



FIRST QUARTER REPORT
Three months ended
March 31, 2012

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

The following Management's Discussion and Analysis ("MD&A") of AXMIN Inc. ("AXMIN" or 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 for the three months period ended March 31, 2012 in comparison to the corresponding prior year period. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months period ended March 31, 2012, and audited consolidated financial statements and notes thereto ("Statements") of AXMIN Inc. ("AXMIN" or the "Company") as at and for the year ended December 31, 2011.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The Company adopted International Financial Reporting Standards ("IFRS") in 2011 with a transition date of January 1, 2010. The transition to IFRS resulted in changes to the Company's previous accounting policies as applied and disclosed in the audited consolidated financial statements for the year ended December 31, 2011, prepared in accordance with IFRS.

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 May 28, 2012. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website (www.sedar.com).

First Quarter 2012 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 \$185 million; AXMIN appoints Janina Dusza Chief Financial Officer ("CFO") and promotes Judy Webster to Vice President Investor Relations.
- February 2012 – AXMIN consolidates its common share capital on a 10 for one basis, 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.

Post Quarter-End Highlights

- April 2012 – AXMIN repurchases for cancellation a 2% net smelter royalty ("NSR") from United Reef, thus simplifying the project on a cash flow basis; AXMIN strengthens its Board with the appointment of Alex du Plessis, a Visiting Adjunct Professor for the Centre for Mechanised Mining Systems, University of Witwatersrand, Johannesburg South Africa.

Business and Summary of Activities

AXMIN is an international mineral exploration and development company with a strong focus on Central and West Africa. AXMIN has exploration projects in CAR, 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 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

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 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 ("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-carried 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-carried 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 licences 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, 12,833,048 warrants and 2,680,000 options outstanding post-consolidation. The consolidation was accepted by the TSX Venture Exchange and on February 23, 2012 at which time the Company's common shares began trading on a consolidated basis.

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 is closed on April 12, 2012 and the common shares issued were subject to a hold period of four months and one day from date of issue.

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.

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 in the first quarter of 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 ("2008 BFS") team led by SENET (PTY) Ltd. ("SENET"), SRK Consulting (UK) Ltd ("SRK"), AMEC Earth and Environmental Ltd. (tailings, waste rock), SGS Lakefield of South Africa (metallurgy) and Golder Associates (UK) Limited.

The 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 and 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. Highlights of the 2011 BFS are as follows:

Assumed Gold Price	US\$1,100/oz
Assumed Oil Price	US\$80/bbl
Mine Throughput	2.8 mtpa
Mine Life	8.3 years
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

The 2011 BFS was based on a proven and probable reserve of 1,446,175 ounces (23.5 Mt grading 1.9 g/t Au) calculated using US\$1,000/oz gold. The following table details the Company's 43-101 qualified reserves and resources at its Passendro gold project:

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

Note: *Reserves included in the Measured and Indicated, Resources 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 January 23, 2012, the Company announced as a gesture of confidence in the Company's ability to build the Passendro Gold Project, 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 AXMIN'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, on-site access road works required for the mine build, building a mine site air-strip and is currently planning to commence design work for the bridge required over the Baidou River. In addition to this construction work, AXMIN has commissioned the preferred Engineering, Procurement and Construction Management ("EPCM") contractor to commence some early project works, including additional metallurgical testwork and early design work. A geotechnical and hydrogeological drilling program is also scheduled to start in the second quarter 2012 as part of the project design development. This work constitutes a portion of the early pre-construction work required to develop the Passendro Gold Project and such costs will be reimbursed to AXMIN corporate at the time of the first debt draw-down.

The tendering and adjudication process for the major EPCM contract was completed in late 2011. Final contract negotiations are well advanced with the preferred EPCM Contractor with finalisation expected in second half 2012. In addition, the mining equipment, fuel supply and power plant contract tendering and site visits are underway.

Debt Financing

As of the date of this report, AXMIN, with the assistance of its financial advisors Endeavour Financial, have executed Mandate Letters for a total of \$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 are subject to legal, technical and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals. AXMIN continues to negotiate with additional debt lenders in addition to exploring all of options available to the Company for the remainder of its capital requirements.

Details of the Mandate Letters 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. 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.
- On January 26, 2012, AXMIN signed Mandate Letters with four new financial institutions for an additional \$85 million in debt facility.
- 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").

Exploration Activities

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 can be maintained for the life of the mine. Initial results of the drilling program are expected in the second quarter of 2012.

