based compensation expense *(note 8)*	**738**	1,302
Exploration, evaluation and development costs financed with share issuance *(note 8)*	**36**	-
Provision for income tax expense – discontinued operations *(note 7)*	**-**	326
Deferred tax recovery *(note15)*	**(23)**	(297)
Unrealized gain on foreign exchange	**-**	(471)
Unrealized loss (gain) on shares receivable from Avion *(note 4b)*	**662**	(509)
Change in fair value of derivatives *(note 8)*	**(1,460)**	750
Non-cash consideration from discontinued operations *(note 7)*	**(180)**	(3,191)
Realized gain on sale of marketable securities *(note 14)*	**(1,653)**	(874)
Changes in non-cash working capital	**(984)**	143
Amortization of other assets	**16**	14
Net cash outflow from operating activities	**(7,590)**	(7,417)
Investing Activities		
Additions to mineral properties *(note 4a)*	**(6,817)**	(7,027)
Change in amounts payable relating to mineral properties	**(2,076)**	(318)
Cash acquired through acquisition *(note 6)*	**-**	10,361
Proceeds from sale of assets	**-**	631
Proceeds from sale of marketable securities *(note 14)*	**7,332**	2,009
Proceeds from sale of discontinued operations *(note 4b)*	**16,571**	81
Net cash inflow from investing activities	**15,010**	5,737
Financing Activities		
Issuance of shares *(note 8)*	**-**	9,904
Cost of share issuance *(note 8)*	**-**	(486)
Proceeds (repayment) of shareholder loan *(note 9)*	**(1,745)**	1,066
Net cash inflow (outflow) from financing activities	**(1,745)**	10,484
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**(207)**	153
Change in cash and cash equivalents during the year	**5,468**	8,957
Cash and cash equivalents, beginning of year	**9,278**	340
Cash and cash equivalents, discontinued operations *(note 7)*	**-**	(19)
Cash and cash equivalents, end of year	**14,746**	9,278
Supplemental Cash Flow Information		
Interest paid (received)	**(1)**	-
Income taxes paid	**-**	-

See accompanying notes to the 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, east 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 acquired 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 the 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 mineral properties 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 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 December 31, 2011, the Company had working capital of $13,487, 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 and sale of assets. 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 additional funding 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 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 consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in 2011 with a transition date of January 1, 2010. As such, these are the Company's first consolidated financial statements prepared in accordance with IFRS. 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 generally accepted accounting principles ("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 period.

3. Summary of presentation and significant accounting policies, judgements, estimates and assumptions

Basis of presentation
The consolidated financial statements 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 periods presented.

These consolidated financial statements of the Company were authorized for issuance by the Board of Directors on April 25, 2012.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and subsidiaries as at December 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
Aurafrique SARL (CAR)	100% owned
SOMIO Toungou SA (CAR)	100% owned
AXMIN RCA SARL	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 functional currency, carrying value of goodwill, and whether costs are expensed or capitalized. While management believes that these estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

The following judgements and estimates have been made by the Company in applying accounting policies which have the most significant impact on the amount recognized in the consolidated financial statements.

Mineral properties have been evaluated using the discounted cash flow method, by taking into account year on year milled tonnages and grades for the ore and the associated recoveries, gold price (revenue), operating costs, bullion transport and refining charges, royalties and capital expenditure (both initial and sustaining). The calculation of the discounted cash flows could be impacted to the extent that actual production in the future is different from current forecast production. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Company analyzed both the primary and secondary factors, including the currency of the Company's operating costs in both Canada and Africa, and sources of equity financing.

Significant assumptions with respect to share-based payment expense include an estimate of the volatility of the Company's shares and the expected life of the options, which are subject to measurement uncertainty.

The fair values of financial instruments are estimated based on market and other inputs including volatility factors and time value. These estimates are subject to changes in the underlying interest rates, foreign exchange rates, and the Company's share price in the market.

Summary of significant accounting policies

Foreign currency translation
The parent company's functional currency is the Canadian dollar and that of all of its subsidiaries is the U.S. dollar. The Company's consolidated financial statements are reported in US dollars, which is the Company's presentation currency. The US dollar was selected as presentation currency in order to facilitate understanding by international users of these financial statements.

Transactions in currencies other than an entity's functional currency 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 net earnings or loss. Non-monetary items are translated using the historical exchange rates as at the dates of the initial transactions.

In translating the financial results of the parent company from its functional currency of Canadian dollars to the presentation currency of US 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 US 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 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. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs.

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 investments held for trading are recognized in profit or loss.

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, less impairment. The losses arising from impairment are recognized in the consolidated statement of comprehensive loss.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net earnings.

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 at the date of purchase of three months or less.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives, as appropriate. 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 loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable, accrued liabilities, and a derivative liability.

Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the effective interest rate method amortization process. 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 income.

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

Financial liabilities 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. Gains or losses on liabilities held for trading are recognized in profit or 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 1 consists of financial instruments such as quoted share prices.

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.