During the quarter, AXMIN initiated a soil sampling program focusing on the high-priority targets delineated from its November 2011 results of 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.

Mali

Kofi Gold Project

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

As of the date of this report, the sale of 6 out of the 9 total permits was completed. 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 \$262 cash and 2,362,500 common shares of Avion. As at March 31, 2012, 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 period ended March 31, 2012 or 2011.

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 April 2012, as per the joint venture agreement with Teranga, AXMIN elected to maintain its 20% interest in all Target Areas.

Mozambique - Mavita Project

AXMIN has 100% control of its Mavita Copper-Nickel-Cobalt Project located in the Manica province, 60 km southwest of the regional centre of Chimoio, Mozambique. In fourth quarter of 2010 the Company was granted a 5-year extension on its Mavita exploration licences (PL 1045 and PL 1046), which expire on August 4, 2015. 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.

There were no exploration and development costs incurred for the Mavita project during the period ended March 31, 2012 and 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 have 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 existed that the fair value of this property was impaired as at December 31, 2011. The Company tested this property for impairment and determined that its book value exceeded the fair value of approximately \$165k, resulting in \$814 write-down 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, 2011 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 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 have an understanding of the Lenders' time-line shortly, 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.

<i>In thousands of US dollars, except per share amounts</i>	2012 1st quarter	2011 4th quarter	2011 3rd quarter	2011 2nd quarter
Statements of operations and comprehensive loss				
Net (loss) gain from continuing operations for the period	(2,003)	(1,411)	(1,003)	(836)
Net (loss) gain from discontinued operations	(11)	251	15,149	(590)
Net (loss) gain per share from continuing operations	(0.032)	(0.022)	(0.016)	(0.014)
Statement of financial position				
Working capital	8,622	13,487	7,827	3,505
Total assets	41,685	46,502	49,073	35,482
Statements of cash flows				
Investments in mineral properties	(5,528)	(1,509)	(2,046)	(3,301)
Cash flow from financing activities	-	-	-	-
	2011 1st quarter	2010 4th quarter	2010 3rd quarter	2010 2nd quarter
Statements of operations and deficit				
Net (loss) from continuing operations for the period	118	(3,772)	(2,125)	(4,030)
Net (loss) gain from discontinued operations for the period	(1,647)	2,881	(115)	(126)
Net (loss) gain per share from continuing operations	0.002	(0.09)	(0.05)	(0.12)
Statement of financial position				
Working capital	6,860	12,635	(3,145)	8,782
Total assets	40,568	42,379	31,979	25,352
Statements of cash flows				
Investments in mineral properties	(2,037)	(2,264)	(5,081)	-
Cash inflow from financing activities	(1,745)	9,540	(13)	(126)

Period ended March 31, 2012

The net loss from continuing operations for the period ended March 31, 2012 was \$2.0 million compared to a \$0.1 million gain in 2011. The variance of \$2.1 million is largely attributed to the re-classification of the exploration, evaluation and development costs incurred for Sierra Leone project as a discontinued operation. In addition, during the period ended March 31, 2011, the Company realized a gain of \$1.4 million on sale of marketable securities (\$nil in 2012), and a \$0.2 million unrealized gain in the fair value change of derivatives.

Administration fees in 2012 were higher by \$0.4 million in 2012, and were primarily due to higher professional fees incurred in relation to the financing initiatives for the Passendro gold project.

Exploration, evaluation and development costs were \$nil for the period ended March 31, 2012 (2011 - \$21). The 2011 costs relate to properties other than Sierra Leone or Bambari (CAR). As mentioned above, exploration costs of 1,721 relating to the Sierra Leone project for the period ended March 31, 2011 have been reclassified and reported as discontinued operations.

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

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

During the quarter ended March 31, 2012, the Company capitalized exploration and development costs to mineral properties for a net total of \$3.1 million relating to the Bambari properties compared to \$2.5 million, also relating to the Bambari properties, during the quarter ended March 31, 2011. The increase is driven by commencement of the pre-development infrastructure expenditures.

At March 31, 2012 the Company's cumulative capitalized carrying value of mineral properties was \$26.7 million compared to \$19.3 million at March 31, 2011 and \$23.6 million at December 31, 2011.

Available-for-sale securities decreased to \$0.9 million at March 31, 2012 compared to \$1.3 million at December 31, 2011. The entire amount in marketable securities relates to Avion shares received as fair value consideration for the transfer of the Mali exploration permits. The decrease is primarily due to the decrease in fair value of the Avion shares during the three month period ended March 31, 2012. The price of the Avion shares decreased from C\$1.62 at December 31, 2011 to C\$1.02 at March 31, 2012.

Amounts receivable – other, decreased to \$0.9 million when compared to the December 2011 balance of \$1.4 million. This receivable represents the amounts receivable in cash and 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 March 31, 2012.

Current amount receivables decreased by \$0.3 million when compared to the December 31, 2011 balance of \$0.5 million. The decrease is mainly due to amounts collected from the input tax credits.

Total liabilities at the end of March 31, 2012 amounted to \$2.1 million compared to \$5.1 million at December 31, 2011. The decrease is due to the final bonus payment of \$3.0 million paid to the Government of CAR on January 19, 2012.

Gain/loss from Discontinued Operations

The assets, liabilities and results of operations of Mali and Sierra Leone have been separately reported as discontinued operations in the consolidated statements of financial position and consolidated statements of operations and comprehensive loss. There are no remaining assets and liabilities in Sierra Leone as of March 31, 2012.

For the period ended March 31, 2012, Mali incurred a net loss from the discontinued operations of \$11 (2011 – \$74 net gain) and Sierra Leone incurred a net loss from the discontinued operations of \$Nil, (2011 - \$1,721 net loss).

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 interim condensed consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2012, the Company had working capital of \$8,622, 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 to proceed with the development towards commercial production.

These interim condensed 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

The Company's main sources of funding continue to be in equity markets, marketable securities, outstanding warrants and options. As at March 31, 2012, the Company had cash resources of \$8.4 million compared to \$9.2 million balance as at March 31, 2011 and \$14.7 million balance as at December 31, 2011. All of these amounts are retained as cash on deposit, thus minimizing the credit risk.

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

Investment in Avion

As of the date of this report, the Company holds 787,500 common shares of Avion at C\$0.58 fair value per common share available for sale. In addition, 56,250 common shares will be available for sale in July, 2012, based upon expiry of the four-month hold period.

On March 31, 2012 the fair value of Avion share was C\$1.02 compared to C\$1.68 on March 31, 2011 and to C\$1.62 on December 31, 2011 resulting in an unrealized loss of \$481 reported in other comprehensive income for the period ended March 31, 2012.

As at March 31, 2012, the Company had working capital of US\$8.6 million compared to working capital of US\$6.9 million as at March 31, 2011.

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

During the period ended March 31, 2012 and 2011, the Company incurred:

- a) \$63 (2011 - \$146) in legal services provided by a partnership related to a director of the Company. At March 31, 2012, \$70 (2011 - \$109) was due to this partnership.
- b) The Company leases premises from George Roach, the CEO and President in Africa. The monthly occupancy cost under the agreement is C\$5.5. The Company does not have any outstanding amounts owing to George Roach as at March 31, 2012, (2011 - \$nil).

- c) As of March 31, 2012 and March 31, 2011, the Company's significant shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, held 16,184,475 common shares and 2,255,000 common share purchase warrants, representing approximately 26% of AXMIN's issued and outstanding common shares on a non-dilutive basis.

Accounting Standards and Interpretations Issued but Not Yet Adopted

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

IFRS 10 Consolidated Financial Statements

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

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

IFRS 11 Joint Arrangements

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

IFRS 13 will generally converge the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the 'exit price', and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013

and early adoption is permitted. The Company has not determined the impact of the new standard on the consolidated financial statements.

IAS 27 Separate Financial Statements

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

IAS 28 Investments in Associates and Joint Ventures

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

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS 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.

Areas of significant accounting judgments, estimates and assumptions that have the most significant impact on the amounts recognized in the financial statements are disclosed in note 3 of the Company's audited consolidated financial statements as at and for the year ended December 31, 2011.

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 to US\$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.

As at March 31, 2012, the Company had a working capital of US\$8.6 million, no source of operating cash flows and did not have sufficient cash to fund the development of the Passendro gold mine. The Company is working with its financial advisors, Endeavour Financial, to secure the additional financing to build the Passendro gold mine, which if not raised, would result in the curtailment of activities. The inability of the Company to secure additional financing could have an adverse effect on the Company's results of operations and financial condition.

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 exploration and development of the Company's properties will require the commitment of substantial resources. 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 primary 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 in respect of political, social and/or economic conditions in the countries in which the Company carries on its business could result in the impairment of the exploration, development and potential cessation of the Company's 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 management believes that 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 price of gold 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 completed.