Mineral properties
Exploration and evaluation assets
Exploration and evaluation costs, including the cost of acquiring licenses, are expensed as exploration costs in the consolidated statement of loss and comprehensive loss until the determination of the technical feasibility, commercial viability and there is reasonable assurance of obtaining of the exploitation license of the Project. Exploration costs include costs directly related to exploration and evaluation 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, the rights of tenure are current and it is considered probable that the costs will be recouped 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 mining permit is to be obtained, subsequent exploration and development expenses are capitalized in Mineral Properties. Upon reaching commercial production, these capitalized costs will be transferred from development properties to producing properties on the Consolidated Statement of Financial Position and will be amortized using the unit-of-production method over the estimated period of economically recoverable reserves.

Development costs
Expenditure on the pre-construction work such as early on-site infrastructural upgrades is capitalized in mineral properties.

Carried interest and farm-in arrangements
The Company recognizes its expenditures under a farm-in or carried interest arrangement for exploration and evaluation assets in respect of its interest and that retained by the other party, as and when the costs are incurred. Such expenditures are recognized in the same way as the Company's directly incurred exploration and evaluation expenditures.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation is recorded using the straight-line method based on an estimated useful life of five years for vehicles, ten years for equipment and 25 years for building. Leasehold improvements are amortized on a straight-line basis over the term of the respective lease. Depreciation of property, plant and equipment used for exploration and development is capitalized to mineral properties when the criteria for capitalization are met.

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 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 loss and comprehensive loss.

Cash generating units with goodwill are 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 business, 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 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 profit or loss 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.

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 of the instruments granted is measured using Black-Scholes option pricing model, 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.

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 recognized 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 Loss and Comprehensive Loss.

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 whose exercise price is denominated in Canadian currency are fair valued and carried in the Shareholders' Equity section of the balance sheet. Warrants that are denominated in, a currency other than Company's functional currency are fair valued and classified as derivatives in the current liabilities section of the consolidated Statement of Financial Position.

Earnings/loss per share

Earnings/loss per common share has been calculated based on the weighted average number of common shares issued and outstanding during the year. 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 year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted earnings/ loss per share are the same.

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.

Standards issued but not yet effective

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 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 Involvement with 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.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

4. Exploration and evaluation assets

a) Mineral properties

Mineral properties include the Bambari properties for the Passendro gold project located in CAR.

	Bambari (CAR)	Others	Total
Balance as at January 1, 2010	-	-	-
Additions	6,922	-	6,922
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	**15,713**	**979**	**16,692**
Additions	7,317	-	7,317
Increase in amounts payable to Government of CAR	373	-	373
Impairment charges (note 4b)	-	(814)	(814)
Balance – December 31, 2011	**23,403**	**165**	**23,568**

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), also granted in August 2010. The Bambari properties had been the subject of substantial exploration by AXMIN since the discovery of the Passendro project. The Passendro project is situated in the centre of the Mining Licence which is ring-fenced by the two Bambari Exploration Licences.

On August 9, 2010 the Company was awarded a 25-year Mining Licence for the Passendro project. As part of the licence grants, the Company owed the Government of CAR $11 million payable in three tranches. On August 18, 2010, the Company paid the first tranche in the amount of $5 million. The second tranche in the amount of $3 million was paid on April 25, 2011 and the third tranche of $3 million was due in April 2012. This amount was paid in January, 2012.

Pursuant to the awarding of the Mining Licence, on September 21, 2010 the Company issued 26,000,000 common shares fair valued at C$0.085 and 20,000,000 common share purchase warrants to the Government of CAR as consideration in exchange for the project 10% 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 8 for the warrants. Due to the share consolidation that occurred subsequent to the year end as described in Note 17, the Government of CAR now owns 2,600,000 common shares and 2,000,000 share purchase warrants exercisable at a price of $3.00.
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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. As described in the subsequent events note disclosure, the Company purchased the 2% NSR from URL for C$250 consideration payable in shares of the Company.

As of April 25, 2012, AXMIN, with the assistance of our financial advisors Endeavour Financial, have executed mandate letters for a total of US$235 million in debt facility which is a mix of senior and subordinate convertible debt with a number of development agencies and commercial banks from Europe and South Africa. The debt providers' mandate letters are commitments to arrange financing on a best efforts basis and is subject to legal, technical and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals. Details of the mandates signed to date are as follows:

- On July 20, 2011, AXMIN executed a mandate letter with The Standard Bank, an international financial institution headquartered in Johannesburg, South Africa. Under the terms of the mandate, Standard Bank is appointed as the Mandated Lead Arranger ("MLA") to arrange and underwrite a $100 million Export Credit Insurance Corporation of South Africa Limited ("ECIC") backed term loan facility.
- On January 26, 2012, AXMIN signed Mandate Letters with four new financial institutions for an additional US$85 million in debt facility.

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- On March 9, 2012, AXMIN signed a Mandate Letter with the International Finance Corporation ("IFC") for a further US$25 million in senior debt and US$25 million in subordinated convertible debt. IFC has provided an indicative term sheet where it will play a lead role in coordinating the overall debt package for the Development Finance Institutions ("DFIs").