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), South Africa (ZAR) 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 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 Annual Information Form, AOG Holdings BV holds approximately 26% of the issued and outstanding common shares of the Company on a non-diluted basis. 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 the 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 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	4,055,000
Common share purchase warrants	11,903,018
Fully diluted share capital	79,232,233

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

May 28, 2012

Interim Condensed Consolidated Statement of Financial Position

(Nature of operations and going concern – Note 1)

(Unaudited and expressed in thousands of United States dollars)

As at	March 31 2012	December 31 2011
Assets		
Current assets		
Cash and cash equivalents	8,367	14,746
Available-for-sale securities (note 14)	863	1,254
Amounts receivable	175	460
Amounts receivable – other (note 4b)	893	1,436
Prepaid expenses and deposits	466	659
	10,764	18,555
Non-current assets		
Mineral properties (note 4a)	26,678	23,568
Property, plant and equipment (note 5)	918	1,050
Goodwill (note 6)	2,236	2,236
Assets of discontinued operations (note 7)	1,038	1,038
Other assets, net	51	55
	30,921	27,947
	41,685	46,502
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	1,335	1,257
Amounts payable to Government of the CAR (note 4a)	-	3,000
Amounts due to related parties (note 9)	70	85
Unrealized fair value of derivatives (note 8)	414	400
Liabilities of discontinued operations (note 7)	323	326
	2,142	5,068
Non-current liabilities		
	-	-
Total Liabilities	2,142	5,068
Commitments and contingencies (note 10)		
Shareholders' equity (note 8)		
Share capital	133,885	133,885
Warrants reserve	6,592	6,594
Stock options reserve	8,378	8,079
Deficit	(109,861)	(107,847)
Accumulated other comprehensive income (loss) (note 11)	549	723
	39,543	41,434
	41,685	46,502

See accompanying notes to the interim condensed consolidated financial statements

On Behalf of the Board of Directors

"Signed"
Robert Metcalfe, Chairman

"Signed"
David de Jongh Weill, Director

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

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

For the three months period ended March 31,	2012	2011
Expenses		
Administration	1,245	836
Exploration, evaluation and development costs (note 4b)	-	21
Share-based compensation (note 8)	299	324
	1,544	1,181
Other Income		
Gain on foreign exchange	(17)	(14)
Gain on sale of marketable securities (note 14)	-	(1,403)
Unrealized loss on shares receivable from Avion (note 4b)	467	319
Change in fair value of derivatives (note 8)	14	(200)
Interest expense, net	(3)	(1)
	461	(1,299)
Loss (gain) from continuing operations before income taxes for the period	2,005	(118)
Deferred tax recovery	(2)	-
Net loss (gain) from continuing operations for the period	2,003	(118)
Loss from discontinued operations, net of income taxes (note 7)	11	1,647
Net loss for the period	2,014	1,529
Other comprehensive income (note 11)		
Fair value loss on available-for-sale financial assets	481	872
Foreign currency translation	(307)	(244)
Other comprehensive loss for the period	174	628
Total comprehensive loss for the period	2,188	2,157
Net loss (income) per common share (basic and diluted)		
Continuing operations	0.032	(0.002)
Discontinued operations	0.00	0.026
Basic and diluted loss per common share	0.032	0.024
Weighted average number of common shares outstanding	62,827,175	62,597,841

See accompanying notes to the interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

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

For the three months period ended March 31,	2012		2011	
	Number	Amount (\$)	Number	Amount (\$)
Share capital				
Authorized: Unlimited common shares				
Issued: Common shares				
Balance, beginning of period	62,827,175	133,885	62,358,053	133,038
Shares issued on acquisition of minority interest in the Sierra Leone project (note 4b and note 8)	-		438,837	811
Shares issued to consultant (note 8)	-	-	7,083	11
Balance, end of period	62,827,175	133,885	62,803,973	133,860
Warrants reserve				
Balance, beginning of period	12,893,086	6,594	13,584,688	4,281
Warrants expired (note 8)	(60,038)		-	-
Deferred tax recovery on warrants expired		(2)		-
Balance, end of period	12,833,048	6,592	13,584,688	4,281
Stock options reserve				
Balance, beginning of period		8,079		9,667
Share-based compensation expense (note 8)		299		324
Balance, end of period		8,378		9,991
Deficit				
Balance, beginning of period		(107,847)		(116,308)
Net loss for the period		(2,014)		(1,529)
Balance, end of period		(109,861)		(117,837)
Accumulated other comprehensive income, net of tax				
Balance, beginning of period		723		2,774
Other comprehensive income (loss)		(174)		(2,031)
Balance, end of period		549		743
Shareholders' equity, end of period		39,543		31,038