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

Mali – discontinued operation
On March 31, 2010, AXMIN and Avion Gold Corporation ("Avion") (AVR-TSX) 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 December 30, 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 is receivable 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 December 31, 2011, AXMIN received cash in aggregate of C$256 and 2,306,250 common shares of Avion. Proceeds received during the year ended December 31, 2011 amounted to C$175 cash and 1,575,000 common shares.

The following table shows the composition of proceeds receivable as at December 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, 2011
March 11, 2012	6	56,250	90
May 24, 2012	80	731,250	1,164
September 11, 2012	6	56,250	90
Total	**$92**	**843,750**	**$1,344**

For the year ended December 31, 2010, the proceeds receivable were $3,060 classified as current and $1,530 classified as long-term.

The Company recorded an unrealized loss in the amount of $662 in 2011 and an unrealized gain of $509 in 2010 as a result of the change in fair value change of the share proceeds receivable.

The closing of the remaining three concessions will take place once closing conditions are satisfied. As at December 31, 2011, due to the recent changes in the local government, management is unable to estimate the closing time of those three permits. 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 compliant 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.

In June, 2011, SEMOS notified AXMIN that it was terminating the joint venture over the Satifara permit. As such, AXMIN retained its full interest in the joint venture with AXMIN holding 94.45% and African Goldfield Mali Limited 5.55%.

AXMIN did not incur any exploration expenditures during the 2011 year with respect to the Satifara permit.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

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

	Bambari (CAR)	**Others**	**Total**
Exploration, evaluation and development costs as at January 1, 2010	20,029	1,146	21,175
Additions	465	151	616
Disposal of exploration, evaluation and development costs – Zambia	-	(141)	(141)
Exploration, evaluation and development costs – December 31, 2010	20,494	1,156	21,650
Additions	-	19	19
Balance – December 31, 2011	**20,494**	**1,175**	**21,669**

Sierra Leone – discontinued operation
On June 9, 2011, AXMIN and Fuller Capital Corp. ("Fuller") entered into an amalgamation agreement (the "Definitive Agreement") to spin-off AXMIN's Sierra Leone assets. Subsequently, on August 3, 2011, AXMIN terminated the amalgamation agreement with Fuller. Pursuant to the terms of the amalgamation agreement, AXMIN paid Fuller a C$200 break fee on August 19, 2011.

On September 28, 2011, AXMIN closed the sale of 51% of the shares of its subsidiary, Nimini Holdings Limited ("Nimini"), which holds indirectly 100% of the exploration licenses for the Sierra Leone project, to Polo Resources Limited ("Polo") for a cash consideration of $7.5 million.

On December 19, 2011, AXMIN closed the sale of its remaining 49% in Nimini to Polo for a cash consideration of US$9 million.

As a result of the sale of Nimini to Polo, AXMIN realized a gain of $15.7 million, ($15.6 million net of legal costs). Under the IFRS rules, exploration and evaluation assets relating to the Sierra Leone project have been expensed, except for the acquisition cost of $811. Details on the recognized and reported gain from the discontinued operations are described further in note 7.

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).

Senegal
In July 2011, Teranga Gold Corporation ("Teranga") earned an 80% interest in Sounkounko, Heremokono and Sabodala NW explorations licences (the "Senegal Project") located in the Birimian belt of eastern Senegal, by spending $6 million on exploration. AXMIN has retained a 20% interest in the Project.

As described in the subsequent events note, on February 28, 2012, as a result of Teranga advancing the Gora deposit towards development, AXMIN and its joint venture partner Sabodala Mining Company SARL ("SMC"), a wholly owned subsidiary of Teranga, had agreed to amend the original 2008 joint venture agreement to more adequately represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "Agreement") supersedes and replaces the original joint venture agreement. As per the Agreement, AXMIN will have a free carried interest of $2.5 million, with respect to the Target Areas work costs starting from October 1, 2011, after which both parties are to jointly fund Target Area work costs on a pro-rata basis.

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 100% 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. All of the data from exploration work completed by Rio Tinto on behalf of the joint venture agreement was relinquished to AXMIN.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

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 year ended December 31, 2011.

Considering that Mavita is a greenfield base metal project, which is not AXMIN's focus at this time, management has not budgeted for any exploration expenditures in the near future and efforts to enter into a JV agreement had been unsuccessful. In addition, market for nickel prices has moved in an unfavourable direction, whereby prices have declined approximately 60% within the last five years, which negatively impacts the value of this property. As a result, indicators exist that the fair value of this property is impaired as at December 31, 2011. The Company tested this property for impairment and determined that its book value exceeds the fair value of approximately $165k, resulting in $814 write-down as of December 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.