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited and expressed in thousands of United States Dollars)

For the three months period ended March 31,	2012	2011
Operating Activities		
Net (loss) gain for the period – continuing operations	(2,003)	118
Net loss for the period – discontinued operations (note 7)	(11)	(1,647)
Share-based compensation expense (note 8)	299	324
Exploration, evaluation and development costs financed with share issuance (note 8)	-	811
Deferred tax recovery	(2)	-
Unrealized gain on foreign exchange	-	(220)
Unrealized loss on shares receivable from Avion (note 4b)	467	319
Change in fair value of derivatives (note 8)	14	(200)
Non-cash consideration from discontinued operations (note 7)	-	(180)
Realized gain on sale of marketable securities (note 14)	-	(1,403)
Changes in non-cash working capital	502	1,480
Amortization of other assets	4	3
Net cash outflow from operating activities	(730)	(595)
Investing Activities		
Additions to mineral properties (note 4a)	(2,564)	(2,480)
Change in amounts payable relating to mineral properties	(2,964)	443
Proceeds from sale of marketable securities (note 14)	-	4,453
Proceeds from sale of discontinued operations (note 4b)	6	86
Net cash inflow (outflow) from investing activities	(5,522)	2,502
Financing Activities		
Repayment of shareholder loan (note 9)	-	(1,750)
Net cash outflow from financing activities	-	(1,750)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(127)	(230)
Change in cash and cash equivalents during the period	(6,379)	(73)
Cash and cash equivalents, beginning of period	14,746	9,278
Cash and cash equivalents, discontinued operations	-	(10)
Cash and cash equivalents, end of period	8,367	9,195
Supplemental Cash Flow Information		
Interest paid	(3)	-
Income taxes paid	(3)	-

See accompanying notes to the interim condensed consolidated financial statements.

AXMIN Inc.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months period ended March, 2012 and 2011

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

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 interim condensed consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2012, the Company had a working capital of \$8,622, 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 a 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 interim condensed consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. If the "going concern" assumption was not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, expenses and consolidated balance sheet classifications, which could be material, would be necessary.

2. Basis of preparation – statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements have been prepared following the same accounting policies as the audited annual consolidated financial statements for the year ended December 31, 2011. They are condensed as they do not include all of the information required for full annual financial statements in accordance with the International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2011.

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

Basis of Presentation

The interim condensed 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.

AXMIN Inc.
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended March, 2012 and 2011
(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)

These interim condensed consolidated financial statements of the Company have not been reviewed by an auditor and were authorized for issuance by the Board of Directors on May 28, 2012.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and subsidiaries as at March 31, 2012.

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 interim condensed 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
Ferrum Centrafrique (SA)	100% owned
AfNat Resources Limited (Bermuda)	100% owned

Significant accounting judgments, 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.

Areas of significant accounting judgments, estimates and assumptions that have the most significant impact on the amounts recognized in the financial statements are disclosed in note 3 of the Company's audited consolidated financial statements as at and for the year ended December 31, 2011.

4. Exploration and evaluation assets

a) *Mineral properties*

Mineral properties include the Bambari properties for the Passendro gold project located in CAR and the Mavita property located in Mozambique.

	Bambari (CAR)	Mavita (Mozambique)	Total
Balance as at January 1, 2011	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 as at December 31, 2011	23,403	165	23,568
Additions	3,110	-	3,110
Balance – March 31, 2012	26,513	165	26,678

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)**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 of the bonus in the amount of \$5 million. The second tranche of the bonus in the amount of \$3 million was paid on April 25, 2011 and the third tranche of \$3 million was paid on January 19, 2012.

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, on April 4, 2012, the Company purchased the 2% NSR from URL for C\$250 consideration payable in shares of the Company.

As of the date of this report, AXMIN, with the assistance of our financial advisors Endeavour Financial, has executed Mandate Letters for a total of \$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 are subject to legal, technical and environmental due diligence, execution of acceptable terms and documentation and obtaining final credit and board approvals. Details of the Mandate Letters 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. 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.
- On January 26, 2012, AXMIN signed Mandate Letters with four new financial institutions for an additional \$85 million in debt facility.
- 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"). In connection with this Mandate Letter, on April 17 2012, AXMIN issued IFC 500,000 common share purchase warrants, with each whole warrant having an exercise price of C\$0.63 for a period of three years from the date of issuance.

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 March 31, 2012, 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 March 31, 2012, AXMIN received cash in aggregate of C\$262 and 2,362,500 common shares of Avion. Proceeds received during the three months period ended March 31, 2012 amounted to \$6 cash and 56,250 common shares.

The following table shows the composition of proceeds receivable as at March 31, 2012 relating to the completed sale of the six permits.

Schedule of Proceeds	Cash Receivable	# of Shares Receivable	Fair Value – Shares on March 31, 2012
May 24, 2012	82	731,250	748
September 11, 2012	6	56,250	57
Total	\$88	787,500	\$805

For the year ended December 31, 2011, the current proceeds receivable were \$1,436.

The Company recorded an unrealized loss in the amount of \$467 for the period ended March 31, 2012 (2011 - \$319) as a result of the decrease in fair value of the share proceeds receivable.

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)*

The closing of the remaining three concessions will take place once closing conditions are satisfied. As at March 31, 2012, 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.

A total of \$nil in exploration and \$11k in other costs was incurred during the period ended March 31, 2012, and \$81 and \$25 respectively in 2011 was incurred in relation to the three remaining concessions in Mali. During the period ended March 31, 2011, the sale of two permits was closed and the Company realized \$180 non-cash proceeds on disposal.

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 period ended March 31, 2012 and 2011 with respect to the Satifara permit.

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, 2011	20,494	1,156	21,650
Additions	-	19	19
Exploration, evaluation and development costs – December 31, 2011	20,494	1,175	21,669
Additions	-	-	-
Balance – March 31, 2012	20,494	1,175	21,669

Sierra Leone – discontinued operation

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).

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).

There were no costs incurred during the period ended March 31, 2012 relating to the Sierra Leone discontinued operation. During the period ended March 31, 2011, the Company incurred \$0.9 million in exploration expenditures and \$0.8 million in property acquisition cost, which have been reported as discontinued operations in the consolidated statements of operations and comprehensive loss.

Senegal

In July 2011, Teranga Gold Corporation ("Teranga") earned 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.

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)*

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.

Subsequent to the period, on April 13, 2012, as per the JV agreement, AXMIN elected to maintain its 20% interest in all participation targets.

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.

AXMIN has 100% control of its Mavita Copper-Nickel-Cobalt Project. The Company was granted a 5-year extension on its Mavita exploration licences (PL 1045 and PL 1046), which expire on August 4, 2015.

There were no exploration and development costs incurred for the Mavita project during the period ended March 31, 2012 and 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 have 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 existed that the fair value of this property was impaired as at December 31, 2011. The Company tested this property for impairment and determined that its book value exceeded the fair value of approximately \$165k, resulting in \$814 write-down as of December 31, 2011.

5. Property, plant and equipment

	Equipment	Vehicles	Leasehold Improvements	Building	Total
Cost					
Balance – Jan 1, 2011	1,449	636	613	102	2,800
Additions	47	-	50	52	149
Disposals	-	-	-	-	-
Balance – Dec 31, 2011	1,496	636	663	154	2,949
Additions	-	-	-	-	-
Balance – Mar 31, 2012	1,496	636	663	154	2,949
Accumulated Depreciation					
Balance – Jan 1, 2011	599	369	450	37	1,455
Depreciation	150	127	161	6	444
Disposals	-	-	-	-	-
Balance – Dec 31, 2011	749	496	611	43	1,899
Depreciation	46	32	52	2	132
Balance – Mar 31, 2012	795	528	663	45	2,031
Carrying Amount					
At Jan 1, 2011	850	267	163	65	1,345
At Dec 31, 2011	747	140	52	111	1,050
At Mar 31, 2012	701	108	-	109	918

The entire balance of property, plant and equipment relates to the Passendro gold project in the CAR. Since no impairment indicators exist, testing for impairment at March 31, 2012 was not performed.

AXMIN Inc.
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6. Acquisitions

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 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 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-carried 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 licences shall not have been granted within 24 months of the date of the agreement, the Company will be entitled, in its sole discretion, to wind up Ferrum SA, subject to first offering the shares of Ferrum SA to Ferrum. George Roach, the Company's director, President and Chief Executive Officer is a director of Ferrum Centrafrique SA. He was a director of Ferrum Resources SA from May 2010 to December 2011.