5. Property, plant and equipment

	Equipment	Vehicles	Leasehold Improvements	Building	Total
Cost					
Balance – Jan 1, 2010	2,202	824	613	102	3,741
Additions	-	-	-	-	-
Disposals	(753)	(188)	-	-	(941)
Balance – Dec 31, 2010	1,449	636	613	102	2,800
Additions	47	-	50	52	149
Disposals	-	-	-	-	-
Balance – Dec 31, 2011	**1,496**	**636**	**663**	**154**	**2,949**
Accumulated Depreciation					
Balance – Jan 1, 2010	881	329	327	33	1,570
Depreciation	220	165	123	4	512
Disposals	(502)	(125)	-	-	(627)
Balance – Dec 31, 2010	599	369	450	37	1,455
Depreciation	150	127	161	6	444
Balance – Dec 31, 2011	749	496	611	43	1,899
Carrying Amount					
At Jan 1, 2010	1,321	495	286	69	2,171
At Dec 31, 2010	850	267	163	65	1,345
At Dec 31, 2011	747	140	52	111	1,050

The entire balance of property, plant and equipment relates to the Passendro gold project in the 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. 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.

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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.

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**

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
Balance, December 31, 2010 and 2011	2,236

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 of $10.3 million along with the marketable securities available for sale increased the liquidity of the Company; and the new CEO has extensive experience in securing and establishing mineral exploration tenure and operations throughout Africa, namely the CAR. After considering how these benefits would affect the Company based on its plans and intentions, management determined that the Passendro gold project in the CAR was the CGU to which virtually all benefits and synergies obtained from this acquisition related to.

The Company assessed the goodwill for impairment as at December 31, 2011. The recoverable amount for the Passendro Gold Project CGU exceeded the carrying amount and as such, no impairment was recognized.

7. Dispositions

Sierra Leone
As described in note 4, during the months of September and December, 2011, AXMIN closed the sale of 100% of the shares of its subsidiary, Nimini, which holds indirectly 100% of the exploration licences for the Sierra Leone project to Polo for a cash consideration of $16.5 million. There are no assets or liabilities from the discontinued operation in Sierra Leone as at December 31, 2011.

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

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

transferred all its rights, titles, and interest for an aggregate purchase price of $65. This disposition resulted in a net loss of $2,869.

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 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 as at September 30, 2011, which represents 70% of the total proceeds. 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 December 31 were as follows:

	2011	2010
General exploration costs	**(2,803)**	(507)
Asset impairment	**-**	(985)
Current income tax expense	**-**	(326)
Other expenses	**(51)**	(15)
Loss from discontinued operations	**(2,854)**	(1,833)
Consideration received on disposal – Mali	**180**	3,191
Net consideration received on disposal – Sierra Leone	**15,587**	-
Gain on disposal of marketable securities	**250**	-
Net gain (loss) from discontinued operations, net of income taxes	**13,163**	1,358

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

	2011	2010
Cash and cash equivalents	**-**	19
Exploration and development costs	**1,038**	1,211
Assets of discontinued operations	**1,038**	1,230
Accounts payable and accrued liabilities	**326**	326
Liabilities of discontinued operations	**326**	326

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.

There is no income tax provision recorded for the sale of the Sierra Leone subsidiary because the gain on disposal is recognized in the British Virgin Island based entity.

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.

As discussed in note 4, on February 15, 2011, the Company issued an aggregate of 4,388,370 common shares at 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

During the year ended December 31, 2011, the Company issued an aggregate of 302,843 common shares for total fair value of $36 as a consideration for consulting services paid to an independent geologist. The full amount of $36 has been capitalized to mineral properties.

As a result of the above transactions, the share capital increased to 628,271,747 common shares as at December 31, 2011. The share consolidation that occurred subsequent to the year-end as described in the note 17 reduced the common shares outstanding to 62,827,175.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

There were no common share purchase warrants issued or exercised during the year ended December 31, 2011. There were 122,027,178 common share purchase warrants issued during the year ended December 31, 2010 at fair value of $4,987. Warrants expired totalled to 6,916,020 and 42,146,967 during the year ended December 31, 2011 and December 31, 2010 respectively.

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. 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 warrants have an exercise price of $0.30 and expire on August 8, 2015. 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). As these warrants have an exercise price denominated in a currency other than the Company's functional currency, they have been accounted for as a derivative liability. As a result, the fair value of these warrants is re-valued at each reporting period and the resulting unrealized gain or loss is recorded in the consolidated statements of operations and comprehensive loss. The fair value of the warrants at the time of issue and as at December 31 was determined using the Black Scholes Option pricing model with the following assumptions:

	2011	**2010**	**August 9, 2010**
Risk free interest rate	0.99%	2.25%	2.25%
Expected life in years	3.6 years	4.6 years	5.0 years
Expected volatility	108%	108%	109%
Expected dividend yield	0.0%	0.0%	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 6. 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%

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.

During the year ended December 31, 2011, the Company granted an aggregate of 5,050,000 options, of which 1,200,000 are exercisable at C$0.14 each and 3,850,000 are exercisable at C$0.10 each and expiring five years from the date of issue. During the year ended December 31, 2010, the Company granted an aggregate of 23,500,000 stock options exercisable at C$0.10 each and expiring on June 28, 2015. A net total of $738 in share-based compensation has been expensed for the year ended December 31, 2011 ($1,302 in 2010). Share-based compensation resulting from unvested options that expired or were cancelled during the year amounted to $54 ($nil in 2010).

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

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	**1.27%**	2.48%
Expected stock price annual volatility	**109%**	104%
Weighted average expected life (years)	**3.3**	3.1
Estimated forfeiture rate	**3.90%**	4.08%
Expected dividend yield	**0.0%**	0.0%
Weighted average fair value cost per option	**0.24**	0.26

As at December 31, 2011, 35.7 million (2010, 34.7 million) options are available for future issuance under the Plan.

As at December 31, 2011, common share stock options held by directors, officers and employees and activity during the years ended December 31, 2011 and 2010 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	24,600,000	0.10	3.60	22,587,500	0.10
0.11 to 0.14	1,350,000	0.14	4.19	712,500	0.14
0.15 to 0.30	550,000	0.15	1.69	550,000	0.15
0.31 to 0.70	250,000	0.45	1.48	250,000	0.45
0.71 to 1.00	350,000	0.96	0.19	350,000	0.96
	27,100,000	0.12	3.53	24,450,000	0.12

	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	5,050,000	0.11
Options expired/cancelled	(5,575,000)	0.42
Options exercised	-	-
Balance at December 31, 2011	**27,100,000**	**0.12**

9. Related parties

a) During the year ended December 31, 2011 and 2010, the Company incurred:

   i) $436 (2010 - $615) in legal services provided by a partnership related to a director of the Company. At December 31, 2011, $85 (2010 - $90) was due to this partnership.

   ii) $0 (2010 - $22) 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, 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 – 161,844,752) common shares and 22,550,000 (2010 – 22,550,000) common share purchase warrants, representing approximately 26% (2010 - 26%) of AXMIN's issued and outstanding common shares on a non-dilutive basis. The share consolidation that occurred subsequent to the year-end as described in note 17 reduced these holdings to 16,184,475 common shares and 2,255,000 common share purchase warrants.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

c) As of December 31, 2010, 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 ($1,745).

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.

	December 31, 2011	December 31, 2010
Less than 1 year	**270**	**136**
1 - 3 years	**225**	**191**
4 - 5 years	**-**	**-**
Total	**495**	**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

During the year ended December 31, 2011, the following activities impacted the accumulated other comprehensive income balance:

	December 31, 2011	December 31, 2010
Balance, beginning of year	**2,774**	801
- fair value (loss) gain on available- for-sale financial assets arising during the year	**(665)**	2,343
- reclassification adjustments for gains recorded in earnings during the year	**(1,653)**	(874)
- effects of foreign currency translation	**267**	504
Balance, end of year	**723**	2,774

12. Segmented information

The Company operates in one industry segment: mineral exploration and development. During the year ended December 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.

The Company's capital primarily consists of cash and cash equivalents in the amount of $14.7 million at December 31, 2011. The Company also has available-for-sale securities in the amount of $1.3 million and receivable in the amount of $1.9 million. The Company's primary objectives when managing capital are to safeguard the Company's ability to perform exploration and development on its properties as well as maintain investor and market confidence.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the Company's size. The Company is not subject to other externally imposed capital requirements.

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 December 31, 2011, the Company had cash and cash equivalents of $14,476, (2010 - $9,278). 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 in Ghana.

The following table shows the composition of available-for-sale securities disposed and the realized gain on disposal for the year ended December 31, 2011 and 2010.

	Fair Value on Dispositions		**Cost**		**Realized Gain**	
	2011	2010	**2011**	2010	**2011**	2010
Copper Development Corporation	**4,453**	-	**3,050**	-	**1,403**	-
Avion Gold Corporation	**2,879**	-	**2,629**	-	**250**	-
Kalahari Minerals PLC	**-**	190	**-**	189	**-**	1
Noble Resources	**-**	743	**-**	-	**-**	743
Niger Uranium Limited	**-**	1,076	**-**	946		130
	7,332	2,009	**5,679**	1,135	**1,653**	874

The following table shows the composition of the fair value for available- for- sale securities as of December 31, 2011 and 2010, and as of January 1, 2010.

	2011 # of Shares	**2011 Fair Value**	Dec 31, 2010 # of Shares	Dec 31, 2010 Fair Value	Jan 1, 2010 # of Shares	Jan 1, 2010 Fair Value
CDC	**-**	**-**	9,571,427	5,151	-	-
Avion	**787,500**	**1,254**	731,250	1,448	-	-
Noble	**-**	**-**	-	-	3,000,000	801
	787,500	**1,254**	10,302,677	6,599	3,000,000	801

(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,

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United States Dollar 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 US 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 December 31, 2011 was 1.017 Canadian dollars to 1 US dollar and 1.580 Canadian dollars to 1 UK pound sterling. Based on the balances at December 31, 2011, income will increase or decrease by $714 and $1 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 December 31, 2011 is US$14,045 and 10 UK pound sterling.

(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 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 has issued USD denominated common share purchase warrants which are classified as a derivative liability. Among other variables, the fair value of this liability is affected by changes in the market price of the shares.