Goodwill

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

AfNat had interests in mineral exploration projects in Mozambique and Zambia and 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

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

	AfNat
Balance, January 1, 2011	2,236
Changes to goodwill during the period	-
Balance, December 31, 2011 and March 31, 2012	2,236

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

The Company assessed the goodwill for impairment as at December 31, 2011. The recoverable amount for the Passendro Gold Project reporting unit 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 March 31, 2012.

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 March 31 were as follows:

	2012	2011
General exploration costs	-	(991)
Other expenses	(11)	(836)
Loss from discontinued operations	(11)	(1,827)
Consideration received on disposal – Mali	-	180
Net loss from discontinued operations, net of income taxes	(11)	(1,647)

The following table details the assets and liabilities related to the discontinued operations as at March 31, 2012 and December 31, 2011.

	2012	2011
Cash and cash equivalents	-	-
Exploration and development costs	1,038	1,038
Assets of discontinued operations	1,038	1,038
Accounts payable and accrued liabilities	323	326
Liabilities of discontinued operations	323	326

The income tax expense provision is based on the current tax treatments and legislation in Mali. During the period ended March 31, 2012, amount of \$3k relating to the income tax was paid.

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)***8. Share capital**

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

On February 15, 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 were proportionately adjusted upon the consolidation. After the consolidation the Company had approximately 62,827,175 common shares, 12,833,048 warrants and 2,680,000 options outstanding. The Company's common shares began trading on a consolidated basis on February 23, 2012.

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.

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

As a result of the shares consolidation, the share capital was reduced to 62,827,175 common shares outstanding as at March 31, 2012, (2011 – 62,803,973).

There were no common share purchase warrants issued or exercised during the period ended March 31, 2012 and March 31, 2011. Warrants expired during the current period totalled to 60,038 on a post-consolidation basis and none expired during the period ended March 31, 2011.

Fair Value Derivatives

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. The warrants have an exercise price of \$0.30 and expire on August 8, 2015.

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, at December 31, 2011 and at March 31, 2012 was determined using the Black Scholes Option pricing model with the following assumptions:

	2012	2011	August 9, 2010
Risk free interest rate	1.33%	0.99%	2.25%
Expected life in years	3.5 years	3.6 years	5.0 years
Expected volatility	113%	108%	109%
Expected dividend yield	0.0%	0.0%	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 period ended March 31, 2012, the Company granted an aggregate of 1,765,000 options exercisable at C\$0.60 each and expiring five years from the date of issue. During the period ended March 31, 2011, the Company granted an aggregate of 1,200,000 exercisable at C\$0.14, (120,000 options at C\$1.40 on a post-consolidation basis) and expiring five years from the date of issue. A total of \$299 in share-based compensation has been expensed for the period ended March 31, 2012 (\$324 in 2011). Share-based compensation resulting from unvested options that expired or were cancelled during the period amounted to \$nil (\$nil in 2011).

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

	2012	2011
Assumptions:		
Weighted average risk-free interest rate	1.48%	3.02%
Expected stock price annual volatility	115%	110%
Weighted average expected life (years)	4.9	4.7
Estimated forfeiture rate	4.74%	4.03%
Expected dividend yield	0.0%	0.0%
Weighted average fair value cost per option	0.49	0.25

As at March 31, 2012, 1.8 million (2011, 3.4 million) options are available for future issuance under the Plan.

As at March 31, 2012, common share stock options held by directors, officers and employees and activity during the periods ended March 31, 2012 and 2011 are as follows:

Range of exercise prices -C\$ (dollars)	Outstanding			Exercisable	
	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)
0.60 to 0.99	1,765,000	0.60	4.94	441,250	0.60
1.00 to 1.50	2,650,000	1.03	3.35	2,415,000	1.02
2.01 to 4.50	25,000	4.50	1.23	25,000	4.50
4.51 to 7.70	5,000	7.70	0.67	5,000	7.70
	4,445,000	0.89	3.96	2,886,250	1.00

	Number of options	Weighted Average Exercise Price - C\$(dollars)
Balance, January 1, 2011	2,762,500	1.80
Options granted	505,000	1.10
Options expired/cancelled	(557,500)	4.20
Options exercised	-	-
Balance as at December 31, 2011	2,710,000	1.20
Options granted	1,765,000	0.60
Options expired/cancelled	(30,000)	0.99
Options exercised	-	-
Balance at March 31, 2012	4,445,000	0.89