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 December 31, 2011:

	Total	Level 1	Level 2	Level 3
Financial Assets:				
Cash and cash equivalents	14,746	14,746	-	-
Available-for-sale securities	1,254	1,254	-	-
Accounts receivable	1,896	1,436	460	-
	17,896	17,436	460	
Financial Liabilities:				
Current liabilities	5,068	4,668	400	-
Long-term liabilities	-	-	-	-
	5,068	4,668	400	-

15. Income tax

Tax expense recorded in the financial statements

	2011	2010
Discontinued operations taxes	**-**	326
Continuing operations tax recovery	**(23)**	(297)
Total taxes recorded in the financial statements	**(23)**	29

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

A reconciliation between tax expense and the product of accounting loss multiplied by the Corporation's domestic tax rate is as follows:

	2011	2010
Net loss before tax from continuing operations	**(3,155)**	(11,189)
Statutory tax rate	**28.25%**	31.00%
Tax benefit of statutory rate	**(891)**	(3,469)
Foreign tax expense differential	**(668)**	969
Temporary differences not recognized for financial statement purposes	**1,236**	1,775
Permanent differences	**300**	428
Total tax recovery	**(23)**	(297)

The 2011 statutory tax rate of 28.25% differs from the 2010 statutory rate of 31% because of the reduction in both federal and Ontario substantively enacted tax rates.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings.

Deductible temporary differences:	**2011**	2010
Tax loss carry-forwards	**11,779**	10,354
Exploration and development	**70,763**	83,546
Share issue costs	**28**	60
Foreign exchange	**7,226**	8,233
Property plant and equipment	**76**	22
Deferred tax assets	**90,027**	102,215

At December 31, 2011, the Company has the unclaimed non-capital losses that expire as follows:

Expiry date	**Amount**
2014	**573**
2015	**1,080**
2026	**1,351**
2027	**523**
2028	**1,762**
2029	**2,531**
2030	**2,305**
2031	**1,809**
	11,934

16. Transition to IFRS

These consolidated financial statements have been prepared in accordance with IFRS. Prior to January 1, 2011, the Company prepared its financial statements in accordance with 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 as at January 1, 2010 and for the year ended December 31, 2010 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.

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 optional 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. The Company has chosen to apply IFRS 3 prospectively and not to restate business combinations prior to January 1, 2010.

- IAS 21 *The effects 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.

- The company elected to deem the cost of property, plant and equipment equal to its Canadian GAAP historical property, plant and equipment net book value as at January 1, 2010.

- 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 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.

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

Reconciliation of Consolidated Statement of Financial Position

	As at January 1, 2010			As at December 31, 2010		
	Canadian GAAP	IFRS Adjustments	IFRS	Canadian GAAP	IFRS Adjustments	IFRS
Assets						
Current Assets						
Cash and cash equivalents	340	-	340	9,278	-	9,278
Available-for-sale marketable securities	801	-	801	6,599	-	6,599
Accounts receivable	68	-	68	138	-	138
Accounts receivable – other	-	-	-	3,060	-	3,060
Prepaid expenses and deposits	47	-	47	223	-	223
	1,256	**-**	**1,256**	**19,298**	**-**	**19,298**
Mineral properties *(note c)*	26,485	(26,485)	-	43,898	(27,206)	16,692
Property, plant and equipment *(note e)*	3,741	(1,570)	2,171	2,800	(1,455)	1,345
Goodwill	-	-	-	2,236	-	2,236
Assets of discontinued operations	4,445	-	4,445	1,230	-	1,230
Long-term receivable	-	-	-	1,530	-	1,530
Other assets, net	62	-	62	48	-	48
	35,989	**(28,055)**	**7,934**	**71,040**	**(28,661)**	**42,379**
Liabilities and shareholders' equity						
Current and Long-term liabilities						
Accounts payable and accrued liabilities	542	-	542	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	90	-	90
Unrealized fair value of derivative *(note d)*	-	-	-	-	1,860	1,860
Liabilities of discontinued operations	-	-	-	326	-	326
	806	-	806	4,803	1,860	6,663
Long-term payable to Govt of the CAR	-	-	-	2,627	-	2,627
Shareholder loan – long-term	477	-	477	1,197	-	1,197
	1,283	**-**	**1,283**	**8,627**	**1,860**	**10,487**
Shareholders' equity						
Share capital	105,374	-	105,374	133,038	-	133,038
Warrants reserve *(note d)*	2,781	-	2,781	5,391	1,226	6,617
Stock option reserve *(note b)*	6,029	10	6,039	9,274	(1,933)	7,341
Deficit *(note b, c and d)*	(80,279)	(28,065)	(108,344)	(87,560)	(30,318)	(117,878)
Accumulated other comprehensive income *(note a)*	801	-	801	2,270	504	2,774
	34,706	(28,055)	6,651	62,413	(30,521)	31,892
	35,989	**(28,055)**	**7,934**	**71,040**	**(28,661)**	**42,379**

(All amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

Reconciliation of Consolidated Statement of Loss and Comprehensive Loss

	Year Ended December 31, 2010		
	Canadian GAAP	**IFRS Adjustments**	**IFRS**
Expenses			
Administration	5,593	-	5,593
Exploration and development costs *(note c)*	-	2,147	2,147
Impairment charges on long-lived assets *(note c)*	695	(695)	-
Loss on disposal of assets	375	-	375
Loss on disposal of investment, net	2,869	-	2,869
Share-based compensation *(note b)*	909	393	1,302
	10,441	**1,845**	**12,286**
Other Income			
Gain on foreign exchange *(note a)*	(245)	(342)	(587)
Gain on sale of securities available-for-sale	(874)	-	(874)
Unrealized gain on shares receivable from Avion	(509)	-	(509)
Change in fair value of derivatives *(note d)*	-	750	750
Interest expense, net	123	-	123
	(1,505)	408	(1,097)
Loss from continuing operations before income taxes	**8,936**	**2,253**	**11,189**
Deferred tax recovery on warrants expired	(297)	-	(297)
Net loss from continuing operations for the year	**8,639**	**2,253**	**10,892**
Gain from discontinued operations, net of income taxes	**(1,358)**	**-**	**(1,358)**
Net loss for the year	**7,281**	**2,253**	**9,534**
Other comprehensive income			
Fair value gain on available-for-sale financial assets during the year	(2,343)	-	(2,343)
Effect of foreign currency translation *(note a)*	-	(504)	(504)
Comprehensive loss for the year	**4,938**	**1,749**	**6,687**
Net loss (gain) per common share basic and diluted			
Continuing operations	0.20	0.05	0.25
Discontinued operations	(0.03)	-	(0.03)
Basic and diluted loss per common share	**0.17**	**0.05**	**0.22**
Weighted average number of common shares outstanding *(note 17)*	**43,728,144**	**-**	**43,728,144**

Reconciliation of consolidated 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 functional currency of the Company and all of its subsidiaries was the U.S. dollar under Canadian GAAP. Under IFRS, it was determined that the functional currency of the subsidiaries remained the U.S. dollars but that of the parent company was 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, an unrealized gain of $267, and unrealized gain of $504 has been reported for the year ended December 31, 2011, and the 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 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.

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 the 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 Stock Option Reserve and Accumulated Deficit. The cumulative adjustment of $393 was made for the year ended December 31, 2010.

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 there is reasonable assurance of 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 the accumulated deficit. In total, $27,206 in exploration costs were expensed for the year ended December 31, 2010. Included in this expense are $1,452 in 2010 exploration costs and the reclassification of a $695 impairment charge relating to a property that exploration costs were expensed under IFRS.

d) IAS 39 – Financial instruments
Under IFRS, warrants that have an exercise price 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 and comprehensive loss. There were no derivative liabilities at the transition date. For the year ended December 31, 2010, warrants denominated in USD currency in the amount of $1,110 were reclassified from warrants reserve to the derivatives liability and a fair value increase of $750 in the value of the liability was recorded resulting in a balance of $1,860 as at December 31, 2010.

e) Consistent with the change in accounting policy on exploration for and evaluation and development of mineral properties, $1,570 in depreciation on the property, plant and equipment was expensed in the accumulated deficit at the transition date. Certain amounts of property, plant and equipment and opening deficit have been adjusted from previously presented to reflect historical depreciation.

17. Subsequent events

On April 4, 2012, the Company agreed to repurchase for cancellation a 2% Net Smelter Royalty ("NSR") in respect to the Passendro licence area in consideration for $250, by issuance of 447,038 common shares of AXMIN. The transaction closed on April 12, 2012 and the common shares issued are subject to a hold period of four months and one day from date of issue.

On March 12, 2012, in accordance to the Company's Stock Option Plan 2005 it has granted an aggregate of 1,765,000 stock options to employees, non-executive directors and officers of the Company. The stock options are exercisable at C$0.60.

On March 9, 2012, the Company announced that over and above the previously announced $185 million mandated senior debt, AXMIN has signed a Mandate Letter with the International Finance Corporation ("IFC") for a further $25 million in senior debt and $25 million in subordinated convertible debt for purposes of partial funding the development of the Passendro project. The IFC commitment to arrange financing is subject to satisfactory technical, legal and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals.

On April 17, 2012, AXMIN issued to IFC, in connection with the terms of the aforementioned Mandate Letter, 500,000 common share purchase warrants (the "Warrants"). Each Warrant will have an exercise price of C$0.63 for a period of three years from the date of issuance. The Warrants will be subject to a hold period of 4 months and one day from the date of issue and any shares issuable during such time period on the due exercise of the Warrants will be subject to a hold period of 4 months and one day from the date of issue of the shares.

On February 28, 2012, AXMIN and Teranga agreed to amend the original 2008 joint venture agreement to more adequately represent AXMIN's interest in the exploration potential of the Senegal licences. The amended joint venture and royalty agreement (the "2012 Agreement") supersedes and replaces the original 2008 joint venture agreement.