9. Related Parties

During the period ended March 31, 2012 and 2011, the Company incurred:

- \$63 (2011 - \$146) in legal services provided by a partnership related to a director of the Company. At March 31, 2012, \$70 (2011 - \$109) was due to this partnership.
- The Company leases premises from George Roach, the CEO and President in Africa. The monthly occupancy cost under the agreement is C\$5.5. The Company does not have any outstanding amounts owing to George Roach as at March 31, 2012, (2011 - \$nil).
- As of March 31, 2012 and March 31, 2011, the Company's significant shareholder, AOG Holdings BV ("AOG"), a wholly owned subsidiary of the Addax and Oryx Group Limited, held 16,184,475 common shares and 2,255,000 common share purchase warrants, representing approximately 26% of AXMIN's issued and outstanding common shares on a non-dilutive basis.
- On January 11, 2011, the Company fully repaid the loan owing to AOG including accrued interest. An aggregate amount paid was C\$1,740 (\$1,745).

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)***10. Commitments and contingencies**

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

	March 31, 2012	December 31, 2011
Less than 1 year	275	270
1 - 3 years	160	225
4 - 5 years	-	-
Total	435	495

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 period ended March 31, 2012, the following activities impacted the accumulated other comprehensive income balance:

	March 31, 2012	December 31, 2011
Balance, beginning of period	723	2,774
- fair value loss on available- for-sale financial assets arising during the period	(481)	(665)
- reclassification adjustments for gains recorded in earnings during the period	-	(1,653)
- effects of foreign currency translation	307	267
Balance, end of period	549	723

12. Segmented information

The Company operates in one industry segment: mineral exploration and development. During the period ended March 31, 2012, the Company, or its joint venture partners, conducted its exploration activities in CAR, 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 \$8.4 million at March 31, 2012. The Company also has available-for-sale securities in the amount of \$0.9 million and receivables in the amount of \$1.1 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.

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

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)*

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

(i) Cash

The Company minimizes its exposure to credit risk by keeping the majority of its cash as cash on deposit with a major Canadian chartered bank. Management expects the credit risk to be minimal.

(ii) Receivables

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

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's objective is to maintain sufficient liquid resources to meet operational requirements. As of March 31, 2012, the Company had cash and cash equivalents of \$8,367, (2011 - \$9,195). Substantially, all of the Company's financial liabilities mature within six months.

Investment in Noble Resources

AXMIN retains a 1.5% royalty on any future gross smelter returns from ore mined from the Cape Three Points Licence area in Ghana, at that time.

The following table shows the composition of available-for-sale securities disposed and the realized gain on disposal for the period ended March 31, 2012 and 2011.

	Fair Value on Dispositions		Costs		Realized Gain (Loss)	
	2012	2011	2012	2011	2012	2011
Copper Development Corporation	-	4,453	-	3,050	-	1,403
	-	4,453	-	3,050	-	1,403

The following table shows the composition of the fair value for available- for- sale securities as of March 31, 2012 and December 31, 2011.

	Mar 31 2012 # of Shares	Mar 31 2012 Fair Value	Dec 31, 2011 # of Shares	Dec 31, 2011 Fair Value
Avion	843,750	863	787,500	1,254
	843,750	863	787,500	1,254

(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, 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 March 31, 2012 was .998 Canadian dollars to 1 US dollar and 1.594 Canadian dollars to 1 UK pound sterling. Based on the balances at March 31, 2012, income will increase or decrease by \$394 and \$0 given a 5% increase or decrease in the US dollar to Canadian dollar and Canadian dollar to UK pound sterling respectively. Total amount of cash and cash equivalents held in foreign currency at March 31, 2012 is US\$7,906 and 2 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.

AXMIN Inc.**Notes to the Interim Condensed Consolidated Financial Statements****For the three months period ended March, 2012 and 2011***(Unaudited and all amounts expressed in thousands of United States dollars, except otherwise stated and per unit basis)*

(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 March 31, 2012:

	Total	Level 1	Level 2	Level 3
Financial Assets:				
Cash and cash equivalents	8,367	8,367	-	-
Available-for-sale securities	863	863	-	-
Accounts receivable	1,068	893	175	-
	10,298	10,123	175	
Financial Liabilities:				
Current liabilities	2,142	1,728	414	-
	2,142	1,728	414	-

15. 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 is expected to close 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 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.



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