The terms of the new 2012 Agreement with SMC include, both parties agree that their respective interests (Teranga – 80% and AXMIN – 20%) in the Project are divided into Target Areas (being areas subject to exploration) and Remainder Areas (areas not yet subject to exploration) and that both parties will retain all respective interests in all of these areas, until an election is made by AXMIN to convert its 20% interest in a Target Area into a 1.5% net smelter return or Royalty Interest. AXMIN has made a Royalty Election with respect to the Gora Target Area and SMC will solely fund all finance work costs for each of the Royalty Interests.

On February 15, 2012, the Company announced share consolidation of its common shares capital on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common share held. Prior to the consolidation, the Company had 628,271,747 common shares, 128,930,858 warrants and 26,800,000 options outstanding. The exercise price and the number of common shares issuable under any of the Company's outstanding warrants and stock options will be proportionately adjusted upon the consolidation. After the consolidation the Company had approximately 62,827,175 common shares (in 2010 there were 43,728,155), 12,833,018 warrants and 2,680,000 options outstanding. In order to reflect the share consolidation, the Company's 2011 net earnings per common share (basic and diluted) recalculates as a loss per share from continuing operations of $0.05 (2010 – loss per share of $0.25), and a gain per share from discontinued operations of $0.21 (2010 – gain per share of $0.03). The total 2011 net earnings per common share (basic and diluted) would recalculate as a gain per share of $0.16 (2010 – loss per share of $0.22). The Company's common shares began trading on a consolidated basis on February 23, 2012.

On January 26, 2012, the Company announced the signing of four debt Mandate Letters for $85 million this along with the Standard Bank Mandate makes a total debt of $185 million. The new financial institutions commitments to arrange the financing are subject to satisfactory technical, legal and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approval.

On January 25, 2012, the Company acquired all of the issued and outstanding shares of Ferrum Centrafrique SA ("Ferrum SA") (the "Acquisition") from Ferrum Resources Limited ("Ferrum") pursuant to a share purchase agreement dated January 23, 2012 (the "Agreement"). Ferrum SA is the Central African Republic ("CAR") registered company that has lodged exploration licence applications for iron ore over the Topa Iron Belt, which is in the same areas licensed to AXMIN for gold exploration. AXMIN's president became a director of Ferrum SA after the acquisition.

In consideration for the Acquisition, AXMIN has agreed to issue, but only if, as and when the exploration licences are granted to Ferrum SA and notice thereof has been publicly announced by AXMIN (the "Grant"), such number of common shares of AXMIN as will equal US$10 million, based on the 20 day volume weighted average price of AXMIN's shares, commencing five trading days from the award of the licence, provided that the number of AXMIN shares to be issued shall not exceed 9.9% of AXMIN's issued and outstanding shares (on a non-diluted basis) prior to such issuance. In addition, if the Grant occurs Ferrum will receive on the date of the Grant 25% of the outstanding shares in Ferrum SA. AXMIN has also granted to Ferrum a free carry interest for the first US$4 million of Topa Project expenditures incurred after the date of the Agreement, provided that in the event the value of the AXMIN Shares issued pursuant to the Agreement is less than US$10 million, the free carry interest will be increased in an amount equal to such difference, subject to a maximum free carried interest of US$10 million. In the event the exploration licenses have not been granted within 24 months of the date of the Agreement, AXMIN will be entitled, in its sole discretion, to wind up Ferrum SA, subject to first offering the shares of Ferrum SA to Ferrum.

On January 19, 2012, the Company made the final payment of $3 million to the State of CAR. The early payment constitutes the full amount of the payment to CAR, and thereby completes AXMIN's payment obligations under the Addendum to the 2006 Mining Convention.

Corporate Information

Officers

Robert Metcalfe
Chairman

George Roach
President and Chief Executive Officer

Graham Hill
Chief Operating Officer

Janina Dusza
Chief Financial Officer

Judith Webster (4)
Vice President, Investor Relations

Shirley Kozel
Corporate Secretary

Directors

Alex du Plessis (5),(6)

Ozge Erdem (1),(3)

Robert Metcalfe (1),(4)

George Roach (2),(3),(4),(5),(6)

Robert Shirriff (2),(3),(4)

David de Jongh Weill (1),(2)

Senior Management

Mike Edwards
Project Director

Geoff McLoughlin
Engineering Manager

Denis Spector
Project Geologist

Dan Orlando
CAR Country Manager

Johan Slabber
CAR Finance Manager

1 Audit Committee
2 Compensation Committee
3 Corporate Governance and Nominating Committee
4 Disclosure Policy Committee
5 Safety, Health and Sustainable Development Committee
6. Technical Committee

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The Annual and Special Meeting of Shareholders will be held on June 26, 2012 at 10:00 am (ET) at the Company's Registered Office.

www.axmininc.com

Stock Listing

TSX Venture Exchange (TSX Venture)
Symbol: AXM

Common Shares Outstanding

(As at December 31, 2011)
628.3 million

Post Share Consolidation

(As at April 25, 2012)
63.3 million

Principal Bankers

Canadian Imperial Bank of Commerce
Toronto, Ontario, Canada

Barclays Bank PLC
St Helier, Jersey, Channel Islands

Investor and Analyst Inquiries

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